

**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 as of  
December 31, 2017 and 2016  
Together with  
Independent Auditor's Report**

**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 AUDITOR'S REPORT**

March 20, 2018

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, a discretely presented component unit of the County of Monroe, New York, as of and for the years ended December 31, 2017 and 2016 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.

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

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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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## INDEPENDENT AUDITOR'S REPORT

(Continued)

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Imagine Monroe, as of December 31, 2017 and 2016, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of contributions – pension plans, and schedule of proportionate share of the net pension liability (asset) 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 20, 2018 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Imagine Monroe's internal control over financial reporting and compliance.

**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 (UNAUDITED)  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

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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, 2017 and 2016. 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 of Imagine Monroe exceeded its liabilities at December 31, 2017 and 2016 by \$7,654,855 and \$7,124,182, respectively.
- Imagine Monroe's net position increased by \$530,673 in 2017 and increased by \$2,101,283 in 2016 as a result of 2017 and 2016 operations.
- Imagine Monroe's total revenues (operating and non-operating) were \$2,514,176 and \$3,484,680 in 2017 and 2016, respectively.
- Imagine Monroe's total expenses were \$1,983,503 and \$1,383,397 in 2017 and 2016, 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 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 them from one year to the next. Imagine Monroe's net position, the difference between assets and liabilities, are one way to measure Imagine Monroe's financial health, or financial position. Over time, increases or decreases in Imagine Monroe's net position are 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.

## 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, 2017, 2016 and 2015.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Current assets	\$ 7,112	\$ 7,286	\$ 3,649
Assets held for sale	625	625	1,369
Capital assets, net of accumulated depreciation	<u>2</u>	<u>3</u>	<u>2</u>
Total assets	7,739	7,914	5,020
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related-ERS	<u>45</u>	<u>106</u>	<u>39</u>
Total deferred outflows of resources	<u>45</u>	<u>106</u>	<u>39</u>
<b>LIABILITIES</b>			
Current liabilities	72	790	14
Long-term liabilities	<u>46</u>	<u>93</u>	<u>20</u>
Total liabilities	118	883	34
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related-ERS	<u>11</u>	<u>13</u>	<u>2</u>
Total deferred inflows of resources	<u>11</u>	<u>13</u>	<u>2</u>
<b>NET POSITION</b>			
Net investment in capital assets	2	3	2
Unrestricted	<u>7,653</u>	<u>7,121</u>	<u>5,021</u>
Total net position	<u>\$ 7,655</u>	<u>\$ 7,124</u>	<u>\$ 5,023</u>

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.

## FINANCIAL HIGHLIGHTS (Continued)

During 2016, cash increased approximately \$3.6 million because of operating results for the year. Liabilities increased approximately \$700,000 due to the amount being held in escrow relating to the Medley Centre. Assets held for sale decreased by \$744,000 from 2015 to 2016 as Imagine Monroe sold a portion of land purchased in 2014 from the County of Monroe. In addition, in 2016 net pension liability increased to \$93,000 due to changes in the amounts reported in the NYSERS pension. Lastly, in 2016 unrestricted net position, which is the result of the factors noted above, increased approximately \$2,100,000, which can be primarily attributed to a number of large projects closing.

Table 2 shows the changes in net position for the years ended December 31, 2017, 2016 and 2015.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>REVENUES:</b>			
Fee income	\$ 2,266	\$ 3,242	\$ 2,230
PTAC income	207	186	158
Contract reimbursement income	40	40	38
Land income	-	14	3
Interest income	<u>1</u>	<u>2</u>	<u>2</u>
Total revenues	<u>2,514</u>	<u>3,484</u>	<u>2,431</u>
<b>EXPENSES:</b>			
Program and community development	1,019	671	760
Salaries	266	243	241
Professional services	519	291	237
Payroll taxes and employee benefits	62	82	61
Rent	60	60	60
Travel, meetings and entertainment	8	8	14
Office supplies and postage	16	9	11
Advertising and promotion	16	2	7
Legal notices	1	10	6
Dues and subscriptions	9	4	4
Staff development	3	2	3
Depreciation	1	1	1
Other	<u>4</u>	<u>-</u>	<u>-</u>
Total expenses	<u>1,984</u>	<u>1,383</u>	<u>1,405</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ 530</u>	<u>\$ 2,101</u>	<u>\$ 1,026</u>

