COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT AGENCY AND AFFILIATES

Financial Statements and
Federal Grant Compliance Audit

December 31, 2015

(With Independent Auditors' Report Thereon)

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

The Boards of Directors
County of Orleans Industrial Development
Agency and Affiliates:

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Orleans Industrial Development Agency (COIDA) and Affiliates (collectively, the Agency), as of and for the year ended December 31, 2015, and the related notes to 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.

Auditor's 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 Agency'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 Agency'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 financial position of the County of Orleans Industrial Development Agency and Affiliates, as of December 31, 2015, and the respective changes in net position/financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As noted above, the accompanying financial statements include the County of Orleans Industrial Development Agency, which is a quasi-governmental agency along with its Affiliates, which are non-profit entities. COIDA and its Affiliates are viewed as one entity by grantors.

As discussed in note 1(l) to the financial statements, the Agency adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68," during the year ended December 31, 2015. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8, Schedule of Proportionate Share of the Net Pension Liability (Asset) on page 34, and Schedule of Employer Pension Contributions on page 35, 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. The management's discussion and analysis included in pages 4 through 8 does not include information related to the affiliates.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations, on page 42, and the information on pages 36 and 37 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Reports on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated March 29, 2016 on our consideration of the 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 Agency's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 29, 2016

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES

Management's Discussion and Analysis

December 31, 2015

HISTORY OF THE AGENCY

The County of Orleans Industrial Development Agency (COIDA) a public benefit corporation established in 1971 by the Orleans County Legislature under the laws of the State of New York. Under the provisions of the New York Industrial Development Agency Act, COIDA is empowered to actively attract and develop economically sound commerce and industry, thereby fostering job opportunities, general prosperity, and economic welfare for all residents of Orleans County.

COIDA utilizes its resources to plan, implement and support economic development within Orleans County by promoting the stability and growth of the County's present business base, supporting the retention and creation of jobs, establishing regional and international collaborations and attracting capital investment and new business ventures.

As management of COIDA, we offer the readers of COIDA's financial statements this narrative overview and analysis of the financial activities of COIDA for the year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with COIDA's financial statements.

Overview of the Financial Statements

The financial statements in this annual report are those of a special-purpose government. The following statements are included:

- Statements of net position - reports COIDA's current and long-term financial resources with capital assets and long-term debt obligations.
- Statement of activities - reports COIDA's operating and non-operating revenues, by major source along with operating and non-operating expenses.
- Statements of cash flows - reports COIDA's cash flows from operating, investing, and non-capital financing activities.

COMPARATIVE ANALYSIS OF FINANCIAL STATEMENTS

The following is a condensed comparative financial statement analysis of COIDA, based on the audited financial statements as of December 31, 2015 and 2014.

Statements of Net Position

	2015	2014 (Restated)
Assets		
Current assets:		
Cash and cash equivalents	$ 13,679	18,876
Restricted cash	1,767,153	1,766,774
Receivables	15,474	54,641
Due from OLRC	53,327	-
Prepaid expenses	123	118
Total current assets	1,849,756	1,840,409
Long-term receivables	28,734	42,211
Net capital assets	521,370	521,427
Total assets	2,399,860	2,404,047
Deferred outflows of resources - pensions	50,925	29,353
Liabilities		
Current liabilities:		
Accrued expenses	38,839	32,288
Accrued PILOT payable	-	8,393
Funds held on behalf of others	1,767,153	1,766,774
Current installment of note payable	7,472	-
Due to OLRC	-	4,977
Deferred revenue	-	16,118
Total current liabilities	1,813,464	1,828,550
Note payable less current installments	36,813	-
Net pension liability - proportionate share ERS	11,831	15,823
Total liabilities	1,862,108	1,844,373
Net Position		
Net investment in capital assets	521,370	521,427
Unrestricted	67,307	67,600
Net position	$ 588,677	589,027

During the year, the Agency adopted the provisions of Governmental Accounting Standards Board (GASB) No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68." Additional information can be found in note 1(j), note 1(l) and note 10 in the notes to the financial statements.

Cash and cash equivalents decreased by $4,818, which is primarily due the Agency recording a loss of $25,665 in 2015.

Receivables decreased by $39,167, which is due to less outstanding State and Local aid payments as of year end.

Long-term receivables dropped by $13,477, which is due to receiving payment on the Agency's mortgage receivable.

Total liabilities increased by $17,735, which is primarily due to the issuance of a long-term note payable.

Total net position decreased by $350 for 2015 compared to the increase of $126,213 in 2014, the decrease is primarily due to the decrease in revenue of $158,432 for administrative fees, which was due to less activity in 2015.

Statements of Revenue, Expenses and Change in Net Position

	2015	2014
Operating revenue	$ 412,828	596,070
Operating expenses	(413,178)	(469,189)
Income (loss) from operations	(350)	126,881
Non-operating expenses	-	(668)
Change in net position	$ (350)	126,213

COIDA revenues decreased primarily due to a drop in administrative fee associated with bond issuances. Operating expenses decreased primarily due to a decrease in professional fees also related to bond issuances.

BUDGETARY ANALYSIS - AGENCY OPERATING FUND

Annual operating budgets are based on management's best estimate of actual revenue. Operating expenses are also based on historical prior years' expenses with a best estimate of future increases due to market conditions and/or inflation. Therefore, budgeted income/expense will vary from the actual annual statement of revenue, expenses and changes in net assets.

In fiscal 2015, COIDA reported an overall variance in operating revenue of $72,528, 21.3% more than anticipated when comparing actual to budget primarily due to the administrative fees related to bond issuance.

Actual operating expenses were more than anticipated expenses by $63,262 or 18.1%. The primary component of this variance was $58,157 for professional fees relating to the bond issuance.

