

COUNTY OF MONROE INDUSTRIAL
DEVELOPMENT AGENCY
d/b/a IMAGINE MONROE
(A Discretely Presented Component Unit of
the County of Monroe, New York)
Financial Statements and
Independent Auditors' Report
December 31, 2018 and 2017

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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Monroe Industrial Development Agency d/b/a Imagine Monroe (Imagine Monroe), a discretely presented component unit of the County of Monroe, New York, as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise Imagine Monroe'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.

Auditors' 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 auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the County of Monroe Industrial Development Agency d/b/a Imagine Monroe, as of December 31, 2018, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of the County of Monroe Industrial Development Agency d/b/a Imagine Monroe as of December 31, 2017 were audited by other auditors whose report dated March 20, 2018, expressed an unmodified opinion on those financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 and the additional information on pages 28 and 29 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 March 28, 2019 on our consideration of Imagine Monroe'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Imagine Monroe's 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 Imagine Monroe's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Rochester, New York
March 28, 2019

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

Management's Discussion and Analysis

December 31, 2018

The following Management's Discussion and Analysis (MD&A) of the County of Monroe Industrial Development Agency d/b/a Imagine Monroe's financial position provides an overview of Imagine Monroe's financial activities for the years ended December 31, 2018 and 2017. The MD&A should be read in conjunction with Imagine Monroe's financial statements and related notes, which follow the MD&A.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of Imagine Monroe exceeded its liabilities and deferred inflows at December 31, 2018 and 2017 by \$8,029,284 and \$7,654,855, respectively.
- Imagine Monroe's net position increased by \$374,429 and \$530,673 in 2018 and 2017 as a result of operations, respectively.
- Imagine Monroe's total revenues (operating and nonoperating) were \$2,623,086 and \$2,514,176 in 2018 and 2017, respectively.
- Imagine Monroe's total expenses were \$2,248,657 and \$1,983,503 in 2018 and 2017, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

The statements of net position and the statements of revenue, expenses and change in net position report information about Imagine Monroe as a whole and about its activities. These statements include all assets and liabilities and deferred outflows and deferred inflows 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 Imagine Monroe's net position and changes in net position from one year to the next. Imagine Monroe's net position, the difference between assets and liabilities and deferred outflows and deferred inflows, is one way to measure Imagine Monroe's financial health, or financial position. Over time, increases or decreases in Imagine Monroe's net position is one indicator of whether its financial health is improving or deteriorating. Consideration should also be given to other factors, such as changes in Imagine Monroe's fee income and the fluctuation of Imagine Monroe's expenses, to assess the overall health of Imagine Monroe.

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.

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT
 AGENCY d/b/a IMAGINE MONROE
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Management's Discussion and Analysis, Continued

FINANCIAL HIGHLIGHTS

The analysis below summarizes the statements of net position (Table 1) and changes in net position (Table 2) of Imagine Monroe as of and for the years ended December 31, 2018 and 2017.

Table 1 - Statements of Net Position

	<u>2018</u>	<u>2017</u>
Assets:		
Current assets	\$ 8,014,215	7,112,221
Assets held for sale	625,000	625,000
Capital assets, net of accumulated depreciation	<u>1,396</u>	<u>1,901</u>
Total assets	<u>8,640,611</u>	<u>7,739,122</u>
Deferred Outflows of Resources - pension related - ERS	<u>50,077</u>	<u>44,980</u>
Liabilities:		
Current liabilities	600,302	71,820
Long-term liabilities	<u>12,374</u>	<u>46,159</u>
Total current liabilities	<u>612,676</u>	<u>117,979</u>
Deferred Inflows of Resources - pension related-ERS	<u>48,728</u>	<u>11,268</u>
Net Position:		
Net investment in capital assets	1,396	1,901
Unrestricted	<u>8,027,888</u>	<u>7,652,954</u>
Total net position	\$ <u>8,029,284</u>	<u>7,654,855</u>

Current assets increased approximately \$902,000 due primarily to a decrease in payment of expenses related to Imagine Monroe's contract with the County of Monroe for \$511,000, the receipt of other income related to a legal settlement for approximately \$140,000 and Imagine Monroe having prepaid a quarter of the LadderzUp contract in the prior year for approximately \$88,000.

During 2018, liabilities increased approximately \$495,000 due to the 2018 contract with the County of Monroe having not been paid for approximately \$511,000, an increase in accounts payable and accrued expenses of approximately \$17,000 and offset by a decrease in the net pension liability of approximately \$34,000 due to a new valuation on the New York State Employee's Retirement System.

