

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

**ROCHESTER, NEW YORK**

**BASIC FINANCIAL STATEMENTS**

**For Years Ended December 31, 2019 and 2018**

**MENGEL METZGER BARR & CO. LLP**

RAYMOND F. WAGER, CPA, P.C. DIVISION

## TABLE OF CONTENTS

Independent Auditors' Report	1 – 3
Management's Discussion and Analysis	4 – 7

### BASIC FINANCIAL STATEMENTS

<u>Statement 1</u> - Statement of Net Position	8
<u>Statement 2</u> - Statement of Revenues, Expenses and Changes in Net Position	9
<u>Statement 3</u> - Statement of Cash Flows	10
Notes to Financial Statements	11 - 25

### REQUIRED SUPPLEMENTAL INFORMATION

<u>Required Supplemental Schedule 1</u> - Schedule of Imagine Monroe's Proportionate Share Of the Net Pension Liability (Unaudited)	26
<u>Required Supplemental Schedule 2</u> - Schedule of Imagine Monroe Contributions (Unaudited)	27
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	28 - 29

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
County of Monroe Industrial  
Development Agency d/b/a Imagine Monroe  
A Discretely Presented Component Unit of the County of Monroe  
Rochester, New York

### *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, Rochester, New York, as of and for the year ended December 31, 2019, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Imagine Monroe'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 Imagine Monroe'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.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the County of Monroe Industrial Development Agency d/b/a Imagine Monroe, A Discretely Presented Component Unit of the County of Monroe, Rochester, New York, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *2018 Financial Statements*

The financial statements of the County of Monroe Industrial Development d/b/a Imagine Monroe , A Discretely Presented Component Unit of the County of Monroe, Rochester, New York as of December 31, 2018 were audited by other auditors whose report dated March 28, 2019 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, schedule of Imagine Monroe's proportionate share of the net pension liability, and schedule of Imagine Monroe contributions on pages 4–7 and 26–27, respectively, 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 6, 2020 on our consideration of the County of Monroe Industrial Development Agency d/b/a Imagine Monroe, A Discretely Presented Component Unit of the County of Monroe, Rochester, New York'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 the County of Monroe Industrial Development Agency d/b/a Imagine Monroe, A Discretely Presented Component Unit of the County of Monroe, Rochester, New York's internal control over financial reporting and compliance.

*Mengel, Metzger, Barw & Co. LLP*

Rochester, New York  
March 6, 2020

**County of Monroe Industrial Development Agency  
d/b/a Imagine Monroe  
A Discretely Presented Component Unit of the County of Monroe, Rochester, New York**

**Management's Discussion and Analysis (MD&A)**

**December 31, 2019**

**INTRODUCTION**

Our discussion and analysis 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, Rochester, New York 's financial performance provides an overview of Imagine Monroe's financial activities for the year ended December 31, 2019. It should be read in conjunction with the basic financial statements to enhance understanding of Imagine Monroe's financial performance, which immediately follows this section.

**FINANCIAL HIGHLIGHTS**

- Imagine Monroe's net position was \$8,789,256 at the end of 2019 as compared to \$8,029,284 at the end of 2018.
- Imagine Monroe's total operating revenues were \$2,672,208 in 2019 as compared to \$2,410,183, in 2018.
- Imagine Monroe's total expenses were \$2,041,074 in 2019 as compared to \$2,248,657 in 2018.
- Imagine Monroe's total nonoperating revenues were \$128,838 in 2019 as compared to \$212,903 in 2018.
- Imagine Monroe's change in net position was \$759,972 in 2019 as compared to \$374,429 in 2018.

**OVERVIEW OF FINANCIAL STATEMENTS**

The statement of net position and the statement 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 net position 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 position or health. 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 non-restricted current assets, and changes in Imagine Monroe's fee income and 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.

## SUMMARY AND ANALYSIS OF OPERATIONS AND CHANGES IN NET POSITION

The analysis below summarizes the statement of net position and changes in net position of Imagine Monroe for the years ended December 31, 2019 and 2018.