The table below details the actual revenue and expenses compared to budget for COIDA:

	Actual	Budget	Variance
Operating revenue:			
Administrative fees	$ 173,671	108,600	65,071
State and local aid	215,356	220,000	(4,644)
Rental income	10,000	10,000	-
Other income	13,801	1,700	12,101
Total operating revenue	412,828	340,300	72,528
Operating expenses:			
Personnel services	210,572	196,759	13,813
Employee benefits	59,691	84,457	(24,766)
Occupancy	25,681	24,500	1,181
Professional fees	73,457	15,300	58,157
Dues and subscriptions	2,119	450	1,669
Telephone	6,801	5,800	1,001
Repairs and maintenance	919	1,000	(81)
Auto and travel	8,125	6,100	2,025
Education	2,405	500	1,905
Office supplies and expenses	6,209	2,050	4,159
Advertising	16,906	6,800	10,106
Depreciation	57	6,000	(5,943)
Miscellaneous	236	200	36
Total operating expenses	413,178	349,916	(63,262)
Change in net position	$ (350)	(9,616)	(9,966)

CAPITAL ASSETS

COIDA has $543,701 of capital assets at December 31, 2015 and 2014. There is $22,331 and $22,274 of accumulated depreciation associated with these assets as of December 31, 2015 and 2014, respectively.

FUTURE EVENTS AND OTHER CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

COIDA has major economic development tools in place including PILOTS, Empire Zones and the Revolving Loan Fund. These activities are intended to stimulate new construction, increase the local tax base, create employment opportunities for area residents, and generate new project fees to COIDA.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT AGENCY

For further information, please contact:

Orleans Economic Development Agency
121 North Main Street
Albion, New York 14411
James R. Whipple
Chief Executive Officer/Chief Financial Officer

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES
Statements of Net Position/Financial Position
December 31, 2015

Assets	Orleans County Industrial Development Agency	Affiliates: Orleans Revolving Loan Fund	Affiliates: Orleans Land Restoration Corporation	Affiliates: Orleans County Local Development Corporation
Current assets:				
Cash and equivalents:				
Operating	$ 13,679	603,292	50,645	403,808
Restricted	1,767,153	-	-	291
Total cash and equivalents	1,780,832	603,292	50,645	404,099
Receivables:				
Accounts	3,098	-	-	-
Mortgage, current	12,376	-	12,376	-
Loans receivable, current	-	139,758	139,091	64,081
Total receivables	15,474	139,758	151,467	64,081
Due from OLRC	53,327	-	-	-
Prepaid expenses	123	-	-	-
Total current assets	1,849,756	743,050	202,112	468,180
Loans receivable, less current installments and allowance for doubtful loans	-	363,191	365,354	125,197
Mortgage receivable, less current installments	28,734	-	28,734	-
Deposit held for land option	-	-	20,000	-
Capital assets:				
Land and site improvements	521,370	-	724,140	-
Furniture and equipment	22,331	-	4,675	-
Total capital assets	543,701	-	728,815	-
Less accumulated depreciation	(22,331)	-	(2,303)	-
Net capital assets	521,370	-	726,512	-
Total assets	2,399,860	1,106,241	1,342,712	593,377
Deferred outflow of resources - pensions	50,925	-	-	-

(Continued)

See accompanying notes to financial statements.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES
Statements of Net Position/Financial Position, Continued

		Affiliates		
Liabilities	Orleans County Industrial Development Agency	Orleans Revolving Loan Fund	Orleans Land Restoration Corporation	Orleans County Local Development Corporation
Current liabilities:				
Accounts payable	$ -	-	83,387	-
Funds held on behalf of others - PILOT	1,767,153	-	-	291
Accrued expenses	38,839	-	-	-
Current installments of notes payable	7,472	-	83,970	-
Due to OLRC	-	-	53,327	-
Total current liabilities	1,813,464	-	220,684	291
Notes payable, less current installments	36,813	-	141,503	-
Net pension liability - proportionate share - ERS	11,831	-	-	-
Total liabilities	1,862,108	-	362,187	291
Net position/assets:				
Net investment in capital assets	521,370	-	-	-
Restricted	-	1,106,241	980,525	593,086
Unrestricted	67,307	-	-	-
Total net position/net assets	$ 588,677	1,106,241	980,525	593,086

See accompanying notes to financial statements.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES
Statements of Activities
Year ended December 31, 2015

	Orleans County Industrial Development Agency	Affiliates: Orleans Revolving Loan Fund	Affiliates: Orleans Land Restoration Corporation	Affiliates: Orleans County Local Development Corporation
Operating revenue:				
Administrative fees	$ 173,671	-	-	-
State and local aid	215,356	-	-	-
Grant revenue	-	-	849,492	-
Program income - interest on loans	-	9,016	9,845	5,935
Bad debt recoveries, net	-	-	-	14,000
Rental income	10,000	-	-	-
Other income	13,801	-	-	-
Total operating revenue	412,828	9,016	859,337	19,935
Operating expenses:				
Personnel services	210,572	-	-	-
Employee benefits	59,691	-	-	-
Professional fees	73,457	50,870	273,971	66,953
Grant expenses	-	-	6,592	-
Occupancy	25,681	-	3,589	-
Auto and travel	8,125	-	-	-
Education	2,405	-	-	-
Telephone	6,801	-	-	-
Office supplies and expenses	6,209	-	-	-
Repairs and maintenance	919	-	-	-
Provision for doubtful loans	-	-	367,000	-
Donated equipment	-	-	5,000	-
Dues and subscriptions	2,119	-	5,175	-
Advertising	16,906	-	6,482	-
Miscellaneous	236	1,918	6,783	-
Depreciation	57	-	953	-
Total operating expenses	413,178	52,788	675,545	66,953
Operating income (loss)	(350)	(43,772)	183,792	(47,018)
Non-operating income (expense):				
Interest income	-	30	11	820
Interest expense	-	-	(13,351)	-
Total non-operating income (expense)	-	30	(13,340)	820
Increase (decrease) in net position/net assets	(350)	(43,742)	170,452	(46,198)
Net position/net assets at beginning of year	1,686,855	-	830,684	639,284
Cumulative effect of change in accounting principal	13,530	-	-	-
Restatement	(1,111,358)	1,149,983	(20,611)	-
Net position/net assets at beginning of year, as restated	589,027	1,149,983	810,073	639,284
Net position/net assets at end of year	$ 588,677	1,106,241	980,525	593,086

