

**COUNTY OF CATTARAUGUS  
INDUSTRIAL DEVELOPMENT AGENCY**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2015  
WITH COMPARATIVE 2014 INFORMATION**

**COUNTY OF CATTARAUGUS  
INDUSTRIAL DEVELOPMENT AGENCY**

**BOARD OF DIRECTORS FOR 2015**

Thomas E. Buffamante, Chairman

Joseph Higgins, First Vice Chairman

James Boser, Second Vice Chairman

Gregory Fitzpatrick, Secretary

Crystal Abers, First Assistant Secretary

Brent Driscoll, Treasurer

Michael Wimer, Director

**Corey Wiktor, Executive Director**

**Sandy Andrews, Executive Assistant**

**COUNTY OF CATTARAUGUS INDUSTRIAL DEVELOPMENT AGENCY  
FOR THE YEAR ENDED DECEMBER 31, 2015  
WITH COMPARATIVE 2014 INFORMATION**

**TABLE OF CONTENTS**

	<u>Exhibit</u>	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>		1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>		4
<b>FINANCIAL STATEMENTS</b>		
Statement of Net Position	A	14
Statement of Activities	B	15
Statement of Cash Flows	C	16
Notes to the Financial Statements		17
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	<u>Schedule</u>	
Schedule of Proportionate Share of the Net Pension Liability	1	30
<b>SUPPLEMENTAL INFORMATION</b>		
Schedule of Bonds	2	32
Schedule of Leases	3	33
Schedule of entities Participating in Payments in Lieu of Taxes Program	4	36
<b>INTERNAL CONTROLS AND COMPLIANCE</b>		
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 <i>Government Auditing Standards</i>		39



Cathie J. Bridges, CPA  
Kenneth S. Frank, CPA  
Roger J. Lis, CPA  
Denise D. Veloski, CPA  
Julie L. Jagoda-Booth, CPA  
Kathryn A. Larracuent, CPA

**R. A. MERCER & CO., P.C.**  
**Certified Public Accountants**  
63 South Main Street  
Cattaraugus, NY 14719  
Phone 716-257-9511 Fax 716-257-9513  
[www.ramercercpa.com](http://www.ramercercpa.com)

Raymond A. Mercer, CPA 1931-1983

Robert W. Irwin, CPA

## 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, 2015, 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, 2015, 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 2014 financial statements, and our report dated February 20, 2015, 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, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Change in Accounting Principle**

As described in Note M to the financial statements, in 2015, the Agency adopted new accounting guidance, GASB Statement No. 68, *Accounting for Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of proportionate share of the net pension liability on pages 4-11 and 30 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 March 15, 2016, 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  
March 15, 2016

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

**COUNTY OF CATTARAUGUS INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015 WITH COMPARATIVE 2014 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, 2015.

**FINANCIAL HIGHLIGHTS**

The Agency's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$1,468,036 for the fiscal year reported. This compares to the previous year when assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,423,236 (restated).

Total net position comprises the following:

1. Net investment in capital assets of \$249,472 includes property and equipment, net of accumulated depreciation.
2. Unrestricted net position of \$1,218,564 represents the portion available to maintain the Agency's continuing obligations to citizens and creditors.

Agency revenue for the year ended December 31, 2015 totaled \$337,029 of which \$313,602 was from charges for services provided by the Agency, \$7,600 was from the service agreement between the Agency and the Cattaraugus County Capital Resource Corporation, \$12,886 was pass through grant revenue for the New York and Lake Erie Railroad, and \$2,941 was earned from investments.

In 2015, the Agency induced ten direct projects for a net investment of nearly \$57,000,000 in total private sector project costs.

In 2015, the Agency reported a gross revenue increase from 2014 and a positive increase in net position due to various project closings. Since January 1, 2011 the County of Cattaraugus IDA & Cattaraugus County Capital Resource Corporation have conducted forty-one board meetings, which in turn has induced forty-eight direct projects. In addition the CCIDA/CRC has acted as an advisor on seven additional projects. We are hopeful, yet remain cautious that 2016 will again be another good year with continued private sector investment throughout the county.

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. During 2015, the CRC received a tax-exempt bond application from St. Bonaventure University for a proposed tax exempt bond refinance of approximately \$6,100,000. The CRC anticipates this bond to close in early 2016. The activity of the CRC is presented within these financial statements.

The Agency's investment income is slightly lower 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, 2015, the Agency's expenses totaled \$292,229. This includes the administrative expense of the CRC. Of this amount \$12,886 was pass through grant expense for the New York and Erie Railroad. The Agency's largest expense was for personal services and related employee benefits, which accounted for 62.5 percent of all expenses. Contractual expenses, such as rent, utilities, and professional services accounted for 32.8 percent of the Agency's total expenses.

