

**COUNTY OF CATTARAUGUS  
INDUSTRIAL DEVELOPMENT AGENCY**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2013  
WITH COMPARATIVE 2012 INFORMATION**

**COUNTY OF CATTARAUGUS  
INDUSTRIAL DEVELOPMENT AGENCY**

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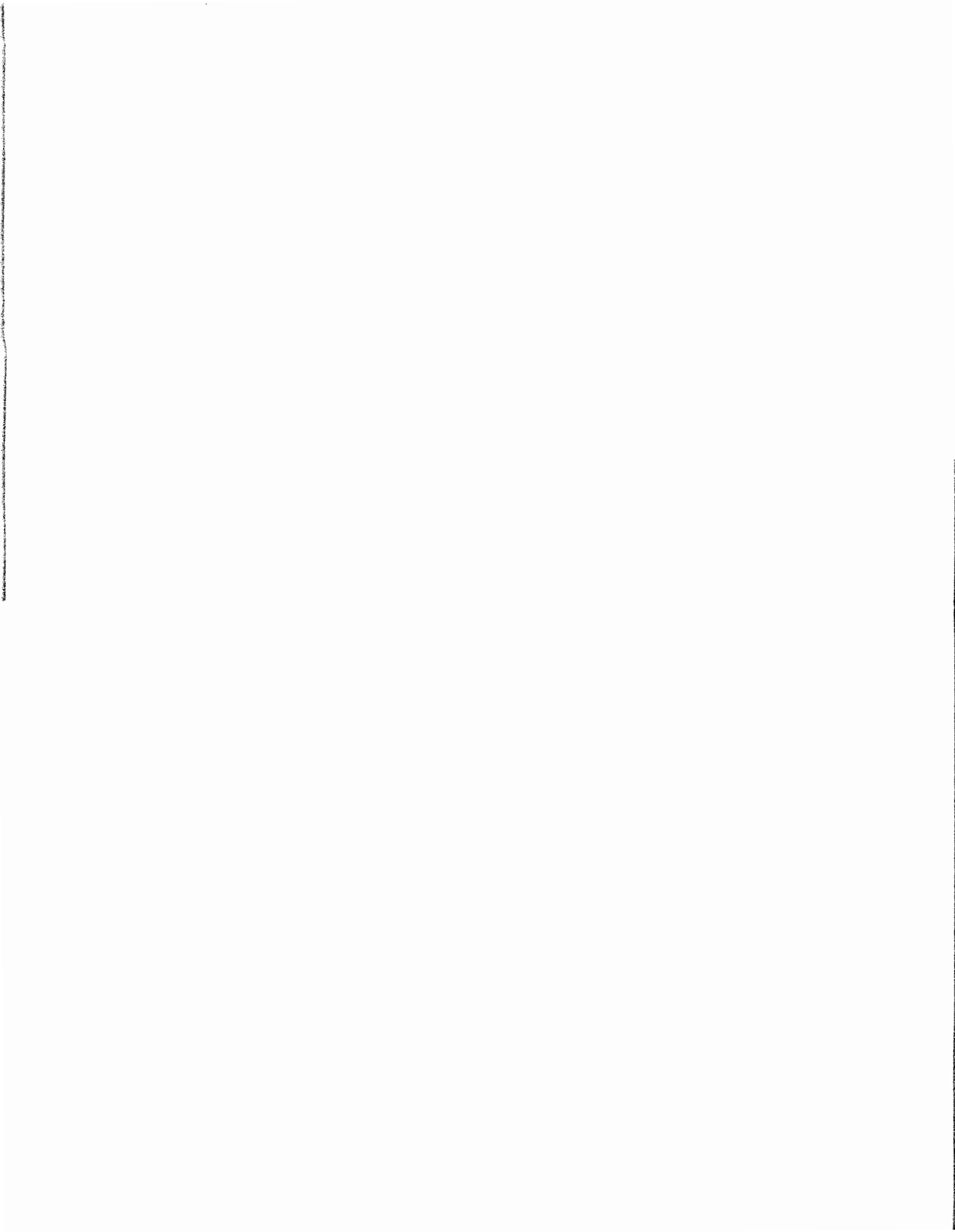
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**COUNTY OF CATTARAUGUS INDUSTRIAL DEVELOPMENT AGENCY  
FOR THE YEAR ENDED DECEMBER 31, 2013  
WITH COMPARATIVE 2012 INFORMATION**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
County of Cattaraugus Industrial Development Agency  
Ellicottville, New York 14731

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the County of Cattaraugus Industrial Development Agency, a component unit of Cattaraugus County, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the County of Cattaraugus Industrial Development Agency, as of December 31, 2013, 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.

**Report on Summarized Comparative Information**

We have previously audited the Agency's 2012 financial statements, and our report dated February 8, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-14 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Cattaraugus Industrial Development Agency's basic financial statements. The supplemental information schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2014, on our consideration of the County of Cattaraugus Industrial Development Agency'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 Cattaraugus Industrial Development Agency's internal control over financial reporting and compliance.

Cattaraugus, New York  
February 13, 2014

R.A. MERCER & CO., P.C.  
*RA Mercer & Co, P.C.*

**COUNTY OF CATTARAUGUS INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2013 WITH COMPARATIVE 2012 INFORMATION**

As management of the County of Cattaraugus Industrial Development Agency, a component unit of Cattaraugus County, we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the year ended December 31, 2013.

**FINANCIAL HIGHLIGHTS**

The Agency's assets exceeded its liabilities by \$1,483,281 for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$1,565,401.

Total net position comprises the following:

1. Net investment in capital assets of \$246,388 includes property and equipment, net of accumulated depreciation.
2. Unrestricted net position of \$1,236,893 represents the portion available to maintain the Agency's continuing obligations to citizens and creditors.

Agency revenue for the year ended December 31, 2013 totaled \$175,959 of which \$162,754 was from charges for services provided by the Agency, \$7,500 was from the service agreement between the Agency and the Cattaraugus County Capital Resource Corporation, \$28 was from miscellaneous sources, \$4,583 was earned from investments and \$1,094 was a gain on the sale of property.

In 2013, the Agency induced eight direct projects for a net investment of nearly \$20,000,000 in total private sector project costs. The Agency was also very instrumental in the assistance and point of contact of two (2) additional projects that are looking to be developed within Cattaraugus County.

