

**COUNTY OF CATTARAUGUS
INDUSTRIAL DEVELOPMENT AGENCY**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2014
WITH COMPARATIVE 2013 INFORMATION**

**COUNTY OF CATTARAUGUS
INDUSTRIAL DEVELOPMENT AGENCY**

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**COUNTY OF CATTARAUGUS INDUSTRIAL DEVELOPMENT AGENCY
FOR THE YEAR ENDED DECEMBER 31, 2014
WITH COMPARATIVE 2013 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, 2014, 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, 2014, 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 2013 financial statements, and our report dated February 13, 2014, 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, 2013, 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 20, 2015, 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 20, 2015

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

RAMercerCo, P.C.

**COUNTY OF CATTARAUGUS INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014 WITH COMPARATIVE 2013 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, 2014.

FINANCIAL HIGHLIGHTS

The Agency's assets exceeded its liabilities by \$1,457,029 for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$1,483,281.

Total net position comprises the following:

1. Net investment in capital assets of \$250,397 includes property and equipment, net of accumulated depreciation.
2. Unrestricted net position of \$1,206,632 represents the portion available to maintain the Agency's continuing obligations to citizens and creditors.

Agency revenue for the year ended December 31, 2014 totaled \$260,781 of which \$247,274 was from charges for services provided by the Agency, \$10,000 was from the service agreement between the Agency and the Cattaraugus County Capital Resource Corporation, \$3 was from miscellaneous sources, and \$3,504 was earned from investments.

In 2014, the Agency induced eleven direct projects for a net investment of nearly \$43,000,000 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 2015.

In 2014, the Agency reported a gross revenue increase from 2013 and a reduced loss due various project closings. Since January 1, 2011 the Agency has conducted thirty-two Board meetings, which in turn has induced thirty-nine direct projects and has also acted as an advisor on an additional four (4) projects. 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 2015 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 closed a tax-exempt bond issuance with the St. Bonaventure University for \$10,000,000 and with the Olean YMCA for nearly \$4,500,000, in calendar year 2014. 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 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, 2014, the Agency's expenses totaled \$287,033. This includes the administrative expense of the CRC. The Agency's largest expense was for personal services and related employee benefits, which accounted for 65.7 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 34.3 percent of the Agency's total expenses.

2014 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. 16 Martha St.-Ellicottville) and once again proved the merit of establishing our newly created *Brownfield Remediation PILOT*, which saw its first project in late 2013-2014 and two (2) additional projects planned for 2014-15, (i.e. Olean Gateway, LLC./HK Hotel, LLC.-Olean).

2014 CCIDA INDUCED PROJECTS (Private Sector Investment in Cattaraugus County):

1)	St. Bonaventure University:	\$10,000,000
2)	Community Bank, N.A.:	\$5,000,000(+,-)
3)	Win-Sum Ski Resort (Holiday Valley):	\$3,400,000
4)	HoliMont, Inc.:	\$650,000
5)	MJ Painting Contractor Corp.:	\$1,000,000
6)	Four Mile Brewing:	\$854,000(+,-)
7)	Mallery's Auto Body & Collision:	\$600,000
8)	Sprague Development Corp.:	\$3,000,000
9)	Sanzo Beverage Co., Inc.:	\$1,600,000
10)	Olean Gateway, LLC.:	\$5,759,000
11)	HK Olean, LLC.:	\$11,116,000

The CCIDA also assisted on the following key projects in 2014:

(12.) Casadent, LLC. - *The CCIDA had originally induced this small business expansion project in 2011. This project has been very successful and welcomed in the County. There have been five (5) new positions created/hired in regards to this project. In 2014, the CCIDA assisted with the refinance of the financing of the original bank note. This project amount in 2014 was \$600,000.*

(13.) YMCA of Olean, NY- *In June 2014, the Cattaraugus County Capital Resource Corporation assisted the YMCA of Olean, NY with a Modification of Interest Rate in the original principal amount not to exceed \$4,500,000. This Bond was originally issued by the CCCRC in May 2011.*

Total CCIDA Inducements/Project Amounts in 2014: \$42,979,000

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

- **Appointed to the President's Advisory Council on Economic Development (PACED):** In May 2014, the Executive Director was appointed to President Dr. Cory Duckworth's Advisory Council at JCC in regards to the important economic development initiative, **Start-UP NY**. This is a very important role and Group that assists in the determination and outreach for Start-Up NY and the role that JCC plays in this key economic development strategy. To date, we have met and discussed some very key potential projects.
- **Manufacturers Productivity Improvement Program:** Proposed by Southern Tier West on behalf of the three (3) County IDA's. The CCIDA is very pleased to partner with Southern Tier West in providing direct financial assistance to small manufacturers to increase their productivity. This program will certainly make small manufacturers more competitive by helping them develop ISO

certifications, additional workforce training initiatives and productivity enhancements. We look forward to continuing this Program in 2015.

