

**AUDITED
FINANCIAL STATEMENTS**

**WYOMING COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK)**

DECEMBER 31, 2018

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK)**

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Wyoming County Industrial Development Agency
Perry, New York 14530

Report on the Financial Statements

We have audited the accompanying financial statements of the Wyoming County Industrial Development Agency (the Agency), a business-type activity and component unit of Wyoming County, New York, which comprise the statements of net position as of December 31, 2018 and 2017, the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2018 and 2017, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of the Agency's proportionate share of net pension liability and the schedule of the Agency's pension contributions, as listed on the table of contents, 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements are not affected by this missing information.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying supplementary information, as listed on the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates 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 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 supplementary information, as listed on the table of contents, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The Schedule of Industrial Revenue Bonds and the Schedule of Industrial Revenue Leases issued by the Agency have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2019, 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 solely 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 the effectiveness of the Agency's 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.

Batavia, New York
March 13, 2019

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK)
STATEMENTS OF NET POSITION
DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,691,925	\$ 4,840,251
Investments - US Treasuries	1,067,697	-
Accounts receivable	74,920	36,115
Due from other governments	38,653	-
Grants receivable	-	57,371
Accrued interest receivable	6,154	2,482
Notes receivable, net	540,712	602,348
Prepaid expense	6,243	8,446
Total current assets	<u>5,426,304</u>	<u>5,547,013</u>
Property and equipment:		
Office equipment	9,005	9,005
Less: accumulated depreciation	8,481	8,280
Total property and equipment, net	<u>524</u>	<u>725</u>
Noncurrent assets:		
Investments - certificate of deposit	407,574	620,542
Notes receivable, net	1,730,309	2,066,597
Land held for investment	281,222	281,222
Total noncurrent assets	<u>2,419,105</u>	<u>2,968,361</u>
Total assets	<u>7,845,933</u>	<u>8,516,099</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension outflows	155,290	48,076
Total deferred outflows of resources	<u>155,290</u>	<u>48,076</u>
LIABILITIES		
Accounts payable	13,719	80,336
Unearned revenue	453,567	564,180
Due to retirement system	-	97,572
Net pension liability	12,836	24,908
Total liabilities	<u>480,122</u>	<u>766,996</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	44,308	8,747
Total deferred inflows of resources	<u>44,308</u>	<u>8,747</u>
NET POSITION		
Investment in capital assets	524	725
Restricted	909,300	46,792
Unrestricted	6,566,969	7,740,915
Total net position	<u>\$ 7,476,793</u>	<u>\$ 7,788,432</u>

See notes to basic financial statements.

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
Operating revenues:		
Fees and penalties	\$ 68,935	\$ 207,968
Grant revenue	819,355	331,882
Interest income on notes receivable	73,401	81,756
Recovery of bad debt	3,330	2,868
Rental income	1,560	2,040
Total operating revenues	<u>966,581</u>	<u>626,514</u>
Operating expenses:		
Grant expense	411,394	249,500
Bad debt expense	72,758	63,125
Conferences and training	12,604	13,297
Depreciation	201	212
Insurance	1,857	4,598
Lease/rent	72,923	72,923
Marketing	46,033	49,136
Meetings and dinners	341	332
Memberships and publications	4,364	4,447
Office expense and printing	8,048	7,818
Professional fees	16,989	19,305
Professional services	63,473	43,990
Rail initiative	383,738	341,968
Site development	-	200,000
Salaries and benefits	262,245	350,338
Subcontractors	10,520	7,664
Travel	4,865	5,507
Total operating expenses	<u>1,372,353</u>	<u>1,434,160</u>
Operating loss	(405,772)	(807,646)
Nonoperating revenues:		
Interest income	23,960	33,117
Recovery of prior year expenditure - pension	71,653	-
Interest expense - pension	(1,480)	-
Total nonoperating revenues	<u>94,133</u>	<u>33,117</u>
Change in net position	(311,639)	(774,529)
Net position - beginning of year	<u>7,788,432</u>	<u>8,562,961</u>
Net position - end of year	<u>\$ 7,476,793</u>	<u>\$ 7,788,432</u>

See notes to basic financial statements.

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from providing services	\$ 755,650	\$ 988,596
Interest income on notes receivable	69,729	81,563
Repayments of notes receivable	618,496	483,298
Receipts from penalties and fees	3,500	-
Issuance of notes receivable	(290,000)	(362,000)
Payments to service providers and suppliers	(692,372)	(1,017,616)
Payments for grant services and administration	(411,394)	-
Payments for employee services	(371,166)	(267,187)
Net cash used by operating activities	<u>(317,557)</u>	<u>(93,346)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	23,960	33,117
Purchase of US Treasuries	(1,067,697)	-
Sale of certificate of deposit, net	212,968	(3,129)
Purchase of land held for investment	-	(74,802)
Net cash provided (used) by investing activities	<u>(830,769)</u>	<u>(44,814)</u>
Net decrease in cash and cash equivalents	(1,148,326)	(138,160)
Cash and cash equivalents - beginning of year	4,840,251	4,978,411
Cash and cash equivalents - end of year	\$ 3,691,925	\$ 4,840,251
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (405,772)	\$ (807,646)
Adjustment to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	201	212
Bad debt expense, net of recoveries	69,428	60,257
Pension expense	(111,124)	(14,421)
Change in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	18,566	(88,611)
Due from other governments	(38,653)	-
Accrued interest receivable	(3,672)	(193)
Due from other governments		
Prepaid expense	2,203	(7,380)
Wind farm receivable	-	350,374
Notes receivable	328,496	121,298
Increase (decrease) in:		
Accounts payable	(66,617)	73,374
Unearned revenue	(110,613)	121,818
Due to retirement system	-	97,572
Net cash used by operating activities	<u>\$ (317,557)</u>	<u>\$ (93,346)</u>

See notes to basic financial statements.