Fee income decreased approximately \$976,000 or 30%, in 2017. This account is driven by the number of projects closed in the year. 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, Monroe County (the County) contract increased by \$200,000 to reflect the true allocation of services being provided to Imagine Monroe by the County.

## **FINANCIAL HIGHLIGHTS (Continued)**

Fee income increased approximately \$1,012, or 45%, in 2016. This account is driven by the number of projects which close in the year. The main cause of the increase is due to increased income per project. During 2016 there were 7 projects over \$100 in income totaling \$1,495. In 2015 there were 5 projects over \$100 totaling \$744. PTAC income increased approximately \$28 as PTAC saw an increase in their budget which increased the Department of Defense (DOD) grant income. Program and community development expenses decreased in 2016 due to contributions that occurred in the prior year that did not occur in the current year.

## **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 Monroe County. The IDA offers critical incentives to businesses to insure they expand and grow in New York State and Monroe 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, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$ 6,936,331	\$ 6,530,723
Funds held for Medley Centre escrow	-	701,594
Fee income receivable	13,646	23,427
PTAC receivable	61,186	30,915
Accounts receivable	12,308	-
Prepaid expenses	<u>88,750</u>	<u>-</u>
Total current assets	<u>7,112,221</u>	<u>7,286,659</u>
OTHER ASSETS:		
Assets held for sale	625,000	625,000
Capital assets, net	<u>1,901</u>	<u>2,899</u>
Total other assets	<u>626,901</u>	<u>627,899</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related-ERS	<u>44,980</u>	<u>105,931</u>
Total deferred outflows of resources	<u>44,980</u>	<u>105,931</u>
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
Accounts payable	56,094	75,000
Accrued payroll and related expenses	15,726	13,728
Medley Centre escrow held	<u>-</u>	<u>701,594</u>
Total current liabilities	<u>71,820</u>	<u>790,322</u>
LONG-TERM LIABILITIES:		
Net pension liability-ERS	<u>46,159</u>	<u>92,891</u>
Total long-term liabilities	<u>46,159</u>	<u>92,891</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related-ERS	<u>11,268</u>	<u>13,094</u>
Total deferred inflows of resources	<u>11,268</u>	<u>13,094</u>
<b>NET POSITION</b>		
Net investment in capital assets	1,901	2,899
Unrestricted	<u>7,652,954</u>	<u>7,121,283</u>
Total net position	<u>\$ 7,654,855</u>	<u>\$ 7,124,182</u>

The accompanying notes are an integral part of these statements.