- **We joined the Buffalo Niagara Partnership:** In continuing to look for ways to grow our regional footprint, the Agency joined the BNP in 2014. This membership has already been beneficial and fruitful to date. The Executive Director has been part of several panel type discussion meetings with WNY Officials regarding economic development initiatives. We have also attended and participated in various trade shows and business outreach events in Southern Ontario, and have been an active member with various BNP Regional events.
- **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 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.
 - The Agency's Executive Director was named to the **Executive Board of the CanAm Council** in 2014. This Council is very active in the growth of economic development in WNY & Southern Ontario. To date, we have been quite active in hosting various meetings, networking events and discussions with businesses located in Southern Ontario with a goal of having them locate a branch office in Cattaraugus County.
 - A "Business Meet and Greet" event during the US-Canadian Friendship Week in Ellicottville in January 2015. 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. This was very successful.
 - In August of 2014, the CCIDA sponsored an **all day tour with various real estate developers from WNY**. This tour was put on by the IDA to highlight various sites, business opportunities and programs that are currently available in hopes of engaging outside interest to spur further economic development opportunities within the County. Additional tours are proposed for 2015. This was a great event.
 - We have sent in 13 BNE Site Requests over the past year to possible outside businesses looking to locate in WNY, trying to attract the perspective businesses 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 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. 2014, 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 2014. 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 is now delivering raw material to *Cherry Creek Woodcrafters*.

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**. Our thrust and focus should be centered on the growth of the tourism based events and rides; this is something we will continue to work on and look to grow.

- **Regional Economic Development Council:** The Executive Director currently sits on two (2) Regional Economic Development Sub-Councils for the Western New York Region. We are in the 4th round of CFA's. A 5th Round is proposed for 2015 as well.
 - In June 2014, the CCIDA partnered with the Olean Chamber/Olean Enterprise Group in hopes of being awarded a CFA Grant in regards to the **redevelopment of the former Olean Business Institute (OBI) building**, with hopes to create a business incubator building/project. The project received a CFA award in December 2014.
- **The Agency joined 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 looks forward to being an active member and focusing on how these industries can help propel economic development here in Cattaraugus County.
- **The CCIDA created the "Cattaraugus County Gas & Oil Roundtable Forum":** Spawning from our involvement in joining IOGA, the CCIDA has created/formed a group on a local level to discuss and strategize actions in how we can capture as much economic development that is occurring, with the advent of commercial gas and oil exploration in our Region. This Team is comprised of a consortium of both business leaders and industry leaders. Various events and tours are slated to occur over the next year. This group is also charged with highlighting the number of job sectors that benefit from the gas & oil industry, as well.
- **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 chose. This was a great experience and the Agency looks forward to Round 2 of this endeavor, which is slated for 2015.
- **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.

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 2015, the Agency looks to expand this and get more involved in County wide/Regional conferences.

- **Downtown Olean Revitalization Initiative:** In October of 2014, the CCIDA was asked to financially support a redevelopment study in regards to the former Manufacturers Hanover Building in the City of Olean. The CCIDA Board, without hesitation, agreed to be a financial partner in this very worthy and important project. We stand ready and able to do what we can to see this project get off the ground. The first study calls for a market rate housing study to be completed by Susan Payne. We look to be active partners in the coming months.
 - In addition to this endeavor, the Executive Director currently sits on the board of the "**NW Quadrant Revitalization Plan Group**". This group is charged with strategizing and

determining possible end uses for the additional BOA sites in the City of Olean, New York. (see the NW Quadrant website for full information). The CCIDA is in receipt of two (2) applications for the redevelopment on the front 60 acres of entire designated block of land area (Buffalo St. area) within the City.