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK)**

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Wyoming County Industrial Development Agency (the Agency) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY

PRIMARY GOVERNMENT

The Wyoming County Industrial Development Agency (the Agency) was created in 1974 by the Wyoming County Board of Supervisors and a special act of the New York State Legislature to facilitate economic development in the County. The Agency is a discretely presented component unit of Wyoming County.

COMPONENT UNIT

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the Wyoming County Business Assistance Corporation, the only component unit, has been included in the financial reporting entity as a blended component unit. The blended component unit's balances are reported in the same manner as the primary government and are combined into one primary government column. This is due to the fact the component unit is so intertwined with the primary government that they are substantially the same entity.

The Wyoming County Business Assistance Corporation (the Loan Corporation) was established on May 14, 2009 by the Agency under section 1411 of the Not-For-Profit Corporation Law of the State of New York. The sole purpose of the Loan Corporation is to manage business loan funds on behalf of the Agency and is a corporation as defined in sub paragraph (a) (5) of section 102 of the Not-For-Profit Corporation Law of the State of New York.

B. BASIS OF PRESENTATION

The Agency distinguishes operating revenues and expenses from nonoperating items. Revenues from grants, interest on loans, and administrative fees are reported as operating revenues. All expenses related to operating the Agency are reported as expenses.

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements of the Agency are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Agency gives or receives value without directly receiving or giving equal value in exchange, includes grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

D. INCOME TAXES

The Agency is a quasi-governmental organization. The Agency is not subject to federal or state income taxes, nor is it required to file federal or state income tax returns, therefore, no provision for income taxes is reflected in these financial statements.

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK)**

NOTES TO FINANCIAL STATEMENTS

E. CASH AND CASH EQUIVALENTS

The Agency's cash and cash equivalents consists of cash on hand, demand deposits, and certificate of deposits with original maturities of three months or less from date of acquisition. Investments consist of certificates of deposit with maturities in excess of three months, Federal Government Obligations and United States Treasury Bills.

F. RECEIVABLES

Receivables are reported at their net realizable value. Generally accepted accounting principles require the establishment of an allowance for doubtful accounts. No allowance for uncollectible accounts receivable has been provided since management believes that such allowance would not be necessary.

Notes receivable are presented net of an allowance for uncollectible accounts. The Agency maintains an allowance for estimated uncollectible accounts which is based on management's analysis of the potential collectability of the individual notes. Notes are written off when, in management's judgment, no legal recourse is available to collect the amount owed.

G. PROPERTY AND EQUIPMENT

Property and equipment is recorded at acquisition cost and depreciated over the estimated useful lives of the respective assets using the straight-line method. The cost of repairs, maintenance and minor replacements are expensed as incurred, whereas expenditures that materially extend property lives are capitalized. When depreciable property is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in income. For the years ended December 31, 2018 and 2017 depreciation expense amounted to \$201 and \$212, respectively.

H. INSURANCE

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency has one item that qualifies for reporting in this category. This item is related to pensions and is reported in the Statements of Net Position. It represents the effect of the net change in the Agency's proportion of the collective net pension liability and the difference during the measurement period between the Agency's contributions and its proportional share of total contributions to the pension system not included in pension expense. Also included are the Agency's contributions to the pension system subsequent to the measurement date. See details of deferred pension outflows in Note 2.B.

In addition to liabilities, the Statements of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has one item that qualifies for reporting in this category. This item is related to pensions and is reported in the Statements of Net Position. It represents the effect of the net change in the Agency's proportion of the collective net pension liability and difference during the measurement periods between the Agency's contributions and its proportional share of total contributions to the pension system not included in pensions expense. See details of deferred pension inflows in Note 2.B

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK)**

NOTES TO FINANCIAL STATEMENTS

J. UNEARNED REVENUE

The Agency and the Loan Corporation report unearned revenue in its Statements of Net Position. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the Agency and the Loan Corporation before it has legal claim to them. In subsequent periods, when both recognition criteria are met, or when the Agency or the Loan Corporation has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized. The Agency recognized a liability for unearned revenue in the amount of \$113,837 as of December 31, 2017, with no outstanding balance as of December 31, 2018. As of December 31, 2018 and 2017 the Loan Corporation recognized a liability for unearned revenue in the amount of \$453,567 and \$450,343, respectively.

K. NET POSITION

Equity is classified as net position and displayed in three components:

- a. Investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Restricted net position - Consists of net position with constraints on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "invested in capital assets."

L. REVENUE RECOGNITION

Operating revenue consists of revenue from fees earned on lease-leaseback transactions and management services provided for the Loan Corporation by the Agency, along with interest received from bank accounts, and rental property. The Agency earns its fees primarily from lease agreements, which are based on 1% of the total project cost as indicated in the original lease application. Fee income is recorded as revenue when the agreement is finalized, regardless of when the related cash is received.

M. STATEMENT OF CASH FLOWS

For the purposes of the statements of cash flows, the Agency and Loan Corporation considers all cash and cash equivalents to be unrestricted including demand accounts and certificates of deposit with an original maturity of three months or less.

N. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. This affects the reported amounts of assets, liabilities deferred outflow/inflow of resources and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

O. ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended December 31, 2018, the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* became effective.

The Agency has evaluated these Statements and determined that they have no significant impact on the Agency's financial statements for the fiscal year ending December 31, 2018.

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK)**

NOTES TO FINANCIAL STATEMENTS

The following are GASB Statements that have been issued recently and are currently being evaluated, by the Agency, for their potential impact in future years.

- Statement No. 83, *Certain Asset Retirement Obligations*, which will be effective for the year ending December 31, 2019.
- Statement No. 84, *Fiduciary Activities*, which will be effective for the year ending December 31, 2019.
- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2020.
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, which will be effective for the year ending December 31, 2019.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending December 31, 2020.
- Statement No. 90, *Majority Equity Interests-an Amendment of GASB Statements No. 14 and 61*, which will be effective for the year ending December 31, 2019.