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT
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Management's Discussion and Analysis, Continued

During 2017, current assets decreased approximately \$174,000 due to the release of \$701,594 being held in escrow in the prior year relating to the Medley Centre, offset by an increase in cash due to current year net income of \$582,604.

During 2017, liabilities decreased approximately \$765,000 due to the \$701,594 liability in 2016 related to funds being held in escrow relating to the Medley Centre in the prior year. In addition, there was approximately \$70,000 that was accrued in the prior year related to Harris Beach, with only \$52,000 accrued in the current year. Long-term liabilities decreased due to a new valuation of the New York State Retirement System which resulted in a decrease in net pension liability of \$45,000 in the current year.

Table 2 - Changes in Net Position

	<u>2018</u>	<u>2017</u>
Revenues:		
Fee income	\$ 2,237,302	2,266,322
PTAC income	172,881	206,440
Contract reimbursement income	69,423	40,000
Interest income	3,480	1,414
Settlement income	<u>140,000</u>	<u>-</u>
Total revenues	<u>2,623,086</u>	<u>2,514,176</u>
Expenses:		
Program and community development	1,255,534	1,018,714
Salaries	342,421	265,972
Professional services	471,589	519,199
Payroll taxes and employee benefits	54,380	61,924
Rent	58,875	60,000
Travel, meetings and entertainment	16,910	8,212
Office supplies and postage	11,310	16,147
Advertising and promotion	25,532	15,522
Legal notices	-	719
Dues and subscriptions	3,850	9,214
Staff development	31	3,283
Depreciation	505	567
Other	<u>7,720</u>	<u>4,030</u>
Total expenses	<u>2,248,657</u>	<u>1,983,503</u>
Change in net position	\$ <u>374,429</u>	<u>530,673</u>

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT
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Management's Discussion and Analysis, Continued

Total revenue increased approximately \$109,000 or 4% in 2018. The main reason for this increase is due to Imagine Monroe receiving approximately \$140,000 from a legal settlement, offset by general decreases in fee income and PTAC income, respectively. Total expenses increased by approximately \$265,000 due to an increase in program and community development expenses. Expenses related to the LadderzUp program increased by approximately \$176,000. Expenses related to The Entrepreneurs Network (TEN) program increased by approximately \$15,000. Additionally, contracted expenditures with Monroe County (the County) increased by \$41,000, salaries expense increased by \$76,000 and professional services decreased by approximately \$48,000 due to a decrease in consulting services.

Fee income decreased approximately \$976,000 or 30%, in 2017. The main cause of this change is due to a decrease in the amount of projects closed in 2017. During both 2016 and 2017 there were 7 large projects (over \$100,000) closed, however in 2016 there were a total of 37 projects closed, compared to 21 that closed in 2017. Therefore, the large decrease in closed projects caused lower fee income in the current year. Program and community development expenses increased approximately \$348,000 in 2017. This increase is due to the new LadderzUp program which led to \$178,000 in expenses in the current year. In addition, the County contract increased by \$200,000 to reflect the true allocation of services being provided to Imagine Monroe by the County.

FUTURE FACTORS

Imagine Monroe staff will continue to promote IDA benefits to the community as well as prospective tenants as a means to level the playing field for expanding businesses in the County. The IDA offers critical incentives to businesses to insure they expand and grow in New York State and the County.

Since January 31, 2008, Imagine Monroe's fee income has been reduced by the inability to issue civic facility bonds as a result of the enabling State legislation sunset provisions. Imagine Monroe's mission since this time has remained committed to the economic development of the region and therefore has continued to fund these programs at historical amounts. The Imagine Monroe Board feels it is important to support these important community and economic development projects. Each year, the Board and Management evaluate Imagine Monroe's current cash position, projected cash inflows, and community and economic development projects to determine the best use of our economic development initiatives.