The 2015 year proved to be another busy, exciting and challenging year for the County of Cattaraugus Industrial Development Agency (CCIDA). Over the past several years, we have continued to implement and change our business operations on how the CCIDA can not only promote & assist economic development expansion projects, but have looked for ways to value retention projects as well, throughout the County.

The CCIDA continues to make great effort and strides to transform itself in a very positive way for our business community. We now have the ability to expand our benefits to existing structures, rather than just traditional, new builds. We have leveraged benefits to further assist *Tourism* related projects (i.e. Holimont Ski Resort/WestMont Ridge) and once again proved the merit of establishing our newly created *Brownfield Remediation PILOT*, which saw its first project in late 2014/15 and two (2) additional projects planned for 2016, (i.e. 16 Martha Street LLC. And Olean Gateway, LLC.).

**2015 CCIDA INDUCED PROJECTS (Private Sector Investment in Cattaraugus County):**

<b>1)</b>	<b>St. Bonaventure University (Bond refinance):</b>	<b>\$6,100,000</b>
<b>2)</b>	<b>7 Washington Stree, LLC.:</b>	<b>\$3,600,000</b>
<b>3)</b>	<b>Win-Sum Ski Resort (Holiday Valley):</b>	<b>\$2,548,000</b>
<b>4)</b>	<b>Win-Sum Ski Resort (Holiday Valley):</b>	<b>\$1,100,000</b>
<b>5)</b>	<b>Holimont, Inc.:</b>	<b>\$450,000</b>
<b>6)</b>	<b>Premo Limousine Services of WNY, LLC:</b>	<b>\$500,000</b>
<b>7)</b>	<b>National Fuel Gas Supply Corp:</b>	<b>\$42,000,000 *</b>
<b>8)</b>	<b>Totaline Development, Inc.</b>	<b>\$600,000</b>
<b>9)</b>	<b>Mazza Mechanical Services, Inc.</b>	<b>\$550,000</b>

*\*The National Fuel project represented a total economic investment of roughly \$42,000,000. The IDA's portion of direct project involvement was \$22,000,000.*

**The CCIDA also assisted on the following key projects in 2015:**

**(10.) OBI, LLC.** - *The CCIDA had originally induced this key project in the City of Olean in February of 2015. This is the former Olean Business Institute (OBI) business incubator project. This project was granted a tax-exempt status, thus not needing IDA directly. The IDA will be a partner on this very transformational project in the future.*

**Total CCIDA Inducements/Project Amounts in 2015:** **\$57,448,000**

**Newly Created Policies/Procedures & Economic Development Initiatives to further assist Economic Growth throughout Cattaraugus County:**

- **Appointed Chairman of the CanAm Council:** The CanAm Council is comprised of representatives from member companies engaged in cross border commerce and oversees an agenda focused on bi-national relationship-building, joint planning, border advocacy and business-to-business interaction. The IDA looks to build off of this, to better position Cattaraugus County for bi-national investment and development. This will allow us to recruit and advise perspective companies of Cattaraugus County.
- **Olean Business Development Corporation (OBDC):** Mr. Wiktor was recently appointed to a board position with this newly formed development corporation which is charged with transforming the former OBI building in the City of Olean into a one of a kind business start-up/incubator center. This board will work under the GOACC umbrella. The IDA looks forward to becoming a very impactful partner of this truly transformational project in the years to come.

