

**CIVIC CENTER MONROE COUNTY  
LOCAL DEVELOPMENT CORPORATION  
(A Discretely Presented Component Unit  
of the County of Monroe, New York)**

**Financial Statements as of  
December 31, 2016  
Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

**CIVIC CENTER MONROE COUNTY LOCAL DEVELOPMENT CORPORATION**  
**(A Discretely Presented Component Unit of the County of Monroe, New York)**

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**DECEMBER 31, 2016**

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## INDEPENDENT AUDITOR'S REPORT

February 27, 2017

To the Board of Directors of  
Civic Center Monroe County Local Development Corporation:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Civic Center Monroe County Local Development Corporation (Civic Center) (a discretely presented component unit of the County of Monroe, New York), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Civic Center's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Civic Center as of December 31, 2016, and the changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–6 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 of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2017 on our consideration of Civic Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Civic Center's internal control over financial reporting and compliance.

**CIVIC CENTER MONROE COUNTY LOCAL DEVELOPMENT CORPORATION**  
**(A Discretely Presented Component Unit of the County of Monroe, New York)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**DECEMBER 31, 2016**

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The Management's Discussion and Analysis (MD&A) of Civic Center Monroe County Local Development Corporation (Civic Center) provides an introduction and overview of the financial statements of Civic Center for the year ended December 31, 2016. Following this MD&A are the financial statements of Civic Center together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements.

**FINANCIAL HIGHLIGHTS**

- The assets of Civic Center exceeded its liabilities and deferred inflows of resources at December 31, 2016 by \$3.81 million.
- Civic Center's net position increased by \$281 thousand in 2016 as a result of 2016 operations.
- Civic Center's total revenues (operating and non-operating) were \$1.28 and \$1.35 million in 2016 and 2015, respectively.
- Civic Center's total expenses were \$1.00 million and \$1.03 million in 2016 and 2015, respectively.
- Civic Center garage revenues decreased by \$59 thousand in 2016.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements of Civic Center are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Government Accounting Standards Board (GASB). The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, which requires that transactions be recorded when they occur, not when its related cash receipt or disbursement occurs.

The Statement of Net Position depicts Civic Center's financial position at December 31, the end of Civic Center's fiscal year. The statements present all the financial assets and liabilities of Civic Center. Net position represents Civic Center's assets after liabilities are deducted.

The Statement of Revenues, Expenses and Changes in Net Position reports operating revenues and expenses, non-operating revenues and expenses, and the changes in net position for the year ended December 31. The change in net position combined with the previous year's net position total, reconciles to the net position total for the reporting period.

The Statement of Cash Flows reports cash activities for the year resulting from operating activities, investing activities, and capital and related financing activities. The net result of these activities, added to the beginning of the year cash balance, reconciles to the total cash balance at the end of the year.

## NOTES TO FINANCIAL STATEMENTS

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

### FINANCIAL ANALYSIS

The analysis below summarizes the statements of net position (Table 1) and changes in net position (Table 2) of Civic Center as of and for the years ended December 31, 2016 and 2015.

**Table 1 - Statements of Net Position**

	<u>2016</u>	<u>2015</u>
Assets:		
Current assets	\$ 744,642	\$ 694,541
Capital assets	<u>6,623,266</u>	<u>6,866,987</u>
Total assets	<u>7,367,908</u>	<u>7,561,528</u>
Liabilities:		
Current liabilities	61,764	75,247
Long-term liabilities	<u>1,111,841</u>	<u>1,233,117</u>
Total liabilities	<u>1,173,605</u>	<u>1,308,364</u>
Deferred inflows of resources:		
Deferred revenue	<u>2,380,000</u>	<u>2,720,000</u>
Net position:		
Net investment in capital assets	5,511,425	5,633,870
Unrestricted	<u>(1,697,122)</u>	<u>(2,100,706)</u>
Total net position	<u>\$ 3,814,303</u>	<u>\$ 3,533,164</u>

At December 31, 2016 cash totaled \$553 thousand, an increase of \$66 thousand over 2015, primarily due to the decrease in property tax, professional services and management consulting expenses. Accounts receivable decreased approximately \$5 thousand from 2015 and accounts payable remained consistent year over year.

Other current assets include prepaid assets such as annual insurance premiums paid in advance.

Deferred inflows of resources is recorded as the amount of the lease contract fee received in advance under the terms of an operating lease agreement for the parking garage. The amount of the deferred inflows decreased by \$340,000 for 2016, as revenue was recognized.

