

MUNIPRO, INC.
(A DISCRETELY PRESENTED COMPONENT UNIT
OF THE TOWN OF GREECE, NEW YORK)

Financial Statements
as of December 31, 2011 and 2010
Together with
Independent Auditors' Report

Bonadio & Co., LLP
Certified Public Accountants

MUNIPRO, INC.
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE TOWN OF GREECE, NEW YORK)

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INDEPENDENT AUDITORS' REPORT

March 15, 2012

To the Board of Directors of
MUNIPRO, Inc.:

We have audited the accompanying financial statements of the business-type activities of MUNIPRO, Inc. (the Corporation), a discretely presented component unit of the Town of Greece, New York, as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Corporation'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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Corporation, as of December 31, 2011 and 2010, and the respective changes in financial position, and cash flows, thereof 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 15, 2012, on our consideration of the Corporation'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 audits.

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

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(Continued)

INDEPENDENT AUDITORS' REPORT
(Continued)

Accounting principles generally accepted in the United States require that the management's discussion and analysis (MD&A) 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 audits 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

**MUNIPRO, INC.
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE TOWN OF GREECE, NEW YORK)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2011 AND 2010**

THE ORGANIZATION

MUNIPRO, Inc. (the Corporation) was created for the purpose of acquiring land through purchase or donation within the boundaries of the Town of Greece, New York (the Town) in the County of Monroe. The Corporation prepares land acquired for marketability and enters into long-term lease agreements with unrelated entities and remits a portion of net income from such property to the Town. The Corporation is a discretely presented component unit of the Town. Accordingly, the financial statements report only the activities of the Corporation.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The financial statements of the Corporation include management's discussion and analysis (MD&A) (this section), the statements of net assets, statements of activities and change in net assets, statements of cash flows, and related notes to the financial statements. The statement of net assets presents information on all of the Corporation's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating. The statement of activities and change in net assets presents information showing how the Corporation's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods such as rental income receivable and services rendered but not yet paid for. The statement of cash flows provides information about the Corporation's receipts, payments, and net changes in cash resulting from operations, financing, and investing activities. The notes to the financial statements contain information that is essential to the understanding of the financial statements, such as the Corporation's accounting methods and policies.

BASIS OF ACCOUNTING

The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent they do not conflict with 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. The Corporation has elected not to follow subsequent private sector guidance.

The financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of when the related cash transactions take place. All of the Corporation's activities are classified as proprietary activities.

FINANCIAL HIGHLIGHTS

Net assets may serve over time as a useful indicator of a government's financial position. The Statement of Net Assets provides perspective of the Corporation as a whole. Assets of the Corporation exceeded liabilities by \$4,858,284 at the close of 2011.

STATEMENT OF NET ASSETS

	<u>2011</u>	<u>2010</u>	<u>2009</u>
ASSETS:			
Current assets	\$ 715,475	\$ 780,787	\$ 822,893
Capital assets	<u>4,150,000</u>	<u>4,150,000</u>	<u>4,150,000</u>
Total assets	<u>4,865,475</u>	<u>4,930,787</u>	<u>4,972,893</u>
LIABILITIES:			
Current liabilities	<u>7,191</u>	<u>4,083</u>	<u>1,279</u>
Total liabilities	<u>7,191</u>	<u>4,083</u>	<u>1,279</u>
NET ASSETS:			
Invested in capital assets	4,150,000	4,150,000	4,150,000
Unrestricted	<u>708,284</u>	<u>776,704</u>	<u>821,614</u>
Total net assets	<u>\$ 4,858,284</u>	<u>\$ 4,926,704</u>	<u>\$ 4,971,614</u>

Assets

The largest portion of the Corporation's net assets reflects its investment in capital assets (i.e., land). The Corporation uses these capital assets to generate revenue; consequently, these assets are not available for future spending.

The Corporation's cash and cash equivalents decreased by \$232,447 in 2011 and decreased by \$115,607 in 2010. The cash decreases in 2011 and 2010 were due in part to demand notes extended to GEDPRO, Inc., another component unit of the Town, totaling \$150,000 in 2011 and \$75,000 in 2010. These demand notes were approved by the Board of Directors and are drawn upon on an as-needed basis. Interest is fixed at the prime percentage rate of interest as published in the Wall Street Journal at the date of each borrowing. The outstanding balance on notes receivable was \$231,985 and \$75,832 at December 31, 2011 and 2010, respectively. These notes were subsequently paid off in January 2012. Additionally, there were decreases in interest income due to the lower interest rates throughout both years. The Corporation made transfers to the Town of \$600,000 and \$575,000 in 2011 and 2010, respectively.