- **Created the Downtown Olean Development Zone:** Worked to put together and implement a streamlined and refined process for proposed developers looking to undertake projects/buildings that are located on N. Union & State Streets in the City of Olean. Much interest and discussion have already taken place since the creation of this development program.
- **Created three (3) New Best Practice Models:** In continuing to look for ways to improve the ways in which the Agency conducts its business, in 2015, the Agency adopted three (3) new Best Practice Models. The Agency works very hard in being accountable and transparent to our Clients, taxing jurisdictions and taxpayers. Please note the three (3) newly adopted Policies:
  - **Community Outreach Best Practice Recommendations**
  - **Local Labor Project Best Practice Recommendations**
  - **Retail Project Best Practice Recommendations**
- **Continued Business Outreach & Marketing Campaigns:** Working with our Partners at *Buffalo Niagara Enterprise, Buffalo Niagara Partnership, Empire State Development, various Commercial Realtors/Real Estate Developers (NYSCAR) along with the Agency's Business Consultant, Mr. Greg Sehr, we are always* looking for ways to increase our "business attraction hit rate"; to facilitate and help businesses to locate to Cattaraugus County.
  - We are currently working on a new Business Marketing Guide for Cattaraugus County (hardcover and e-version). This will highlight many available sites, financing programs, benefits, attractions, etc. of the County. This Guide will be a great asset to help market the County.
  - Mr. Wiktor attended many business networking events and engagements in the WNY Region, focused on economic development.
  - Working on putting together a "Business Meet and Greet" event during the US-Canadian Friendship Week in Ellicottville. We are looking to put on a networking event and meeting with various businesses to highlight the many benefits of opening up a business within the County. Additional details to come.
  - Worked on and conducted many "Business Tours" in Cattaraugus County in 2015, which include local developers, media outlets, site selectors, etc.
  - We have sent in 16 "BNE Site Requests" over the past year to possible outside business looking to locate in WNY, trying to lure the perspective business here to Cattaraugus County. This is something we are always looking to improve on, the assets of the various sites & parcels that are available within the County.
  - Agreed to a contract extension with Mr. Gregory Sehr, from **Upstate Consultants, LLC**. In March of 2014, the CCIDA retained Mr. Sehr for his assistance on "special projects" along with business outreach initiatives. This relationship has been very effective and has opened many doors in the short term. The Agency agreed to renew Mr. Sehr's contract in Oct. 2015, for an additional year. We look for many bright things to come from this working relationship, all under the guise of business attraction to the County.
- **New York and Lake Erie Railroad:** Many improvements have been made to the CCIDA owned rail line in 2014 and 2015. We are continually going after CFA awards, Federal Transportation Grants, DOT awards, etc., to obtain further funds to improve the rail line to better serve its customers. The Railroad recently submitted a NYS DOT Rail Grant Application. We are also working on putting together an Authority that would comprise three counties, to work as one on the WNY Line that connects Erie, Chautauqua, and Cattaraugus Counties. This will be an active 2016 thrust, more details and updates to come.

- **Office of the State Comptroller Audit:** In the latter part of 2014 and the part early of 2015, the CCIDA was audited (general/random audit), by the NYS Comptroller's Office. An exact quote from their Office in the findings of the audit that was conducted: **"We found that the CCIDA was effective in its efforts to promote, develop and assist in economic development projects in the County"**. The CCIDA was one of only a handful of IDA's in NYS that was granted this statement. We will continue to work very hard to make sure that this Agency always complies with all regulatory mandates.
- **The Agency was active in the *Independent Oil & Gas Association of New York*:** As the only, and oldest, oil and gas trade association that truly represents all facets of both natural gas and oil industry, this Association prides itself of being a voice in Albany. It is no secret the boom in economic development, great number of jobs and increased tax base, etc. that the more recent surge in natural gas drilling that has occurred in Pennsylvania and largely throughout the Nation. This is an industry that was literally "born" from our Region. The Agency devoted much time to this trade group to better learn and focus on how the natural gas industry can help people economic development here in Cattaraugus County.
- **Created the *Cattaraugus Incentive Facilitation Corporation*:** The creation of this Corporation in March of 2015, allows the Agency to assist JCC/Start-UP NY. By setting this Corporation up, this will allow an easier process to sponsor tax-free zones in the Olean region. This was a key setup which will position the College to better promote Start-UP NY Program. Since its creation, we've had multiple companies interested in parcels in the newly created zones. We look for much more interest in the year to come.
- **43 North:** The seeds of 43 North came from the Western New York REDC, announced in 2013. This program has huge potential to show off the Regions' budding entrepreneurial ecosystem, along with the economic benefits of investing in promising companies. The Agency was able to be a voice for Cattaraugus County in highlighting the many benefits, sites and programs that would be available to them, should they choose. To date, we have one "win", a new company utilizing a Cattaraugus County company to co-manufacture a product.
- **Continued IDA Outreach within County/Region:** Over the past year, the Agency continued to spread its message regarding the various programs and benefits that the IDA has regarding economic development projects. The most recent presentation was to a group of County Assessors and County Officials regarding CCIDA issued PILOTS, in a role of educating on how IDA issued PILOT's work and function. Carrying our mission and message will continue to be a paramount endeavor.

In addition, over the past year the Executive Director has presented the Agency's message about its benefits at meetings put on by the *Cattaraugus County Legislature, the BNE & BNP, NYSEDC and NYSCAR*, to name a few. In 2016, the Agency looks to expand this and get more involved in County wide/Regional conferences.

- ❖ **Since 2013 the County of Cattaraugus IDA has helped and assisted with the following employment numbers: (\*as reported at the time of the Annual Audit & PARIS Reports by Company).**
  - **489 New Jobs Created**
  - **3,707 Jobs Retained**

**\* The Unemployment rate for Cattaraugus County has dropped over 3% in the last four (4) years (Rates: 8.5% in 2012 to 7.7% in 2013 and 5.8% as of Oct. 2014 to 5.1% in Oct. 2015).**

## **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, 2015, the County of Cattaraugus Industrial Development Agency had a net position of \$1,468,036. The following table provides a summary of the Agency's net position as of the years ended December 31, 2015 and December 31, 2014.