In 2013, the Agency reported its net income down from 2012, due in large part to three (3) induced projects being either delayed or reassessed by the project developer. Since January 1, 2011 the Agency has conducted twenty four Board meetings, which in turn has induced twenty -six "direct" projects. The Agency has also acted as an advisor on an additional project for a total private sector investment of nearly \$275,620,000. These numbers reflect the confidence and the fortitude of the private sector to continue to invest and grow here in the County. We are cautiously optimistic that 2014 will again be another busy year with continued private sector investment.

In late 2009, with the help of the Cattaraugus County Legislature, the Agency formed the Capital Resource Corporation (CRC) to assist 501 (c) (3) entities within Cattaraugus County. The CRC has closed a tax-exempt bond issuance of roughly \$22,000,000 with Olean General Hospital. In addition, the CRC closed a tax-exempt bond issuance with the YMCA for nearly \$4,500,000 in years prior to 2013. The CRC continues to receive inquiries in regard to the issuance of tax-exempt bond financing throughout the County, with a possible project on the horizon. The activity of the CRC is presented within these financial statements.

The Agency's investment income is slightly higher than previous years due to interest rates associated with the Agency's funds that are in Certificates of Deposit.

For the year ended December 31, 2013, the Agency's expenses totaled \$258,079. This includes the administrative expense of the CRC. The Agency's largest expense was for personal services and related employee benefits, which accounted for 69.2 percent of all expenses. Contractual expenses, such as rent,

utilities, and professional services, made up the remaining portion of the Agency's expenses, and accounted for 30.8 percent of the Agency's total expenses.

In 2013 the Agency saw a continued renewed interest in private sector development and an upswing in regards to project closings, and more importantly to some new potential projects that could transpire here within the County. The Agency was very instrumental in assisting the retention and growth of the following projects that were induced by the Agency in 2013:

<b>1) Community Bank, N.A.:</b>	<b>\$3,000,000(+,-)</b>
<i>(The Bank is currently looking for an alternative site and hopes To break ground in Spring 2014).</i>	
<b>2) Win-Sum Ski Resort (Holiday Valley):</b>	<b>\$2,805,000</b>
<b>3) HoliMont, Inc.</b>	<b>\$ 401,000</b>
<b>4) HoliMont, Inc. (First Phase of WestMont Ridge)</b>	<b>\$2,900,000</b>
<b>5) 42 Jamestown, LLC:</b>	<b>\$1,850,000(+,-)</b>
<b>6) 16 Martha Street, LLC:</b>	<b>\$4,250,000</b>
<b>7) Ontario Knife Company:</b>	<b>\$4,372,000</b>
<b>8) Sprague Development Corp.: (project was tabled by developer)</b>	<b>-</b>
<b>Total CCIDA Inducements/Project Amounts in 2013:</b>	<b><u>\$19,578,000</u></b>

**The CCIDA also assisted on the following projects in 2013:**

- 9) MJ Painting Contractor Corp.-** The CCIDA sold its last remaining parcel of property in the Homer Street Industrial Park to MJ Painting Contractor for their proposed expansion project. The company currently employs 27 employees and is looking to build on that number. The company is planning on constructing an addition to their facility in 2014.
- 10) ASP Properties-**The CCIDA acted as a financial liaison relating to this proposed project that will be constructed within Allegany State Park. The proposed project calls for cabins, outdoor amenities, etc. The IDA assisted this developer on area resources and utilized our tax Attorneys to assist in the structure of this proposed project.

**Collaboration With The Other Economic Development Departments – Teammates Within Cattaraugus County**

- Over the past three years, a newly formed group called "Cattaraugus County Economic Development Team" was formed. This group is comprised of the CCBDC, Southern Tier West, Cattaraugus County, Olean Chamber, City of Olean-Community Development, Salamanca IDA, Cattaraugus LDC, Cattaraugus County PTAC, WIB, and CCIDA. We meet every other Monday to discuss various projects, ideas, and ways of assisting each other for the overall betterment of Cattaraugus County. We are fortunate to be a member of this group.
- Our "team" website has also been upgraded and enhanced for business clients to utilize as a "virtual one stop" to help and assist their business needs here in Cattaraugus County. The website's address is as follows: <http://www.ccbizhelp.com>.
- Creation of "e-mail blast" to each member of the team when a client fills out a need/request form on our website. An e-mail notification gets sent out to each team member to notify us that a prospective business client is requesting information, help, guidance, etc. We use an "internal listserv" to keep all members in the loop and communication going.



- Creation of a new tri-fold marketing collateral brochure that outlines all of the pertinent general and contact information for each member of the Cattaraugus County Economic Development Team.

Newly Created Policies & Procedures To Further Assist Economic Development Throughout Cattaraugus County:

- **Created the “Cattaraugus County Agribusiness Guide”:** The CCIDA along with our County Partners put together a resource guide that outlines the many available programs and products to the farming and Agribusiness Community. Agriculture is vitally important to our County. By putting this resource guide together, it allows us effectively to get these money savings programs in the hands of our County wide Agribusinesses. This guide has been welcomed and utilized by this sector of business. We look to expand, update and refine this guide each year.
- **Formed a working partnership with LaunchNY:** Launch NY is a non-profit venture development organization with a mission to create jobs by providing guidance, mentoring and investments to help emerging companies succeed within the 27 counties of Upstate New York. Launch NY will identify, support and invest in high-growth, high-impact companies and catalyze the entrepreneurial culture of Upstate New York through regional collaboration with ecosystem partners.

Throughout our region we collaborate with organizations whose purpose is to assist entrepreneurs and encourage entrepreneurship. This endeavor and relationship will give us much needed guidance and potential financing for companies that are looking to be established with our County.

- **Continued Business Outreach & Marketing Campaigns:** Working with our Partners at *Buffalo Niagara Enterprise, Empire State Development, Commercial Realtors, Real Estate Developers along with Business Consultants* to further help and assist us with the retention and attraction of businesses to Cattaraugus County. **To date we have the following to report:**
  - Working with a Gas and Oil Company firm to bring nearly 30-35 jobs into the County.
  - Working with a Nationwide Commercial Realtor with the hopes of bringing a business into the County to be housed in an existing, currently available, manufacturing facility.
  - Multiple meetings/site tours with Empire State Development. Also, much discussion and meetings with local Developers/Regional developers relating to available sites/buildings located within the County.
  - Working on a “Canadian Companies housing a branch office in Cattaraugus County” campaign.
  - We have sent in 16 “BNE Site Requests” over the past year to possible outside businesses looking to locate in WNY, trying to lure the perspective business here to Cattaraugus County.
- **New York and Lake Erie Railroad:** Many improvements have been made to the CCIDA owned rail line in 2012/2013. We are continually going after CFA awards, Federal Grants, DOT awards, etc. to obtain further funds to improve the rail line to better serve its customers. The Railroad is now delivering raw material to *Cherry Creek Woodcrafters*. The railroad operator is working very hard to reopen the spur line to SetterStix in Cattaraugus which has been embargoed since 2009 due to a catastrophic flood that hit the region.