CONTACTING IMAGINE MONROE'S ADMINISTRATION

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

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT
 AGENCY d/b/a IMAGINE MONROE
 (A Discretely Presented Component Unit of the County of Monroe, New York)
 Statements of Net Position
 December 31, 2018 and 2017

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Current assets:		
Cash	\$7,941,377	6,936,331
Fee income receivable	-	13,646
PTAC receivable	54,018	61,186
Accounts receivable	11,888	12,308
Prepaid expenses	<u>6,932</u>	<u>88,750</u>
Total current assets	<u>8,014,215</u>	<u>7,112,221</u>
Other assets:		
Assets held for sale	625,000	625,000
Capital assets, net	<u>1,396</u>	<u>1,901</u>
Total other assets	<u>626,396</u>	<u>626,901</u>
Total assets	<u>8,640,611</u>	<u>7,739,122</u>
Deferred outflows of resources - pension related - ERS	<u>50,077</u>	<u>44,980</u>
Liabilities:		
Current liabilities:		
Accounts payable	6,933	56,094
Accrued expenses	82,369	15,726
Due to Monroe County	<u>511,000</u>	<u>-</u>
Total current liabilities	<u>600,302</u>	<u>71,820</u>
Long-term liabilities - net pension liability - ERS	<u>12,374</u>	<u>46,159</u>
Total liabilities	<u>612,676</u>	<u>117,979</u>
Deferred inflows of resources - pension related - ERS	<u>48,728</u>	<u>11,268</u>
Net position:		
Net investment in capital assets	1,396	1,901
Unrestricted	<u>8,027,888</u>	<u>7,652,954</u>
Total net position	<u>\$8,029,284</u>	<u>7,654,855</u>

See accompanying notes to financial statements.

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT
 AGENCY d/b/a IMAGINE MONROE
 (A Discretely Presented Component Unit of the County of Monroe, New York)
 Statements of Revenue, Expenses and Change in Net Position
 Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue:		
Fee income	\$2,237,302	2,266,322
PTAC income	<u>172,881</u>	<u>206,440</u>
Total revenue	<u>2,410,183</u>	<u>2,472,762</u>
Expenses:		
Program and community development expenses:		
Community development	588,227	407,714
Community development - The Entrepreneurs Network	165,182	150,000
Community development - Greater Rochester Enterprise, Inc.	50,000	50,000
Program support	<u>452,125</u>	<u>411,000</u>
Total program and community development expenses	<u>1,255,534</u>	<u>1,018,714</u>
Operating expenses:		
Salaries	342,421	265,972
Professional services	471,589	519,199
Payroll taxes and employee benefits	54,380	61,924
Rent	58,875	60,000
Travel, meetings and entertainment	16,910	8,212
Office supplies and postage	11,310	16,147
Advertising and promotion	25,532	15,522
Meeting notices	-	719
Dues and subscriptions	3,850	9,214
Staff development	31	3,283
Depreciation	505	567
Other	<u>7,720</u>	<u>4,030</u>
Total operating expenses	<u>993,123</u>	<u>964,789</u>
Total expenses	<u>2,248,657</u>	<u>1,983,503</u>
Operating income	<u>161,526</u>	<u>489,259</u>
Nonoperating revenue:		
Contract reimbursement income	69,423	40,000
Interest income	3,480	1,414
Settlement income	<u>140,000</u>	<u>-</u>
Total nonoperating revenue	<u>212,903</u>	<u>41,414</u>
Change in net position	374,429	530,673
Net position at beginning of year	<u>7,654,855</u>	<u>7,124,182</u>
Net position at end of year	<u>\$8,029,284</u>	<u>7,654,855</u>

See accompanying notes to financial statements.

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT
 AGENCY d/b/a IMAGINE MONROE
 (A Discretely Presented Component Unit of the County of Monroe, New York)
 Statements of Cash Flows
 Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Cash received from customers	\$ 2,430,997	2,452,272
Cash paid to employees for services	(331,580)	(313,505)
Cash paid to suppliers for goods and services	(529,780)	(709,295)
Cash paid for program and community development	<u>(777,914)</u>	<u>(1,051,370)</u>
Net cash provided by operating activities	<u>791,723</u>	<u>378,102</u>
Cash flows from investing activities - interest income	<u>3,480</u>	<u>1,414</u>
Cash flows from noncapital financing activities:		
Cash received from contract reimbursement income	69,843	27,692
Cash received from settlement agreements	<u>140,000</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>209,843</u>	<u>27,692</u>
Cash flows from capital and related financing activities - purchases of capital assets	<u>-</u>	<u>(1,600)</u>
Net change in cash	1,005,046	405,608
Cash at beginning of year	<u>6,936,331</u>	<u>6,530,723</u>
Cash at end of year	<u>\$7,941,377</u>	<u>6,936,331</u>

(Continued)

See accompanying notes to financial statements.