### Net Position

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>	<u>Variance</u>
Current Assets	\$ 8,378,087	\$ 8,014,215	\$ 363,872
Non-Current Assets	625,000	625,000	-
Capital Assets	25,799	1,396	24,403
<b>Total Assets</b>	<b>\$ 9,028,886</b>	<b>\$ 8,640,611</b>	<b>\$ 388,275</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	<b>\$ 45,016</b>	<b>\$ 50,077</b>	<b>\$ (5,061)</b>
<b><u>LIABILITIES</u></b>			
Current Liabilities	\$ 221,596	\$ 600,302	\$ (378,706)
Noncurrent Liabilities	39,897	12,374	27,523
<b>Total Liabilities</b>	<b>\$ 261,493</b>	<b>\$ 612,676</b>	<b>\$ (351,183)</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	<b>\$ 23,153</b>	<b>\$ 48,728</b>	<b>\$ (25,575)</b>
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	\$ 25,799	\$ 1,396	\$ 24,403
Unrestricted-Operating	8,763,457	8,027,888	735,569
<b>Total Net Position</b>	<b>\$ 8,789,256</b>	<b>\$ 8,029,284</b>	<b>\$ 759,972</b>

During 2019, current assets increased \$363,872 due primarily to an increase in fee income of approximately \$285,000 for closed projects and increased receivables from MCIDC for approximately \$39,000 as a result of increased contracted services.

During 2019, current liabilities decreased \$378,706 due primarily to a decrease in accrued expenses due to the County of Monroe for \$511,000 due to payment of the expense in the current year, offset by an increase in accrued expenses for the LadderzUp contract of approximately \$74,000 and an increase in PTAC unearned revenue for approximately \$54,000.

During 2018, current assets increased approximately \$901,994 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 \$494,697 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.

## Changes in Net Position

	<u>2019</u>	<u>2018</u>	<u>Variance</u>
<b><u>Revenues:</u></b>			
Fee Income	\$ 2,522,377	\$ 2,237,302	\$ 285,075
PTAC Income	149,831	172,881	(23,050)
Contract Reimbursement Income	123,433	69,423	54,010
Interest Income	5,405	3,480	1,925
Settlement Income	-	140,000	(140,000)
<b>Total Revenues</b>	<b>\$ 2,801,046</b>	<b>\$ 2,623,086</b>	<b>\$ 177,960</b>
<b><u>Expenses:</u></b>			
Program & Community Development	\$ 1,147,340	\$ 1,255,534	\$ (108,194)
Salaries	397,909	342,421	55,488
Professional Services	309,569	471,589	(162,020)
Payroll Taxes & Employee Benefits	60,203	54,380	5,823
Rent	58,875	58,875	-
Travel, Meetings & Entertainment	16,869	16,910	(41)
Office Supplies & Postage	10,985	11,310	(325)
Advertising & Promotion	27,235	25,532	1,703
Dues & Subscriptions	4,757	3,850	907
Staff Development	4,388	31	4,357
Depreciation	597	505	92
Other	2,347	7,720	(5,373)
<b>Total Expenses</b>	<b>\$ 2,041,074</b>	<b>\$ 2,248,657</b>	<b>\$ (207,583)</b>
<b>Change in Net Position</b>	<b>\$ 759,972</b>	<b>\$ 374,429</b>	
<b>Net Position - Beginning of Year</b>	<b>8,029,284</b>	<b>7,654,855</b>	
<b>Net Position - End of Year</b>	<b>\$ 8,789,256</b>	<b>\$ 8,029,284</b>	

During 2019, total revenue increased \$177,960 or 7%. The main reason for this increase is due to general increases in fee income and contract reimbursement income, offset by a decrease in settlement income of approximately \$140,000. Total expenses decreased by \$207,583 or 10% due to a decrease in contracted expenditures with Monroe County of approximately \$35,000, a decrease in legal fees of approximately \$222,000 and an increase in salaries of approximately \$55,000.

During 2018, total revenue increased \$108,910 or 4%. 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 \$265,154 due to an increase in program and community development expenses. Expenses related to The Entrepreneurs Network (TEN) program increased by approximately \$15,000. In addition, 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.