❖ **Since 2007 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).**

- **1,321 New Jobs Created**
- **5,411 Jobs Retained**

*** The Unemployment rate for Cattaraugus County has dropped nearly 3% in the last two (2) years (Rates: 8.5% in 2012 to 7.7% in 2013 and 5.8% as of Oct. 2014).**

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, 2014, the County of Cattaraugus Industrial Development Agency had a net position of \$1,457,029. The following table provides a summary of the Agency's net position as of the years ended December 31, 2014 and December 31, 2013.

	<u>Business-Type Activities</u>		
	2014	2013	Variance
Assets:			
Current and Restricted Assets	\$ 1,218,081	1,244,254	(26,173)
Capital Assets	250,397	246,388	4,009
Total Assets	<u>1,468,478</u>	<u>1,490,642</u>	<u>(22,164)</u>
Liabilities:			
Current Liabilities	11,449	7,361	4,088
Total Liabilities	<u>11,449</u>	<u>7,361</u>	<u>4,088</u>
Net Position:			
Net Investment In Capital Assets	250,397	246,388	4,009
Unrestricted	1,206,632	1,236,893	(30,261)
Total Net Position	<u>\$ 1,457,029</u>	<u>1,483,281</u>	<u>(26,252)</u>

The Agency's total assets decreased \$22,164 from \$1,490,642 at December 31, 2013. The Agency's net investment in capital assets increased by \$4,009 over the prior year.

Total liabilities increased by \$4,088 from \$7,361 at December 31, 2013.

The following table provides a summary of the Agency's changes in net position for the years ended December 31, 2014 and December 31, 2013.

	<u>Business-Type Activities</u>			
	2014	% of Totals	2013	% of Totals
Revenues:				
Charges for Services	\$ 247,274	94.8%	162,754	92.5%
Other Income	10,003	3.8%	7,528	4.3%
Investment Earnings	3,504	1.4%	4,583	2.6%
Gain On Sale of Assets	-	0.0%	1,094	0.6%
Total Revenue	<u>260,781</u>	<u>100.0%</u>	<u>175,959</u>	<u>100.0%</u>

	2014	% of Totals	2013	% of Totals
Expenses:				
Personal Services	135,797	47.3%	131,761	51.0%
Contractual Expenses	97,880	34.1%	79,435	30.8%
Employee Benefits	52,740	18.4%	46,883	18.2%
Depreciation Expense	616	0.2%	-	0.0%
Total Expense	<u>287,033</u>	<u>100.0%</u>	<u>258,079</u>	<u>100.0%</u>
Change in Net Position	<u>\$ (26,252)</u>		<u>(82,120)</u>	

The Agency's total net position decreased \$26,252. The following summarizes results of operations for 2014:

Operating revenue for the year ended December 31, 2014, was \$257,277 which consisted of \$247,274 from Charges for Services, \$10,000 from the service agreement between the Agency and the Cattaraugus County Capital Resource Corporation, and \$3 from miscellaneous sources. In the prior year the total operating revenue was \$170,282.

Net nonoperating revenue was \$3,504 which consisted of interest earned on bank deposits. Interest income received from bank deposits decreased by \$1,079 from the prior year. Contractual expenses increased due to payments to a consultant to assist the Executive Director and the Agency joining the Buffalo Niagara Partnership.

Operating expenses for the year ended December 31, 2014, were \$287,033.

The Agency did not incur any nonoperating expenses for the year ended December 31, 2014 or 2013.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Agency's net investment in capital assets as of December 31, 2014, totaled \$250,397. 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, 2013 to December 31, 2014.

	Balance at 12/31/13	Additions	Deletions	Balance at 12/31/14
Nondepreciable:				
Land	\$ 149,299	-	-	149,299
Depreciable:				
Improvements	929,373	-	-	929,373
Furniture and Equipment	30,650	4,625	-	35,275
Subtotal	<u>1,109,322</u>	<u>4,625</u>	<u>-</u>	<u>1,113,947</u>
Accumulated Depreciation	(862,934)	(616)	-	(863,550)
Total	<u>\$ 246,388</u>	<u>4,009</u>	<u>-</u>	<u>250,397</u>

Long-Term Liabilities

There was no debt outstanding at December 31, 2014 or 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 225 companies with over \$1.48 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 Four Mile Brewing Company, SolExpoxy Inc., Sprague's Washington Square, 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.