Capital assets are discussed elsewhere in this management's discussion and analysis.

## FINANCIAL ANALYSIS (Continued)

### Table 2 - Changes in Net Position

	<u>2016</u>	<u>2015</u>
Revenues:		
Parking garage lease fees	\$ 716,386	\$ 775,689
Lease contract fee amortization	340,000	340,000
Surface lot fees, net	227,107	234,589
Interest income	<u>484</u>	<u>377</u>
Total revenues	<u>1,283,977</u>	<u>1,350,655</u>
Expenses:		
Property taxes	206,791	217,217
Surface lot revenue remitted to County	227,107	234,589
Depreciation	243,721	243,721
Building, maintenance, and repair	146,961	145,656
Professional services	92,620	99,326
Interest expense	80,544	88,384
Other	<u>5,094</u>	<u>5,000</u>
Total expenses	<u>1,002,838</u>	<u>1,033,893</u>
Change in net position	<u>\$ 281,139</u>	<u>\$ 316,762</u>

The primary revenue source for Civic Center is derived from parking garage fees. Parking garage revenue totaled \$716 thousand in 2016, a decrease of \$59 thousand over 2015. Surface lot revenue, which decreased \$7 thousand over 2015, is passed through to the County of Monroe (the County) and is recognized as both revenue and an expense.

Expenses include property taxes of \$207 thousand, a decrease of approximately \$10,000 from 2015. Building, maintenance and repair expenses, which include utility expenses, were \$147 thousand in 2016, compared to \$145 thousand in 2015. Professional service expenses include management and general contracts for legal, auditing and consulting services as well as the payment to the County for surface lot fees. Annual depreciation expense is recognized for capital assets.

## CAPITAL ASSETS

For both years ended December 31, 2016 and 2015, the impact of recording depreciation is approximately \$244 thousand.

**Table 3 - Capital assets, net of depreciation**

	<u>2016</u>	<u>2015</u>
Category:		
Land	\$ 3,920,000	\$ 3,920,000
Buildings	<u>2,703,266</u>	<u>2,946,987</u>
Total	<u>\$ 6,623,266</u>	<u>\$ 6,866,987</u>

## 2017 BUDGET

Civic Center's 2017 budget has been approved and contains no significant changes from the operational results for 2016. No known matters exist at this time that would have a significant effect on the financial position of Civic Center or on its expected results of operations for the coming year.

## CONTACTING CIVIC CENTER'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of Civic Center's finances and to demonstrate Civic Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Civic Center Monroe County Local Development Corporation, 50 West Main Street, Rochester, New York 14614 or through the website, [www.civiccenterldc.com](http://www.civiccenterldc.com).

**CIVIC CENTER MONROE COUNTY LOCAL DEVELOPMENT CORPORATION**  
**(A Discretely Presented Component Unit of the County of Monroe, New York)**

**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2016**

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**ASSETS**

CURRENT ASSETS:

Cash	\$ 552,543
Accounts receivable	110,401
Prepaid expenses	<u>81,698</u>
Total current assets	<u>744,642</u>

CAPITAL ASSETS:

Land	3,920,000
Buildings, net	<u>2,703,266</u>
Total capital assets, net of accumulated depreciation	<u>6,623,266</u>
Total assets	<u>7,367,908</u>

**LIABILITIES**

CURRENT LIABILITIES:

Due to Monroe County	37,090
Interest payable	<u>24,674</u>
Total current liabilities	<u>61,764</u>

LONG-TERM LIABILITIES:

Due and payable within one year - Loan payable	<u>129,462</u>
Total long-term liabilities due and payable within one year	<u>129,462</u>
Due and payable after one year - Loan payable	<u>982,379</u>
Total long-term liabilities due and payable after one year	<u>982,379</u>
Total long-term liabilities	<u>1,111,841</u>
Total liabilities	<u>1,173,605</u>

**DEFERRED INFLOWS OF RESOURCES**

DEFERRED REVENUE	<u>2,380,000</u>
Total deferred inflows of resources	<u>2,380,000</u>

**NET POSITION**

NET INVESTMENT IN CAPITAL ASSETS UNRESTRICTED	5,511,425 <u>(1,697,122)</u>
Total net position	<u>\$ 3,814,303</u>

The accompanying notes are an integral part of these statements.