**COUNTY OF MONROE INDUSTRIAL DEVELOPMENT AGENCY**  
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**STATEMENTS OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>REVENUES:</b>		
Fee income	\$ 2,266,322	\$ 3,242,166
PTAC income	206,440	186,403
Total revenues	<u>2,472,762</u>	<u>3,428,569</u>
<b>PROGRAM AND COMMUNITY DEVELOPMENT EXPENSES:</b>		
Community development	407,714	256,445
Community development - The Entrepreneurs Network	150,000	150,000
Community development - Greater Rochester Enterprise, Inc.	50,000	54,167
Program support	411,000	210,000
Total program and community development expenses	<u>1,018,714</u>	<u>670,612</u>
<b>OPERATING EXPENSES:</b>		
Salaries	265,972	242,812
Professional services	519,199	291,137
Payroll taxes and employee benefits	61,924	82,318
Rent	60,000	60,000
Travel, meetings and entertainment	8,212	7,811
Office supplies and postage	16,147	8,990
Advertising and promotion	15,522	2,080
Legal notices	719	10,404
Dues and subscriptions	9,214	4,045
Staff development	3,283	2,336
Depreciation	567	852
Other	4,030	-
Total operating expenses	<u>964,789</u>	<u>712,785</u>
Total expenses	<u>1,983,503</u>	<u>1,383,397</u>
Operating income	<u>489,259</u>	<u>2,045,172</u>
<b>NONOPERATING REVENUE:</b>		
Contract reimbursement income	40,000	40,015
Land income	-	14,554
Interest income	1,414	1,542
Total nonoperating revenue	<u>41,414</u>	<u>56,111</u>
CHANGE IN NET POSITION	530,673	2,101,283
NET POSITION - beginning of year	<u>7,124,182</u>	<u>5,022,899</u>
NET POSITION - end of year	<u>\$ 7,654,855</u>	<u>\$ 7,124,182</u>

The accompanying notes are an integral part of these statements.

**COUNTY OF MONROE INDUSTRIAL DEVELOPMENT AGENCY**  
**d/b/a IMAGINE MONROE**  
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**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 2,452,272	\$ 3,416,087
Cash paid to employees for services	(313,505)	(308,895)
Cash paid to suppliers for goods and services	(709,295)	(311,803)
Cash paid for program and community development	<u>(1,051,370)</u>	<u>(670,612)</u>
Net cash flow from operating activities	<u>378,102</u>	<u>2,124,777</u>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash received from contract reimbursement income	<u>27,692</u>	<u>40,015</u>
Net cash flow from noncapital financing activities	<u>27,692</u>	<u>40,015</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Sale of asset held for sale	-	744,000
Purchases of capital assets	<u>(1,600)</u>	<u>(2,138)</u>
Net cash flow from capital and related financing activities	<u>(1,600)</u>	<u>741,862</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Land income	-	14,554
Interest income	<u>1,414</u>	<u>1,542</u>
Net cash flow from investing activities	<u>1,414</u>	<u>16,096</u>
<b>CHANGE IN CASH</b>	<b>405,608</b>	<b>2,922,750</b>
CASH - beginning of year	<u>6,530,723</u>	<u>3,607,973</u>
CASH - end of year	<u>\$ 6,936,331</u>	<u>\$ 6,530,723</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Operating income	\$ 489,259	\$ 2,045,172
Adjustments to reconcile operating income to net cash flow from operating activities -		
Depreciation	567	852
Loss of disposal of capital assets	2,031	-
Changes in:		
Deferred inflows/outflows of resources	59,125	(56,407)
Fee income receivable	9,781	(12,952)
PTAC receivable	(30,271)	470
Prepaid expenses	(88,750)	-
Accounts payable	(18,906)	75,000
Net pension liability - ERS	(46,732)	72,930
Accrued payroll and related expenses	<u>1,998</u>	<u>(288)</u>
Net cash flow from operating activities	<u>\$ 378,102</u>	<u>\$ 2,124,777</u>

The accompanying notes are an integral part of these statements.

**COUNTY OF MONROE INDUSTRIAL DEVELOPMENT AGENCY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

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**1. 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

**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, 2017 and 2016, 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.

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

### **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, 2017, there were 24 series of Industrial Development Bonds outstanding with an approximate aggregate amount payable of approximately \$333 million.

### **Related Parties**

Imagine Monroe is related through common managerial and operational personnel and common Board of Directors members 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.

### **Cash**

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

### **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.

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

### **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.

### **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.

### **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.

### **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.

### **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.

### **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.

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

### **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.

### **Estimates**

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

## **3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

### **Policies**

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.

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.

### **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.

### **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.

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

#### Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with 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;
- 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.