See accompanying notes to financial statements.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES
Statements of Cash Flows
Year ended December 31, 2015

		Affiliates		
	Orleans County Industrial Development Agency	Orleans Revolving Loan Fund	Orleans Land Restoration Corporation	Orleans County Local Development Corporation
Cash flows from operating activities:				
Cash received from customers	$ 173,671	9,016	9,845	5,935
Cash received from other governments	237,863	-	816,789	-
Other income received	23,801	30	11	820
Cash paid to employees	(289,276)	-	-	-
Cash paid to vendors	(142,863)	(52,788)	(246,050)	(66,953)
Grants paid to recipients	-	-	(6,592)	-
Net cash provided by (used in) operating activities	3,196	(43,742)	574,003	(60,198)
Cash flows from investing activities:				
Collection of loans receivable	-	92,199	86,622	57,423
Issuance of loans receivable	-	(300,000)	(734,101)	(8,000)
Purchases of Capital Assets	-	-	(202,770)	-
Collection of mortgage receivable	-	-	28,038	-
Net cash provided by (used in) investing activities	-	(207,801)	(822,211)	49,423
Cash flows from capital and related financing activities:				
Net proceeds from issuance of long-term debt	-	-	88,570	-
Interest paid	-	-	(13,351)	-
Receipts from PILOTs	2,102,824	-	-	-
Payments made for PILOTs	(2,111,217)	-	-	-
Principal payments on long-term debt	-	-	(78,619)	-
Net cash used in capital and related financing activities	(8,393)	-	(3,400)	-
Net change in cash and equivalents	(5,197)	(251,543)	(251,608)	(10,775)
Cash and equivalents at beginning of year	18,876	854,835	302,253	414,583
Cash and equivalents at end of year	$ 13,679	603,292	50,645	403,808

(Continued)

See accompanying notes to financial statements.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES
Statements of Cash Flows, Continued

	Orleans County Industrial Development Agency	Affiliates: Orleans Revolving Loan Fund	Affiliates: Orleans Land Restoration Corporation	Affiliates: Orleans County Local Development Corporation
Cash flows from operating activities:				
Operating income (loss)	$ (350)	(43,742)	219,779	(46,198)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:				
Depreciation	57	-	953	-
Interest expense	-	-	13,351	-
Noncash - interfund activity	58,304	-	(58,304)	
Change in provision for uncollectible loans	-	-	367,000	(14,000)
Change in:				
Receivables	38,625	-	-	-
Prepaid expenses	(5)	-	-	-
Deferred outflow of resources	(21,572)	-	-	-
Due to OLRC	(4,977)	-	53,327	-
Due from COIDA	(53,327)	-	4,977	-
Accounts payable	-	-	5,623	-
Accrued expenses	6,551	-	-	-
Deferred outflow of resources	(3,992)	-	-	-
Deferred revenue	(16,118)	-	(32,703)	-
Net cash provided by (used in) operating activities	$ 3,196	(43,742)	574,003	(60,198)
Supplemental schedule of cash flow information - cash paid for interest	$ -	-	13,351	-

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

The County of Orleans Industrial Development Agency (COIDA) is a public benefit corporation authorized under the laws of the State of New York and, in particular, the New York State Industrial Development Agency Act, constituting Title 2 of Article 18-A of the General Municipal Law, to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, importing, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial and research facilities and thereby advance the job opportunities, general prosperity and economic welfare of the people of the County of Orleans (the County). COIDA is a component unit of the County.

The COIDA may acquire property, enter into lease agreements, mortgage agreements and pledge agreements.

In addition to the COIDA's activities listed above, the COIDA has established a loan fund on behalf of the Town of Albion, Town of Shelby, Town of Yates, Village of Holley and the County of Orleans (ORLF), whose purpose is to issue Industrial Revenue Bonds for the purpose of constructing, acquiring, equipping and furnishing industrial manufacturing, warehousing, and certain commercial research and recreation facilities. A statement of financial position by locality and a statement of activities by locality is on page 36 and 37.

The Orleans County Local Development Corporation (OCLDC) was incorporated in September 1993 under the State of New York Not-for-Profit Law and Article 8, Title 8 of the Public Authorities Law. The OCLDC was incorporated for the purpose of encouraging the location and expansion of industrial and manufacturing facilities, the creation of new and improved job opportunities, the reduction of unemployment and the betterment of individual and community prosperity within the County.

The Orleans Land Restoration Corporation (OLRC) is a non-profit entity incorporated in February 2006 for the purpose of promoting economic development in the County. This includes combating community deterioration and blight and reducing the burden of government by promoting remediation and reuse of contaminated land.

(b) Relationship of Entities

These financial statements include the accounts of COIDA, ORLF, OCLDC and OLRC (collectively, the Agency). COIDA and OLRC share the same Board of Directors. OCLDC bylaws require six of its thirteen board members to be associated with either COIDA or the County. The same personnel manage COIDA, OCLDC and OLRC. There is no active board for the ORLF.

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Accounting

The financial statements of COIDA have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This statement codifies all sources of accounting principles generally accepted in the United States of America into the GASB's authoritative literature. The more significant accounting policies are described below:

- The COIDA's activities are accounted for similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, deferred outflows of resources, deferred inflows of resources, net position, revenues, and expenses are accounted for through enterprise funds with revenue recorded when earned and expenses recorded at the time liabilities are incurred.
- ORLF, OLRC and OCLDC prepare their nonprofit financial statements on the accrual basis of accounting in conformance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board (FASB).

(d) Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(e) Cash and Equivalents

For purposes of the statements of cash flows, the Agency considers all temporary cash investments with a maturity of three months or less to be cash equivalents.

New York State statues govern the Agency's investment policies. Deposits are valued at cost or cost plus interest and are categorized as either: (1) insured; (2) collateralized with securities held by the Agency or by its agent in the Agency's name; (3) collateralized with securities held by the pledging financial institution's trust department in the Agency's name; or (4) uncollateralized. Cash deposits were covered by FDIC or collateralized at December 31, 2015.