**CIVIC CENTER MONROE COUNTY LOCAL DEVELOPMENT CORPORATION**  
**(A Discretely Presented Component Unit of the County of Monroe, New York)**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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OPERATING REVENUE:	
Surface lot fees, net	\$ 227,107
Parking garage lease fees	716,386
Lease contract fee amortization	<u>340,000</u>
Total operating revenue	<u>1,283,493</u>
OPERATING EXPENSES:	
Program -	
Depreciation	243,721
Property taxes	206,791
Surface lot revenue remitted to County	227,107
Building, maintenance, and repair	<u>146,961</u>
Total program expenses	<u>824,580</u>
Management and general -	
Professional services	92,620
Other	<u>5,094</u>
Total management and general expenses	<u>97,714</u>
Total operating expenses	<u>922,294</u>
OPERATING INCOME	<u>361,199</u>
NONOPERATING REVENUES (EXPENSES):	
Interest income	484
Interest expense	<u>(80,544)</u>
Total non-operating revenues (expenses)	<u>(80,060)</u>
CHANGE IN NET POSITION	281,139
NET POSITION - beginning of year	<u>3,533,164</u>
NET POSITION - end of year	<u>\$ 3,814,303</u>

The accompanying notes are an integral part of these statements.

**CIVIC CENTER MONROE COUNTY LOCAL DEVELOPMENT CORPORATION**  
**(A Discretely Presented Component Unit of the County of Monroe, New York)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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CASH FLOW FROM OPERATING ACTIVITIES:	
Receipts from surface lot fees, net	\$ 231,013
Receipts from parking garage lease fees	717,470
Payments for property taxes	(198,649)
Payments for surface lot revenue remitted to County	(237,826)
Payments for building, maintenance, and repair	(147,019)
Payments for professional services	(90,154)
Payments for other services	<u>(5,094)</u>
Net cash flow from operating activities	<u>269,741</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Payment of loan payable	<u>(121,276)</u>
Net cash flow from capital and related financing activities	<u>(121,276)</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Receipts from interest	484
Payments for interest	<u>(83,235)</u>
Net cash flow from investing activities	<u>(82,751)</u>
CHANGE IN CASH	65,714
CASH - beginning of year	<u>486,829</u>
CASH - end of year	<u>\$ 552,543</u>

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**CIVIC CENTER MONROE COUNTY LOCAL DEVELOPMENT CORPORATION**  
**(A Discretely Presented Component Unit of the County of Monroe, New York)**

**STATEMENT OF CASH FLOWS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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RECONCILIATION OF OPERATING INCOME	
TO NET CASH FLOW FROM OPERATING ACTIVITIES:	
Operating income	\$ 361,199
Adjustments to reconcile operating income to net cash flow from operating activities:	
Depreciation	243,721
Amortization of deferred revenue	(340,000)
Changes in:	
Accounts receivable	4,990
Prepaid expenses	10,623
Accounts payable	(15)
Due to Monroe County	<u>(10,777)</u>
Net cash flow from operating activities	<u>\$ 269,741</u>

The accompanying notes are an integral part of these statements.

**CIVIC CENTER MONROE COUNTY LOCAL DEVELOPMENT CORPORATION**  
**(A Discretely Presented Component Unit of the County of Monroe, New York)**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

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**1. THE CORPORATION**

Civic Center Monroe County Local Development Corporation (Civic Center) was established in 2002 and is governed by its Articles of Incorporation, bylaws and general laws of the State of New York. On December 30, 2003, Civic Center purchased a public parking garage in downtown Rochester, New York and entered into a management agreement to operate surface parking lots leased by the County of Monroe (the County), New York. Civic Center is included as a discretely presented component unit within the County's basic financial statements due to the County's ability to impose its will on Civic Center.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

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

**Basis of Presentation**

GASB requires the classification of net position into three categories defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if applicable. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted net position - This component of net position consists of amounts which have external constraints placed on their use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position - This component of net position consists of net position that does not meet the definition of "net investment in capital assets," or "restricted."

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

**Cash**

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

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

### **Accounts Receivable**

Civic Center records receivables based upon the terms of the management agreement between MAPCO Civic Center, LLC (MAPCO), an unrelated party, and Civic Center to operate the surface lots and parking garage. Civic Center provides an allowance for doubtful accounts based upon Civic Center's historical collection experience and review of outstanding accounts. At December 31, 2016, no allowance was considered necessary.

### **Capital Assets**

Capital assets are stated at cost or, if donated, at fair value at the date of contribution. Civic Center capitalizes fixed asset purchases greater than \$1,000, which have useful lives greater than one year. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for routine repairs and maintenance are expensed as incurred. Depreciation is computed on a straight-line basis over the shorter of the useful life or remaining lease term.