The Railroad has also had a very good year in terms of excursions, all of the excursions that have taken place in the last year have been **sold out!** This is something we will continue to try and support with our Railroad operator, to continue to grow this line of business.

- **Regional Economic Development Council:** The CCIDA Executive Director currently sits on two (2) Regional Economic Development Sub-Councils for the Western New York Region. We are in the "3<sup>rd</sup> Round" of CFA's, with many local awards and projects sponsored by New York State.
- **Newly created "Claw Back" Policy:** This is more of an "internal" (newly created) policy, however, its significance cannot be understated. With the increasing accountability by IDA's across the State, these newly created policies put the CCIDA in the "proactive" column with the States' Authority Budget Office. This policy can be enforced and utilized should a Company/Project Applicant fail to meet their stated investment and or job criterion. We are being proactive with the creation of said policy, this helps protect and add assurances to the impacted taxing jurisdictions that any IDA benefit leverage to a project will be accounted for.
- **Improving and Expanding Benefit to our "Core Markets":** Tourism, Service, and Manufacturing have been our "core" markets over the past decade. We continue to work and communicate with these sectors to stand ready to assist their development/growth plans. The Tourism Market was a \$200+ Million Dollar market in 2012 in Cattaraugus County, with nearly 16% of the County's employment tied to a job in tourism/service.

Over the past two (2) years, the CCIDA has helped and assisted tourism related projects to include: *Ellicottville Brewing Company, The Woods at Bear Creek, Good Times of Olean, Holiday Valley and HoliMont*. These various projects have equated to over \$27 Million Dollars and over **200+ new jobs** to the County.

Manufacturing continues to be a major "core" market, and one we strive to help and assist as much as we can. The CCIDA has supported recent expansions at *Ontario Knife Company, Scott Rotary Seals, NES Bearings, SolEpoxy* to name just a few. We work with our Partners at the WIB, ESD, NYSDOL, JCC and St. Bonaventure to continue to bridge the curriculum and the job together. We help out in funding, presentations, job fairs, seminars, etc.

- **"Renew Cattaraugus County":** Over the past year, with the help of the County and NYSERDA, we established a website titled "Renew Cattaraugus County". This website serves as a virtual portal for the wide variety and the plethora of money and energy savings programs that are out there. This website allows homeowners and business that are located within Cattaraugus County to easily find information and programs that they may be eligible for. This website has had a fair amount of traffic, as it allows a much "user friendly" approach than going to the State wide NYSERDA webpage.
- **Continued IDA "Outreach" within County/Region:** Over the past year the Agency Director looked at ways to continue to "spread our message and assistance". The Director most recently presented at a conference put on by *SouthernTierWest* in Chautauqua County. In the past year the Director has presented our message about Cattaraugus County at ECIDA, BNE, NYSEDC, NYSCAR to name a few. In fact in 2014, the Director looks to even expand this and get more involved in County wide/Regional conferences, business seminars, etc. It has been proven effective to date.
- **"Energy Lunch and Learn":** In 2013, the IDA helped sponsor and conducted two (2) Energy Conservation "Lunch and Learn" events. These seminars were free of charge and open to the business community and public. The Agency had in energy experts from local utility companies to discuss ways businesses could not only conserve energy, but conserve money as well. We hope to do a few more in 2014!
- **"CCIDA Brownfield Redevelopment PILOT Policy":** Over the past several months or so we have begun to compile a listing of Brownfield's Properties in Cattaraugus County and thinking of ways to further offer incentives to Regional Developers to redevelop these various properties that

are scattered throughout the County. The topic of "**Brownfield -Remediation Development Sites**" was also largely discussed in great detail throughout the *Regional Economic Development Councils* this past fall as well; as they are high on the State's Radar Screen to redevelop these types of sites across the State and County. (**Created in 2012-Operational in 2013**)

The CCIDA Executive Director currently sits on the "**NW Quadrant Revitalization Plan**" for the BOA sites in the City of Olean; our newly created PILOT has been very well received to the Community and area Developers. We look to implement this PILOT as soon as the land is determined "cleaned" and ready to be developed.

Over the past year, the Agency has spent considerable time and effort working with state and local elected officials to combat a great deal of potential harmful legislation, some of which may eliminate IDAs across New York State. This includes the proposal to slash benefits that project applicants would be able to obtain from the Agency (sales tax portion only) as well as the "IDA Reform Legislation." In addition, the Agency has also taken on a very active role with the New York State Economic Development Council (NYSEDC), Unshackle Upstate, and Continental 1. In 2013, as part of the New York State Budget, IDA Reform was instituted dealing with the *Retail Prohibition*, limiting IDA's ability to help and assist "retail" projects.

It is our hope that some of the larger projects that the Agency has been working on over the past few years will come to fruition. We are seeing continued growth with our ski resorts, camp grounds (The Woods at Bear Creek), and family fun centers (Good Times of Olean), along with some growth relating to "niche" manufacturers that are not only staying here within the County, but who are investing in new facilities. In fact, in 2013, HoliMont Ski Resort kicked off Phase I of their "WestMont Ridge" project. Phase I represented roughly \$3M in project investment. The total build out of this expansion is \$20+M over a multiyear phase.

As with everything, many challenges face us as well. The ever changing economy, along with more and more companies having a global footprint (i.e. corporate headquarters no longer in Cattaraugus County), pose some obstacles for us. There is not always an easy solution when it comes to economic development, rather lines of communication and processes will always have to be identified, refined and implemented to the best of our ability. We will continue to work with the private sector through hard work, communication and a continued team approach.

In 2014 we will continue to modify, change, and implement programs and policies to help keep the businesses that are located here more competitive in this global market that we live and operate in.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The management's discussion and analysis introduces the Agency's basic financial statements. The basic financial statements include the governmentwide financial statements and the notes to the financial statements. The Agency also includes additional information to supplement the basic financial statements.

### **Governmentwide Financial Statements**

The Agency's annual report includes two governmentwide financial statements. These statements provide both long-term and short-term information about the Agency's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these governmentwide statements is the statement of net position. This is the governmentwide statement of position presenting information that includes all of the Agency's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency as a whole is improving or deteriorating. In addition to the information provided in this report,

an evaluation of the overall economic health of the Agency would extend to other nonfinancial factors, such as the overall economic climate in Cattaraugus County.