	<u>Business-Type Activities</u>		
	2015	2014 (Restated)	Variance
<b>Assets</b>			
Current and Restricted Assets	\$ 1,250,540	1,218,081	32,459
Capital Assets	249,472	250,397	(925)
Total Assets	<u>1,500,012</u>	<u>1,468,478</u>	<u>31,534</u>
<b>Deferred Outflows of Resources</b>	<u>5,277</u>	<u>6,862</u>	<u>(1,585)</u>
<b>Liabilities</b>			
Current Liabilities	5,260	11,449	(6,189)
Long-Term Liabilities	25,655	34,317	(8,662)
Total Liabilities	<u>30,915</u>	<u>45,766</u>	<u>(14,851)</u>
<b>Deferred Inflows of Resources</b>	<u>6,338</u>	<u>6,338</u>	<u>-</u>
<b>Net Position</b>			
Net Investment In Capital Assets	249,472	250,397	(925)
Unrestricted	1,218,564	1,172,839	45,725
Total Net Position	<u>\$ 1,468,036</u>	<u>1,423,236</u>	<u>44,800</u>

The Agency's total assets and deferred outflows of resources increased \$29,948(restated) from \$1,475,340 (restated) at December 31, 2014. The Agency's net investment in capital assets decreased by \$926 over the prior year.

Total liabilities and deferred inflows of resources increased by \$19,466(restated) from \$17,787 at December 31, 2014.

The following table provides a summary of the Agency's changes in net position for the years ended December 31, 2015 and December 31, 2014.

	<u>Business-Type Activities</u>			
	2015	% of Totals	2014 (Restated)	% of Totals
<b>Revenues</b>				
Charges for Services	\$ 313,602	93.0%	247,274	94.8%
Grant Revenue	12,886	3.8%	-	0.0%
Other Income	7,600	2.3%	10,003	3.8%
Investment Earnings	2,941	0.9%	3,504	1.4%
Total Revenue	<u>337,029</u>	<u>100.0%</u>	<u>260,781</u>	<u>100.0%</u>

<b>Expenses</b>	2015	% of Totals	2014 (Restated)	% of Totals
Personal Services	133,428	45.7%	135,797	42.3%
Contractual Expenses	95,829	32.8%	97,880	30.5%
Employee Benefits	49,161	16.8%	86,533	27.0%
Grant Expenses	12,886	4.4%	-	0.0%
Depreciation Expense	925	0.3%	616	0.2%
Total Expense	292,229	100.0%	320,826	100.0%
Change in Net Position	\$ 44,800		(60,045)	

The Agency's total net position increased \$44,800. The following summarizes results of operations for 2015:

Operating revenue for the year ended December 31, 2015, was \$321,202 which consisted of \$313,602 from Charges for Services, and \$7,600 from the service agreement between the Agency and the Cattaraugus County Capital Resource Corporation. In the prior year the total operating revenue was \$257,777.

Net nonoperating revenue was \$15,827 which included \$2,941 of interest earned on bank deposits and \$12,886 of pass through grant revenue for the New York and Lake Erie Railroad. Interest income received from bank deposits decreased by \$563 from the prior year.

Operating expenses for the year ended December 31, 2015, were \$279,342.

Nonoperating expense consisted of \$12,886 in pass through grant revenue for the New York and Lake Erie Railroad.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The Agency's net investment in capital assets as of December 31, 2015, totaled \$249,472. 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, 2014 to December 31, 2015.

	Balance at 12/31/14	Additions	Deletions	Balance at 12/31/15
<u>Nondepreciable:</u>				
Land	\$ 149,299	-	-	149,299
<u>Depreciable:</u>				
Improvements	929,373	-	-	929,373
Furniture and Equipment	35,275	-	-	35,275
Subtotal	1,113,947	-	-	1,113,947
Accumulated Depreciation	(863,550)	(925)	-	(864,475)
Total	\$ 250,397	(925)	-	249,472

## **Long-Term Liabilities**

The Agency had net pension liability outstanding of \$25,655 and \$34,317(restated) at December 31, 2015 and 2014.

## **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 235 companies with over \$1.49 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 Mazza Mechanical Services, National Fuel Pipeline, Olean Gateway, LLC and MJ Painting Contractor Corp. 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.