## **Requests for Information**

This financial report is designed to provide a general overview of the County of Monroe Industrial Development Agency's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

County of Monroe Industrial Development Agency  
d/b/a Imagine Monroe  
A Discretely Presented Component Unit  
of the County of Monroe  
City Place, Suite 1150  
50 West Main Street  
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, Rochester, New York**

**STATEMENT OF NET POSITION**

**December 31, 2019 and 2018**

<b><u>ASSETS:</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
<b><u>Current Assets -</u></b>		
Cash and cash equivalents	\$ 8,267,561	\$ 7,941,377
PTAC receivable	38,586	54,018
Accounts receivable	51,315	11,888
Prepaid expenses	20,625	6,932
<b>Total Current Assets</b>	<b><u>\$ 8,378,087</u></b>	<b><u>\$ 8,014,215</u></b>
<b><u>Noncurrent Assets -</u></b>		
Assets held for sale	\$ 625,000	625,000
<b>Total Noncurrent Assets</b>	<b><u>\$ 625,000</u></b>	<b><u>\$ 625,000</u></b>
<b><u>Capital Assets -</u></b>		
Equipment	\$ 61,732	\$ 36,732
Accumulated depreciation	(35,933)	(35,336)
<b>Total Capital Assets</b>	<b><u>\$ 25,799</u></b>	<b><u>\$ 1,396</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$ 9,028,886</u></b>	<b><u>\$ 8,640,611</u></b>
<b><u>DEFERRED OUTFLOW OF RESOURCES:</u></b>	<b><u>\$ 45,016</u></b>	<b><u>\$ 50,077</u></b>
<b><u>LIABILITIES:</u></b>		
<b><u>Current Liabilities -</u></b>		
Accounts payable	\$ 14,134	\$ 6,933
Accrued expenses	153,246	82,369
Due to Monroe County	-	511,000
Unearned revenue	54,216	-
<b>Total Current Liabilities</b>	<b><u>\$ 221,596</u></b>	<b><u>\$ 600,302</u></b>
<b><u>Noncurrent Liabilities -</u></b>		
Net pension liability	\$ 39,897	\$ 12,374
<b>TOTAL LIABILITIES</b>	<b><u>\$ 261,493</u></b>	<b><u>\$ 612,676</u></b>
<b><u>DEFERRED INFLOW OF RESOURCES:</u></b>	<b><u>\$ 23,153</u></b>	<b><u>\$ 48,728</u></b>
<b><u>NET POSITION:</u></b>		
Net investment in capital assets	\$ 25,799	\$ 1,396
Unrestricted - Operating	8,763,457	8,027,888
<b>TOTAL NET POSITION</b>	<b><u>\$ 8,789,256</u></b>	<b><u>\$ 8,029,284</u></b>

(The accompanying notes are an integral part of the financial statements)

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

**For Years Ended December 31, 2019 and 2018**

<b><u>OPERATING REVENUES:</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Fee income	\$ 2,522,377	\$ 2,237,302
PTAC income	149,831	172,881
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 2,672,208</b>	<b>\$ 2,410,183</b>
<b><u>EXPENSES:</u></b>		
<b>Program and Community Development Expenses -</b>		
Community development	\$ 520,215	\$ 588,227
Community development - The Entrepreneurs Network	165,000	165,182
Community development - Greater Rochester Enterprise, Inc.	50,000	50,000
Program support	412,125	452,125
Total Program and Community Development Expenses	<b>\$ 1,147,340</b>	<b>\$ 1,255,534</b>
<b>Operating Expenses -</b>		
Salaries	\$ 397,909	\$ 342,421
Professional services	309,569	471,589
Payroll taxes and employee benefits	60,203	54,380
Rent	58,875	58,875
Travel, meetings and entertainment	16,869	16,910
Office supplies and postage	10,985	11,310
Advertising and promotion	27,235	25,532
Dues and subscriptions	4,757	3,850
Staff development	4,388	31
Depreciation	597	505
Other	2,347	7,720
Total Operating Expenses	<b>\$ 893,734</b>	<b>\$ 993,123</b>
<b>TOTAL EXPENSES</b>	<b>\$ 2,041,074</b>	<b>\$ 2,248,657</b>
<b>OPERATING INCOME</b>	<b>\$ 631,134</b>	<b>\$ 161,526</b>
<b><u>NONOPERATING REVENUES:</u></b>		
Contract reimbursement income	\$ 123,433	\$ 69,423
Interest income	5,405	3,480
Settlement income	-	140,000
<b>TOTAL NONOPERATING REVENUES</b>	<b>\$ 128,838</b>	<b>\$ 212,903</b>
 <b>CHANGE IN NET POSITION</b>	<b>\$ 759,972</b>	<b>\$ 374,429</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>8,029,284</b>	<b>7,654,855</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ 8,789,256</b>	<b>\$ 8,029,284</b>