#### Cash

At December 31, 2017 and 2016, 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>2017</u>		<u>2016</u>	
	<u>Bank Balance</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Demand deposits	\$ 5,434,956	\$ 4,961,930	\$ 5,189,579	\$ 5,259,329
Time deposits	<u>1,974,526</u>	<u>1,974,401</u>	<u>1,973,050</u>	<u>1,972,925</u>
Total	<u>\$ 7,409,482</u>	<u>\$ 6,936,331</u>	<u>\$ 7,162,629</u>	<u>\$ 7,232,254</u>

These deposits were insured or collateralized as follows:

	<u>2017</u>	<u>2016</u>
FDIC insurance	\$ 500,000	\$ 500,000
Collateralized by third party	<u>7,047,674</u>	<u>6,795,882</u>
Total FDIC insurance and collateral	<u>\$ 7,547,674</u>	<u>\$ 7,295,882</u>



#### 4. CAPITAL ASSETS

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

	Balance January 1	Additions	Deletions	Balance December 31
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>

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance January 1	Additions	Deletions	Balance December 31
Capital assets being depreciated:				
Office equipment	\$ 26,825	\$ 2,138	\$ -	\$ 28,963
Furniture and fixtures	<u>8,308</u>	<u>-</u>	<u>-</u>	<u>8,308</u>
Total capital assets being depreciated	<u>35,133</u>	<u>2,138</u>	<u>-</u>	<u>37,271</u>
Less accumulated depreciation for:				
Office equipment	(26,084)	(447)	-	(26,531)
Furniture and fixtures	<u>(7,436)</u>	<u>(405)</u>	<u>-</u>	<u>(7,841)</u>
Total accumulated depreciation	<u>(33,520)</u>	<u>(852)</u>	<u>-</u>	<u>(34,372)</u>
Capital assets, net	<u>\$ 1,613</u>	<u>\$ 1,286</u>	<u>\$ -</u>	<u>\$ 2,899</u>

#### 5. 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, 2017, Imagine Monroe owns 52.02 acres of land currently valued at \$625,000 after a portion of the land was sold during the prior year.

## 6. PENSION PLAN

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

Imagine Monroe participates in the New York State and Local Employees' Retirement System (ERS) also referred to as New York State and Local Retirement System (the NYSERS). This is a cost-sharing multiple-employer retirement system, providing retirement benefits as well as death and disability benefits. The net position of the NYSERS is held in the New York State Common Retirement Fund (the Fund), established to hold all net position and record changes in plan net position allocated to the NYSERS. The NYSERS benefits are established under the provisions of the New York State Retirement and Social Security Law (NYS RSSL). Once an employer elects to participate in the NYSERS, 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](http://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 NYSERS is noncontributory except for employees who joined the NYSERS after July 27<sup>th</sup>, 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 of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the NYSERS' 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:

2017	\$	12,663
2016	\$	23,878
2015	\$	34,754

#### **Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions**

At December 31, 2017, Imagine Monroe reported a net pension liability of \$46,159 for its proportionate share of the NYSERS net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. Imagine Monroe's proportion of the net pension liability was based on a projection of Imagine Monroe's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2017, Imagine Monroe's proportionate share was .0004912%, which was a decrease of .0000875% from its proportionate share measured at December 31, 2016.

At December 31, 2016, Imagine Monroe's proportionate share was .0005787%, which was a decrease of .0000122% from its proportionate share measured at December 31, 2015.