The Agency is currently reviewing these statements and plans on adoption, as required.

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

A. ASSETS

1. CASH AND INVESTMENTS

The Agency's investment policies are governed by State statutes. In addition, the Agency has its own written investment policy. Agency monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Executive Director is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and obligations of the State of New York and its localities.

Collateral is required for demand deposits and certificates of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

As of December 31, 2018 and 2017, the Agency's bank deposits were considered fully collateralized under FDIC provisions.

Investment and Deposit Policy

The Agency follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Executive Director.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Agency's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Agency's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Agency's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

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NOTES TO FINANCIAL STATEMENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Agency's investment and deposit policy, all deposits of the Agency including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The Agency restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

Investments

The Agency was also invested in Federal Government Obligations and United States Treasury Bills as of December 31, 2018. The Agency was not exposed to any interest rate risk or credit risk for these investment at December 31, 2018, as these are obligation of the U.S. Government, and are guaranteed by the U.S. Government. These investments were short term, maturing in less than one year, and are reported at amortized cost, as allowed by GASB Statement No. 31.

	<u>Principal</u>	<u>Rate</u>	<u>Maturity</u>
Federal Government Obligations	\$ 6,555	1.90%	N/A*
United States Treasury Bill	351,177	2.16%	01/17/2019
United States Treasury Bill	358,029	2.19%	01/24/2019
United States Treasury Bill	<u>351,936</u>	2.39%	07/18/2019
Totals	<u>\$ 1,067,697</u>		

*Reported as a cash equivalent.

The Agency also has \$407,574 invested in certificates of deposit with original maturity dates in excess of three months.

2. WYOMING COUNTY AND OTHER GRANT RECEIVABLES AND REVENUE

Grant revenue consists of the following for the year ended December 31:

	<u>2018</u>	<u>2017</u>
Rural Arts Initiative	\$ -	\$ 200,000
Rural Arts Marketing Program	-	49,500
New York State - Rail initiative	730,779	-
Growing the Agricultural Industry Now! (GAIN) Revolving Loan Program	53,855	47,661
Other	<u>34,721</u>	<u>34,721</u>
Total	<u>\$ 819,355</u>	<u>\$ 331,882</u>

Grants receivable consist of the following at December 31.

	<u>2018</u>	<u>2017</u>
Rural Art Initiative	<u>\$ -</u>	<u>\$ 57,371</u>

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK)**

NOTES TO FINANCIAL STATEMENTS

3. NOTES RECEIVABLE

The Loan Corporation provides low interest notes to businesses located in Wyoming County in order to encourage economic development. Notes receivable consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Total notes receivable	\$ 2,495,642	\$ 2,834,138
Less: allowance for uncollectible notes	<u>224,621</u>	<u>165,193</u>
Notes receivable, net	2,271,021	2,668,945
Less: current maturities	<u>540,712</u>	<u>602,348</u>
Notes receivable - long-term	<u>\$ 1,730,309</u>	<u>\$ 2,066,597</u>

The Loan Corporation's policy is to present notes receivable net of an allowance for uncollectible notes. At December 31, 2018 and 2017, the allowance for uncollectible notes was \$224,621 and \$165,193, respectively.

At December 31, 2018, the loans awarded to local businesses bear interest at rates ranging from 0% to 6.00% with varying payment terms. All notes receivable are collateralized by assets of the respective companies.

Scheduled maturities of principal for these notes for the next five years and thereafter are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 540,712	\$ 72,285
2020	559,091	54,842
2021	239,296	47,951
2022	291,889	40,716
2023	214,144	28,269
Thereafter	<u>650,510</u>	<u>72,236</u>
Total	<u>\$ 2,495,642</u>	<u>\$ 316,299</u>

B. PENSION OBLIGATIONS

New York State and Local Employees' Retirement System (the System)

Plan Description

The Agency participates in the New York State and Local Employees' Retirement System (ERS), which is referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer defined benefit retirement system. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). 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.

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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NOTES TO FINANCIAL STATEMENTS

The System is included in the State’s financial report as a pension trust fund. That report, including information with regard to benefit’s provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Funding Policy

The System is noncontributory, except for employees who joined after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 10, 2010, who generally contribute three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under 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 system’s fiscal year ending March 31st.

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

At December 31, 2018, the Agency reported the following liability for its proportionate share of the net pension liability to the System. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2017. The Agency’s proportion of the net pension liability was based on a projection of the Agency’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System in reports provided to the Agency.

	<u>ERS</u>
Measurement date	03/31/18
Net pension liability	\$ 12,836
Agency's portion of the Plan's total net pension liability	0.0003977 %
Change in proportion since the prior measurement date	0.0001326

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2018, the Agency recognized a pension expense of \$15,103, which includes the impact of the change in the net pension liability from the prior year to the current year. At December 31, 2018, the Agency's reported deferred outflows of resources and deferred inflows of resources related to pensions arose from the following sources:

	Deferred Outflows of Resources <u>ERS</u>	Deferred Inflows of Resources <u>ERS</u>
Differences between expected and actual experience	\$ 4,578	\$ 3,783
Change of assumptions	8,512	-
Net difference between projected and actual earnings on pension plan investments	18,644	36,801
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	104,827	3,724
Agency's contributions subsequent to the measurement date	<u>18,729</u>	<u>-</u>
Total	<u>\$ 155,290</u>	<u>\$ 44,308</u>

Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>
<u>Year ended March 31:</u>	
2019	\$ 28,253
2020	27,562
2021	16,168
2022	20,270
2023	-
Thereafter	-

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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NOTES TO FINANCIAL STATEMENTS

Actuarial Assumptions

The total pension liability as of the March 31, 2018 was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018. The actuarial valuation used the following actuarial assumptions:

	<u>ERS</u>
Inflation	2.5 %
Salary increases	3.8
Investment rate of return (net of investment expense, including inflation)	7.0
Cost of living adjustments	1.3

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System’s experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2014. The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long-term expected 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 return, net of investment expenses 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 the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2018 are summarized below:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Asset Class:		
Domestic equity	36.0 %	4.6 %
International equity	14.0	6.4
Private equity	10.0	7.5
Real estate	10.0	5.6
Absolute return strategies	2.0	3.8
Opportunistic funds/portfolio	3.0	5.7
Real assets	3.0	5.3
Bonds and mortgages	17.0	1.3
Cash	1.0	-0.3
Inflation-indexed bonds	4.0	1.3
Total	<u>100.0 %</u>	

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NOTES TO FINANCIAL STATEMENTS

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. 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 determined. 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.