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT
 AGENCY d/b/a IMAGINE MONROE
 (A Discretely Presented Component Unit of the County of Monroe, New York)
 Statements of Cash Flows, Continued

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Operating income	\$ 161,526	489,259
Adjustments to reconcile operating income to net cash flow from operating activities:		
Depreciation	505	567
Loss of disposal of capital assets	-	2,031
Changes in:		
Deferred inflows and deferred outflows of resources	32,363	59,125
Fee income receivable	13,646	9,781
PTAC receivable	7,168	(30,271)
Prepaid expenses	81,818	(88,750)
Accounts payable	(49,161)	(18,906)
Accrued expenses	66,643	1,998
Due to Monroe County	511,000	-
Net pension liability - ERS	<u>(33,785)</u>	<u>(46,732)</u>
Net cash provided by operating activities	<u>\$ 791,723</u>	<u>378,102</u>

See accompanying notes to financial statements.

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

Notes to Financial Statements

(1) Summary of Significant Accounting policies

(a) Financial Reporting Entity

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. In 2017, COMIDA underwent a rebranding campaign and began operating under the name Imagine Monroe. Imagine Monroe'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.

Imagine Monroe 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.

(b) Basis of Accounting

Imagine Monroe'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.

(c) Basis of Presentation

GASB requires the classification of net position into three classifications 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. At December 31, 2018 and 2017, Imagine Monroe has no restricted net position.
- 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 Imagine Monroe's policy to use restricted resources first, and then unrestricted resources as they are needed.

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT
AGENCY d/b/a IMAGINE MONROE
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Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Nature of Activities

Imagine Monroe administers programs that assist local businesses in obtaining long-term financing for property and equipment. This is accomplished through two types of transactions, a lease-leaseback or issuance of an industrial development bond. Imagine Monroe 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. Imagine Monroe obtains title to, possession, and/or control of the property financed and enters into a lease agreement with the lessee for a term equal to the lesser of the term of the financing or the benefit period. The rent from the lease includes debt service payments to the lender and is paid directly by the lessee to the lender.

- **Industrial Development Bonds**

The transaction for a bond issue is similar to a lease-leaseback except that Imagine Monroe 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. Imagine Monroe 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, 2018, there were 22 series of Industrial Development Bonds outstanding with an approximate aggregate amount payable of approximately \$650 million.

(e) Related Parties

Imagine Monroe is related through common managerial and operational personnel with Monroe County Industrial Development Corporation which is also involved in promoting economic development in the County of Monroe. Imagine Monroe also works together with other organizations related to the County of Monroe to promote economic development.

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT
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Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Cash

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

(g) Accounts Receivable

Accounts receivable 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.

(h) Capital Assets

Assets purchased or acquired with a useful life exceeding one year and an original cost in excess of \$1,500 are capitalized. Donated capital 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. Imagine Monroe depreciates assets on the straight-line basis over estimated useful lives ranging from 3 to 10 years.

(i) Assets held for sale

Assets held for sale is made up of assets purchased with the intention to sell in a future period. Assets held for sale are not capitalized as they will not be used by Imagine Monroe for purposes other than to sell to another entity.

(j) Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

(k) Compensated Absences/Accrued Liabilities

Pursuant to resolutions of Imagine Monroe's Board, Imagine Monroe 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 Imagine Monroe. An individual who leaves the employment of Imagine Monroe may be paid for unused vacation time earned but not sick time. Unused vacation time is recorded as a liability when earned.

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

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(l) 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. For projects receiving a sales tax letter, 25% of the fee is recognized as revenue when the sales tax letter is issued. Fee income received prior to closing is recorded as unearned revenue. Imagine Monroe defines non-operating revenue as interest earnings and other items not directly related to providing economic development directly to a beneficiary.

(m) 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. Program and community development expenses are recognized when paid; Board determinations, when made, are merely budgetary in nature and therefore are not enforceable. Actual payments are based on Imagine Monroe operating results.

(n) Income Taxes

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

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

(o) 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.

(p) Reclassifications

Reclassifications have been made to certain 2017 balances in order to conform them to the 2018 presentation.

(2) Deposits With Financial Institutions and Investments

(a) Policies

Imagine Monroe 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.

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

Notes to Financial Statements, Continued

(2) Deposits With Financial Institutions and Investments, Continued

(a) Policies, Continued

Imagine Monroe 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. Collateral is required for deposits and certificates of deposit not covered by FDIC insurance.