FINANCIAL HIGHLIGHTS (Continued)

**STATEMENT OF ACTIVITIES AND
CHANGE IN NET ASSETS**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
OPERATING REVENUES:			
Charges for services	\$ <u>543,417</u>	\$ <u>538,015</u>	\$ <u>523,545</u>
Total operating revenue	<u>543,417</u>	<u>538,015</u>	<u>523,545</u>
OPERATING EXPENSES:			
Services and supplies	<u>19,514</u>	<u>11,171</u>	<u>12,551</u>
Total operating expenses	<u>19,514</u>	<u>11,171</u>	<u>12,551</u>
Operating income	<u>523,903</u>	<u>526,844</u>	<u>510,994</u>
NON-OPERATING REVENUES:			
Interest income	<u>7,677</u>	<u>3,246</u>	<u>3,350</u>
Total non-operating revenues	<u>7,677</u>	<u>3,246</u>	<u>3,350</u>
CHANGE IN NET ASSETS BEFORE TRANSFERS TO THE TOWN OF GREECE, NEW YORK	531,580	530,090	514,344
TRANSFERS TO THE TOWN OF GREECE, NEW YORK	<u>(600,000)</u>	<u>(575,000)</u>	<u>(575,000)</u>
CHANGE IN NET ASSETS	(68,420)	(44,910)	(60,656)
NET ASSETS - beginning of year	<u>4,926,704</u>	<u>4,971,614</u>	<u>5,032,270</u>
NET ASSETS - end of year	<u>\$ 4,858,284</u>	<u>\$ 4,926,704</u>	<u>\$ 4,971,614</u>

Revenues

In 2011, total revenues (operating and non-operating) increased from the prior year by \$9,833. The increase is attributable to an increase in lease income from long-term land leases of \$5,402, coupled with an increase in interest income of \$4,431. In 2010, total revenues increased from the prior year by \$14,366. The increase is attributable to an increase in lease income from long-term land leases of \$14,470, coupled with a decrease in interest income of \$104.

Expenses

In 2011, total expenses increased from the prior year by \$8,343. The increase is attributable primarily to an increase in legal fees of \$4,069 and an increase in repairs and maintenance of \$4,555. In 2010, total expenses decreased from the prior year by \$1,380. The decrease is attributable primarily to a decrease in professional fees of \$1,600.

Transfers to the Town of Greece, New York

Transfers to the Town, recorded in the statement of activities and change in net assets, were \$600,000 in 2011 and \$575,000 in 2010. These transfers were in accordance with the agreement between the Corporation and the Town, which allows the Corporation to use its discretion when determining how much cash to transfer.

ECONOMIC FACTORS

The Corporation is largely unaffected by other current economic factors, as all of its land is currently being leased, much of it for several years into the future.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Corporation's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to MUNIPRO, Inc., c/o Town of Greece, 1 Vince Tofany Blvd., Greece, New York 14612.

MUNIPRO, INC.
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE TOWN OF GREECE, NEW YORK)

STATEMENTS OF NET ASSETS
DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 462,816	\$ 695,263
ACCOUNTS RECEIVABLE	20,674	9,692
NOTES AND INTEREST RECEIVABLE	231,985	75,832
CAPITAL ASSETS - LAND	<u>4,150,000</u>	<u>4,150,000</u>
Total assets	<u>4,865,475</u>	<u>4,930,787</u>
LIABILITIES		
ACCOUNTS PAYABLE	3,178	70
DEFERRED REVENUE	<u>4,013</u>	<u>4,013</u>
Total liabilities	<u>7,191</u>	<u>4,083</u>
NET ASSETS		
INVESTED IN CAPITAL ASSETS	4,150,000	4,150,000
UNRESTRICTED	<u>708,284</u>	<u>776,704</u>
Total net assets	<u>\$ 4,858,284</u>	<u>\$ 4,926,704</u>

The accompanying notes are an integral part of these statements.

MUNIPRO, INC.
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE TOWN OF GREECE, NEW YORK)

**STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES:		
Charges for services	\$ 543,417	\$ 538,015
Total operating revenues	<u>543,417</u>	<u>538,015</u>
OPERATING EXPENSES:		
Services and supplies	19,514	11,171
Total operating expenses	<u>19,514</u>	<u>11,171</u>
Operating income	<u>523,903</u>	<u>526,844</u>
NON-OPERATING REVENUES:		
Interest income	7,677	3,246
Total non-operating revenues	<u>7,677</u>	<u>3,246</u>
CHANGE IN NET ASSETS BEFORE TRANSFERS TO THE TOWN OF GREECE, NEW YORK	531,580	530,090
TRANSFERS TO THE TOWN OF GREECE, NEW YORK	<u>(600,000)</u>	<u>(575,000)</u>
CHANGE IN NET ASSETS	(68,420)	(44,910)
NET ASSETS - beginning of year	<u>4,926,704</u>	<u>4,971,614</u>
NET ASSETS - end of year	<u>\$ 4,858,284</u>	<u>\$ 4,926,704</u>

The accompanying notes are an integral part of these statements.