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

The following tables present the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	1% Decrease <u>(6.0%)</u>	Current Assumption <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
<u>ERS</u>			
Town's proportionate share of the net pension liability/(asset)	\$ 97,124	\$ 12,836	\$ (58,467)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2018 were as follows:

	(Dollars in Thousands) <u>ERS</u>
Employer' total pension liability	\$ 183,400,590
Plan net position	180,173,145
Employers' net pension liability	<u>\$ 3,227,445</u>
Ratio of plan net position to the employers' total pension liability	98.2%

Prepayments to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Prepaid retirement contributions as of December 31, 2018 represents the Agency's contribution for the period of January 1, 2019 through March 31, 2019 based on the March 31, 2018 System bill paid prior to December 31, 2018. Prepaid retirement contributions as of December 31, 2018 and 2017 amounted to \$6,243 and \$8,446, respectively.

NOTE 3. LAND HELD FOR INVESTMENT

The Agency has recorded an asset of land that is being held for future development in the amount of \$281,222 for the years ended December 31, 2018 and 2017. This land is held at cost and any gain or loss will be recognized upon sale of the land.

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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NOTES TO FINANCIAL STATEMENTS

NOTE 4. NET POSITION

During the current year, management received communication from the New York State Office of Community renewal (OCR) in regards to Community Development Block Grants (CDBG) Regulations Section 24 CFR 570.489(e)(2)(ii), which is the regulatory citation over the Loan Corporation's Micro HUD loan program, requiring all CDBG related funds as of May 31, 2018 be reported to OCR. If such funds are not committed and approved by OCR as of March 31, 2019 they must be returned to OCR no later than April 30, 2019. As a result, \$796,807 previously reported as unrestricted program funds have been reclassified as restricted as of December 31, 2018 pending commitment and approval by OCR.

Unrestricted net assets represents amounts designated by the Loan Corporation's Board for the maintenance of a revolving loan program.

The Loan Corporation received pass-through Growing the Agriculture Industry Now! (GAIN) grant funds from Genesee/Finger lakes Regional Planning Council in 2016. Under the provisions of the grant, annual revenue is restricted to the GAIN revolving loan program. Repayments to date amounted to \$102,174, which have therefore been reported as restricted net position as of December 31, 2018.

	<u>2018</u>		<u>2017</u>
CDBG Revolving Loan Program	\$ 796,807	\$	-
GAIN Revolving Loan Program	<u>112,493</u>		<u>46,792</u>
Total restricted net position	<u>\$ 909,300</u>	\$	<u>46,792</u>

NOTE 5. OUTSTANDING BOND ISSUES

Bonds issued by the Agency are collateralized by the property which is leased to the borrowing company and the bonds are retired by lease payments. The bonds are not an obligation of the Agency, the County of Wyoming or the State of New York. The Agency does not record the assets or liabilities resulting from a completed bond issue in their accounts, since its primary function is to arrange the financing between the borrowing company and the lending bondholders, and the funds arising there from are controlled by a trustee bank.

NOTE 6. LEASES

At December 31, 2018 and 2017, the Agency had entered into various lease agreements. These leases are merely financing arrangements in which the Agency has provided tax incentives or acts only as a financing conduit. Therefore, the Agency does not record these transactions in their financial records.

NOTE 7. RELATED PARTY TRANSACTIONS

The Agency leases office space from Wyoming County. Lease expense amounted to \$72,923 for the years ended December 31, 2018 and 2017.

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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NOTES TO FINANCIAL STATEMENTS

NOTE 8. GRANTS

During the year ended December 31, 2011, the Agency obtained a grant from the NYS Department of Transportation (DOT) to fund the Rail Initiative project in the amount of \$1,750,000, to be funded 85% by DOT, 5% by Wyoming County and 15% by the Agency. During the year ended December 31, 2013, the Rail Initiative project came to a standstill, due to the Village of Attica withdrawing from the project. The Agency located an acceptable location for the project and NYS DOT reinstated the funds as of December 31, 2017. The project was completed in 2018. During the fiscal year ended December 31, 2018, the Agency recognized grant revenue of \$730,779 associated with this project. Total project expenses as of December 31, 2018, were \$1,751,053.

NOTE 9. SUBSEQUENT EVENTS

These financial statements have not been updated for subsequent events occurring after March 13, 2019, which is the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK)
SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
EMPLOYEES' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS***

	<u>2017</u>	<u>2018</u>
Employees' Retirement System (ERS)		
Measurement date	March 31, 2017	March 31, 2018
Agency's proportion of the net pension liability	0.0002651%	0.0003977%
Agency's proportionate share of the net pension liability	\$ <u>24,908</u>	\$ <u>12,836</u>
Agency's covered payroll	\$ 173,731	\$ 177,393
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	14.3%	7.2%
Plan fiduciary net position as a percentage of the total pension liability	94.7%	98.2%

Note - The Agency became a member of the Employees' Retirement System effective January 1, 2016. Information for the Agency for the year ended December 31, 2016 was not provided by the System.

* This Schedule is intended to show information for ten years. Additional years will be included as they become available.