The second governmentwide statement is the statement of activities, which reports how the Agency's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Agency's distinct activities or functions on revenue earned by the Agency. Both of the governmentwide financial statements detail the Agency's business-type activities that are principally supported by application fees.

A fund is an accountability unit used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governmental units, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency has only one type of fund, a proprietary fund. This fund generally reports services for which the Agency charges a fee.

**Notes to the Financial Statements**

The accompanying notes to the financial statements provide information essential to a full understanding of the governmentwide and fund financial statements. The notes to the financial statements are located directly after the basic financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the Agency. Supplemental information follows the notes to the financial statements.

**FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE**

As of December 31, 2013, the County of Cattaraugus Industrial Development Agency had a net position of \$1,483,281. The following table provides a summary of the Agency's net position as of the years ended December 31, 2013 and December 31, 2012.

<b>Assets:</b>	<u>Business-Type Activities</u>		
	<u>2013</u>	<u>2012</u>	<u>Variance</u>
Current and Restricted Assets	\$ 1,244,254	1,325,137	(80,883)
Capital Assets	246,388	248,294	(1,906)
Total Assets	<u>1,490,642</u>	<u>1,573,431</u>	<u>(82,789)</u>
<b>Liabilities:</b>			
Current Liabilities	<u>7,361</u>	<u>8,030</u>	<u>(669)</u>
Total Liabilities	<u>7,361</u>	<u>8,030</u>	<u>(669)</u>
<b>Net Position:</b>			
Net Investment In Capital Assets	246,388	248,294	(1,906)
Unrestricted	<u>1,236,893</u>	<u>1,317,107</u>	<u>(80,214)</u>
Total Net Position	<u>\$ 1,483,281</u>	<u>1,565,401</u>	<u>(82,120)</u>

The Agency's total assets decreased \$82,789 from \$1,573,431 at December 31, 2012. The Agency's net investment in capital assets decreased by \$1,906 from the prior year.

Total liabilities decreased by \$669 from \$8,030 at December 31, 2012.

The following table provides a summary of the Agency's changes in net position for the years ended December 31, 2013 and December 31, 2012.

	Business-Type Activities			
	2013	% of Totals	2012	% of Totals
<b>Revenues:</b>				
Charges for Services	\$ 162,754	92.5%	218,841	93.9%
Grant Revenue	-	0.0%	2,496	1.1%
Other Income	7,528	4.3%	7,638	3.3%
Investment Earnings	4,583	2.6%	3,945	1.7%
Gain On Sale of Assets	1,094	0.6%	-	0.0%
Total Revenue	<u>175,959</u>	<u>100.0%</u>	<u>232,920</u>	<u>100.0%</u>
<b>Expenses:</b>				
Personal Services	131,761	51.0%	115,976	50.4%
Contractual Expenses	79,435	30.8%	64,771	28.2%
Employee Benefits	46,883	18.2%	44,841	19.5%
Grant Expenses	-	0.0%	2,496	1.1%
Depreciation Expense	-	0.0%	-	0.0%
Loss on Disposition of Property	-	0.0%	1,743	0.8%
Total Expense	<u>258,079</u>	<u>100.0%</u>	<u>229,827</u>	<u>100.0%</u>
Change in Net Position	<u>\$ (82,120)</u>		<u>3,093</u>	

The Agency's total net position decreased \$82,120. The following summarizes results of operations for 2013:

Operating revenue for the year ended December 31, 2013, was \$170,282 which consisted of \$162,754 from Charges for Services, \$7,500 from the service agreement between the Agency and the Cattaraugus County Capital Resource Corporation, and \$28 from miscellaneous sources. In the prior year the total operating revenue was \$226,479.

There was no grant revenue received by the Agency during the fiscal year ended December 31, 2013. The prior fiscal year reported grant revenue of \$2,496. This grant was obtained to allow repairs to the New York and Lake Erie Railroad from damage sustained in the August 2009 flood.

Net nonoperating revenue was \$5,677 which consisted of interest earned on bank deposits of \$4,583 and a gain on the sale of property in the amount of \$1,094. Interest income received from bank deposits increased by \$638 from the prior year.

Operating expenses for the year ended December 31, 2013, were \$258,079.

The Agency did not incur any nonoperating expenses for the year ended December 31, 2013. Nonoperating expenses for the year ended December 31, 2012 included \$2,496 in grant expenses

related to the Railroad and a \$1,743 loss on disposition of property related to the disposition of a furnace upon change in office locations.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The Agency's net investment in capital assets as of December 31, 2013, totaled \$246,388. This net investment in capital assets includes land, railroad and leasehold improvements, and equipment. The following table summarizes the change in the Agency's net investment in capital assets from December 31, 2012 to December 31, 2013.

	Balance at 1/1/13	Additions	Deletions	Balance at 12/31/13
<u>Nondepreciable:</u>				
Land	\$ 151,205	-	1,906	149,299
<u>Depreciable:</u>				
Improvements	941,540	-	12,167	929,373
Furniture and Equipment	30,650	-	-	30,650
Subtotal	1,123,395	-	14,073	1,109,322
Accumulated Depreciation	(875,101)	-	(12,167)	(862,934)
Total	<u>\$ 248,294</u>	<u>-</u>	<u>1,906</u>	<u>246,388</u>

### Long-Term Liabilities

There was no debt outstanding at December 31, 2013.

## BACKGROUND AND MISSION

The County of Cattaraugus Industrial Development Agency is a public benefit corporation created in 1971 to retain, promote, and assist private sector industrial and business development, thereby advancing job opportunities and economic welfare to the people of Cattaraugus County. The Agency is a self-funded entity.

The Agency serves as a partner with the other various economic development agencies within the County, for retaining and assisting not only those businesses that are already located in Cattaraugus County, but those that want to relocate here as well. Assistance is available for locating potential buildings or building sites for interested companies. Over the past three decades the Agency has assisted over 200 companies with over \$1.47 billion in total projects. The Agency has assisted many nonprofit entities as well, including Olean General Hospital, Saint Bonaventure University, and the YMCA; each of which has added to the overall quality of life in Cattaraugus County. The Agency has also assisted companies such as Ellicottville Brewing Company, SolExpoxy Inc., Sprague's Washington Square, LLC and Scott Rotary Seals. The Agency has also been very instrumental in the growth of the county's tourism industry by assisting in the financing of tourism destinations such as Holiday Valley, HoliMont and the Good Times of Olean.