**THIS PAGE INTENTIONALLY LEFT BLANK**

## **FINANCIAL STATEMENTS**

**EXHIBIT A**

**COUNTY OF CATTARAUGUS  
INDUSTRIAL DEVELOPMENT AGENCY  
STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2015 WITH COMPARATIVE 2014 INFORMATION**

	<u>2015</u>	<u>2014 (Restated)</u>
<b>ASSETS</b>		
Unrestricted Cash and Cash Equivalents	\$ 846,840	611,098
Unrestricted Investments	400,000	600,481
Accounts Receivable	-	640
Prepaid Expenses	3,700	5,862
Capital Assets		
Land	149,299	149,299
Improvements	929,373	929,373
Furniture and Equipment	35,275	35,275
Less: Accumulated Depreciation	<u>(864,475)</u>	<u>(863,550)</u>
<b>Total Assets</b>	<u>1,500,012</u>	<u>1,468,478</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension	<u>5,277</u>	<u>6,862</u>
<b>LIABILITIES</b>		
Payables		
Accounts Payable	-	2,742
Unearned Revenue	-	4,761
Accrued Liabilities	5,260	3,946
Long Term Liabilities		
Net Pension Liability	<u>25,655</u>	<u>34,317</u>
<b>Total Liabilities</b>	<u>30,915</u>	<u>45,766</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension	<u>6,338</u>	<u>6,338</u>
<b>NET POSITION</b>		
Net Investment In Capital Assets	249,472	250,397
Unrestricted	<u>1,218,564</u>	<u>1,172,839</u>
<b>Total Net Position</b>	<u>\$ 1,468,036</u>	<u>1,423,236</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, 2015 WITH COMPARATIVE 2014 INFORMATION**

	<u>2015</u>	<u>2014 (Restated)</u>
<b>Operating Revenues</b>		
Charges for Services	\$ 313,602	247,274
Other Income	7,600	10,003
Total Operating Revenue	<u>321,202</u>	<u>257,277</u>
<b>Operating Expenses</b>		
Personal Services	133,428	135,797
Contractual Expenses	95,829	97,880
Employee Benefits	49,161	86,533
Depreciation-Unallocated	925	616
Total Operating Expense	<u>279,343</u>	<u>320,826</u>
Operating Income (Loss)	<u>41,859</u>	<u>(63,549)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Use of Money and Property	2,941	3,504
Grant Revenue	12,886	-
Grant Expense	(12,886)	-
Net Nonoperating Revenue	<u>2,941</u>	<u>3,504</u>
Change in Net Position	44,800	(60,045)
Net Position - Beginning of the Year	1,423,236	1,483,281
Net Position - End of the Year	<u>\$ 1,468,036</u>	<u>1,423,236</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, 2015  
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>Primary Government</u> <u>Business-Type</u> <u>Activities</u>
<b>Cash Flows From Operating Activities:</b>	
Cash Received From Providing Services	\$ 314,242
Cash Paid to Suppliers	(101,170)
Cash Paid for Salaries and Benefits	(181,275)
Pension Related Liability/Deferred	(7,077)
Other Cash Receipts	7,600
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>32,320</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Purchase of Capital Assets	-
<b>Net Cash Provided by (Used in) Capital Related Financing Activities:</b>	<u>-</u>
<b>Cash Flows From Investing Activities:</b>	
Proceeds From Maturing Certificates of Deposit	600,481
Purchases of Certificates of Deposit	(400,000)
Interest Income	2,941
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>203,422</u>
<b>Net Cash and Cash Equivalents Increase (Decrease) for the Year</b>	235,742
<b>Cash and Cash Equivalents- Beginning of the Year</b>	611,098
<b>Cash and Cash Equivalents- End of the Year</b>	<u>\$ 846,840</u>
<b>Cash Flows From Operating Activities:</b>	
Operating Income (Loss)	\$ 41,859
Adjustments:	
Depreciation	925
Pension Related Liability/Deferred	(7,077)
Changes in Assets and Liabilities:	
Decrease in Prepaid Rent	2,162
Decrease in Accounts Receivable	640
Decrease in Accounts Payable	(7,503)
Increase in Accrued Liabilities	1,314
<b>Net Cash Provided By (Used in) Operating Activities</b>	<u>\$ 32,320</u>
<b>Reconciliation of Unrestricted and Restricted Cash and Cash Equivalents:</b>	
Cash and Cash Equivalents, Unrestricted	846,840
Cash and Cash Equivalents, Restricted	-
<b>Total Unrestricted and Restricted Cash and Cash Equivalents</b>	<u>\$ 846,840</u>

See the accompanying notes to the financial statements.