## 6. PENSION PLAN (Continued)

### New York State Employees' Retirement System (NYSERS) (Continued)

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

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:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>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>

For the year ended December 31, 2016, Imagine Monroe recognized pension expense of \$54,473. At December 31, 2016, Imagine Monroe reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 469	\$ 11,011
Changes in assumptions	24,771	-
Net difference between projected and actual earnings on pension plan investments	55,108	-
Changes in proportion and differences between Imagine Monroe's contributions and proportionate share of contributions	7,675	2,083
Contributions subsequent to the measurement date	<u>17,908</u>	<u>-</u>
Total	<u>\$ 105,931</u>	<u>\$ 13,094</u>

## 6. PENSION PLAN (Continued)

### New York State Employees' Retirement System (NYSERS) (Continued)

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

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

	<u>2017</u>
Plan's Year Ended March 31:	
2018	\$ 10,158
2019	10,158
2020	9,912
2021	(6,013)
2022	-
Thereafter	-
	<u>\$ 24,215</u>

In 2017, Imagine Monroe recognized \$9,497 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2017 which will be recognized a reduction of the net pension liability in the year ended December 31, 2018.

In 2016, Imagine Monroe recognized \$17,908 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2016 which were recognized a reduction of the net pension liability in the year ended December 31, 2017.

#### **Actuarial Assumptions**

The total pension liability at March 31, 2016 and 2017 was determined by using an actuarial valuation as of April 1, 2015 and 2016, with update procedures used to roll forward the total pension liability to March 31, 2016 and 2017.

The actuarial valuation used the following actuarial assumptions for 2016 and 2017:

Inflation	2.50%
Salary scale	3.8% indexed by service
Projected COLAs	1.3% compounded annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014
Investment Rate of Return	7.0% compounded annually, net of investment expenses

## 6. PENSION PLAN (Continued)

### Long-term Rate of Return

In 2017 and 2016 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 included in the target asset allocation as of March 31, 2017 and 2016 are summarized below:

<u>Asset Type</u>	2017		2016	
	Target Allocations in %	Long-Term expected real rate of return in %	Target Allocations in %	Long-Term expected real rate of return in %
Domestic Equity	36	4.55	38	7.30
International Equity	14	6.35	13	8.55
Private Equity	10	7.75	10	11.00
Real Estate	10	5.80	8	8.25
Absolute Return	2	4.00	3	6.75
Opportunistic Portfolio	3	5.89	3	8.60
Real Asset	3	5.54	3	8.65
Bonds & Mortgages	17	1.31	18	4.00
Cash	1	(0.25)	2	2.25
Inflation-Indexed Bonds	4	1.50	2	4.00
	<u>100%</u>		<u>100%</u>	

## 6. PENSION PLAN (Continued)

### New York State Employees' Retirement System (NYSERS) (Continued)

#### **Discount Rate**

The discount rate used to calculate the total pension liability in 2017 and 2016 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. Based upon the assumptions, the Plan'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.

#### **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 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% lower (6.0%) or 1% higher (8.0%) than the current rate:

	1% Decrease <u>6.00%</u>	Current Discount <u>7.00%</u>	1% Increase <u>8.00%</u>
Proportionate Share of Net Pension liability (asset)	\$ <u>147,422</u>	\$ <u>46,159</u>	\$ <u>(39,459)</u>

The following presents Imagine Monroe's proportionate share of the net pension liability for 2016 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% lower (6.0%) or 1% higher (8.0%) than the current rate:

	1% Decrease <u>6.00%</u>	Current Discount <u>7.00%</u>	1% Increase <u>8.00%</u>
Proportionate Share of Net Pension liability (asset)	\$ <u>209,462</u>	\$ <u>92,891</u>	\$ <u>(5,607)</u>

#### **Pension Plan Fiduciary Net Position (000's)**

The components of the current-year net pension liability of the employers as of March 31, 2017 and 2016, respectively, were as follows:

	<u>2017</u>	<u>2016</u>
Total pension liability	\$177,400,586	\$172,303,544
Net position	<u>(168,004,363)</u>	<u>(156,253,265)</u>
Net pension liability (asset)	<u>\$ 9,396,223</u>	<u>\$ 16,050,279</u>
ERS net position as a percentage of total pension liability	94.70%	90.70%

## **7. 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, 2017 and 2016, the value of the Plan was \$206,865 and \$171,781, 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.