The Agency helps companies take advantage of industrial revenue bonding by obtaining low-cost financing for eligible projects. Other benefits provided by the Agency include the abatement of an assortment of taxes to assist businesses as well as a variety of services to assist with the creation and retention of employment opportunities. The Agency has authorization over financing options and provides technical assistance to developers, industries, and other economic development organizations.

The mission of the Agency is to retain, promote, attract, and develop job and business opportunities; and to foster economically sound commerce and industry in the cities, towns, and villages, of Cattaraugus County. It strives to assist and promote growing industry in the County by helping businesses to be competitive and profitable by offering:

- Financial assistance, business incentives, tax exemptions, and bond financing
- Improved utilization and development of local infrastructure
- Creation of investment, employment, and wealth, in the community
- Recruitment of new businesses

The Agency also assists qualified applicants in the implementation of a wide variety of projects, including but not limited to the following; manufacturing, industrial, warehousing, research, commercial, pollution control, recreation, tourism destination, education, cultural, railroad, continuing care, retirement, and certain nonprofit facilities.

For more information regarding the County of Cattaraugus Industrial Development Agency, please visit its website at [www.cattcoida.com](http://www.cattcoida.com).

### **CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Agency's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director (Corey R. Wiktor) of the County of Cattaraugus Industrial Development Agency, 9 East Washington Street, P.O. Box 1749, Ellicottville, New York 14731.

## **FINANCIAL STATEMENTS**



**EXHIBIT A**

**COUNTY OF CATTARAUGUS  
INDUSTRIAL DEVELOPMENT AGENCY  
STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2013 WITH COMPARATIVE 2012 INFORMATION**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Unrestricted Cash and Cash Equivalents	\$ 642,264	724,280
Unrestricted Investments	600,000	600,387
Accounts Receivable	640	470
Prepaid Rent	1,350	-
Capital Assets		
Land	149,299	151,205
Improvements	929,373	941,540
Furniture and Equipment	30,650	30,650
Less: Accumulated Depreciation	<u>(862,934)</u>	<u>(875,101)</u>
<b>Total Assets</b>	<u>1,490,642</u>	<u>1,573,431</u>
<b>LIABILITIES</b>		
Accounts Payable	899	1,396
Accrued Liabilities	<u>6,462</u>	<u>6,634</u>
<b>Total Liabilities</b>	<u>7,361</u>	<u>8,030</u>
<b>NET POSITION</b>		
Net Investment In Capital Assets	246,388	248,294
Unrestricted	<u>1,236,893</u>	<u>1,317,107</u>
<b>Total Net Position</b>	<u>\$ 1,483,281</u>	<u>1,565,401</u>

See the accompanying notes to the financial statements.

**EXHIBIT B**

**COUNTY OF CATTARAUGUS  
INDUSTRIAL DEVELOPMENT AGENCY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013 WITH COMPARATIVE 2012 INFORMATION**

	<u>2013</u>	<u>2012</u>
<b>Operating Revenues</b>		
Charges for Services	\$ 162,754	218,841
Other Income	7,528	7,638
Total Operating Revenue	<u>170,282</u>	<u>226,479</u>
<b>Operating Expenses</b>		
Personal Services	131,761	115,976
Contractual Expenses	79,435	64,771
Employee Benefits	46,883	44,841
Depreciation-Unallocated	-	-
Total Operating Expense	<u>258,079</u>	<u>225,588</u>
Operating Income (Loss)	<u>(87,797)</u>	<u>891</u>
<b>Nonoperating Revenues (Expenses)</b>		
Use of Money and Property	4,583	3,945
Grant Revenue - Railroad	-	2,496
Grant Expense - Railroad	-	(2,496)
Gain (Loss) on Disposition of Property	1,094	(1,743)
Net Nonoperating Revenue	<u>5,677</u>	<u>2,202</u>
Change in Net Position	(82,120)	3,093
Net Position - Beginning of the Year	1,565,401	1,562,308
Net Position - End of the Year	<u>\$ 1,483,281</u>	<u>1,565,401</u>

See the accompanying notes to the financial statements.

**COUNTY OF CATTARAUGUS**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

	<b>Primary Government Business-Type Activities</b>
<b>Cash Flows From Operating Activities:</b>	
Cash Received From Providing Services	\$ 162,584
Cash Paid to Suppliers	(81,282)
Cash Paid for Salaries and Benefits	(178,816)
Other Cash Receipts	7,528
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(89,986)</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Proceeds From the Sale of Capital Assets	3,000
<b>Net Cash Provided by (Used in) Capital Related Financing Activities:</b>	<b>3,000</b>
<b>Cash Flows From Investing Activities:</b>	
Proceeds From Maturing Certificates of Deposit	601,658
Purchases of Certificates of Deposit	(601,271)
Interest Income	4,583
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>4,970</b>
<b>Net Cash and Cash Equivalents Increase (Decrease) for the Year</b>	<b>(82,016)</b>
<b>Cash and Cash Equivalents- Beginning of the Year</b>	<b>724,280</b>
<b>Cash and Cash Equivalents- End of the Year</b>	<b>\$ 642,264</b>
<b>Cash Flows From Operating Activities:</b>	
Operating Income (Loss)	\$ (87,797)
Adjustments:	
Depreciation	-
Changes in Assets and Liabilities:	
Increase in Prepaid Rent	(1,350)
Increase in Accounts Receivable	(170)
Decrease in Accounts Payable	(497)
Decrease in Accrued Liabilities	(172)
<b>Net Cash Provided By (Used in) Operating Activities</b>	<b>\$ (89,986)</b>
<b>Reconciliation of Unrestricted and Restricted Cash and Cash Equivalents:</b>	
Cash and Cash Equivalents, Unrestricted	642,264
Cash and Cash Equivalents, Restricted	-
<b>Total Unrestricted and Restricted Cash and Cash Equivalents</b>	<b>\$ 642,264</b>

See the accompanying notes to the financial statements.

**COUNTY OF CATTARAUGUS INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 WITH COMPARATIVE 2012 INFORMATION**

**NOTE A - ORGANIZATION**

The County of Cattaraugus Industrial Development Agency was created in 1971 by the Cattaraugus County Legislature under the provisions of Chapter 536 of the laws of New York State for the purpose of encouraging economic growth in Cattaraugus County. The Agency is a component unit of Cattaraugus County, based on several criteria set forth in GASB Statement No. 39 of the *Governmental Accounting Standards Board Determining Whether Certain Organizations are Component Units*, an amendment of GASB Statement No. 14. The County of Cattaraugus Industrial Development Agency is exempt from federal, state, and local income taxes.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

The basic financial statements of the County of Cattaraugus Industrial Development Agency have been prepared in conformity with generally accepted accounting principles (GAAP) that provide for proprietary fund accounting for Industrial Development Agencies. Management must make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. These estimates and accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements. The following is a summary of the more significant accounting policies.