(The accompanying notes are an integral part of the financial statements)

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

**STATEMENT OF CASH FLOWS**

**For Years Ended December 31, 2019 and 2018**

<b><u>Cash Flows From Operating Activities:</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Cash received from customers	\$ 2,702,429	\$ 2,430,997
Cash paid to employees for services	(451,103)	(331,580)
Cash paid to suppliers for goods and services	(881,640)	(529,780)
Cash paid for program and community development	(1,147,340)	(777,914)
<b>Net Cash Provided by Operating Activities</b>	<b><u>\$ 222,346</u></b>	<b><u>\$ 791,723</u></b>
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>		
Purchases of capital assets	<u>\$ (25,000)</u>	<u>\$ -</u>
<b><u>Cash Flows From Non - Capital Financing Activities:</u></b>		
Cash received from contract reimbursement income	\$ 123,433	\$ 69,843
Cash received from settlement agreements	-	140,000
<b>Net Cash Provided By Non-Capital Financing Activities</b>	<b><u>\$ 123,433</u></b>	<b><u>\$ 209,843</u></b>
<b><u>Cash Flows From Investing Activities:</u></b>		
Interest income	<u>\$ 5,405</u>	<u>\$ 3,480</u>
<b>Net Increase in Cash</b>	<b>\$ 326,184</b>	<b>\$ 1,005,046</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b><u>7,941,377</u></b>	<b><u>6,936,331</u></b>
<b>Cash and Cash Equivalents - End of Year</b>	<b><u>\$ 8,267,561</u></b>	<b><u>\$ 7,941,377</u></b>
<b><u>Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities</u></b>		
Change in net position	<u>\$ 631,134</u>	<u>\$ 161,526</u>
<b>Adjustments to reconcile Change in Net Position to Net Cash (Used)/ Provided from Operations:</b>		
Depreciation	\$ 597	\$ 505
Change in assets and liabilities -		
Deferred inflows and outflows of resources	(20,514)	32,363
Fee income receivable	-	13,646
PTAC receivable	15,432	7,168
Accounts receivable	(39,427)	-
Prepaid expense	(13,693)	81,818
Accounts payable	7,201	(49,161)
Accrued expenses	70,877	66,643
Due to Monroe County	(511,000)	511,000
Unearned revenue	54,216	-
Net pension liability	27,523	(33,785)
<b>Total Adjustments to reconcile Change in Net Position to Net Cash (Used)/Provided from Operations</b>	<b><u>\$ (408,788)</u></b>	<b><u>\$ 630,197</u></b>
<b>Net Cash Provided by Operating Activities</b>	<b><u>\$ 222,346</u></b>	<b><u>\$ 791,723</u></b>

(The accompanying notes are an integral part of the financial statements)

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

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2019**

**I. Summary of Significant Accounting Policies:**

**A. Basis of Accounting**

The 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, Rochester, New York, have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States as set forth by Governmental Accounting Standards Board (GASB) for proprietary funds. The more significant of the government's accounting policies are described below.

**B. Financial Reporting Entity**

**1. Primary Government**

On June 6, 1972, Imagine Monroe, was established by a special act of the County Legislature under the New York State Industrial Development Act of 1969. In 2017, Imagine Monroe 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, Rochester, New York (County of Monroe) and is a New York State not-for-profit public benefit corporation.

**2. Related Entities**

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.

**C. Basis of Presentation**

GASB requires the reporting of net position into three classifications defined as follows:

- 1. 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 borrowing that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

( I. ) (Continued)

2. **Restricted net position**- This component of net position consists of amounts which have external constraints placed on their use imposed by creditors (such as thought 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, 2019 and 2018, Imagine Monroe does not have restricted net position.
3. **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 needed.

**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.

**1. 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.

**2. 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, 2019, there were 23 series of Industrial Development Bonds outstanding with an approximate aggregate amount payable of approximately \$629 million.