(f) Restricted Cash

Restricted cash represents amounts held for Payments In Lieu Of Taxes (PILOT) that have not yet been paid to the appropriate taxing jurisdiction. Additionally, restricted cash includes funds held on behalf of others (note 3).

(1) Summary of Significant Accounting Policies, Continued

(g) Capital Assets

Capital assets acquired by the Agency are stated at cost. Depreciation is recognized on a straight-line basis over the estimated useful life of the assets (ranging from 5 to 40 years). It is the Agency's policy not to capitalize interest on self-constructed assets.

(h) Grant Accounting

Revenue from grants is recognized as the Agency meets performance requirements of the contracts.

(i) Loans Receivable and Allowance for Doubtful Loans

Loans receivable are stated at their principal amount outstanding, less an allowance for doubtful loans. Interest income on loans are accrued as earned. The allowance for doubtful loans is established through charges against current operations and is maintained at a level which management considers adequate to provide for potential loan losses based on their evaluation of past loan experience, current economic conditions and known risks in the loan portfolio. Interest is not accrued on loans receivable when management believes that the borrower's financial condition, after giving consideration to economic and business conditions and collection efforts, is such that collection of interest is doubtful. In such cases, interest is recognized on a cash basis when collection occurs.

(j) Deferred Outflows and Inflows of Resources

In the Statement of Net Position/Financial Position, in addition to assets, the Agency will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency has two items that qualify for reporting in this category. The first item is related to pensions reported in the Agency's Statement of Net Position/Financial Position. This represents the effect of the net 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 proportion share of total contributions to the pension systems not included in pension expense. The second item is the Agency contributions to the pension system subsequent to the measurement date.

(k) Financial Instruments

The Agency makes loans to small businesses located in the County. These loans are made at a favorable interest rate that varies with the prime rate. The governing board approves these loans after giving consideration to the major criteria, i.e., enhancement of the economic environment. These loans are collateralized by the respective businesses' assets and personal guarantees of the owners. Interest is recognized on these loans as it is paid (i.e., interest is not accrued when past due).

(1) Summary of Significant Accounting Policies, Continued

(l) Accounting and Financial Reporting for Pensions

During the fiscal year ended December 31, 2015, the Agency adopted the provisions of GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment to GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transitions for Contributions Made Subsequent to the Measurement Date - an Amendment to GASB Statement No. 68." The primary objective of the Statements is to improve accounting and financial reporting by state and local governments for pensions. The implementation of the Statements requires the Agency to report as an asset and/or liability its proportionate share of the collective pension asset and/or liability in the New York State Employees' Retirement System. The implementation of the Statements also requires the Agency to report a deferred outflow and/or inflow for the effect of the net change in the Agency's proportionate share of the collective net pension asset and/or liability and difference during the measurement period between the Agency's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Also included as deferred outflows are the Agency contributions to the pension systems subsequent to the March 31, 2015 measurement date. See notes 10 and 15 for the financial statement impact of implementation on the financial statements.

(m) Net Position/Net Assets - Restricted

Restrictions of net position/net assets are created to either satisfy legal requirements or to earmark resources unavailable for current operations.

(n) Budgetary Policies

The Agency's administration prepares a proposed budget for the COIDA, which is then approved by the Board of Directors. This budget is then submitted to the Orleans County Legislature for review. Such appropriations constitute a limitation on expenses that may be incurred. Appropriations lapse at the end of each fiscal year end.

(o) Subsequent Events

The Agency has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(1) Summary of Significant Accounting Policies, Continued

(p) Income Taxes

COIDA is a quasi-governmental organization and is not subject to federal or state income taxes, nor is it required to file federal or state income tax returns. OCLDC is exempt from income taxes under section 501(c)(4) of the Internal Revenue Code (IRC). OLRC is exempt from income taxes under section 501(c)(3) of the IRC. Therefore, no provision for income taxes is reflected in the financial statements. OCLDC and OLRC presently disclose or recognize income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the entities have taken no uncertain tax positions that require adjustment in the financial statements. U.S. Forms 990 filed by OCLDC and OLRC are subject to examination by taxing authorities.

(2) Payments in Lieu of Taxes (PILOTS)

The Agency, through established agreements with local organizations, is the conduit of PILOT receipts, which are passed through to the local governments, in lieu of the real property taxes which would have been assessed had these organizations not received these tax abatements for economic purposes.

(3) Funds Held on Behalf of Others

The COIDA maintains a bank account for payments in lieu of taxes (PILOT payments) made by Western New York Energy, LLC. This account is maintained to set aside funds to pay amounts to County of Orleans, the Town of Shelby and Medina Central School District in years 2017 through 2021. At December 31, 2015, these funds amounted to $1,767,153.

The OCLDC maintains a bank account for the Albion Main Street Alliance, which is an organization that was established to revitalize the downtown district of the Village of Albion. At December 31, 2015, these funds amounted to $291.

(4) Concentrations of Credit Risk

Financial instruments that potentially subject the Agency to credit risk include cash on deposit with a financial institution, which was insured for up to $250,000 by the U.S. Federal Deposit Insurance Corporation.

(4) Concentrations of Credit Risk, Continued

The cash accounts of the Agency's at December 31, 2015 were as follows:

	Carrying amount	Bank balance	Insured	Collateralized
COIDA	$ 13,679	1,224,541*	250,000	1,146,712
ORLF	603,292	603,292	250,000	564,948
OCLDC	403,808	404,462	404,463	-
OLRC	50,644	65,478	65,478	-
	$ 1,071,423	2,297,773	969,941	1,711,660

* Disbursements totaling $1,208,296 was outstanding and subsequently cleared.

New York State Municipal Law requires that the COIDA's bank balances be insured or collateralized. At December 31, 2015, the COIDA's and OCLDC's bank balances were fully insured or collateralized other than the Western New York Energy, LLC PILOT payment account which is held in a trust account.