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK)
SCHEDULE OF THE AGENCY'S PENSION CONTRIBUTIONS – EMPLOYEES' RETIREMENT SYSTEM
LAST THREE FISCAL YEARS***

	EMPLOYEES' RETIREMENT SYSTEM		
	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 4,264	\$ 33,784	\$ 24,972
Contributions in relation to the contractually required contribution	<u>4,264</u>	<u>33,784</u>	<u>24,972</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Agency's covered-employee payroll	\$ 193,183	\$ 195,979	\$ 200,165
Contributions as a percentage of covered-employee payroll	2%	17%	12%

Note - The Agency became a member of the Employees' Retirement System effective January 1, 2016.

* This Schedule is intended to show information for ten years. Additional years will be included as they become available.

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK)
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

A. FACTORS AFFECTING TRENDS IN PENSIONS

The Agency's proportionate share of the net pension liability of the pension systems is significantly dependent on the performance of the stock market and the funds that the retirement system invests in. In addition to this factor, the discount factor has varied from 7.5% to 7.0% over the past four years.

SUPPLEMENTARY INFORMATION

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK)
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2018**

	Agency	Loan Corporation	Eliminations	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,363,617	\$ 2,328,308	\$ -	\$ 3,691,925
Investments - US Treasuries	1,067,697	-	-	1,067,697
Accounts receivable	70,045	4,875	-	74,920
Due from other governments	38,653	-	-	38,653
Accrued interest receivable	-	6,154	-	6,154
Notes receivable	-	540,712	-	540,712
Prepaid expense	6,243	-	-	6,243
Total current assets	<u>2,546,255</u>	<u>2,880,049</u>	<u>-</u>	<u>5,426,304</u>
Property and equipment:				
Office equipment	9,005	-	-	9,005
Less: accumulated depreciation	8,481	-	-	8,481
Total property and equipment, net	<u>524</u>	<u>-</u>	<u>-</u>	<u>524</u>
Noncurrent assets:				
Investments - certificate of deposit	407,574	-	-	407,574
Notes receivable, net	-	1,730,309	-	1,730,309
Land held for investment	281,222	-	-	281,222
Total noncurrent assets	<u>688,796</u>	<u>1,730,309</u>	<u>-</u>	<u>2,419,105</u>
Total assets	<u>3,235,575</u>	<u>4,610,358</u>	<u>-</u>	<u>7,845,933</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension outflows	155,290	-	-	155,290
Total deferred outflows of resources	<u>155,290</u>	<u>-</u>	<u>-</u>	<u>155,290</u>
LIABILITIES				
Accounts payable	3,142	10,577	-	13,719
Unearned revenue	-	453,567	-	453,567
Net pension liability	12,836	-	-	12,836
Total liabilities	<u>15,978</u>	<u>464,144</u>	<u>-</u>	<u>480,122</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflows	44,308	-	-	44,308
Total deferred inflows of resources	<u>44,308</u>	<u>-</u>	<u>-</u>	<u>44,308</u>
NET POSITION				
Investment in capital assets	524	-	-	524
Restricted	-	909,300	-	909,300
Unrestricted	3,330,055	3,236,914	-	6,566,969
Total net position	<u>\$ 3,330,579</u>	<u>\$ 4,146,214</u>	<u>\$ -</u>	<u>\$ 7,476,793</u>

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK)
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	<u>Agency</u>	<u>Loan Corporation</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,485,268	\$ 2,354,983	\$ -	\$ 4,840,251
Accounts receivable	31,240	4,875	-	36,115
Grants receivable	-	57,371	-	57,371
Accrued interest receivable	-	2,482	-	2,482
Notes receivable	-	602,348	-	602,348
Prepaid expense	8,446	-	-	8,446
Total current assets	<u>2,524,954</u>	<u>3,022,059</u>	<u>-</u>	<u>5,547,013</u>
Property and equipment:				
Office equipment	9,005	-	-	9,005
Less: accumulated depreciation	8,280	-	-	8,280
Total property and equipment, net	<u>725</u>	<u>-</u>	<u>-</u>	<u>725</u>
Noncurrent assets:				
Investments - certificate of deposit	620,542	-	-	620,542
Notes receivable, net	-	2,066,597	-	2,066,597
Land held for investment	281,222	-	-	281,222
Total noncurrent assets	<u>901,764</u>	<u>2,066,597</u>	<u>-</u>	<u>2,968,361</u>
Total assets	<u>3,427,443</u>	<u>5,088,656</u>	<u>-</u>	<u>8,516,099</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension outflows	48,076	-	-	48,076
Total deferred outflows of resources	<u>48,076</u>	<u>-</u>	<u>-</u>	<u>48,076</u>
LIABILITIES				
Accounts payable	141	80,195	-	80,336
Unearned revenue	113,837	450,343	-	564,180
Due to retirement system	97,572	-	-	97,572
Net pension liability	24,908	-	-	24,908
Total liabilities	<u>236,458</u>	<u>530,538</u>	<u>-</u>	<u>766,996</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflows	8,747	-	-	8,747
Total deferred inflows of resources	<u>8,747</u>	<u>-</u>	<u>-</u>	<u>8,747</u>
NET POSITION				
Investment in capital assets	725	-	-	725
Restricted	-	46,792	-	46,792
Unrestricted	3,229,589	4,511,326	-	7,740,915
Total net position	<u>\$ 3,230,314</u>	<u>\$ 4,558,118</u>	<u>\$ -</u>	<u>\$ 7,788,432</u>