( I. ) (Continued)

**E. Cash and Cash Equivalents**

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

**F. Accounts Receivable**

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. Generally accepted accounting principles require the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been 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 amount is written-off.

**G. 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.

**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. Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This 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.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**J. 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.

( I. ) (Continued)

**K. 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.

**L. 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.

**M. 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 98-48, 1992 C.B. 418 as a governmental unit or affiliate of a governmental unit as described in the procedure.

**N. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**O. New Accounting Standards**

Imagine Monroe has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2019, Imagine Monroe implemented the following new standards issued by GASB:

GASB has issued Statement 83, *Certain Asset Retirement Obligations*.

GASB has issued Statement 84, *Fiduciary Activities*.

GASB has issued Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*.

GASB has issued Statement 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*.



**( I. ) (Continued)**

**P. Future Changes in Accounting Standards**

GASB has issued Statement 87, *Leases*, which will be effective for the periods beginning after December 15, 2019.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for reporting periods beginning after December 15, 2019.

GASB has issued Statement 91, *Conduit Debt Obligations*, which will be effective for reporting periods beginning after December 15, 2020.

Imagine Monroe is currently studying these statements and plans on adoption as required.

**II. 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.

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.

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

( II. ) (Continued)

**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:

1. Pledge of eligible securities with an aggregate market value equal to the aggregate amount of deposits;
2. 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;
3. 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, 2019 and 2018, 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:

	<b>2019</b>	
	<b>Bank Balance</b>	<b>Carrying Amount</b>
Demand deposits	\$ 6,284,227	\$ 6,284,277
Time deposits	1,983,284	1,983,284
<b>Total</b>	<b>\$ 8,267,511</b>	<b>\$ 8,267,561</b>

  

	<b>2018</b>	
	<b>Bank Balance</b>	<b>Carrying Amount</b>
Demand deposits	\$ 5,963,447	\$ 5,963,497
Time deposits	1,977,880	1,977,880
<b>Total</b>	<b>\$ 7,941,327</b>	<b>\$ 7,941,377</b>

( II. ) (Continued)

These deposits were insured or collateralized as follows:

	<u>2019</u>	<u>2018</u>
FDIC insurance	\$ 500,000	\$ 500,000
Collateralized by third-party	7,767,511	7,569,633
<b>Total</b>	<u>\$ 8,267,511</u>	<u>\$ 8,069,633</u>

III. **Capital Assets:**

Capital asset activity for the year ended December 31, 2019 was as follows:

<u>Type</u>	<u>Balance</u> <u>01/01/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/19</u>
<b><u>Capital assets being depreciated:</u></b>				
Office equipment	\$ 26,825	\$ -	\$ -	\$ 26,825
Furniture and fixtures	9,908	-	-	9,908
Software	-	25,000	-	25,000
<i>Total capital assets being depreciated</i>	<u>\$ 36,733</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 61,733</u>
<b><u>Less accumulated depreciation for:</u></b>				
Office equipment	\$ (26,826)	\$ -	\$ -	\$ (26,826)
Furniture and fixtures	(8,511)	(597)	-	(9,108)
Software	-	-	-	-
<i>Total accumulated depreciation</i>	<u>\$ (35,337)</u>	<u>\$ (597)</u>	<u>\$ -</u>	<u>\$ (35,934)</u>
<b><i>Capital assets, net</i></b>	<u>\$ 1,396</u>	<u>\$ 24,403</u>	<u>\$ -</u>	<u>\$ 25,799</u>

The depreciation expense was \$597 for the December 31, 2019 year.

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

<u>Type</u>	<u>Balance</u> <u>01/01/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/18</u>
<b><u>Capital assets being depreciated:</u></b>				
Office equipment	\$ 26,825	\$ -	\$ -	\$ 26,825
Furniture and fixtures	9,908	-	-	9,908
<i>Total capital assets being depreciated</i>	<u>\$ 36,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,733</u>
<b><u>Less accumulated depreciation for:</u></b>				
Office equipment	\$ (26,714)	\$ (112)	\$ -	\$ (26,826)
Furniture and fixtures	(8,118)	(393)	-	(8,511)
<i>Total accumulated depreciation</i>	<u>\$ (34,832)</u>	<u>\$ (505)</u>	<u>\$ -</u>	<u>\$ (35,337)</u>
<b><i>Capital assets, net</i></b>	<u>\$ 1,901</u>	<u>\$ (505)</u>	<u>\$ -</u>	<u>\$ 1,396</u>

The depreciation expense was \$505 for the December 31, 2018 year.