## **8. 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, 2017 and 2016, respectively, Imagine Monroe recognized PTAC income of \$206,440 and \$186,403 and corresponding expenses recorded in accordance with their natural classifications in the accompanying statements of revenue, expenses, and change in net position.

## **9. COMMITMENTS**

### **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 Imagine Monroe provided \$150,000 in funding to this organization in 2017 and 2016. Imagine Monroe expects to contribute \$150,000 to TEN in 2018.

In 2009, Imagine Monroe entered into an agreement with a separate non-profit organization to promote local and economic development efforts. In 2017 and 2016, amounts contributed to this organization were \$54,167 and \$50,000 respectively. Imagine Monroe expects to contribute \$50,000 to this organization in 2018.

### **Management Services - Related Party**

Annually, Imagine Monroe enters into an agreement with the County of Monroe for administrative support and facilities provided to Imagine Monroe. The agreement required a payment in the amount of \$411,000 and \$210,000 for 2017 and 2016, 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 2018.

## 10. 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 2017 or 2016 financial statements for transactions related to the Company. In December 2017 the Company dissolved and ceased its operations and all activities performed by the Company was absorbed by the County of Monroe.

In 2017, 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 \$40,000 worth of services each year for the next three years. For each of the years ended December 31, 2017 and 2016, the Corporation paid cash of approximately \$40,000 to Imagine Monroe under the terms of this agreement.

## 11. ACCOUNTING PRONOUNCEMENTS ISSUED NOT YET IMPLEMENTED

In March 2016, GASB issued Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, Financial Reporting for pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The Statement addresses issues related to the presentation of payroll related measures in required supplementary information, selection of assumptions and the treatment of deviations and classification of payments made by employers to meet employee contribution requirements. The Statement takes effect for reporting periods beginning after June 15, 2016, except for the requirements of this standard for the selection of assumptions when Imagine Monroe's pension liability is measured as of a date other than their most recent fiscal year-end. In that case, the requirements for selection of assumptions are effective for the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier adoption is encouraged.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefore. Imagine Monroe is required to adopt the provisions of this Statement for the year ending December 31, 2019.



## 11. ACCOUNTING PRONOUNCEMENTS ISSUED NOT YET IMPLEMENTED (Continued)

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement apply to the financial statements of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Imagine Monroe is required to adopt the provisions of this Statement for the year ending December 31, 2019.

In March 2017, the GASB issued Statement No. 85, *Omnibus*. This Statement establishes practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Imagine Monroe is required to adopt the provisions of this Statement for the year ending December 31, 2018.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement establishes consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Imagine Monroe is required to adopt the provisions of this Statement for the year ending December 31, 2018.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement establishes accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring 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. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Imagine Monroe is required to adopt the provisions of this Statement for the year ending December 31, 2020.

Imagine Monroe has not assessed the impact of these statements on its future financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

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

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) - UNAUDITED**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN										
Proportion of the net pension liability (asset)	0.00049%	0.00058%	0.00059%							
Proportionate share of the net pension liability (asset)	\$46	\$93	\$20							
Covered-employee payroll	\$81	\$152	\$180							
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	56.79%	61.18%	11.11%							
Plan fiduciary net position as a percentage of the total pension liability (asset)	94.70%	90.70%	97.90%							

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

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

**SCHEDULE OF CONTRIBUTIONS - PENSION PLANS - UNAUDITED**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN</b>										
Contractually required contribution	\$ 13	\$ 24	\$ 35							
Contributions in relation to the contractually required contribution	13	24	35							
Contribution deficiency (excess)	\$ -	\$ -	\$ -							
Covered-employee payroll	\$81	\$152	\$180							
Contributions as a percentage of covered-employee payroll	16.05%	15.79%	19.44%							

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

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

March 20, 2018

To the Board of Directors of  
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, 2017, 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 20, 2018.

**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.

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

(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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.