**COUNTY OF CATTARAUGUS INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 WITH COMPARATIVE 2014 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 and GASB Statement No 61 – *The Financial Reporting Entity: Omnibus*. 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, and GASB Statement No 61 – *The Financial Reporting Entity: Omnibus*:

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 and 61, 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 and 61, 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 proprietary fund financial statements apply GASB Statement No 62 – Codification of Accounting and Financial Reporting Guidance contained in pre-November 30, 1989 FASB and AICPA Pronouncements.

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 did not have an accounts receivable balance at December 31, 2015.

## **Grant Accounting**

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

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

At December 31, 2015, the carrying amount of the Agency's current deposits included demand deposits, savings accounts, and cash on hand and totaled \$846,840.

Cash in excess of current requirements is invested in various certificates of deposit totaling \$400,000, which have original maturity terms in excess of three months and interest rates varying from .15 to .24 percent. As of December 31, 2015, 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 100% 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, 2015. 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	\$ 148,045	148,045	-	-	147,841
Time and Savings	1,098,878	607,937	309,472	181,470	1,098,879
Cash on Hand	-	-	-	-	120
Total Deposits	<u>\$ 1,246,924</u>	<u>755,982</u>	<u>309,472</u>	<u>181,470</u>	<u>1,246,840</u>

Reconciliation to the Statement of Net Position:

Unrestricted Cash and Cash Equivalents	\$ 846,840
Investments	400,000
Total	<u>\$ 1,246,840</u>

**NOTE D - INTEREST RECEIVABLE**

As of December 31, 2015, there was no 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 12/31/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/15</u>
<u>Nondepreciable:</u>				
Land	\$ 149,299	-	-	149,299
<u>Depreciable:</u>				
Improvements	929,373	-	-	929,373
Furniture and Equipment	35,275	-	-	35,275
Subtotal	1,113,947	-	-	1,113,947
Accumulated Depreciation	(863,550)	(925)	-	(864,475)
Total	<u>\$ 250,397</u>	<u>(925)</u>	<u>-</u>	<u>249,472</u>

Depreciation expense of \$925 for the year ended December 31, 2015, has not been allocated to an expense function. 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**

The Agency did not have any accounts payable at December 31, 2015.

There was \$2,111 in payroll and \$3,149 in payroll related liabilities requiring accrual at December 31, 2015.

**NOTE G - LONG TERM LIABILITIES**

**Notes Payable**

As of December 31, 2015, 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 20 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, 2015. 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 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

The Statement of Net Position reports a separate section for deferred outflows of resources which represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The Agency has a pension related item that qualifies for reporting in this category. This represents the effect of the change in the Agency's proportion of the collective net pension asset or liability and difference during the measurement period between the Agency's contributions and its proportionate share of total contribution to the pension systems not included in pension expense.

The Statement of Net Position also reports a separate section for deferred inflows of resources which represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. This represents the effect of the net change in the Agency's proportion of the collective net pension liability or net pension asset, and the difference during the measurement periods between the Agency's contributions and its proportionate share of total contributions to the pension systems not included in pension expense.

## **NOTE L - 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 except for employees who joined 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 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

The Agency is required to contribute at an actuarially determined rate by NYSERS. Contributions made to the system were equal to 100% of the contributions required for each year. Required contributions for the current year and two preceding years were:

	<u>Amount</u>
2015	\$ 25,519
2014	\$ 29,235
2013	\$ 26,110

c. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pension

At December 31, 2015, the Agency reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the NYSLRS in a report provided to the Agency.

	<u>NYSLRS</u>
Actuarial Valuation Date	March 15, 2015
Net Pension Liability	\$25,655
Agency's Portion of the Plan's Total Net Pension Liability	0.00%

For the year ended December 31, 2015 the Agency recognized pension expense of \$18,442 for NYSLRS. At December 31, 2015, the Agency reported deferred outflows of resources related to the pension plan from the following sources:

	<u>2015</u>	<u>2014</u>
<b><u>NYSLRS Deferred Outflows of Resources</u></b>		
Differences between expected and actual experience	\$ 821	\$ -
Net difference between projected and actual earnings on pension investments	4,456	-
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	<u>-</u>	<u>6,862</u>
Total	<u>\$ 5,277</u>	<u>\$ 6,862</u>

Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending:	
<u>March 31,:</u>	<u>NYSLRS</u>
2016	\$ 265
2017	265
2018	265
2019	265

d. 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 significant actuarial assumptions:

	<u>NYSLRS</u>
Measurement Date	March 31, 2015
Actuarial Valuation Date	April 1, 2014
Interest Rate	7.50%
Salary Scale	18.70% - 10.50%
Decrement Tables	April 1, 2005 - March 31, 2010 ERS' Experience
Inflation Rate	2.70%

The annuitant mortality rates are based on April 1, 2005 – March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2011 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010