#### **IV. Assets Held for Resale**

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, 2019 and 2018, Imagine Monroe owns 52.02 acres of land valued at \$625,000.

#### **V. General Information and Pension Plans:**

##### **A. General Information About Pension Plan**

##### **1. Plan Description**

Imagine Monroe participates in the New York State Local Employees' Retirement System (ERS). This is a cost sharing multiple employer defined benefit retirement system. 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 assets and record changes in fiduciary 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. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. 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 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, New York 12244.

##### **2. Benefits Provided**

The System provides retirement benefits as well as death and disability benefits.

##### *Tier 1 and 2*

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

**( V. ) (Continued)**

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

*Tier 3, 4, 5*

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4, and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of wages earned in the three highest consecutive years. For Tier 3, 4, and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

*Tier 6*

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age of Tier 6 is 63 and ERS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

*Ordinary Disability Benefits*

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

( V. ) (Continued)

*Accidental Disability Benefits*

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5, and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

*Ordinary Death Benefits*

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

*Post-Retirement Benefit Increases*

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

**3. Contributions**

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years 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 Systems' financial 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:

<b>Prepayment</b>	
<b><u>Due Date</u></b>	<b><u>ERS</u></b>
12/15/2019	\$ 20,780
12/15/2018	\$ 17,282
12/15/2017	\$ 12,663

( V. ) (Continued)

**B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions**

At December 31, 2019, Imagine Monroe reported a liability of \$39,897 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an 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, 2019, Imagine Monroe's proportion was 0.0005631 percent for ERS.

For the year ended December 31, 2019 Imagine Monroe recognized pension expense of \$26,912. At December 31, 2019, Imagine Monroe reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 7,856	\$ 2,678
Changes of assumptions	10,028	-
Net difference between projected and actual earnings on pension plan investments	-	10,240
Changes in proportion and differences between Imagine Monroe's contributions and proportionate share of contributions	11,547	10,235
<b>Subtotal</b>	<b>\$ 29,431</b>	<b>\$ 23,153</b>
Imagine Monroe's contributions subsequent to the measurement date	15,585	-
<b>Grand Total</b>	<b>\$ 45,016</b>	<b>\$ 23,153</b>

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

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 4,414	\$ 3,647
Changes of 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
<b>Subtotal</b>	<b>\$ 37,115</b>	<b>\$ 48,728</b>
Imagine Monroe's contributions subsequent to the measurement date	12,962	-
<b>Grand Total</b>	<b>\$ 50,077</b>	<b>\$ 48,728</b>

( V. ) (Continued)

Imagine Monroe reported \$15,585 as deferred outflows of resources related to pensions resulting from Imagine Monroe contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 9,649
2021	(8,337)
2022	(1,415)
2023	6,381
<b>Total</b>	<u><u>\$ 6,278</u></u>

**1. Actuarial Assumptions**

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>2019</u>	<u>2018</u>
Measurement date	March 31, 2019	March 31, 2018
Actuarial valuation date	April 1, 2018	April 1, 2017
Interest rate	7.00%	7.00%
Salary scale	4.20%	3.80%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience	April 1, 2010- March 31, 2015 System's Experience
Inflation rate	2.50%	2.50%
COLA's	1.30%	1.30%

Annuitant mortality rates are based on Society of Actuaries Scale MP-2014 System's experience with adjustments for mortality improvements based on MP-2018.