OLRC is not required to collateralize its deposits with Bank's. Periodically it maintains deposits over FDIC insurance excess.

(5) Fair Value Measurements

A framework has been established for measuring fair value of loans receivable. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

(5) Fair Value Measurements, Continued

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

(6) Loans Receivable

COIDA administers a revolving loan fund (OLRF) offering low interest loans to area businesses. OCLDC and OLRC each have a similar revolving loan fund. The respective governing board approves loans after giving consideration to the major criteria, i.e., enhancement of the economic environment. A summary of the loans receivable at December 31, 2015 is as follows:

	Interest rate	Balance
ORLF:		
Evans Ace Hardware & Building Supplies, Inc.	3.0000%	$ 84,994
Virtual Polymer Compounds, LLC	2.4375%	26,285
Quorum Group, LLC	3.0000%	74,670
HJP Foods, LLC	2.4375%	24,381
Empire Fruit	2.4375%	150,000
BOMET	2.2000%	142,619
Total loans receivable - COIDA		502,949
Current installments		(139,758)
Loans receivable less current installment		$ 363,191
OCLDC:		
810 Meadworks LLC	2.4375%	24,770
BCA Ag Technologies	2.4375%	1,056
Civil Warrior Collectibles	2.4375%	1,583
Cobblestone Business Center	4.5000%	6,796
Collective Media	2.4375%	3,992
Diversified Financing	2.4375%	4,193
Erie Way Tree Farm, LLC	2.4375%	2,460
Fastfitness for Women, Inc. (2013)	2.4375%	31,862
J&M Repair	2.4375%	8,361

(6) Loans Receivable, Continued

	Interest rate	Balance
OCLDC, Continued:		
Mosier Property Development, LLC	2.4375%	$ 4,042
Outdoor Adventures	3.5625%	6,708
Rachel and Rob's Wildwood Lake Family Campgrounds, Inc.	3.0000%	53,957
Ridge Farm Supply	3.1900%	4,946
Shirt Factory Cafe	2.4375%	26,718
U Make Scents LLC	2.4375%	7,192
Xpress Fitness, LLC	2.4375%	2,642
Total loans receivable - OCLDC		191,278
Less allowance for doubtful loans		(2,000)
		189,278
Less current installments		(64,081)
Loans receivable less current installment		$ 125,197
OLRC:		
Quorum Group LLC	2.0%	96,551
Quorum Group LLC	0.0%	150,000
Hinspergers Poly Industries Inc.	2.0%	6,982
Hinspergers Poly Industries Inc.	0.0%	100,000
Intergrow Greenhouses, Inc.	3.0%	39,633
Intergrow Greenhouses, Inc.	0.0%	150,000
CRFS	2.0%	361,279
CRFS	0.0%	367,000
Total loans receivable - OLRC		1,271,445
Less allowance for doubtful loans		(767,000)
		504,445
Less current installments		(139,091)
Loans receivable, less current installments		$ 365,354

The table that follows presents a summary of changes in the fair value of each organizations level 3 assets (loans receivable) for the year ended December 31, 2015:

	ORLF	OCLDC	OLRC
Balance at beginning of year	$ 295,148	240,701	692,914
Add loans issued	300,000	8,000	734,101
Less amounts paid	(92,199)	(57,423)	(155,570)
Less amounts written off	-	-	-
Balance at end of year	$ 502,949	191,278	1,271,445

(6) Loans Receivable, Continued

Aging	ORLF	OCLDC	OLRC
Current	$ 502,949	187,286	1,271,445
30 - 90 days	-	3,992	-
Total	$ 502,949	191,278	1,271,445

(7) Acquisition of Land

In June 2007, OLRC acquired land located in the Village of Medina from MCG Intermediate Holdings, Inc. (the Seller) for $1. In consideration for assuming all liabilities associated with this property, OLRC received a charitable donation of $30,000 from the seller. Accordingly, the land is not included on the accompanying statement of net assets as it was acquired at no cost.

(8) Mortgage Receivable

COIDA and OLRC had the following mortgage receivable, split evenly, at December 31, 2015:

	COIDA	OLRC
The Agency issued a mortgage receivable to BOMET Property's LLC on November 13, 2013 in the amount of $135,022 that will be repaid over a 5 year term and will bear interest at 4.25% mortgage.	$ 41,110	41,110
Less current installments	(12,376)	(12,376)
Mortgage receivable, less current installments	$ 28,734	28,734

(9) Notes Payable

COIDA had the following note payable at December 31, 2015:

Note payable issued by the Cardone Family Living Trust on December 23, 2015in the amount of $88,569 that will be repaid over a 5 year term and will bear interest at 4%.	$ 44,285
Less current installments	(7,472)
Notes payable less current installments	$ 36,813

(9) Notes Payable, Continued

		OLRC
OLRC had the following additional debt outstanding at December 31, 2015:		
Note payable issued by the Cardone Family Living Trust on December 23, 2015 in the amount of $88,569 that will be repaid over a 5 year term and will bear interest at 4%.	$	44,285
Note payable, issued by Statewide Zone Capital Corporation on January 11, 2012 in the amount of $500,000. The note will be repaid over a seven year term and will bear interest at 6% per year for 5 years and then be adjusted to a fixed rate based on Treasury Constant Maturities as published in Federal Reserve Statistical Release H.15 plus 400 basis points. The note is secured by a mortgage lien on the OLRC's properties.		177,188
Note payable to a land owner issued to finance an option agreement to purchase 128 acres of land. The note is payable in five annual installments of $4,000 and does not bear interest		4,000
Total OLRC notes payable		225,473
Less current installments		(83,970)
Notes payable, less current installments	$	141,503

Future payments required under the above agreements are as follows:

Year ended December 31,	COIDA	OLRC
2016	$ 7,472	83,970
2017	8,468	92,299
2018	8,814	29,673
2019	9,172	9,172
2020	9,546	9,546
Thereafter	813	813
	$ 44,285	225,473

(10) Pension Plans

(a) Plan Descriptions and Benefits Provided
Employees' Retirement System (ERS)

The Agency participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Authority (the Authority), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Authority and is the administrative head of the System. System benefits are established under the provision of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Agency also participates in the Public Employees; Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/inex.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

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.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	ERS
2015	$ 41,181
2014	39,137
2013	35,822

(10) Pension Plans, Continued

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the Agency reported the following liability for its proportionate share of the net pension liability for ERS. 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 proportionate share 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 ERS in reports provided to the Agency.