**Financial Reporting Entity**

The financial reporting entity consists of the following, as defined by GASB Statement 39 of the *Governmental Accounting Standards Board Determining Whether Certain Organizations are Component Units*, an amendment of GASB Statement No. 14:

1. The primary government, which is the County of Cattaraugus Industrial Development Agency;
2. Organizations and programs for which the Agency is financially accountable;
3. Other organizations and programs of which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the Agency's reporting entity is based on several criteria set forth in GASB 39, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, all activities and functions performed for the Agency are its direct responsibility.

In May 2009, the Agency formed and incorporated a Capital Resource Corporation "CRC," which is a legally formed entity that has the ability to issue tax-exempt bonds to 501 (c) (3) entities. As set forth by the provisions of GASB 39, the activity of the CRC has been included in these financial statements.

### **Governmentwide Financial Statements**

The governmentwide financial statements of the Agency include the statement of net position and the statement of activities. These statements report financial information for the Agency as a whole. The statements highlight business-type activities that are generally financed in whole or in part with fees charged to customers.

The statement of activities reports the change in the Agency's net position during the year, segregating the operating and nonoperating activities of the Agency.

Program revenue includes charges for services that report fees and other charges to users of the Agency's services. Program revenue may also include operating grants and contributions that finance annual operating activities including investment income earned by the Agency. These revenues are subject to externally imposed restrictions to these program uses.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The financial statements of the Agency are prepared in accordance with generally accepted accounting principles (GAAP). The Agency's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The governmentwide financial statements apply Financial Accounting Standards Board pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The governmentwide statements of the Agency report using the economic resources measurement focus and the accrual basis of accounting applicable to proprietary fund accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Operating income reported in the Agency statements includes revenues and expenses related to the primary, continuing operations of the Agency. Principal operating revenues for proprietary funds are charges to customers for services provided. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as nonoperating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, for authorized expenditures, then unrestricted resources as needed.

### **Estimates**

The preparation of the 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 revenues, expenditures, assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and

during the reporting period. Actual results could differ from those estimates and those differences could be significant.

### **Budgetary Policy and Practice**

The Agency submits an annual budget to the Cattaraugus County Legislature. The county then has thirty days to submit its comments regarding the Agency's annual budget. Once approved, the Agency may amend the adopted budget when unexpected modifications are required in estimated revenues and appropriations.

### **Budgetary Control**

The Agency's budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by functional purpose.

### **Accounts Receivable / Allowance for Doubtful Accounts**

The Agency has an accounts receivable balance of \$640 at December 31, 2013, which the Agency fully expects to collect.

### **Grant Accounting**

Pass-through grants are recorded as accounts receivable and deferred revenue upon award; revenue is recognized as the Agency meets the performance requirements of the grant.

## **NOTE C - CASH AND INVESTMENTS**

At December 31, 2013, the carrying amount of the Agency's current deposits included demand deposits, savings accounts, and cash on hand and totaled \$642,264.

Cash in excess of current requirements is invested in various certificates of deposit totaling \$600,000, which have original maturity terms in excess of three months and interest rates varying from .15 to .35 percent. As of December 31, 2013, the fair value of the certificates of deposit approximates the carrying values. For purposes of cash flows, cash equivalents are certificates of deposit with original maturities of three months or less.

The Agency's investment policies are governed by state statutes. In addition, the Agency has its own investment policy. Agency funds must be deposited in FDIC-insured commercial banks or trust companies located within the state. The executive director is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, obligations of New York State and its localities, and with permission of the state comptroller, obligations including revenue anticipation notes and tax anticipation notes of any municipality, school district, or municipal entity other than Cattaraugus County. Only reserve funds may be invested in obligations of Cattaraugus County.

Collateral is required for demand deposits and certificates of deposit at 102% of all deposits not covered by federal deposit insurance. The table presented below is designed to disclose the level of custody credit risk assumed by the Agency based upon how its deposits were insured or secured with collateral at December 31, 2013. The categories of credit risk are defined as follows:

Category 1 - Insured by the FDIC or collateralized with securities held by the Agency or by its agent in the Agency's name.

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Agency's name.

Category 3 - Uninsured and uncollateralized.

Type of Deposit	<u>Custody Credit Risk Category</u>				Total Carrying Value
	Total Bank Balance	1	2	3	
Demand Deposits	\$ 32,244	32,244	-	-	31,804
Time and Savings	1,210,339	730,370	479,969	-	1,210,340
Cash on Hand	-	-	-	-	120
Total Deposits	<u>\$ 1,242,583</u>	<u>762,614</u>	<u>479,969</u>	<u>-</u>	<u>1,242,264</u>

Reconciliation to the Statement of Net Position:

Unrestricted Cash and Cash Equivalents	\$ 642,264
Investments	600,000
Total	<u>\$ 1,242,264</u>

**NOTE D - INTEREST RECEIVABLE**

Since interest is received and recorded monthly, as of December 31, 2013, there was no accrued interest receivable.

**NOTE E - CAPITAL ASSETS**

Property and equipment acquired by the Agency is stated at cost including interest capitalized during construction where applicable. Contributed assets are recorded at fair market value at the date received and depreciated over their estimated useful lives. Infrastructure consisting of certain improvements other than buildings, such as roads, sidewalks, and railroads, is being capitalized and depreciated.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, ranging from 5 to 20 years as follows:

	<u>Estimated Useful Lives</u>	<u>Capitalization Threshold</u>
Improvements and Infrastructure	20 years	\$500
Furniture and Fixtures	5 years	\$500
Equipment	5 years	\$500

A summary of the Agency's capital assets is as follows:

	<u>Balance at 1/1/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/13</u>
<u>Nondepreciable:</u>				
Land	\$ 151,205	-	1,906	149,299
<u>Depreciable:</u>				
Improvements	941,540	-	12,167	929,373
Furniture and Equipment	30,650	-	-	30,650
Subtotal	1,123,395	-	14,073	1,109,322
Accumulated Depreciation	(875,101)	-	(12,167)	(862,934)
Total	<u>\$ 248,294</u>	<u>-</u>	<u>1,906</u>	<u>246,388</u>

There was no allocation of depreciation expense to expense functions as there was no depreciation expense for 2013.