(b) Interest Rate Risk

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

(c) Credit Risk

Imagine Monroe'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. Imagine Monroe'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.

(d) 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 Imagine Monroe's investment and deposit policy, all deposits of Imagine Monroe 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 in the following manner:

- Pledge of eligible securities with an aggregate market value equal to the aggregate amount of deposits;
- Eligible irrevocable letter of credit issued by a qualified bank other than the bank with the deposits in favor of the government for a term not to exceed 90 days with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any;

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

Notes to Financial Statements, Continued

(2) Deposits With Financial Institutions and Investments, Continued

(d) Custodial Credit Risk, Continued

- Eligible surety bond payable to the government for an amount of at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims-paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations.

(e) Cash

At December 31, 2018 and 2017, Imagine Monroe's cash was covered by FDIC insurance, or by eligible securities held in Imagine Monroe's name by a third-party custodial bank or by the bank's trust department. Imagine Monroe's deposits consisted of the following at December 31:

	<u>2018</u>		<u>2017</u>	
	<u>Bank</u>	<u>Carrying</u>	<u>Bank</u>	<u>Carrying</u>
	<u>Balance</u>	<u>Amount</u>	<u>Balance</u>	<u>Amount</u>
Demand deposits	\$ 5,963,447	5,963,497	5,434,956	4,961,930
Time deposits	<u>1,977,880</u>	<u>1,977,880</u>	<u>1,974,526</u>	<u>1,974,401</u>
Total	\$ <u>7,941,327</u>	<u>7,941,377</u>	<u>7,409,482</u>	<u>6,936,331</u>

These deposits were insured or collateralized as follows:

	<u>2018</u>	<u>2017</u>
FDIC insurance	\$ 500,000	500,000
Collateralized by third party	<u>7,569,633</u>	<u>7,047,674</u>
Total FDIC insurance and collateral	\$ <u>8,069,633</u>	<u>7,547,674</u>

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT
 AGENCY d/b/a IMAGINE MONROE
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Notes to Financial Statements, Continued

(3) Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance <u>January 1</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>December 31</u>
Capital assets being depreciated:				
Office equipment	\$ 26,825	-	-	26,825
Furniture and fixtures	<u>9,908</u>	<u>-</u>	<u>-</u>	<u>9,908</u>
Total capital assets being depreciated	<u>36,733</u>	<u>-</u>	<u>-</u>	<u>36,733</u>
Less accumulated depreciation for:				
Office equipment	(26,714)	(112)		(26,826)
Furniture and fixtures	<u>(8,118)</u>	<u>(393)</u>	<u>-</u>	<u>(8,511)</u>
Total accumulated depreciation	<u>(34,832)</u>	<u>(505)</u>	<u>-</u>	<u>(35,337)</u>
Capital assets, net	\$ <u>1,901</u>	<u>(505)</u>	<u>-</u>	<u>1,396</u>

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance <u>January 1</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>December 31</u>
Capital assets being depreciated:				
Office equipment	\$ 28,963	-	(2,138)	26,825
Furniture and fixtures	<u>8,308</u>	<u>1,600</u>	<u>-</u>	<u>9,908</u>
Total capital assets being depreciated	<u>37,271</u>	<u>1,600</u>	<u>(2,138)</u>	<u>36,733</u>
Less accumulated depreciation for:				
Office equipment	(26,531)	(290)	107	(26,714)
Furniture and fixtures	<u>(7,841)</u>	<u>(277)</u>	<u>-</u>	<u>(8,118)</u>
Total accumulated depreciation	<u>(34,372)</u>	<u>(567)</u>	<u>107</u>	<u>(34,832)</u>
Capital assets, net	\$ <u>2,899</u>	<u>1,033</u>	<u>(2,031)</u>	<u>1,901</u>

Imagine Monroe recorded depreciation expense of \$505 and \$567 for the years ended December 31, 2018 and 2017, respectively.

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT
AGENCY d/b/a IMAGINE MONROE
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Notes to Financial Statements, Continued

(4) Assets Held for Sale

On January 30, 2015 Imagine Monroe purchased 130.29 acres of land from Monroe County for \$1,369,000. The purchase amount was the appraised value of the land at September 29, 2014 as a result of a third party appraisal. Imagine Monroe purchased this land with the intent to redevelop the property to maximize its positive attributes in order to sell the property. As of December 31, 2018 and 2017, Imagine Monroe owns 52.02 acres of land valued at \$625,000.