Actuarial valuation date	3/31/2015	3/31/2014
Net pension liability	$ 11,831	15,823
Agency's proportion of the Plan's net pension liability	0.0010211%	0.0010211%

For the year ended December 31, 2015, the Agency recognized pension expense of $15,106 for ERS. At December 31, 2015 the Agency's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 379	-
Net difference between projected and actual earnings on pension plan investments	2,055	-
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	17,605	-
Agency's contributions subsequent to the March 31, 2015 measurement date	30,886	-
Total	$ 50,925	-

(10) Pension Plans, Continued

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

Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended 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 ended	ERS
2016	$ 5,010
2017	5,010
2018	5,010
2019	5,009
2020	-
Thereafter	-

(c) Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

Measurement date	March 31, 2015
Actuarial valuation date	April 1, 2014
Interest rate	7.5%
Salary scale	4.9% Average
Decrement tables	April 1, 2005 - March 31, 2010 System's Experience
Inflation rate	2.7%

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.

(10) Pension Plans, Continued

(c) Actuarial Assumptions, Continued

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement date	March 31, 2015
Asset type:	
Domestic equity	7.30%
International equity	8.55%
Real estate	8.25%
Private equity	11.00%
Absolute return strategies	6.75%
Opportunities portfolio	8.60%
Real assets	8.65%
Bonds and mortgages	4.00%
Cash	2.25%
Inflation - indexed bonds	4.00%

(d) 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 System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(10) Pension Plans, Continued

(e) 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 discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension (asset) liability	$ 78,844	11,831	(44,749)

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of all participating employers as of the respective valuation dates, were as follows:

	(Dollars in Millions)
Valuation date	3/31/2015
Employers' total pension liability	$(164,592)
Plan net position	161,213
Employers' net pension asset/(liability)	$ (3,379)
Ratio of plan net position to the Employers' total pension asset/(liability)	97.95%

(g) Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Retirement contributions as of December 31, 2015 and 2014 represent the projected employer contribution for the period of April 1, 2015 through March 31, 2016 and April 1, 2014 through March 31, 2015, respectively based on paid ERS wages multiplied by the employer's contribution rate, by tier. This amount has been recorded as deferred outflows of resources in the accompanying financial statements.

(11) Related Party Transactions

On January 11, 2012, COIDA and OLRC entered a property ownership agreement with both entities having a 50% interest in properties previously owned by COIDA. As part of the agreement, COIDA and OLRC also entered into a loan transaction used to refinance existing mortgages on a portion of the properties and pay off a line of credit held by COIDA. This loan amounted to $500,000 (note 9). COIDA will provide staffing to monitor and manage the properties and shall provide in-kind services. OLRC will be responsible for routine and recurring costs associated with ownership of the properties and will pay debt service with respect to financing on the properties.

The property was sold on November 15, 2013 for $175,000. COIDA and OLRC each received a mortgage receivable for $67,511 and COIDA received the cash payment of $40,000.

On December 23, 2015, COIDA and OLRC, was collectively issued a note payable by the Cardone Family Living Trust. OLRC received the funds. At December 31, 2015, OLRC owed COIDA $53,327 in connection with the above agreements.

COIDA has a related party relationship with all three affiliates, the OLDC, OLRC, and ORLF. All three affiliates are managed by the same personnel. COIDA allocates a portion of its personnel costs to the Affiliates. For the year ended December 31, 2015, OLDC, OLRC and ORLF incurred costs of $21,028, $20,561 and $12,421, respectively, reported as professional services.

(12) Leases

In September 2006, COIDA entered into a lease agreement with Western New York Energy, LLC (WNY Energy) for the Rail Spur Facility (the Facility). As of December 31, 2015, WNY Energy pays $1 per year to lease the facility. The lease is cancelable by WNY Energy between 45 and 90 days upon giving notice of its intent. Upon expiration or termination of the lease, WNY Energy must purchase the facility for $1 plus all remaining rental payments.

(13) Commitments

COIDA entered into a rental lease agreement with the Village of Albion during March 2015. The lease term is for two years with an option to renew for one year with a 10% increase. COIDA is currently paying $1,840 per month.

(14) Contingencies

Contingencies at December 31, 2015 are as follows:

(a) Risk-Financing and Related Insurance
The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees, errors and omissions, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

(b) Judgments
There are several lawsuits in which the Agency has been named as defendant due to a property's title being in the name of the Agency. Management does not expect the Agency to suffer any material liability by reason of such actions, nor does it expect that such actions will have a material effect on the Agency's liquidity or operating results.

(c) Other Items
The Agency has received grants that are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, Agency's management believes disallowances, if any, will be immaterial.

The Agency is potentially liable for environmental remediation for land acquired in June of 2007 as described in note 7. No accrued liability has been included in the accompanying combined financial statements, as work has not yet commenced. Management believes that the costs to clean up this site will be approximately equal to rental payments received from WNY Energy and grants awarded to the Agency in the amount of $135,000.