Amounts representing railroad line improvements have been depreciated to salvage value which will be reviewed periodically for reasonableness.

**NOTE F - ACCOUNTS PAYABLE AND OTHER LIABILITIES**

Accounts payable at December 31, 2013 was \$899 which included amounts due to vendors of the Agency.

There was \$5,738 in payroll and \$724 in payroll related liabilities requiring accrual at December 31, 2013.

**NOTE G - LONG TERM LIABILITIES**

**Notes Payable**

As of December 31, 2013, the Agency did not have any notes payable.

**Compensated Absences**

The Agency's personnel policy provides for vacation and sick leave benefits. Vacation benefits can accumulate up to a total of 15 days. Upon separation from the Agency for any reason, any unused vacation credits are paid at the current salary of the position. Sick leave is not payable upon retirement or termination of the employee. There was no material liability for compensated absences at December 31, 2013. Based on Agency policy, there is no required reporting under the provisions of GASB 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

**NOTE H - INDUSTRIAL REVENUE BOND AND NOTE TRANSACTIONS**

Certain industrial development revenue bonds and notes issued by the Agency are secured by property that is leased or transferred to companies and is retired by lease or note payments. The bonds and notes are not obligations of the Agency or the State of New York. The Agency does not record the assets or liabilities resulting from completed bond and note issues on its accounts since its primary function is to arrange the financing between the borrowing companies and the bond and note holders. The funds that arise from these transactions are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administration fees from borrowing companies. Such administrative fee income is recognized immediately upon issuance of the bonds and notes. A schedule of these transactions is presented as supplemental information in this report.

**NOTE I - RAILROAD ACQUISITIONS AND IMPROVEMENTS**

In 1978, the Agency purchased 19.35 miles of spur railroad lines from the Erie-Lackawanna Railroad. The acquisition was financed with grants from the Appalachian Regional Commission and Cattaraugus County, with the commission providing 80 percent of the funding and the County providing the balance. Phase two of the Appalachian Regional Commission grant agreement was started during the year ended December 31, 1980, with funding provided by both the commission and the County at 80 percent and 20 percent respectively. In 1982, a railroad line was purchased under phase three of the grant agreement. As with phases one and two, the commission and the County provided 80 percent and 20 percent of the funding, respectively. In the year ended December 31, 2001, the County of Cattaraugus Industrial Development Agency donated 12 miles of track line to the Cattaraugus Local Development Corporation for a rails-to-trails program. The Agency now owns roughly 35 miles of track line.



Under the grant agreements, the Agency acts as an independent contractor, assuming responsibility for the conduct of the program. The Agency has an agreement with a privately owned corporation for the operation of the railroad.

**NOTE J - COMMITMENTS AND CONTINGENCIES**

The Agency is exposed to various risks of loss such as torts, theft, damage, injuries, errors, omissions, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Any settled claims from these risks have not exceeded commercial insurance coverage for the past four years. In management's opinion, there are no material contingencies required to be accrued or disclosed.

**NOTE K - PENSION PLAN**

The Agency participates in the New York State and Local Employees' Retirement System. This system is a cost-sharing multiple employer, public employee retirement system. The system offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability. All full-time employees of the Agency are covered by the pension plan.

a. Provisions and Administration

The New York State and Local Employees' Retirement System (ERS) provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute, and benefits to employees. The system issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, Office of the State Comptroller, 110 State Street, Albany, New York 12244.

b. Funding Policies

The system is noncontributory for the employee who joined the system prior to July 27, 1976. For employees who joined the system after July 27, 1976, and prior to January 1, 2010, employees contribute 3% to 3.5% of their salary. With the exception of ERS tier V and VI employees, employees in the system more than ten years are no longer required to contribute. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. The Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund.

The Agency is required to contribute at a rate determined actuarially by the system. The Agency's contribution made to the system was equal to 100% of the contributions required for each year for the last three years. The Agency's required contribution for the current year was \$26,110. For 2012 the Agency's required contribution was \$22,342. For 2011 the Agency's required contribution was \$14,745.

## NOTE L - RESTRICTIONS, RESERVES AND DESIGNATIONS

The business-type activities utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

**Net Investment In Capital Assets** - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets, reduce the balance in this category.

**Restricted** - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

**Unrestricted** - This category represents the net position of the Agency not restricted for any project or other purpose.

## NOTE M - NEW ACCOUNTING STANDARDS

The Agency has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2012, the Agency implemented the following new standards issued by GASB:

GASB Statement No. 62 – “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements” is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. This statement incorporates into the GASB’s authoritative literature the applicable guidance issued before November 30, 1989 from FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA’s Committee on Accounting Procedure.

GASB Statement No. 63 – “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position” provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Deferred outflows and inflows are the consumption and acquisition of net assets by a governmental entity that is applicable to a future reporting period. This statement amends the net asset reporting requirements in Statement No. 34 – “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments” and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

At December 31, 2013, the Agency implemented the following new standards:

GASB Statements No. 65 – “Items Previously Reported as Assets and Liabilities” establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources such as changes in the determination of the major fund calculations and limiting the use of the term deferred in the financial statement presentations. This statement did not have a material effect on the financial statements of the Agency.

GASB Statement No. 66 – “Technical Corrections -2012- an Amendment of GASB Statements No. 10 and No. 62” improves accounting and financial reporting for a governmental entity by resolving conflicting guidance that resulted from the issuance of two pronouncements.

**NOTE N - ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

GASB Statement No. 67 – “Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25” replaces existing standards for financial reporting and note disclosure for most pension plans that are administered through trusts or equivalent arrangements. The statement specifies the required approach for measuring the pension liability of all employers and non-employer contributing entities participating in a pension plan and details required note disclosures for financial reporting. The requirements of this statement are effective for periods beginning after June 15, 2013, which is the fiscal year beginning January 1, 2014 for the Agency. This statement is not expected to have a material effect on the financial statements of the Agency.

GASB Statement No. 68 – “Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27” replaces existing standards of accounting and financial reporting for pension plans that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures. The requirements of this statement are effective for periods beginning after June 15, 2014, which is the fiscal year beginning January 1, 2015 for the Agency. This statement is not expected to have a material effect on the financial statements of the Agency.

GASB Statement No. 69 – “Government Combinations and Disposals of Government Operations” and GASB Statement No. 70 – “Accounting and Financial Reporting for Nonexchange Financial Guarantees” have both been issued effective for the year ending December 31, 2016.