The long term 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 returns net of investment expense 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 each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:



( V. ) (Continued)

Measurement date	Long Term Expected Rate of Return			
	<u>ERS</u>	<u>ERS</u>	2019	2018
	March 31, 2019	March 31, 2018	<u>Target Allocation</u>	<u>Target Allocation</u>
<b><u>Asset Type -</u></b>				
Domestic equity	4.55%	4.55%	36.00%	36.00%
International equity	6.35%	6.35%	14.00%	14.00%
Private equity	7.50%	7.50%	10.00%	10.00%
Real estate	5.55%	5.55%	10.00%	10.00%
Absolute return strategies *	3.75%	3.75%	2.00%	2.00%
Opportunistic portfolios	5.68%	5.68%	3.00%	3.00%
Real assets	5.29%	5.29%	3.00%	3.00%
Bonds and mortgages	1.31%	1.31%	17.00%	17.00%
Cash	-0.25%	-0.25%	1.00%	1.00%
Inflation-indexed bonds	1.25%	1.25%	4.00%	4.00%

The real rate of return is net of the long-term inflation assumption of 2.5%

\* Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and internal equity.

**2. Discount Rate**

The discount rate used to calculate the total pension liability was 7%. 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 Systems' 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.

**3. 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 calculated using the discount rate of 7%, as well as what Imagine Monroe's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate for 2019:

	1% Decrease	Current	1% Increase
	<u>(6%)</u>	<u>(7%)</u>	<u>(8%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ 174,434	\$ 39,897	\$ (73,124)

( V. ) (Continued)

The following presents Imagine Monroe's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what Imagine Monroe's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate for 2018:

	<b>1% Decrease (6%)</b>	<b>Current Assumption (7%)</b>	<b>1% Increase (8%)</b>
Employer's proportionate share of the net pension asset (liability)	\$ 93,628	\$ 12,374	\$ (56,363)

4. **Pension Plan Fiduciary Net Position**

The components of the current year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows for December 31:

	<b>2019 (In Millions)</b>	<b>2018 (In Millions)</b>
	<b>ERS</b>	<b>ERS</b>
Measurement date	March 31, 2019	March 31, 2018
Employers' total pension liability	\$ (189,803)	\$ (183,400)
Plan net position	182,718	180,173
Employers' net pension asset/(liability)	<u>\$ (7,085)</u>	<u>\$ (3,227)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	96.27%	98.24%

VI. **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, 2019 and 2018 the value of the Plan was \$215,837 and \$217,671, respectively.

VII. **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, 2019 and 2018, respectively, Imagine Monroe recognized PTAC income of \$149,831 and \$172,881 and corresponding expenses recorded in accordance with their natural classifications in the accompanying statement of revenue, expenses and change in net position.

## **VIII. 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 \$165,000 and \$165,182 in funding to this organization in 2019 and 2018, respectively. Imagine Monroe expects to contribute \$150,000 to TEN in 2020.

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 2019 and 2018. Imagine Monroe expects to contribute \$50,000 to this organization in 2020.

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 2019 and 2018, Imagine Monroe contributed \$320,514 and \$353,533, respectively, to this program. Imagine Monroe expects to contribute \$492,188 to the Program in 2020.

### **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 \$471,000 and \$511,000 for 2019 and 2018, 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 \$474,000 for these services in 2020.

## **IX. Related Parties**

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. In 2019, Imagine Monroe entered into another contract with the Corporation, under the same terms, for the period from April 2019 to December 2019. For each of the years ended December 31, 2019 and 2018, the Corporation paid cash of approximately \$123,433 and \$69,423, respectively, to Imagine Monroe under the terms of this agreement.

## **X. Commitments and Contingencies:**

### **A. Pending or Threatened Litigation**

There are three claims filed against Imagine Monroe and one real property proceeding in which the outcomes cannot be determined at this time.

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

**SCHEDULE OF IMAGINE MONROE'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY (UNAUDITED)**

**For Year Ended December 31, 2019**

	<u>NYSERS Pension Plan</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0005631%	0.0003800%	0.0004900%	0.0005800%	0.0005900%
Proportionate share of the net pension liability (assets)	\$ 40	\$ 12	\$ 46	\$ 93	\$ 20
Covered-employee payroll	\$ 133	\$ 111	\$ 81	\$ 152	\$ 180
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	30.075%	10.81%	56.79%	61.18%	11.11%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.70%	97.90%

10 years of historical information is not available and will be reported each year going forward (See Independent Auditors' Report)