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, 2014 WITH COMPARATIVE 2013 INFORMATION**

	<u>2014</u>	<u>2013</u>
ASSETS		
Unrestricted Cash and Cash Equivalents	\$ 611,098	642,264
Unrestricted Investments	600,481	600,000
Accounts Receivable	640	640
Prepaid Expenses	5,862	1,350
Capital Assets		
Land	149,299	149,299
Improvements	929,373	929,373
Furniture and Equipment	35,275	30,650
Less: Accumulated Depreciation	<u>(863,550)</u>	<u>(862,934)</u>
Total Assets	<u>1,468,478</u>	<u>1,490,642</u>
LIABILITIES		
Accounts Payable	2,742	899
Unearned Revenue	4,761	-
Accrued Liabilities	<u>3,946</u>	<u>6,462</u>
Total Liabilities	<u>11,449</u>	<u>7,361</u>
NET POSITION		
Net Investment In Capital Assets	250,397	246,388
Unrestricted	<u>1,206,632</u>	<u>1,236,893</u>
Total Net Position	<u>\$ 1,457,029</u>	<u>1,483,281</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, 2014 WITH COMPARATIVE 2013 INFORMATION**

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Charges for Services	\$ 247,274	162,754
Other Income	10,003	7,528
Total Operating Revenue	<u>257,277</u>	<u>170,282</u>
Operating Expenses		
Personal Services	135,797	131,761
Contractual Expenses	97,880	79,435
Employee Benefits	52,740	46,883
Depreciation-Unallocated	616	-
Total Operating Expense	<u>287,033</u>	<u>258,079</u>
Operating Income (Loss)	<u>(29,756)</u>	<u>(87,797)</u>
Nonoperating Revenues (Expenses)		
Use of Money and Property	3,504	4,583
Gain (Loss) on Disposition of Property	-	1,094
Net Nonoperating Revenue	<u>3,504</u>	<u>5,677</u>
Change in Net Position	(26,252)	(82,120)
Net Position - Beginning of the Year	1,483,281	1,565,401
Net Position - End of the Year	<u>\$ 1,457,029</u>	<u>1,483,281</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, 2014
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

		Primary Government Business-Type Activities
Cash Flows From Operating Activities:		
Cash Received From Providing Services	\$	247,274
Cash Paid to Suppliers		(95,788)
Cash Paid for Salaries and Benefits		(191,053)
Other Cash Receipts		10,003
Net Cash Provided by (Used in) Operating Activities		(29,564)
Cash Flows From Capital and Related Financing Activities:		
Purchase of Capital Assets		(4,625)
Net Cash Provided by (Used in) Capital Related Financing Activities:		(4,625)
Cash Flows From Investing Activities:		
Proceeds From Maturing Certificates of Deposit		600,000
Purchases of Certificates of Deposit		(600,481)
Interest Income		3,504
Net Cash Provided by (Used in) Investing Activities		3,023
Net Cash and Cash Equivalents Increase (Decrease) for the Year		(31,166)
Cash and Cash Equivalents- Beginning of the Year		642,264
Cash and Cash Equivalents- End of the Year	\$	611,098
Cash Flows From Operating Activities:		
Operating Income (Loss)	\$	(29,756)
Adjustments:		
Depreciation		616
Changes in Assets and Liabilities:		
Increase in Prepaid Rent		(4,512)
Decrease in Accounts Payable		6,604
Decrease in Accrued Liabilities		(2,516)
Net Cash Provided By (Used in) Operating Activities	\$	(29,564)
Reconciliation of Unrestricted and Restricted Cash and Cash Equivalents:		
Cash and Cash Equivalents, Unrestricted		611,098
Cash and Cash Equivalents, Restricted		-
Total Unrestricted and Restricted Cash and Cash Equivalents	\$	611,098

See the accompanying notes to the financial statements.

**COUNTY OF CATTARAUGUS INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 WITH COMPARATIVE 2013 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 has an accounts receivable balance of \$640 at December 31, 2014, which the Agency fully expects to collect.

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, 2014, the carrying amount of the Agency's current deposits included demand deposits, savings accounts, and cash on hand and totaled \$611,098.