The Agency will evaluate the impact each may have on its financial statements and will implement them as applicable and when material.

**NOTE O - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 13, 2014, the date on which the financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**

**COUNTY OF CATTARAUGUS  
INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULE OF BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Project Name	Project No.	Issue Date	Interest Rate	Maturity Date	Balance at 1/1/13	Issued During Fiscal Year	Paid During Fiscal Year	Balance at 12/31/13
<b>CCIDA:</b>								
Cattaraugus County Rehab	401-0004A	10/03	Variable	6/24	1,186,411	-	77,169	1,109,242
Gematt Asphalt Products, Inc.	401-9905A	9/99	Variable	9/14	1,040,000	-	515,000	525,000
Jamestown Community College	401-9903A	6/05	3.0-4.5	6/30	4,765,000	-	185,000	4,580,000
Parent Education Program	401-0203A	12/02	5.5	12/22	227,983	-	18,619	209,364
St. Bonaventure University	401-9803A	11/98	4.0-5.0	9/13	910,000	-	910,000	-
St. Bonaventure University	401-9804A	11/98	4.0-5.0	9/13	1,285,000	-	1,285,000	-
St. Bonaventure University	401-9902A	5/99	5.0-5.5	9/19	1,105,000	-	135,000	970,000
St. Bonaventure University	401-2006A	5/06	4.9-5.1	5/31	8,000,000	-	-	8,000,000
Suburban Adult Services, Inc.	401-0305A	10/03	2.6	5/16	205,278	-	61,401	143,877
<b>CRC:</b>								
Clean General Hospital	401-0906A	10/10	2.5	10/30	17,870,000	-	1,775,000	16,095,000
Clean YMCA	401-0301A	6/11	5.0	5/31	4,029,833	-	-	4,029,833

The accompanying independent auditors' report should be read in conjunction with these financial statements

COUNTY OF CATTARAUGUS  
INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULE OF LEASES  
FOR THE YEAR ENDED DECEMBER 31, 2013

**Name of Project:** Ontario Knife Company  
**Project Number:** 401-1306A  
**Project Owner and Address:** Ontario Knife Company  
26 Empire Street, Franklinville, NY 14737  
**Year of Origination:** 2013  
**Purpose:** Expansion and Renovation  
**Estimated Project Amount:** \$4,372,000  
**Amount of Tax Exemption:** None utilized in 2013

**Name of Project:** Win-Sum Ski Corporation  
**Project Number:** 401-1304A  
**Project Owner and Address:** Win-Sum Ski Corporation  
PO Box 370, Holiday Valley Road, Ellicottville, NY 14731  
**Year of Origination:** 2013  
**Purpose:** Expansion and Renovation  
**Estimated Project Amount:** \$2,805,000  
**Amount of Tax Exemption:** \$211,162

The accompanying independent auditors' report should be read in conjunction with these financial statements.

**COUNTY OF CATTARAUGUS  
INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULE OF ENTITIES PARTICIPATING IN PAYMENTS IN LIEU OF TAXES PROGRAM  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Name of Project:** Ontario Knife Company

**Project Number:** 401-1306A

**Project Owner and Address:** Ontario Knife Company  
26 Empire Street, Franklinville, NY 14737

**Purpose:** Expansion and Renovation

The accompanying independent auditors' report should be read in conjunction with these financial statements.

**INTERNAL CONTROLS AND COMPLIANCE**



**R.A. MERCER & CO., P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors  
County of Cattaraugus  
Industrial Development Agency  
Ellicottville, New York 14731

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 business-type activities of the County of Cattaraugus Industrial Development Agency, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise of the County of Cattaraugus Industrial Development Agency's basic financial statements, and have issued our report thereon dated February 13, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County of Cattaraugus Industrial Development Agency'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Cattaraugus Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Cattaraugus Industrial Development Agency's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County of Cattaraugus Industrial Development Agency'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.

R.A. MERCER & CO., P.C.  
RA Mercer & Co, P.C.

Cattaraugus, New York  
February 13, 2014

## R.A. MERCER & CO., P.C.

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### MANAGEMENT LETTER

Board of Directors  
County of Cattaraugus Industrial Development Agency  
Ellicottville, New York 14731

In connection with our audit of the financial statements of the County of Cattaraugus Industrial Development Agency for the year ended December 31, 2013, we noted the following immaterial matters to be considered as opportunities to strengthen operating efficiency and reporting.

#### Internal Controls

**Cash Transfers** – Our testing noted that the Chief Financial Officer is currently making bank account cash transfers. Although approval was obtained to make the transfers, the adopted policy of the Agency does not allow for the Chief Financial Officer to make cash transfers. The Board should review its policy and procedures regarding cash transfers and, if deemed necessary, the Board should adjust the policy.

**Bond and PILOT Payments** – According to the New York State Comptroller's Office, the Agency is required to have a system in place to track the PILOT and debt service payments made by those who have obtained financial assistance through the Agency. The Agency should develop a system to enable it to track these payments. Our responsibility as Auditors is to confirm the amounts reported by the Agency with the payor.

This report is intended solely for the use of the audit committee, Board of Directors, and management and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

We would like to compliment the Executive Director and his staff for their cooperation and assistance during the audit process.

R.A. MERCER & CO., P.C.

*RA Mercer & Co, P.C.*

Cattaraugus, New York  
February 13, 2014

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716-257-9511

ORCHARD PARK  
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SARDINIA  
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SPRINGVILLE  
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To the Board of Directors  
County of Cattaraugus  
Industrial Development Agency

We have audited the financial statements of the the business-type activities and each major fund of the Cattaraugus County Industrial Development Agency for the year ended December 31, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 13, 2013. Professional standards also require that we communicate to you the following information related to our audit.

## 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 the Cattaraugus County Industrial Development Agency are described in Note B to the financial statements. During the year the Agency adopted GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities, and GASB Statement No. 66 – Technical Corrections -2012- an Amendment of GASB No. 10 and No. 62. 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 financial statements 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 affecting them may differ significantly from those expected. The most sensitive estimate affecting the Cattaraugus County Industrial Development Agency's financial statements was:

Management's estimate of the of the useful lives of fixed assets is based on historical experience. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

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

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly 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 each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is 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.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 13, 2014.

### *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.

### *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.

### Other Matters

With respect to the supplementary information accompanying the financial statements, 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 of Directors, audit committee, and management of the Cattaraugus County Industrial Development Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,  
R.A. MERCER & CO., P.C.  
*R.A. Mercer & Co. P.C.*

Cattaraugus, New York  
February 13, 2014