(5) Pension Plan

(a) New York State Employees' Retirement System (NYSERS)

Imagine Monroe participates in the New York State and Local Employees' Retirement System (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net position and record changes in plan net position allocated to the System. The comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Imagine Monroe also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3.0 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 percent to 3.5 percent of their salary for their entire length of service. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2018	\$ 17,282
2017	\$ 12,663
2016	\$ 23,878

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT
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Notes to Financial Statements, Continued

(5) Pension Plan, Continued

(b) Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At December 31, 2018 and 2017, Imagine Monroe reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2018 and 2017, respectively. The total pension liability used to calculate the net pension liability was determined by the actuarial valuation. Imagine Monroe's proportionate share of the net pension liability was based on a projection of Imagine Monroe's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by NYSERS in reports provided to Imagine Monroe.

	<u>2018</u>	<u>2017</u>
Measurement date	3/31/2018	3/31/2017
Net pension liability	\$ 12,374	46,159
Imagine Monroe's proportion of the System's net pension liability	0.0003834%	0.0004912%

For the year ended December 31, 2018, Imagine Monroe recognized pension expense of \$14,707. At December 31, 2018, Imagine Monroe reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,414	3,647
Changes in assumptions	8,205	-
Net difference between projected and actual earnings on pension plan investments	17,973	35,476
Changes in proportion and differences between Imagine Monroe's contributions and proportionate share of contributions	6,523	9,605
Contributions subsequent to the measurement date	<u>12,962</u>	<u>-</u>
Total	\$ <u>50,077</u>	<u>48,728</u>

For the year ended December 31, 2017, Imagine Monroe recognized pension expense of \$27,862. At December 31, 2017, Imagine Monroe reported deferred outflows/inflows of resources related to pensions from the following sources:

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT
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Notes to Financial Statements, Continued

(5) Pension Plan, Continued

(b) Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,157	7,009
Changes in assumptions	15,770	-
Net difference between projected and actual earnings on pension plan investments	9,220	-
Changes in proportion and differences between Imagine Monroe's contributions and proportionate share of contributions	9,336	4,259
Contributions subsequent to the measurement date	<u>9,497</u>	<u>-</u>
Total	\$ <u>44,980</u>	<u>11,268</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of December 31, 2018 will be recognized in pension expense as follows:

Plan's Year Ended March 31:

2019	\$ 2,396
2020	2,337
2021	(10,501)
2022	(5,845)
2023	-
Thereafter	-

Imagine Monroe's contributions subsequent to March 31, 2018 measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018.

(c) Actuarial Assumptions

The total pension liability at March 31, 2018 and 2017 was determined by using an actuarial valuation as noted in the following table, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuation used the following actuarial assumptions.

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT
 AGENCY d/b/a IMAGINE MONROE
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Notes to Financial Statements, Continued

(5) Pension Plan, Continued

(c) Actuarial Assumptions, Continued

Significant actuarial assumptions used in the valuation were as follows:

	<u>2018</u>	<u>2017</u>
Measurement date	March 31, 2018	March 31, 2017
Actuarial valuation date	April 1, 2017	April 1, 2016
Interest rate	7.0%	7.0%
Salary scale	3.8% Average	3.8% Average
Decrement tables	April 1, 2010 - March 25, 2015 System Experience	April 1, 2010 - March 25, 2015 System Experience
Inflation rate	2.5%	2.5%
	7.0% compounded annually, net of investment expenses	

Annuitant mortality rates are based on April 1, 2010 - March 1, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

In 2018 and 2017 the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT
 AGENCY d/b/a IMAGINE MONROE
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Notes to Financial Statements, Continued

(5) Pension Plan, Continued

(c) Actuarial Assumptions, Continued

	2018		2017	
	Target Allocation	Long-term Expected Rate of Return*	Target Allocation	Long-term Expected Rate of Return
Asset type:				
Domestic equity	36.00%	4.55%	36.00%	4.55%
International equity	14.00%	6.35%	14.00%	6.35%
Private equity	10.00%	7.50%	10.00%	7.75%
Real estate	10.00%	5.55%	10.00%	5.80%
Absolute return	2.00%	3.75%	2.00%	4.00%
Opportunistic portfolio	3.00%	5.68%	3.00%	5.89%
Real assets	3.00%	5.29%	3.00%	5.54%
Bonds and mortgages	17.00%	1.31%	17.00%	1.31%
Cash	1.00%	(0.25%)	1.00%	(0.25%)
Inflation-indexed bonds	4.00%	1.25%	4.00%	1.50%
	100.00%		100.00%	

*The real rate of return is net of the long-term inflation assumption of 2.50%.