Cash in excess of current requirements is invested in various certificates of deposit totaling \$600,481, which have original maturity terms in excess of three months and interest rates varying from .15 to .35 percent. As of December 31, 2014, 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, 2014. 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	Total Bank Balance	Custody Credit Risk Category			Total Carrying Value
		1	2	3	
Demand Deposits	\$ 23,820	23,820	-	-	23,616
Time and Savings	1,187,842	730,781	457,061	-	1,187,843
Cash on Hand	-	-	-	-	120
Total Deposits	\$ 1,211,662	754,601	457,061	-	1,211,579

Reconciliation to the Statement of Net Position:

Unrestricted Cash and Cash Equivalents	\$ 611,098
Investments	600,481
Total	\$ 1,211,579

NOTE D - INTEREST RECEIVABLE

Since interest is received and recorded monthly, as of December 31, 2014, 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:

	Estimated Useful Lives	Capitalization Threshold
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:

	Balance at 12/31/13	Additions	Deletions	Balance at 12/31/14
<u>Nondepreciable:</u>				
Land	\$ 149,299	-	-	149,299
<u>Depreciable:</u>				
Improvements	929,373	-	-	929,373
Furniture and Equipment	30,650	4,625	-	35,275
Subtotal	1,109,322	4,625	-	1,113,947
Accumulated Depreciation	(862,934)	(616)	-	(863,550)
Total	\$ 246,388	4,009	-	250,397

Depreciation expense of \$616 for the year ended December 31, 2014, 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

Accounts payable at December 31, 2014 was \$2,742 which included amounts due to vendors of the Agency.

There was \$1,533 in payroll and \$2,413 in payroll related liabilities requiring accrual at December 31, 2014. Additionally, \$4,761 was recorded as unearned revenue at December 31, 2014, which represented a payment received in December 2014 that was attributable to 2015 revenue.

NOTE G - LONG TERM LIABILITIES

Notes Payable

As of December 31, 2014, 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, 2014. 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 \$29,235. For 2013 the Agency's required contribution was \$26,110. For 2012 the Agency's required contribution was \$22,342.

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, 2014, the Agency implemented the following new standards issued by GASB:

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 did not have a material effect on the financial statements of the Agency.

NOTE N - ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED

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.

GASB Statement No. 71 – "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68" 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 O - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 20, 2015, 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, 2014**

<u>Project Name</u>	<u>Project No.</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at 1/1/14</u>	<u>Issued During Fiscal Year</u>	<u>Paid During Fiscal Year</u>	<u>Balance at 12/31/14</u>
CCIDA:								
Cattaraugus County Rehab	401-0004A	10/03	Variable	6/24	1,109,242	-	82,480	1,026,762
Gernatt Asphalt Products, Inc.	401-9905A	9/99	Variable	9/14	525,000	-	525,000	-
Jamestown Community College	401-9903A	6/05	3.0-4.5	6/30	4,580,000	-	195,000	4,385,000
Parent Education Program	401-0203A	12/02	5.5	12/22	209,364	-	19,580	189,784
St. Bonaventure University	401-9902A	5/99	5.0-5.5	9/19	970,000	-	140,000	830,000
St. Bonaventure University	401-2006A	5/06	4.9-5.1	5/31	8,000,000	-	390,000	7,610,000
Suburban Adult Services, Inc.	401-0305A	10/03	2.6	5/16	143,877	-	88,965	54,912
CRC:								
Olean General Hospital	401-0906A	10/10	2.5	10/30	16,095,000	-	1,800,000	14,295,000
Olean YMCA	401-0301A	6/11	5.0	5/31	4,029,833	-	153,370	3,876,463
St. Bonaventure University	401-1401A	5/14	Variable	5/44	-	10,000,000	-	10,000,000

The accompanying independent auditors' report should be read in conjunction with these financial staten
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**COUNTY OF CATTARAUGUS
INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF LEASES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Name of Project:	Community Bank, N.A.
Project Number:	401-1404A
Project Owner and Address:	Community Bank, N.A. PO Box 690, 210 North Union St, Olean, NY 14760
Year of Origination:	2014
Purpose:	Finance, Insurance and Real Estate
Estimated Project Amount:	\$5,000,000
Amount of Tax Exemption:	\$36,818
Name of Project:	Win-Sum Ski Corporation
Project Number:	401-1405A
Project Owner and Address:	Win-Sum Ski Corporation PO Box 370, Holiday Valley Road, Ellicottville, NY 14731
Year of Origination:	2014
Purpose:	Equipment and Tourism
Estimated Project Amount:	\$3,400,000
Amount of Tax Exemption:	\$180,045
Name of Project:	Holimont, Inc.
Project Number:	401-1408A
Project Owner and Address:	Holimont, Inc. 6921 Route 242, Ellicottville, NY 14731
Year of Origination:	2014
Purpose:	Capital Improvements
Estimated Project Amount:	\$650,000
Amount of Tax Exemption:	\$10,348