MUNIPRO, INC.
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE TOWN OF GREECE, NEW YORK)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 532,435	\$ 544,359
Cash paid to suppliers	<u>(16,406)</u>	<u>(12,380)</u>
Net cash flow from operating activities	<u>516,029</u>	<u>531,979</u>
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:		
Payments to Town of Greece, New York	<u>(600,000)</u>	<u>(575,000)</u>
Net cash flow from non-capital financing activities	<u>(600,000)</u>	<u>(575,000)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Issuance of notes receivable	(150,000)	(75,000)
Cash received for interest	<u>1,524</u>	<u>2,414</u>
Net cash flow from investing activities	<u>(148,476)</u>	<u>(72,586)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(232,447)	(115,607)
CASH AND CASH EQUIVALENTS - beginning of year	<u>695,263</u>	<u>810,870</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 462,816</u>	<u>\$ 695,263</u>
RECONCILIATION OF OPERATING INCOME TO		
NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating income	\$ 523,903	\$ 526,844
Adjustments to reconcile operating income to net cash flow from operating activities:		
Changes in:		
Accounts receivable	(10,982)	2,331
Accounts payable	3,108	(1,209)
Deferred revenue	<u>-</u>	<u>4,013</u>
Net cash flow from operating activities	<u>\$ 516,029</u>	<u>\$ 531,979</u>

The accompanying notes are an integral part of these statements.

MUNIPRO, INC.
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE TOWN OF GREECE, NEW YORK)

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

1. ORGANIZATION AND REPORTING ENTITY

Reporting Entity

The financial statements of MUNIPRO, Inc. (the Corporation), are intended to present only that portion of the activities that are attributable to the transactions of the Corporation. The financial statements do not purport to and do not present the financial position of the Town of Greece, New York (the Town) as of December 31, 2011 and 2010, or the changes in its financial position or its cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States.

Nature of Operations

The Board of Directors governs the Corporation. The Board of Directors is the body responsible for overall operations.

The Corporation was established by the Town's Board and formed as a not-for-profit corporation, established under section 501(c)(2) of the Internal Revenue Code. The Town Board maintains the authority to appoint the Board of Directors of the Corporation. Since the Town Board has control over the Corporation, it is considered a discretely presented component unit of the Town and, therefore, operating results are included as a separate column in the Town's basic financial statements.

The purpose of the Corporation is to acquire land through purchase or donation. The land is valued at acquisition at cost plus closing costs. The Corporation prepares the land for marketability and enters into long-term lease agreements with unrelated entities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying basic financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States for governments as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard setting body for establishing governmental accounting and financial reporting principles. The Corporation is engaged only in business-type activities as defined in GASB.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent they do not conflict with 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. The Corporation has elected not to follow subsequent private sector guidance.

The financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the cash is received or paid.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Corporation considers cash and cash equivalents to be cash on hand and demand deposits.

Accounts Receivable

The Corporation provides credit to customers in the normal course of operations, but does not accrue interest on outstanding accounts receivable. Accounts for which no payments have been received for several months are considered delinquent and the account is written-off when customary collection efforts are exhausted. The Corporation has not recorded an allowance for doubtful accounts and does not anticipate future write-offs.

Notes Receivable

The Corporation's notes receivable are reported at the outstanding principal balance plus accrued interest. The notes are considered by management to be fully collectable and, accordingly, no allowance for doubtful accounts is considered necessary. In making that determination, management evaluated the borrower's financial condition and current economic conditions.

Capital Assets

Capital assets at year-end consist of land. Capital assets are defined by the Corporation within the capitalization policy as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at acquisition cost including closing costs. Donated capital assets are recorded at estimated fair market value at the date of donation. Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Deferred Revenue

Deferred revenue represents advanced lease payments received and will be recognized as revenue as it is 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. The Corporation has no borrowing attributable to the land as of December 31, 2011 and 2010.
- **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. The Corporation has no restricted net assets as of December 31, 2011 and 2010.
- **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."

Revenues

The Corporation's primary revenue source is from long-term lease agreements for land use with unrelated entities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Corporation is a not-for-profit corporation exempt from income taxes as an organization qualified under Section 501(c)(2) of the Internal Revenue Code.

Transfers to Town of Greece

Transfers are made to the Town annually pursuant to an agreement between the Corporation and the Town. The transfers are expensed when they are made. The Corporation transferred \$600,000 and \$575,000 to the Town during the years ended December 31, 2011 and 2010, respectively.