(d) Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(e) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents Imagine Monroe's proportionate share of the net pension liability for 2018 calculated using the discount rate of 7.0%, as well as what Imagine Monroe's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Proportionate share of the net pension (asset) liability	\$ <u>93,628</u>	<u>12,374</u>	<u>(56,363)</u>

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT
 AGENCY d/b/a IMAGINE MONROE
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Notes to Financial Statements, Continued

(5) Pension Plan, Continued

(e) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption, Continued

The following presents Imagine Monroe's proportionate share of the net pension liability for 2017 calculated using the discount rate of 7.0%, as well as what Imagine Monroe's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Proportionate share of the net pension (asset) liability	\$ <u>147,422</u>	<u>46,159</u>	<u>(39,459)</u>

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of all participating employers as of the respective measurement dates, were as follows:

	(Dollars in Millions)	
Measurement date	3/31/2018	3/31/2017
Total pension liability	\$(183,400)	(177,400)
Net position	<u>180,173</u>	<u>168,004</u>
Net pension liability	\$ <u>(3,227)</u>	<u>(9,396)</u>
ERS net position as a percentage of total pension liability	98.24%	94.70%

(6) Section 457 Deferred Compensation Plan

Employees of Imagine Monroe 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 their salary until future years, usually after retirement. At December 31, 2018 and 2017, the value of the Plan was \$271,617 and \$206,865, respectively.

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. That report may be obtained by writing to the New York State Deferred Compensation Plan, 110 State Street, Albany, NY 12244.

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT
AGENCY d/b/a IMAGINE MONROE
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Notes to Financial Statements, Continued

(7) Monroe County Finger Lakes Procurement Technical Assistance Center (PTAC)

Under its Monroe County Finger Lakes Procurement Technical Assistance Center (PTAC), Imagine Monroe, as the host agency for PTAC, receives grants from the United States Department of Defense, Monroe County Industrial Development Corporation, and Monroe County. For the years ended December 31, 2018 and 2017, respectively, Imagine Monroe recognized PTAC income of \$172,881 and \$206,440 and corresponding expenses recorded in accordance with their natural classifications in the accompanying statements of revenue, expenses and change in net position.

(8) Commitments

(a) Community Development

In 2006, Imagine Monroe 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 again during 2018, and Imagine Monroe provided \$165,182 and \$150,000 in funding to this organization in 2018 and 2017, respectively. Imagine Monroe expects to contribute \$150,000 to TEN in 2019.

In 2009, Imagine Monroe entered into an agreement with Greater Rochester Enterprise, Inc. to promote local and economic development efforts. Imagine Monroe contributed \$50,000 to this organization in 2018 and 2017. Imagine Monroe expects to contribute \$50,000 to this organization in 2019.

In 2017, Imagine Monroe committed to providing \$355,000 in funding to support LadderzUp (the Program). During 2018, Imagine Monroe approved a new three-year agreement from October 2018 to October 2021, committing \$1.4 million. The Program was created to provide educational and training opportunities aligned with current and future job openings in high demand industries, and provide County employers access to employee training and a pool of newly skilled workers seeking a career. In 2018, Imagine Monroe contributed \$353,533 to this program. Imagine Monroe expects to contribute \$466,000 to the Program in 2019.

(b) Management Services - Related Party

Annually, Imagine Monroe enters into an agreement with the County of Monroe for program support and rent provided to Imagine Monroe. The agreement required a payment in the amount of \$511,000 and \$471,000 for 2018 and 2017, respectively. The amounts required under this contract increased in the current year to be more reflective of the actual services provided to Imagine Monroe. Imagine Monroe expects to pay \$471,000 for these services in 2019.

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT
AGENCY d/b/a IMAGINE MONROE
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Notes to Financial Statements, Continued

(9) Related Parties

Imagine Monroe was 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 was 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 2018 or 2017 financial statements for transactions related to the Company. In 2017 the Company ceased its operations, in 2018 the Corporation was dissolved and all activities performed by the Company was absorbed by the County of Monroe.