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

**SCHEDULE OF IMAGINE MONROE CONTRIBUTIONS (UNAUDITED)**

**For Year Ended December 31, 2019**

	<u>NYSERS Pension Plan</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 21	\$ 17	\$ 13	\$ 24	\$ 35
Contributions in relation to the contractually required contribution	<u>(21)</u>	<u>(17)</u>	<u>(13)</u>	<u>(24)</u>	<u>(35)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 133	\$ 111	\$ 81	\$ 152	\$ 180
Contributions as a percentage of covered-employee payroll	15.79%	15.32%	16.05%	15.79%	19.44%

10 years of historical information is not available and will be reported each year going forward  
(See Independent Auditors' Report)

**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***

**Independent Auditors' Report**

To the Board of Directors  
County of Monroe Industrial  
Development Agency d/b/a Imagine Monroe  
A Discretely Presented Component Unit of the  
County of Monroe, Rochester, New York

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, Rochester, New York, (Imagine Monroe) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County of Monroe Industrial Development Agency, d/b/a Imagine Monroe, A Discretely Presented Component Unit of the County of Monroe, Rochester, New York's basic financial statements, and have issued our report thereon dated March 6, 2020.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the County of Monroe Industrial Development Agency, d/b/a Imagine Monroe, A Discretely Presented Component Unit of the County of Monroe, Rochester, New York's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Monroe Industrial Development Agency, d/b/a Imagine Monroe, A Discretely Presented Component Unit of the County of Monroe, Rochester, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Monroe Industrial Development Agency, d/b/a Imagine Monroe, A Discretely Presented Component Unit of the County of Monroe, Rochester, New York'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 Imagine Monroe'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 the County of Monroe Industrial Development Agency, d/b/a Imagine Monroe, A Discretely Presented Component Unit of the County of Monroe, Rochester, New York'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 Imagine Monroe's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Imagine Monroe's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rochester, New York  
March 6, 2020

*Mengel, Metzger, Barw & Co. LLP*

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

**ROCHESTER, NEW YORK**

**LETTER OF COMMUNICATION**

**For Year Ended December 31, 2019**

**MENGEL METZGER BARR & CO. LLP**

RAYMOND F. WAGER, CPA, P.C. DIVISION



MENGEL METZGER BARR & CO. LLP  
RAYMOND F. WAGER, CPA, P.C. DIVISION

March 6, 2020

To the Board of Directors  
County of Monroe Industrial  
Development Agency d/b/a Imagine Monroe  
A Discretely Presented Component Unit of the County of Monroe  
Rochester, New York

We have audited the 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, Rochester, New York for the year ended December 31, 2019, and have issued our report thereon dated March 6, 2020. Professional standards require that we provide you with the following information related to our audit.

**A. Our Responsibility Under U.S. Generally Accepted Auditing Standards and Government Auditing Standards**

As stated in our engagement letter dated January 27, 2020, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of Imagine Monroe. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Imagine Monroe's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

**B. Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to management and the Board in our engagement letter dated January 27, 2020.

**To the Board of Directors  
County of Monroe Industrial  
Development Agency d/b/a Imagine Monroe  
A Discretely Presented Component Unit of the County of Monroe  
Rochester, New York**

**C. Significant Audit Findings**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Imagine Monroe are described in Note 1 to the financial statements. The new accounting pronouncements which were implemented were GASB 83, *Certain Asset Retirement Obligations*, GASB 84, *Fiduciary Activities*, GASB 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*, and GASB 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events effecting them may differ significantly from those expected. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no individually sensitive disclosures affecting the financial statements.

**D. Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**E. Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

**F. Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**G. Management Representations**

We have requested certain representations from management that are included in the management representation letter dated March 6, 2020.

**To the Board of Directors  
County of Monroe Industrial  
Development Agency d/b/a Imagine Monroe  
A Discretely Presented Component Unit of the County of Monroe  
Rochester, New York**

**H. Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**I. Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**J. Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence. Safeguards in place to eliminate or reduce threats to independence to an acceptable level include a skilled, knowledgeable and experienced Finance Director who reviews draft financial statements prior to issuance and accepts responsibility for them.

**K. Other Matters**

We applied certain limited procedures to the management’s discussion and analysis, schedule of Imagine Monroe’s proportionate share of the net pension liability, and schedule of Imagine Monroe’s contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information accompanying the financial statements (as listed in the table of contents) but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

\* \* \*

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

Rochester, New York  
March 6, 2020

*Mengel, Metzger, Barw & Co. LLP*