(15) Cumulative Effect of Change in Accounting Principle

During the fiscal year ended December 31, 2015, the Authority implemented GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an Amendment to GASB Statement No. 27" and GASB Statement No. 71 - "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment to GASB Statement No. 68." The implementation of these Statements resulted in the reporting of an asset, deferred outflow of resources, liability and deferred inflow of resources related to the Agency's participation in the New York State Employees' retirement systems. The Agency's net position at January 1, 2014 has been restated as follows:

(15) Cumulative Effect of Change in Accounting Principle, Continued

GASB Statement No. 68 implementation:	
Beginning System liability - Employees' Retirement System as of December 31, 2014	$ (15,823)
Beginning deferred outflow of resources resulting from contributions subsequent to the measurement date	29,953
Cumulative effect of implementation	$ 13,530

(16) Restatement

COIDA	
To record a revenue received in 2015, as being earned in 2014	$ 38,625
To separate the Orleans Revolving Loan Fund from the County of Orleans Industrial Development Agency	(1,149,983)
Cumulative effect of restatement	$ (1,111,358)
ORLF	
To separate the Orleans Revolving Loan Fund from the County of Orleans Industrial Development Agency	$ 1,149,983
OLRC	
To record an expense paid in 2015, as being incurred in 2014	$ (20,611)

(17) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 72 - "Fair Value Measurement and Application" provides guidance regarding accounting and financial reporting relate to fair value measures of certain investments. The requirements of this Statement are effective for periods beginning after June 15, 2015, which is the fiscal year beginning January 1, 2016 for the Agency. The effects of this Statement on the financial statements of the Agency are presently undeterminable.

GASB Statement No. 73 - "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This Statement, issued in June 2015, establishes requirements for defined benefit pension plans and defined contribution pension plans that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as requirements for the assets accumulated for purposes of providing those pensions. The requirements of this Statement for pensions that are not within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2016. Requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions as well as the requirements for pension plans within

(17) Accounting Standards Issued But Not Yet Implemented, Continued

the scope of Statements 67 and 68 are effective for fiscal years beginning after June 15, 2015, which is the fiscal year beginning January 1, 2016. The effects of this Statement on the financial statements of the Agency are not presently determinable.

GASB Statement No. 74 - "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This Statement, issued in June 2015, replaces existing standards of accounting and financial reporting for postemployment benefit plans other than pension plans and also replaces existing requirements for defined contribution OPEB plans. The provisions of this Statement are effective for financial statements for fiscal years beginning after June 15, 2016, which is the fiscal year beginning January 1, 2017 for the Agency. The effects of this Statement on the financial statements of the Agency are not presently determinable.

GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This Statement, issued in June 2015, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This Statement is effective for fiscal years beginning after June 15, 2017, which is the fiscal year beginning January 1, 2018 for the Agency. The effects of this Statement on the financial statements of the Agency are not presently determinable.

GASB Statement No. 76 - "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." This Statement, issued in June 2015, supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, and reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements for this Statement are effective for financial statements for periods beginning after June 15, 2015, which is the fiscal year beginning January 1, 2016 for the Agency. This Statement is not expected to have a material effect on the financial statements of the Agency.

GASB Statement No. 77 - "Tax Abatement Disclosures." This Statement, issued in August 2015, requires governments that enter into tax abatement agreements to disclose taxes abated, the gross amount of such taxes abated during the period and any other commitments made by the government other than to abate taxes, as a part of the abatement agreement. The requirements for this Statement are effective for financial statements for periods beginning after December 15, 2015, which is the fiscal year beginning January 1, 2016 for the Agency. The effects of this Statement on the financial statements of the Agency are not presently determinable.

(17) Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 78 - "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans." This Statement, issued in December 2015 amends GASB Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The provisions of this Statement are effective for financial statements for years beginning after December 15, 2015, which is the fiscal year beginning January 1, 2016 for the Agency. The effects of this Statement on the financial statements of the Agency are not presently determinable.

GASB Statement No. 79 - "Certain External Investment Pools and Pool Participants." This Statement, issued in December 2015, addresses the accounting and financial reporting for certain external investment pools and pool participants. It establishes the criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. For the Agency, this statement becomes effective for the fiscal year beginning January 1, 2016. The effects of this Statement on the financial statements of the Agency are not presently determinable.

GASB Statement No. 80 - "Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14." This Statement, issued in January 2016, amends the blending requirements for the financial statement presentation of component units of all state and local governments. It requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2016, which is the fiscal year beginning January 1, 2017 for the Agency. This Statement is not expected to have a material effect on the financial statements of the Agency.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
For the year ended December 31, 2015

COIDA Pension Plan

	2015	2014
Agency's proportion of the net pension liability	0.0003501%	0.0003501%
Agency's proportionate share of the net pension liability	$ 11,829	$ 15,823
Agency's covered payroll	$ 191,590	$ 178,763
Agency's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	6.17%	8.85%
Plan fiduciary net position as a percentage of the total pension liability	97.95%	97.20%

* The amounts presented for each fiscal year were determined as of the March 31, 2015 and 2014 measurement dates of the plans.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES
Required Supplementary Information
Schedule of Employer Pension Contributions
For the year ended December 31, 2015

	NYSERS Pension Plan				
	2015	2014	2013	2012	2011
Contractually required contribution	$ 41,181	39,137	35,822	28,575	24,188
Contributions in relation to the contractually required contribution	41,181	39,137	35,822	28,575	24,188
Contribution deficiency (excess)	$ -	-	-	-	-
Agency's covered employee payroll	$ 191,590	178,763	166,230	155,298	156,867
Contributions as a percentage of covered employee payroll	21.49%	21.89%	21.55%	18.40%	15.42%

OTHER SUPPLEMENTARY INFORMATION

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES

Other Supplementary Information

Orleans Revolving Loan Fund

Statements of Net Position by Locality
December 31, 2015

	Localities					Orleans Revolving
Assets	County of Orleans	Town of Albion	Town of Shelby	Town of Yates	Village of Holley	Loan Fund
Current assets:						
Cash and equivalents:	$148,470	68,474	203,068	14,057	169,223	603,292
Loans, current	34,394	15,863	47,043	3,256	39,202	139,758
Total current assets	182,864	84,337	250,111	17,313	208,425	743,050
Loans receivable, less current installments and allowance for doubtful loans	89,381	41,222	122,250	8,462	101,876	363,191
Total assets	$272,245	125,559	372,361	25,775	310,301	1,106,241
Net position - restricted	$272,245	125,559	372,361	25,775	310,301	1,106,241
Percentage of ownership	24.61%	11.35%	33.66%	2.33%	28.05%	

