

**COUNTY OF CHAUTAUQUA  
INDUSTRIAL DEVELOPMENT AGENCY  
AND COMPONENT UNITS**

**REPORT ON  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2016**

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
AND COMPONENT UNITS**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>Independent Auditor's Report</b> .....	1-2
<b>Management's Discussion and Analysis</b> .....	3-8
<b>Financial Statements</b>	
Combined Statement of Net Position – All Funds .....	9
Combined Statement of Revenue, Expenditures and Changes in Net Position – All Funds .....	10
Combined Statement of Cash Flows – All Funds.....	11
<b>Notes to Financial Statements</b> .....	12-22
<b>Supplemental Schedules</b>	
Schedule 1 – Schedule of Other Income and General and Administrative Expenses – All Funds.....	23
Schedule 2 – Schedule of Tax-Exempt Bonds.....	24
Schedule 3 – Schedule of Revenue and Expenditures – LECOM Health Challenge .....	25
Schedule 4 – Schedule of Expenditures of Federal Awards .....	26
<b>Special Reports</b>	
Independent Auditor's 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".....	27-28
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	29-30
Schedule of Findings and Questioned Costs .....	31-32

**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors**  
**County of Chautauqua Industrial Development Agency**  
**Jamestown, New York**

**Report on the Financial Statements**

We have audited the accompanying financial statements of the **County of Chautauqua Industrial Development Agency** and its component units, the Chautauqua Region Economic Development Corporation and the Chautauqua County Capital Resource Corporation (inactive in 2016), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Agency and its component units' basic financial statements as listed in the Table of Contents. The Agency and its component units are considered a component unit of the County of Chautauqua, New York.

**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 of material misstatement.

An audit includes 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **County of Chautauqua Industrial Development Agency** and its component units as of December 31, 2016, and the results of its operations and cash flows for the year then ended in conformity 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 management's discussion and analysis information on pages 3 through 8, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Matters (continued)**

*Other information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the **County of Chautauqua Industrial Development Agency's** basic financial statements. The supplementary schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the **County of Chautauqua Industrial Development Agency**. The accompanying schedule of expenditures of federal awards is presented as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements of the **County of Chautauqua Industrial Development Agency**.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2017, on our consideration of the **County of Chautauqua Industrial Development Agency's** internal control over financial reporting and 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 the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the **County of Chautauqua Industrial Development Agency's** internal control over financial reporting and compliance.

*Buffamante Whipple Buttafaro PC*

**BUFFAMANTE WHIPPLE BUTTAFARO, P.C.**

**Jamestown, New York  
March 20, 2017**

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Page 3**

**I. Discussion and Analysis**

The following is a discussion and analysis of the *County of Chautauqua Industrial Development Agency* and its component units' financial performance for the year ended December 31, 2016. This section is a summary of the Agency's financial activities based on currently known facts, decisions, or conditions. It is based on the financial statements. The results of the current year are discussed in the following paragraphs. This section is only an introduction and should be read in conjunction with the Agency's financial statements, which follow this section.

**II. Financial Highlights**

The following items are the financial highlights experienced by the *County of Chautauqua Industrial Development Agency* during the year ended December 31, 2016:

- Overall net position of the Agency decreased \$267,000 during the year ended December 31, 2016.
- The Agency's total revenue and other sources were approximately \$4,289,000 during 2016 as compared with \$2,271,000 during 2015. This increase was primarily related to the Agency recognizing grant funds from the County to purchase land for development, fees associated with windfarms and harbor project and revenue related to the LECOM Health Challenge Golf Tournament.
- The Agency's total expenses and other uses were approximately \$4,556,000 during 2016 as compared to \$2,578,000 during 2015. This increase was primarily the result an increase in salaries and benefits, costs associated with the LECOM Health Challenge Golf Tournament and bad debt expense related to certain notes receivable that were written off in the current year.
- PILOT payments passed through to local governmental units were approximately \$5,656,000 during 2016 as compared to \$8,923,000 during 2015. This decrease was related to a substantial decrease in the NRG pilot agreement.