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK)
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Agency</u>	<u>Loan Corporation</u>	<u>Eliminations</u>	<u>Total</u>
Operating revenues:				
Fees and penalties	\$ 125,435	\$ 3,500	\$ (60,000) (1)	\$ 68,935
Grant revenue	730,779	88,576	-	819,355
Interest income on notes receivable	-	73,401	-	73,401
Recovery of bad debt	-	3,330	-	3,330
Rental income	1,560	-	-	1,560
Total operating revenues	<u>857,774</u>	<u>168,807</u>	<u>(60,000)</u>	<u>966,581</u>
Operating expenses:				
Administration fee	-	60,000	(60,000) (1)	-
Grant expense	-	411,394	-	411,394
Bad debt expense	-	72,758	-	72,758
Conferences and training	12,604	-	-	12,604
Depreciation	201	-	-	201
Insurance	1,857	-	-	1,857
Lease/rent	72,923	-	-	72,923
Marketing	46,033	-	-	46,033
Meetings and dinners	341	-	-	341
Memberships and publications	4,364	-	-	4,364
Office expense and printing	8,048	-	-	8,048
Professional fees	16,989	-	-	16,989
Professional services	26,892	36,581	-	63,473
Rail initiative	383,738	-	-	383,738
Salaries and benefits	262,245	-	-	262,245
Subcontractors	10,520	-	-	10,520
Travel	4,865	-	-	4,865
Total operating expenses	<u>851,620</u>	<u>580,733</u>	<u>(60,000)</u>	<u>1,372,353</u>
Operating income (loss)	6,154	(411,926)	-	(405,772)
Nonoperating revenues (expense):				
Interest income	23,938	22	-	23,960
Recovery of prior year expenditure - pension	71,653	-	-	71,653
Interest expense - pension	(1,480)	-	-	(1,480)
Total nonoperating revenues	<u>94,111</u>	<u>22</u>	<u>-</u>	<u>94,133</u>
Change in net position	100,265	(411,904)	-	(311,639)
Net position - beginning of year	<u>3,230,314</u>	<u>4,558,118</u>	<u>-</u>	<u>7,788,432</u>
Net position - end of year	<u>\$ 3,330,579</u>	<u>\$ 4,146,214</u>	<u>\$ -</u>	<u>\$ 7,476,793</u>

(1) This represents the administrative fee paid by the Loan Corporation to the Agency for administrative services performed.

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK)
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Agency</u>	<u>Loan Corporation</u>	<u>Eliminations</u>	<u>Total</u>
Operating revenues:				
Fees and penalties	\$ 267,768	\$ 200	\$ (60,000) (1)	\$ 207,968
Grant revenue	-	331,882	-	331,882
Interest income on notes receivable	-	81,756	-	81,756
Recovery of bad debt	-	2,868	-	2,868
Rental income	2,040	-	-	2,040
Total operating revenues	<u>269,808</u>	<u>416,706</u>	<u>(60,000)</u>	<u>626,514</u>
Operating expenses:				
Administration fee	-	60,000	(60,000) (1)	-
Grant expense	-	249,500	-	249,500
Bad debt expense	-	63,125	-	63,125
Conferences and training	13,297	-	-	13,297
Depreciation	212	-	-	212
Insurance	4,598	-	-	4,598
Lease/rent	72,923	-	-	72,923
Marketing	49,136	-	-	49,136
Meetings and dinners	332	-	-	332
Memberships and publications	4,447	-	-	4,447
Office expense and printing	7,818	-	-	7,818
Professional fees	19,305	-	-	19,305
Professional services	3,988	40,002	-	43,990
Rail initiative	341,968	-	-	341,968
Site development	200,000	-	-	200,000
Salaries and benefits	350,338	-	-	350,338
Strategic plan	-	-	-	-
Subcontractors	7,664	-	-	7,664
Travel	5,507	-	-	5,507
Total operating expenses	<u>1,081,533</u>	<u>412,627</u>	<u>(60,000)</u>	<u>1,434,160</u>
Operating income (loss)	(811,725)	4,079	-	(807,646)
Nonoperating revenues:				
Interest income	25,381	7,736	-	33,117
Total nonoperating revenues	<u>25,381</u>	<u>7,736</u>	<u>-</u>	<u>33,117</u>
Change in net position	(786,344)	11,815	-	(774,529)
Net position - beginning of year	<u>4,016,658</u>	<u>4,546,303</u>	<u>-</u>	<u>8,562,961</u>
Net position - end of year	<u>\$ 3,230,314</u>	<u>\$ 4,558,118</u>	<u>\$ -</u>	<u>\$ 7,788,432</u>

(1) This represents the administrative fee paid by the Loan Corporation to the Agency for administrative services performed.

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK)
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Agency</u>	<u>Loan Corporation</u>	<u>Eliminations</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from providing services	\$ 666,479	\$ 149,171	\$ (60,000) (1)	\$ 755,650
Interest income on notes receivable	-	69,729	-	69,729
Repayments of notes receivable	-	618,496	-	618,496
Receipts from penalties and fees	-	3,500	-	3,500
Issuance of notes receivable	-	(290,000)	-	(290,000)
Payments to service providers and suppliers	(586,173)	(166,199)	60,000 (1)	(692,372)
Payments for grant services and administration	-	(411,394)	-	(411,394)
Payments for employee services	(371,166)	-	-	(371,166)
Net cash used by operating activities	<u>(290,860)</u>	<u>(26,697)</u>	<u>-</u>	<u>(317,557)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	23,938	22	-	23,960
Purchase of US Treasuries	(1,067,697)	-	-	(1,067,697)
Sale of certificate of deposits, net	212,968	-	-	212,968
Net cash provided by investing activities	<u>(830,791)</u>	<u>22</u>	<u>-</u>	<u>(830,769)</u>
Net decrease in cash and cash equivalents	(1,121,651)	(26,675)	-	(1,148,326)
Cash and cash equivalents - beginning of year	<u>2,485,268</u>	<u>2,354,983</u>	<u>-</u>	<u>4,840,251</u>
Cash and cash equivalents - end of year	<u>\$ 1,363,617</u>	<u>\$ 2,328,308</u>	<u>\$ -</u>	<u>\$ 3,691,925</u>
Reconciliation of operating income (loss) to net cash used by operating activities:				
Operating income (loss)	\$ 6,154	\$ (411,926)	\$ -	\$ (405,772)
Adjustment to reconcile operating income (loss) to net cash used by operating activities:				
Depreciation expense	201	-	-	201
Bad debt expense, net of recoveries	-	69,428	-	69,428
Pension expense	(111,124)	-	-	(111,124)
Change in assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	(38,805)	57,371	-	18,566
Due from other governments	(38,653)	-	-	(38,653)
Accrued interest receivable	-	(3,672)	-	(3,672)
Prepaid expense	2,203	-	-	2,203
Notes receivable	-	328,496	-	328,496
Increase (decrease) in:				
Accounts payable	3,001	(69,618)	-	(66,617)
Unearned revenue	(113,837)	3,224	-	(110,613)
Net cash used by operating activities	<u>\$ (290,860)</u>	<u>\$ (26,697)</u>	<u>\$ -</u>	<u>\$ (317,557)</u>

(1) This represents the administrative fee paid by the Loan Corporation to the Agency for administrative services performed.