In 2018, Imagine Monroe entered into a contract with the Monroe County Industrial Development Corporation (the Corporation), which states that the Corporation will reimburse Imagine Monroe for the cost of certain professional services. The contract states that the Corporation will not reimburse Imagine Monroe for more than \$100,000 worth of services each year for the period from February 2018 to March 2019. For each of the years ended December 31, 2018 and 2017, the Corporation paid cash of approximately \$69,423 and \$40,000, respectively, to Imagine Monroe under the terms of this agreement.

(10) Accounting Pronouncements Issued Not Yet Implemented

GASB Statement No. 83 - "Certain Asset Retirement Obligations." This Statement, issued in November 2016, addresses accounting and financial reporting for certain asset retirement obligations (AROs). Governments that have legal obligations to perform certain future asset retirement activities related to tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning January 1, 2019 for Imagine Monroe. This Statement is not expected to have a material effect on the financial statements of Imagine Monroe.

GASB Statement No. 84 - "Fiduciary Activities." This Statement, issued in January 2017, established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement is effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning January 1, 2019 for Imagine Monroe. This Statement is not expected to have a material effect on the financial statements of Imagine Monroe.

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT
AGENCY d/b/a IMAGINE MONROE
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Notes to Financial Statements, Continued

(10) Accounting Pronouncements Issued Not Yet Implemented, Continued

GASB Statement No. 87 - "Leases." This Statement, issued in June 2017, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019, which is the fiscal year beginning January 1, 2020 for Imagine Monroe. Management is in process of evaluating the potential impact due to the implementation of this Statement on the financial statements of Imagine Monroe.

GASB Statement No. 88 - "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement, issued in April of 2018, requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The provisions of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning January 1, 2019 for Imagine Monroe. Management is in the process of evaluating the potential impact of this Statement on the financial statements of Imagine Monroe.

GASB Statement No. 89 - "Accounting for Interest Cost Incurred before the End of a Construction Period." This Statement, issued in June 2018, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" which are superseded by this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning January 1, 2020 for Imagine Monroe. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of Imagine Monroe.

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT
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Notes to Financial Statements, Continued

(10) Accounting Pronouncements Issued Not Yet Implemented, Continued

GASB Statement No. 90 - "Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61." This Statement, issued in August 2018, seeks to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and sets parameters as to whether a majority equity interest is to be reported as an investment or component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning January 1, 2019 for Imagine Monroe. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of Imagine Monroe.

(11) Subsequent Events

Imagine Monroe has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT
 AGENCY d/b/a IMAGINE MONROE
 (A Discretely Presented Component Unit of the County of Monroe, New York)
 Required Supplementary Information
 Schedule of Imagine Monroe's Proportionate Share of the Net Pension Liability
 Year ended December 31, 2018

NYSERS Pension Plan (in thousands)				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Imagine Monroe's proportion of the net pension liability	0.0003800%	0.0004900%	0.0005800%	0.0005900%
Imagine Monroe's proportionate share of the net pension liability	\$ 12	\$ 46	\$ 93	\$ 20
Imagine Monroe's covered payroll	\$ 111	\$ 81	\$ 152	\$ 180
Imagine Monroe's proportionate share of the net pension liability as a percentage of its covered payroll	10.81%	56.79%	61.18%	11.11%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.90%

- (1) The amounts presented for each fiscal year were determined as of the March 31, 2018, 2017, 2016 and 2015 measurement dates of the plans.
- (2) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68 - "Accounting and Financial Reporting for Pensions."

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT
 AGENCY d/b/a IMAGINE MONROE
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 Required Supplementary Information
 Schedule of Imagine Monroe's Pension Contributions
 Year ended December 31, 2018

NYSERS Pension Plan (in thousands)				
	2018	2017	2016	2015
Contractually required contribution	\$ 17	13	24	35
Contributions in relation to the contractually required contribution	17	13	24	35
Contribution deficiency (excess)	\$ -	-	-	-
Imagine Monroe's covered payroll	\$ 111	81	152	180
Contributions as a percentage of covered payroll	15.32%	16.05%	15.79%	19.44%

(1) Data not available prior to fiscal year 2015.

INDEPENDENT AUDITORS' 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

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

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 the County of Monroe Industrial Development Agency d/b/a Imagine Monroe, a discretely presented component unit of the County of Monroe, New York, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Imagine Monroe's basic financial statements, and have issued our report thereon dated March 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Imagine Monroe'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 Imagine Monroe's internal control. Accordingly, we do not express an opinion on the effectiveness of Imagine Monroe'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Imagine Monroe'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.

EFPR Group, CPAs, PLLC

Rochester, New York
March 28, 2019