### **Revenue Recognition**

The lease contract fee will be recognized as revenue on a straight-line basis over the 20-year term of the operating lease agreement which began in 2003. This is presented as a deferred inflow of resources on the Statement of Net Position.

Parking fees are recognized as revenue as the services are provided to the customers.

### **Income Taxes**

Civic Center is exempt from Federal reporting requirements under Internal Revenue Service Revenue Procedure 95-48, 1992 C.C. 418 as a governmental unit or affiliate of a governmental unit as described in the Procedure.

### **Deferred Inflows of Resources**

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents a receipt of resources that applies to a future period and so will not be recognized as an inflow until then. Civic Center has one item that qualifies for reporting in this category. It is the deferred revenue recorded for the lease contract fee received in advance under the terms of an operating lease agreement for the parking garage.

### **Estimates**

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States 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**

Civic Center follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; provide sufficient liquidity of invested funds in order to meet obligations as they become due, and earn the maximum yield possible. Civic Center is incorporated as a not-for-profit and as such is not required to maintain collateral on its accounts.

Civic Center's monies must be deposited in a bank or banks designated by the Board of Directors; and to the extent practicable, consistent with the cash requirements of the Civic Center, all such money shall be deposited in interest bearing accounts.

### 3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

#### Interest Rate Risk

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

#### Credit Risk

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

- Direct or indirect obligations of the State or any municipality, instrumentality, or political subdivision thereof, or the United States of America or any instrumentality thereof;
- Obligations, the full and timely payment of the principal and interest of which are directly and unconditionally guaranteed by the State or United States of America;
- Bankers' acceptances of, or certificates of deposits issued by, or time deposits or other banking arrangements or deposits with a Bank with a rating of investment grade at all times by a Rating Agency;
- Commercial paper of any Corporation which has been classified for rating purposes by a Rating Agency as Prime - 1 and by Standard & Poor's as A-1;
- Money market funds or other mutual funds which have been classified with at least an AAA rating as determined by Standard & Poor's Rating Group or AAA rating as determined by Moody's Investor's Service, Inc.

#### Cash

Total cash by type as of December 31, 2016 is as follows:

	<u>Carrying values</u>	<u>Bank balances</u>
Savings accounts	\$ 437,344	\$ 437,344
Demand deposits	<u>115,199</u>	<u>118,366</u>
	<u>\$ 552,543</u>	<u>\$ 555,710</u>

#### Credit Risk

100% of Civic Center's deposits were invested in one financial institution at December 31, 2016.

#### 4. CAPITAL ASSETS

Capital assets consisted of the following at December 31:

	Balance 01/01/16	Additions	Deletions	Balance 12/31/16
Capital assets not being depreciated:				
Land	\$ 3,920,000	\$ -	\$ -	\$ 3,920,000
Total capital assets not being depreciated	<u>3,920,000</u>	<u>-</u>	<u>-</u>	<u>3,920,000</u>
Depreciable capital assets:				
Buildings	<u>4,874,429</u>	<u>-</u>	<u>-</u>	<u>4,874,429</u>
Total depreciable capital assets	<u>4,874,429</u>	<u>-</u>	<u>-</u>	<u>4,874,429</u>
Less: Accumulated depreciation:				
Buildings	<u>(1,927,442)</u>	<u>(243,721)</u>	<u>-</u>	<u>(2,171,163)</u>
Total accumulated depreciation for depreciable capital assets, net	<u>(1,927,442)</u>	<u>(243,721)</u>	<u>-</u>	<u>(2,171,163)</u>
Total depreciable assets, net	<u>2,946,987</u>	<u>(243,721)</u>	<u>-</u>	<u>2,703,266</u>
Total capital assets, net	<u>\$ 6,866,987</u>	<u>\$ (243,721)</u>	<u>\$ -</u>	<u>\$ 6,623,266</u>

#### 5. COMMITMENTS

##### Leases

Civic Center has an operating lease agreement with MAPCO through December 2023 for a public parking garage that requires monthly rent payments payable which are calculated as a percentage of gross revenue once MAPCO's gross revenue for the lease year exceeds a pre-determined floor of \$1,000,000. This floor was exceeded in 2016.