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK)
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Agency	Loan Corporation	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from providing services	\$ 588,942	\$ 459,654	\$ (60,000) (1)	\$ 988,596
Interest income on notes receivable	-	81,563	-	81,563
Repayments of notes receivable	-	483,298	-	483,298
Issuance of notes receivable	-	(362,000)	-	(362,000)
Payments to service providers and suppliers	(745,184)	(332,432)	60,000 (1)	(1,017,616)
Payments for employee services	(267,187)	-	-	(267,187)
Net cash provided (used) by operating activities	<u>(423,429)</u>	<u>330,083</u>	<u>-</u>	<u>(93,346)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	25,381	7,736	-	33,117
Purchase of certificate deposit	(3,129)	-	-	(3,129)
Purchase of land held for investment	(74,802)	-	-	(74,802)
Net cash provided (used) by investing activities	<u>(52,550)</u>	<u>7,736</u>	<u>-</u>	<u>(44,814)</u>
Net increase (decrease) in cash and cash equivalents	(475,979)	337,819	-	(138,160)
Cash and cash equivalents - beginning of year	<u>2,961,247</u>	<u>2,017,164</u>	<u>-</u>	<u>4,978,411</u>
Cash and cash equivalents - end of year	<u>\$ 2,485,268</u>	<u>\$ 2,354,983</u>	<u>\$ -</u>	<u>\$ 4,840,251</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (811,725)	\$ 4,079	\$ -	\$ (807,646)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	212	-	-	212
Bad debt expense, net of recoveries	-	60,257	-	60,257
Pension expense	(14,421)	-	-	(14,421)
Change in assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	(31,240)	(57,371)	-	(88,611)
Accrued interest receivable	-	(193)	-	(193)
Prepaid expense	(7,380)	-	-	(7,380)
Wind farm receivable	350,374	-	-	350,374
Notes receivable	-	121,298	-	121,298
Increase (decrease) in:				
Accounts payable	(6,821)	80,195	-	73,374
Unearned revenue	-	121,818	-	121,818
Due to retirement system	97,572	-	-	97,572
Net cash provided (used) by operating activities	<u>\$ (423,429)</u>	<u>\$ 330,083</u>	<u>\$ -</u>	<u>\$ (93,346)</u>

(1) This represents the administrative fee paid by the Loan Corporation to the Agency for administrative services performed.

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK)
SCHEDULE OF INDUSTRIAL REVENUE BONDS ISSUED BY THE AGENCY
AS OF DECEMBER 31, 2018**

Name of Project Olympic Management Systems, Inc.
Address of Owner Six Fountain Plaza, Plaza Level
 Buffalo, NY 14202

Issue Amount \$2,871,926
Purpose of Issue Construction
Date of Issue 1/13/06
Interest Rate 7.87% fixed
Maturity Date 1/1/26

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
 (A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK
)
 SCHEDULE OF INDUSTRIAL REVENUE LEASES ISSUED BY THE AGENCY
 AS OF DECEMBER 31, 2018**

Name of Project	M&T Trucking
Address of Owner	Mark & Tracie Cole 532 Peoria Road Pavilion, New York 14525
Date of Lease	1/20/2006
Date of Expiration	1/19/2021
Name of Project	Blue Seal Feeds, Inc.
Address of Owner	50 Williams Street Arcade, New York 14009
Date of Lease	2/14/2008
Date of Expiration	2/13/2018 Expired/Last year
Name of Project	Koike Aronson, Inc. AMENDED
Address of Owner	635 West Main Street Arcade, New York 14009
Date of Lease	2/26/2007 Date Amended 12/23/13
Date of Expiration	2/25/2017 Amended new term 12/22/23
Name of Project	Noble Bliss Wind Park, LLC
Address of Owner	7294 Centerville Road Bliss, New York 14024
Date of Lease	4/23/2007
Date of Expiration	6/30/2023 (plus 5)
Name of Project	Noble Wethersfield Windpark, LLC
Address of Owner	7294 Centerville Road Bliss, New York 14024
Date of Lease	5/14/2008
Date of Expiration	06/30/2024 (plus 5)
Name of Project	Sheldon Energy, LLC
Address of Owner	One South Wacker Drive, Suite 2020 Chicago, IL 60606
Date of Lease	9/10/2008
Date of Expiration	9/30/2024 (plus 5)
Name of Project	Krog Corp/ Arcade REHC 1
Address of Owner	The Krog Corporation 4 Centre Drive Orchard Park, New York 14127
Date of Lease	10/3/2008 Amendment 2-24-17
Date of Expiration	12/31/2019 New Expiration 12-31-27
Name of Project	WNY Crop Management Association
Address of Owner	5240 Curtis Road Warsaw, New York 14569
Date of Lease	10/15/2008
Date of Expiration	10/15/2018 Expired/Last year

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK
)
SCHEDULE OF INDUSTRIAL REVENUE LEASES ISSUED BY THE AGENCY
AS OF DECEMBER 31, 2018**