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 of the target asset allocation percentages 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 below:

	NYSLRS
Measurement Date	March 31, 2015
Asset Type:	
Domestic Equity	36%
International Equity	15%
Real Estate	70%
Absolute Return Strategy Investment	5%
Opportunistic Funds	1%
Private Equity	8%
Global Fixed Income Securities	26%
Short-Term	3%

e. Discount Rate

The discount rate used to calculate the total pension liability was 7.5%. 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.

f. Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Agency'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 (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	NYSLRS		
	1%	Current	1%
	Decrease	Assumption	Increase
	6.50%	7.50%	8.50%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 171,004	25,655	(97,055)

g. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued NYSLRS financial reports.

h. Payables to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of December 31, 2015 represent the projected employer contribution for the period of April 1, 2015 through December 31, 2015 based on paid NYSLRS wages multiplied by the employer's contribution rate, by tier. There was one payment due to the retirement system at December 31, 2015 in the amount of \$315. The net pension liability was \$25,655 and \$34,317 at December 31, 2015 and 2014.

i. Restatement of Net Position

For the fiscal year ended December 31, 2015, the Agency implemented GASB Statement No.68 Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27. The implementation of Statement No. 68 resulted in the reporting of deferred outflows of resources and pension liability related to the Agency's participation in the New York State & Local Retirement System. The Agency's net position has been restated as follows:

Net Position, Beginning of Year, As Previously Stated	\$	1,457,029
<u>GASB Statement No. 68 Implementation</u>		
Beginning System Liability		(34,317)
Beginning Deferred Outflows of Resources		6,862
Beginning Deferred Inflows of Resources		<u>(6,338)</u>
Net Position, Beginning of Year, Restated	\$	<u>1,423,236</u>

**NOTE M - 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 N - NEW ACCOUNTING STANDARDS**

The Agency has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2015, the Agency implemented the following new standards issued by GASB:

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.

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 implemented effective for the year ended December 31, 2015.

GASB Statement No. 71 – "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68" has been implemented as of December 31, 2015.

#### **NOTE O - ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

GASB Statement No. 72 – "Fair Value Measurement and Application" has been issued effective for the year ending December 31, 2016.

GASB Statement No. 75 – "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions" has been issued effective for the year ending December 31, 2018. This statement replaces the requirements of Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", as amended, and No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans for OPEB." Statement No. 74, "Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans", establishes new accounting and financial reporting requirements for OPEB plans.

GASB Statement No. 76 – "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments" has 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 P - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 15, 2016, the date on which the financial statements were available to be issued.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**REQUIRED SUPPLEMENTARY INFORMATION**

**COUNTY OF CATTARAUGUS**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015
<b>NYSLRS Pension Plan</b>	
Agency's proportion of the net pension liability	0.00%
Agency's proportionate share of the net pension liability	\$ 25,655
Agency's covered-employee payroll	\$ 133,428
Agency's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	19.23%
Plan fiduciary net position as a percentage of the total pension liability	97.9%

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

**SUPPLEMENTAL INFORMATION**

**COUNTY OF CATTARAUGUS  
INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULE OF BONDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Project Name</u>	<u>Project No.</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at 1/1/15</u>	<u>Issued During Fiscal Year</u>	<u>Paid During Fiscal Year</u>	<u>Balance at 12/31/15</u>
<b><u>CCIDA:</u></b>								
Cattaraugus County Rehab	401-0004A	10/03	Variable	6/24	1,026,762	-	92,841	933,921
Jamestown Community College	401-9903A	6/05	3.0-4.5	6/30	4,385,000	-	200,000	4,185,000
Parent Education Program	401-0203A	12/02	4.75	12/22	189,784	-	20,492	169,292
St. Bonaventure University	401-9902A	5/99	5.45	9/19	830,000	-	150,000	680,000
St. Bonaventure University	401-2006A	5/06	5.0-5.1	5/31	7,610,000	-	295,000	7,315,000
Suburban Adult Services, Inc.	401-0305A	10/03	2.6	5/16	54,912	-	45,107	9,805
<b><u>CRC:</u></b>								
Olean General Hospital	401-0906A	10/10	2.5	10/30	14,295,000	-	1,640,000	12,655,000
Olean YMCA	401-0301A	6/11	4.75	5/31	3,876,463	-	159,803	3,716,660
St. Bonaventure University	401-1401A	5/14	Variable	5/44	10,000,000	-	210,000	9,790,000