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES

Other Supplementary Information

Orleans Revolving Loan Fund

Statements of Activities by Locality

Year ended December 31, 2015

	Localities					Orleans Revolving Loan Fund
	County of Orleans	Town of Albion	Town of Shelby	Town of Yates	Village of Holley	
Operating revenue - program income - interest on loans	$ 2,219	1,023	3,035	210	2,529	9,016
Operating expenses:						
Professional fees	12,519	5,774	17,123	1,186	14,268	50,870
Miscellaneous	472	217	646	45	538	1,918
Total operating expenses	12,991	5,991	17,769	1,231	14,806	52,788
Operating loss	(10,772)	(4,968)	(14,734)	(1,021)	(12,277)	(43,772)
Non-operating income - interest income	6	4	11	1	8	30
Decrease in net position	(10,766)	(4,964)	(14,723)	(1,020)	(12,269)	(43,742)
Net position at beginning of year	283,011	130,523	387,084	26,795	322,570	1,149,983
Net position at end of year	$272,245	125,559	372,361	25,775	310,301	1,106,241
Percentage of ownership	24.61%	11.35%	33.66%	2.33%	28.05%	

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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

The Board of Directors
County of Orleans Industrial Development
Agency and Affiliates:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the County of Orleans Industrial Development Agency and Affiliates (the Agency), as of and for the year ended December 31, 2015, and the related notes to financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 29, 2016.

Internal Control Over Financial Reporting

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

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 Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings to be a material weaknesses (finding 2015-001 and 2015-002).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, including Investment Guidelines for Public Authorities and the Agency's investment policy, 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.

The Agency's Response to Findings

The Agency's responses to the findings identified in our audit are included in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 29, 2016

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Directors
County of Orleans Industrial Development
Agency and Affiliates:

Report on Compliance for Each Major Federal Program

We have audited the County of Orleans Industrial Development Agency and Affiliates' (the Agency) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Agency's major federal programs for the year ended December 31, 2015. The Agency's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Orleans Industrial Development Agency and Affiliates, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 29, 2016

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES

Federal Grant Compliance Audit

Schedule of Expenditures of Federal Awards

Year ended December 31, 2015

Federal Grantor/Pass through grantor/Program Title	Federal CFDA Number	Pass Thru Grantor's Number	Federal Expenditures		Expenditures to Subrecipients
U.S. Department of Housing and Urban Development					
Passed through New York State Governor's Office for Small Cities - passed through County of Orleans - Community Development Block Grant State's Program Non-Entitlement Grants in Hawaii	14.228	N/A	$2,118,869	*	-

* - Includes $1,159,815 of prior year loan balances, $892,101 of loans issued in 2015, and $119,741 of administrative expenditures.

Basis of Accounting

The Single Audit Act Amendments of 1996 (Public Law 104-156 - the Act) require recipients receiving a stipulated amount of federal financial awards to have an audit on an "entity-wide" basis, and imposes requirements relating to the testing of, and reporting on, internal controls and compliance with laws and regulations. The County of Orleans Industrial Development Agency and Affiliates are the recipients of extensive amounts of federal funds and other forms of financial awards under the federal program "Community Development Block Grant - Small Cities Program," therefore, they are required to have a "Single Audit" as defined by the Act.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT AGENCY AND AFFILIATES

Schedule of Findings and Questioned Costs

December 31, 2015

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
1. Material weaknesses identified?	_x_ Yes ____ No
2. Significant deficiencies identified not considered to be material weaknesses?	____ Yes _x_ None reported
3. Noncompliance material to financial statements noted?	____ Yes _x_ No

Federal Awards:

Internal control over major programs:	
4. Material weaknesses identified?	____ Yes _x_ No
5. Significant deficiencies identified not considered to be material weaknesses?	____ Yes _x_ None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance (section 200.516(a))?	____ Yes _x_ No
7. The major program audited is Community Development Block Grant State's Program and Non-Entitlement Grants in Hawaii, CFDA No. 14.228.	
8. Dollar threshold used to distinguish between Type A and Type B programs?	$ 750,000
9. Auditee qualified as low-risk auditee?	____ Yes _x_ No

Part II - FINANCIAL STATEMENT FINDINGS, CONTINUED

Finding 2015-001

Accounting Controls

Material audit adjustments were necessary to properly report the financial position and results of operations for the year ended December 31, 2015.

The Agency's internal controls do not clearly define the responsibilities for the functions of the bookkeeper and the Agency's local accountant. We noted instances where incorrect information was entered into the Agency's accounting system. Clearly defined roles of the bookkeeper and the Agency's local accountant covering responsibilities for preparing, approving, posting and reviewing transaction are needed. A well defined internal control system where transactions are approved and postings are reviewed, with accounts analyzed and reconciled periodically, produces reliable financial reports for management with little modification.

Recommendations

We recommend that the Agency implement a policy where all transactions entered into the accounting system by the bookkeeper are approved by the Agency's local accountant to ensure that the transaction is properly recorded. We recommend that the Agency continues to review and improve its accounting records.

Management's Response

Management of the Agency has reviewed the comments and will implement procedures and policies to correct weaknesses as outlined in this report.

Part II - FINANCIAL STATEMENT FINDINGS, CONTINUED

Finding 2015-002

Cut Off

We proposed audit adjustments which were primarily the result of errors in the timing of revenue and expense recognition. Revenues and expenditures should be recognized in the periods to which they relate instead of in the period in which they are received or paid.

Recommendations

We recommend that the Agency and its local accountant incorporate a review of transaction cut off, especially at year end.

Management's Response

Management of the Agency has reviewed the comments and will implement procedures and policies to correct weaknesses as outlined in this report.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs.

COUNTY OF ORLEANS INDUSTRIAL DEVELOPMENT
AGENCY AND AFFILIATES

Status of Prior Audit Findings

Year ended December 31, 2015

Condition 2014-001 Accounting Controls

This finding has been repeated as finding 2015-001 and modified for the year ended December 31, 2015.