This lease agreement constitutes a long-term concession agreement in which MAPCO has the right to operate the garage and collect revenues for the term of the lease. In connection with the execution of the lease agreement between MAPCO and Civic Center, MAPCO was required to pay a contract fee of \$6,800,000 to Civic Center for the right to operate the parking facility for 20 years. The payment is recorded as a deferred inflow of resources and is being amortized over the life of the agreement. At December 31, 2016, the balance of the deferred inflow of resources was \$2,380,000. The rent received under this agreement was \$716,386 for 2016. All capital assets owned by Civic Center are currently being leased to MAPCO under this agreement.

##### Management Agreements

The County contracted with Civic Center to manage the County's surface lots in downtown Rochester through November 30, 2023. Simultaneously, Civic Center subcontracted with MAPCO to operate those same surface lots through the same time period. The agreement with MAPCO requires that Civic Center reimburse all of MAPCO's costs associated with managing the lot, as well as an amount equal to the lesser of 20 percent of gross receipts or 30 percent of net profits as defined in the agreement. Under the terms of this agreement, Civic Center incurred a management fee expense to MAPCO of \$88,839 for 2016.

**5. COMMITMENTS (Continued)**

**Management Agreements (Continued)**

Under the agreement with the County, after the management fee is paid to MAPCO, any remaining proceeds from the surface lots are to be collected and remitted to the County. Under the terms of the agreement with the County, as an agent for the County, Civic Center recorded a distribution to the County of \$227,107 in 2016 which equals the surface lot revenue recorded in 2016. At December 31, 2016, Civic Center had a liability to the County in the amount of \$25,709, related to the surface lot fees collected, but not remitted.

**6. LOAN PAYABLE**

On August 31, 2014, Civic Center entered into a ten-year loan agreement in the amount of \$1,346,724 with Crane Hogan to pay off the costs of certain improvements made to the garage structure. Annual principal and interest payments began August 31, 2015 and continue through August 31, 2023 at an interest rate of 6.75%.

Long-term loan activity for the year ended December 31, 2016 was as follows:

<u>Description</u>	<u>Balance</u> <u>01/01/16</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/16</u>	<u>Due in</u> <u>One Year</u>	<u>Due in</u> <u>More Than</u> <u>One Year</u>
Loan payable	\$ 1,233,117	\$ -	\$ (121,276)	\$ 1,111,841	\$ 129,462	\$ 982,379

The schedule of principal and interest repayments is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 129,462	\$ 75,049	\$ 204,511
2018	138,200	66,311	204,511
2019	147,529	56,982	204,511
2020	157,487	47,024	204,511
2021	168,118	36,393	204,511
2022 - 2023	<u>371,045</u>	<u>37,978</u>	<u>409,023</u>
	<u>\$ 1,111,841</u>	<u>\$ 319,737</u>	<u>\$ 1,431,578</u>

## **7. ACCOUNTING PRONOUNCEMENTS ISSUED NOT YET IMPLEMENTED**

In January 2016, the GASB issued Statement No. 80, *Blending Requirements For Certain Component Units-An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. Civic Center is required to adopt the provisions of this Statement for the year ending December 31, 2017.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefore. Civic Center is required to adopt the provisions of this Statement for the year ending December 31, 2019.

## **8. SUBSEQUENT EVENT**

Effective January 1, 2017 the County terminated its contract with Civic Center to manage the Main and Plymouth Parking Facility (the Facility). Simultaneously, Civic Center terminated its contract with Fitzhugh Associates, LLC for the leasing of parking spaces at the Facility. Under the terms of this contract, Civic Center leased 15 parking spaces to Fitzhugh Associates, LLC at a fixed monthly rate. Upon termination of the contract, the owner of the Facility agreed to continue the leasing of the 15 parking spaces to Fitzhugh Associates, LLC at an increased rate per parking space per month. Fitzhugh Associates, LLC has given the Civic Center notice it is entitled to damages for wrongful termination of the contract because the contractual cause for termination did not occur. Fitzhugh Associates, LLC is seeking payment from the Civic Center of the difference between what it would pay under contract between Civic Center and Fitzhugh Associates, LLC and what it will be paying the owner of the Facility.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

February 27, 2017

To the Board of Directors of  
Civic Center Monroe County Local Development Corporation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Civic Center Monroe County Local Development Corporation (Civic Center) (a discretely presented component unit of the County of Monroe, New York), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Civic Center's basic financial statements, and have issued our report thereon dated February 27, 2017.

**Internal Control Over Financial Reporting**

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

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

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

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

(Continued)

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.