Name of Project	Crompton Holdings, Inc. -Transfer Sun Jelly WNY RV, LLC
Address of Owner	27777 Franklin Road South Field, MI 48034
Date of Lease	11/18/2008
Date of Expiration	11/18/2018 Expired/Last year
Name of Project	Drasgow, Inc.
Address of Owner	Karl Drasgow Varysburg, NY 14167
Date of Lease	12/7/2006
Date of Expiration	12/6/2026 Amendment extension 2/21/2014
Name of Project	CFD Real Estate / Agri Fab & Repair
Address of Owner	7965 Route 63 Pavilion, New York 14525
Date of Lease	2/23/2010
Date of Expiration	2/23/2020
Name of Project	Hidden Valley Animal Adventure, LLC
Address of Owner	2614 Royce Road Varysburg, New York 14157
Date of Lease	1/7/2010
Date of Expiration	1/7/2020
Name of Project	In.Site Enterprises, LLC
Address of Owner	2 Borden Ave. Suite 202 Perry, New York 14530
Date of Lease	2/4/2010
Date of Expiration	2/4/2020
Name of Project	Perry New York LLC - Howell Building
Address of Owner	2 Borden Ave. Suite 202 Perry New York 14530
Date of Lease	4/23/2010
	4/23/2020
Name of Project	Steel & O'Brien Manufacturing, Inc.
Address of Owner	7196 Route 98 Arcade, New York 14009
Date of Lease	1/11/2011
Date of Expiration	1/11/2021
Name of Project	Noble Wind Operations
Address of Owner	3700 Route 78 Bliss, New York 14024
Date of Lease	3/18/2011
Date of Expiration	2/28/2021

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK
)
SCHEDULE OF INDUSTRIAL REVENUE LEASES ISSUED BY THE AGENCY
AS OF DECEMBER 31, 2018**

Name of Project	EG & JR Miller (Sedam's)
Address of Owner	3165 Route 246, PO Box 106 Perry, NY 14530
Date of Lease	1/27/2012
Date of Expiration	1/26/2022
Name of Project	Beaver Hollow Wellness, LLC
Address of Owner	1083 Pit Road Java, New York
Date of Lease	9/28/2012
Date of Expiration	9/27/2022
Name of Project	3208 Route 39, LLC (LVM Materials)
Address of Owner	3200 Route 39 Bliss , New York 14024
Date of Lease	8/31/2012
Date of Expiration	8/30/2022
Name of Project	Stony Creek Energy, LLC
Address of Owner	One South Wacker Drive, Suite 1900 Chicago, Illinois 60606
Date of Lease	3/1/2013
Date of Expiration	12/31/2029 (plus 5)
Name of Project	Perry Holding Company, LLC
Address of Owner	3180 Route 246 Perry, New York 14530
Date of Lease	10/1/2013
Date of Expiration	12/31/2025
Name of Project	Maple Grove- Hobin's
Address of Owner	7075 Route 98 Arcade, New York 14009
Date of Lease	12/23/2013
Date of Expiration	12/22/2023
Name of Project	Arcade & Attica Railroad
Address of Owner	278 Main Street Arcade, New York 14009
Date of Lease	2/21/2014
Date of Expiration	4/1/2020
Name of Project	Paddock Properties, LLC
Address of Owner	440 Commerce Way Warsaw, New York 14569
Date of Lease	3/19/2014
Date of Expiration	3/18/2024

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
 (A COMPONENT UNIT OF WYOMING COUNTY, NEW YORK
)
 SCHEDULE OF INDUSTRIAL REVENUE LEASES ISSUED BY THE AGENCY
 AS OF DECEMBER 31, 2018**

Name of Project	Center Street Business Center, LLC
Address of Owner	36 Center Street Warsaw, New York 14569
Date of Lease	07/16/2014
Date of Expiration	12/31/2031
Name of Project	CFI Properties, Inc. (Creative Food Ingredients)
Address of Owner	1 Lincoln Ave. Perry, New York 14530
Date of Lease	1/1/2015
Date of Expiration	5/31/2027
Name of Project	Maple Pro, Inc. (CDL USA)
Address of Owner	3 Lemnah Drive St. Albans, Vermont 05478
Date of Lease	02/01/15
Date of Expiration	05/31/26
Name of Project	Alpine Acres, LLC (East Hill Creamery)
Address of Owner	5840 Route 20A, Warsaw, New York 14569
Date of Lease	07/01/15
Date of Expiration	05/31/27
Name of Project	Marquart Realty, LLC
Address of Owner	5195 Route 19 Gainesville, New York 14066
Date of Lease	12/01/16
Date of Expiration	12/31/27
Name of Project	RM4 Holdings, LLC (Calamar)
Address of Owner	3949 Forest Parkway, Suite 100 Wheatfield, NY 14120
Date of Lease	03/20/17
Date of Expiration	12/31/28

INTERNAL CONTROL AND COMPLIANCE



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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Wyoming County Industrial Development Agency

We have audited, 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, the financial statements of the Wyoming County Industrial Development (the Agency), a component unit of Wyoming County, New York, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Agency's financial statements, and have issued our report thereon dated March 13, 2019.

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.

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 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 the 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 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 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.

Batavia, New York
March 13, 2019



INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors of the
Wyoming County Industrial Development Agency

We have examined Wyoming County Industrial Development Agency's (the Agency) compliance with the New York State Comptroller's Investment Guidelines for Public Authorities and Section 2925 of the New York State Public Authorities Law (collectively, the "Investment Guidelines") during the period of January 1, 2018, through December 31, 2018. Management of the Agency is responsible for the Agency's compliance with the specified requirements. Our responsibility is to express an opinion on the Agency's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements during the period of January 1, 2018, through December 31, 2018.

This report is intended solely for the information and use of the Board of Directors, management, others within the Agency and the New York State Authorities Budget Office, and is not intended to be and should not be used by anyone other than these specified parties.

Freed Maxick CPAs, P.C.

Batavia, New York
March 13, 2019