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, 2014**

Name of Project: **16 Martha Street, LLC**

Project Number: 401-1308A

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

Year of Origination: 2014

Purpose: Capital Improvements

Estimated Project Amount: \$4,250,000

Amount of Tax Exemption: \$416

Name of Project: **MJ Painting Contractor Corp**

Project Number: 401-1402A

Project Owner and Address: MJ Painting Contractor Corp.
Olean Industrial Park, 291 Homer Street, Olean, NY 14760

Year of Origination: 2014

Purpose: Commercial and Industrial Growth

Estimated Project Amount: \$1,000,000

Amount of Tax Exemption: \$21,298

**COUNTY OF CATTARAUGUS
INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF ENTITIES PARTICIPATING IN PAYMENTS IN LIEU OF TAXES PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2014**

Name of Project: **Community Bank, N.A.**

Project Number: 401-1404A

Project Owner and Address: Community Bank, N.A.
PO Box 690, 210 North Union St, Olean, NY 14760

Year of Origination: 2014

Purpose: Finance, Insurance and Real Estate

Amount: None Utilized in 2014

Name of Project: **16 Martha Street, LLC**

Project Number: 401-1308A

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

Year of Origination: 2014

Purpose: Capital Improvements

Amount: \$7,871

Name of Project: **MJ Painting Contractor Corp**

Project Number: 401-1402A

Project Owner and Address: MJ Painting Contractor Corp.
Olean Industrial Park, 291 Homer Street, Olean, NY 14760

Year of Origination: 2014

Purpose: Commercial and Industrial Growth

Amount: None Utilized in 2014

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, 2014, 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 20, 2015.

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
February 20, 2015

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

RA Mercer Co, P.C.

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

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KATHRYN A. LARRACUENTE, CPA

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, 2014, we noted the following immaterial matters to be considered as opportunities to strengthen operating efficiency and reporting.

Internal Controls

Bond Payments – According to the New York State Comptroller's Office, the Agency is required to have a system in place to track the 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. This information should be on hand with the Agency prior to commencement of audit fieldwork. Our responsibility as Auditors is to confirm the amounts reported by the Agency with the payor.

Agency Response: The audit committee will develop a plan to monitor this activity in subsequent periods.

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 20, 2015

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Letter

February 20, 2015

R.A. Mercer & Co., P.C.
63 South Main Street
Cattaraugus, New York 14719

This representation letter is provided in connection with your audit of the financial statements of the County of Cattaraugus Industrial Development Agency, which comprise the respective financial position of the business-type activities as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of February 20, 2015, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 2, 2015, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the County of Cattaraugus Industrial Development Agency is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the County of Cattaraugus Industrial Development Agency from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Directors' or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the County of Cattaraugus Industrial Development Agency and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the County of Cattaraugus Industrial Development Agency's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the County of Cattaraugus Industrial Development Agency's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The County of Cattaraugus Industrial Development Agency has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 23) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the

financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

- 24) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 25) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 28) The County of Cattaraugus Industrial Development Agency has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The County of Cattaraugus Industrial Development Agency has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 31) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 32) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted) , and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 34) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 35) Provisions for uncollectible receivables have been properly identified and recorded.
- 36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 37) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 39) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 41) We have appropriately disclosed the County of Cattaraugus Industrial Development Agency's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 42) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource

classification is available. That policy determines the fund balance classifications for financial reporting purposes.

43) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

44) With respect to the supplementary information:

a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signature: _____

Title: _____

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

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February 20, 2015

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

We have audited the financial statements of the business-type activities of the County of Cattaraugus Industrial Development Agency for the year ended December 31, 2014. 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 January 2, 2015. 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 County of Cattaraugus Industrial Development Agency are described in Note B to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2014. We noted no transactions entered into by County of Cattaraugus Industrial Development Agency 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 County of Cattaraugus Industrial Development Agency's financial statements was:

Management's estimate of the estimated useful lives of capital assets and depreciation methods is based on accepted methods and historical data. We evaluated the key factors and assumptions used to develop the useful lives of capital assets and depreciation methods 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

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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 20, 2015.

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 County of Cattaraugus Industrial Development Agency's financial statements or a determination of the type of auditors' 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 County of Cattaraugus Industrial Development Agency'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

We applied certain limited procedures to the Management Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Restriction on Use

This information is intended solely for the use of Board of Directors and management of County of Cattaraugus 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.