Estimates

The preparation of 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. CASH AND CASH EQUIVALENTS

Demand deposit and money market accounts were entirely covered by FDIC insurance or secured by trust companies located within the state. At December 31, 2011 and 2010, cash and cash equivalents are composed entirely of a demand deposit account and a money market account. All deposits are carried at cost that approximates market value.

The Corporation is incorporated as a not-for-profit and as such is not required to maintain collateral on its accounts, but has elected to do so. At times during the year the cash balances may exceed collateralized balances but the Corporation believes the risk associated with its uninsured balances to be insignificant. As of December 31, 2011 and 2010, the bank balance of the Corporation's cash and cash equivalents was \$462,816 and \$695,263 and was exposed to custodial credit risk as follows:

	<u>2011</u>	<u>2010</u>
FDIC	\$ 337,548	\$ 286,519
Uninsured and collateral held by pledging bank	<u>127,773</u>	<u>416,419</u>
Total	<u>\$ 465,321</u>	<u>\$ 702,938</u>

The Corporation is collateralized at 102 percent of all deposits not covered by the FDIC.

4. NOTES RECEIVABLE

In 2011 and 2010, the Corporation issued demand notes receivable to GEDPRO, Inc. (GEDPRO) another component unit of the Town, in the form of lines-of-credit, to be drawn upon on an as-needed basis, not to exceed \$225,000 at December 31, 2011 (\$75,000 at December 31, 2010). Interest on these notes is fixed at the prime percentage rate of interest as published in the Wall Street Journal at the date of each borrowing (3.25% on all borrowings). The notes had outstanding balances of \$225,000 and \$75,000, along with accrued interest of \$6,985 and \$832, at December 31, 2011 and 2010, respectively. Principal and accrued interest are due on demand.

On January 4, 2012, the Corporation received \$232,026 from GEDPRO to satisfy the outstanding balance of all principal and accrued interest on the notes receivable.

5. LEASING AGREEMENTS

The Corporation has various lease agreements with unrelated parties for the use of its land. The lease agreements vary in terms ranging from 15 to 51 years and expire at various dates through 2049. They also vary in terms of annual payments, which range from \$48,000 to \$229,000. All of them have escalation clauses and various options to renew.

The following is a schedule of the future minimum lease income under these operating leases as of December 31, 2011:

2012	\$ 529,538
2013	454,798
2014	447,821
2015	447,821
2016	447,821
Thereafter	<u>6,994,361</u>
	\$ <u>9,322,160</u>

The leases noted above are considered operating leases. Generally accepted accounting principles require operating leases to record rental income over the course of the lease using the straight-line basis. The Corporation recognizes revenue in accordance with the terms of the underlying lease agreements. Management evaluates each lease on an annual basis to determine if any changes should be made to the manner of recognition in the event that changes in the underlying lessees' operations impact the lease terms.

The leases described above serve as collateral for a mortgage payable for vacant land owned by GEDPRO. In April 2001, GEDPRO entered into a mortgage payable to M&T Bank. In April 2001, the Corporation's Board of Directors passed a resolution to authorize guaranty of GEDPRO's obligation with the leases described above as collateral. The mortgage required monthly payments of \$10,947 including principal and interest at 8.09% annually through May 2011, at which time the remaining principal balance of \$924,620 was due. This mortgage had an outstanding balance of \$942,948 at December 31, 2010. In May 2011, GEDPRO refinanced the mortgage with M&T Bank. The refinanced mortgage now requires monthly payments of \$3,915 principal plus interest at the one month LIBOR rate plus 350 basis points annually through 2016, at which time the remaining principal balance of \$704,695 is due. The amount of outstanding principal on the mortgage was \$932,933 at December 31, 2011. The Board of Directors of the Corporation agreed to this term in the mortgage. The mortgage has not been recorded by the Corporation, but is reported on GEDPRO's financial statements.

6. SUBSEQUENT EVENTS

One of the Corporation's lease agreements is set to expire in March 2012. The tenant, based on the terms of the lease agreement, has the option to extend this lease for an additional five year term, with an increase in rent of 7%. In February 2012, the tenant expressed to the Corporation its desire to exercise this extension.

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 15, 2012

To the Board of Directors of
MUNIPRO, Inc.:

We have audited the financial statements of the business-type activities of MUNIPRO, Inc. (the Corporation), a New York not-for-profit corporation and a discretely presented component unit of the Town of Greece, New York, as of and for the year ended December 31, 2011, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated March 15, 2012. 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 Corporation'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 Corporation'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, Suite 201
Pittsford, New York 14534
p (585) 381-1000
f (585) 381-3131

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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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, the Audit Committee, management of the Corporation, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Bonadio & Co., LLP