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, 2015**

**Name of Project:** **Premo Limousine Service of WNY, LLC**

**Project Number:** 401-1502A

**Project Owner and Address:** Premo Limousine Service of WNY, LLC  
301 South Union Street, Olean, NY 14760

**Year of Origination:** 2015

**Purpose:** Additional Warehouse

**Estimated Project Amount:** \$500,000

**Amount of Tax Exemption:** \$6,000 \*

**Name of Project:** **National Fuel Gas Supply Corp.**

**Project Number:** 401-1503A

**Project Owner and Address:** National Fuel Gas Supply Corp.  
6363 Main Street, Williamsville, NY 14221

**Year of Origination:** 2015

**Purpose:** Corporate Project

**Estimated Project Amount:** \$42,000,000

**Amount of Tax Exemption:** \$780,866

**Name of Project:** **Win-Sum Ski Corporation**

**Project Number:** 401-1504A

**Project Owner and Address:** Win-Sum Ski Corporation  
PO Box 370, Holiday Valley Road, Ellicottville, NY 14731

**Year of Origination:** 2015

**Purpose:** Holiday Valley Road Project

**Estimated Project Amount:** \$1,100,000

**Amount of Tax Exemption:** \$44,000

\* Estimated

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, 2015**

**Name of Project:** Mazza Mechanical Services, Inc.

Project Number: 401-1505A

Project Owner and Address: Mazza Mechanical Services, Inc.  
430 N. 7th Street, Olean, NY 14760

Year of Origination: 2015

Purpose: Metal Fabrication & Welding Facility

Estimated Project Amount: \$550,000

Amount of Tax Exemption: \$36,516

**Name of Project:** Sanzo Beverage Co., Inc.

Project Number: 401-1409A

Project Owner and Address: Sanzo Beverage Co., Inc.  
3165 Route 16N, Olean, NY 14760

Year of Origination: 2015

Purpose: Warehouse Distribution

Estimated Project Amount: \$1,760,000

Amount of Tax Exemption: \$12,400

**Name of Project:** Win-Sum Ski Corporation

Project Number: 401-1507A

Project Owner and Address: Win-Sum Ski Corporation  
PO Box 370, Holiday Valley Road, Ellicottville, NY 14731

Year of Origination: 2015

Purpose: Summer Projects

Estimated Project Amount: \$2,548,000

Amount of Tax Exemption: \$91,728

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, 2015

**Name of Project:** **Holimont, Inc.**  
**Project Number:** 401-1508A  
**Project Owner and Address:** Holimont, Inc.  
6921 Route 242, Ellicottville, NY 14731  
**Year of Origination:** 2015  
**Purpose:** 2015/2016 Capital Projects  
**Estimated Project Amount:** \$450,000  
**Amount of Tax Exemption:** \$11,706 \*

**Name of Project:** **Four Mile Brewing, LLC**  
**Project Number:** 401-1403A  
**Project Owner and Address:** Four Mile Brewing, LLC & Hellbender Developments, LLC  
1599 Four Mile Road, Allegany, NY 14706  
**Year of Origination:** 2015  
**Purpose:** Manufacturing Facility  
**Estimated Project Amount:** \$854,000  
**Amount of Tax Exemption:** \$8,136

\* To date - project has not been completed

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, 2015**

**Name of Project:** **Four Mile Brewing, LLC**

**Project Number:** 401-1403A

**Project Owner and Address:** Four Mile Brewing, LLC & Hellbender Developments, LLC  
1599 Four Mile Road, Allegany, NY 14708

**Year of Origination:** 2015

**Purpose:** Manufacturing Facility

**Amount:** - \*

**Name of Project:** **Sanzo Beverage Company, Inc.**

**Project Number:** 401-1409A

**Project Owner and Address:** 16 Martha Street, LLC  
PO Box 412, 2 Main Street, Depew, NY 14043

**Year of Origination:** 2015

**Purpose:** Warehouse Distribution

**Amount:** \$4,001

**Name of Project:** **Premo Limousine Service of WNY, LLC**

**Project Number:** 401-1502A

**Project Owner and Address:** Premo Limousine Service of WNY, LLC  
301 South Union Street, Olean, NY 14760

**Year of Origination:** 2015

**Purpose:** Additional Warehouse

**Amount:** - \*

\* Starting in 2016

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**

63 South Main Street

Cattaraugus, NY 14719

Phone 716-257-9511 Fax 716-257-9513

[www.ramercerpcpa.com](http://www.ramercerpcpa.com)

Cathie J. Bridges, CPA  
Kenneth S. Frank, CPA  
Roger J. Lis, CPA  
Denise D. Veloski, CPA  
Julie L. Jagoda-Booth, CPA  
Kathryn A. Larracuente, CPA

Raymond A. Mercer, CPA 1931-1983

Robert W. Irwin, CPA

**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, 2015, 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 March 15, 2016.

**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.

Cattaraugus, New York  
March 15, 2016

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