**III. Overview of the Financial Statements**

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information.

**A. Reporting the Agency as a Whole (Government-wide Financial Statements):**

The government-wide statements report information about the entity as a whole using accounting methods similar to those used by private-sector companies. Activities that are fiduciary in nature are not included in these statements.

**1. Combined Statement of Net Position-All Fund Types**

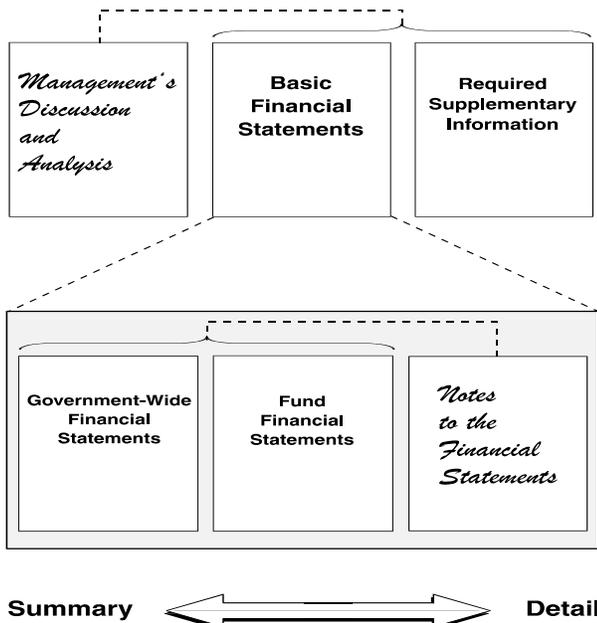
The Combined Balance Sheet (page 9) shows the "assets" (what is owned), "liabilities" (what is owed) and the "net position" (the resources that would remain if all obligations were settled) of the Agency. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are designated for certain purposes or reserved for emergencies and cash flow purposes. Some assets are available to fund budgets of the following year.

**2. Combined Statement of Revenue, Expenditures, and Changes in Net Position-All Fund Types**

The Combined Statement of Revenue Expenditures and Changes in Net Position (page 10) shows the amounts of program-specific and general Agency revenue used to support the Agency's various functions.

The two government-wide statements report the Agency's net position and how they have changed. Net Position – the difference between the Agency's assets and liabilities – is one way to measure the Agency's financial health or position. Over time, increases or decreases in the Agency's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the Agency's overall health additional non-financial factors also need to be considered.

**Figure A-2 - Required Components of the Agency's Annual Financial Report**



**IV. Financial Analysis of the Agency as a Whole**

Net Position

The Agency's total entity-wide net position at December 31, 2016 was approximately \$13,274,000. This includes: capital assets, net of related debt of \$1,277,000, restricted net assets of \$11,707,000; and unrestricted net assets of \$290,000.

Revenue

The Agency's total revenue and other sources were approximately \$4,289,000 during the year ended December 31, 2016. The Agency also received approximately \$5,656,000 of pass-through revenue during the year ended December 31, 2016. The Agency acts as an intermediary for these funds, and appropriately recognizes each pass-through amount as an expenditure upon distribution.

Figure A-4 presents the major sources of revenue of the Agency. The most significant sources of governmental revenue in the Agency are more thoroughly discussed as follows:

- Rental revenue which represents approximately 16% of the Agency's total revenue decreased by \$79,000 during the year ended December 31, 2016. This decrease was primarily attributable to the loss of a tenant part way through 2015.

**IV. Financial Analysis of the Agency as a Whole (continued)**

Revenue (continued)

- Revenue from application and administrative fees increased \$464,000 during the year ended December 31, 2016. This increase was primarily related to fees associated with the Ball Hill Wind Farm and the Chautauqua Harbor Project.
- Grant income increased \$542,000 during the year ended December 31, 2016. This increase was primarily related to grant income from Chautauqua County to purchase land for development. This increase was partially offset by revenue recognized in the prior year related to Empire Specialty Cheese Co., LLC grant from the New York State Office of Community Renewal.
- Revenue from interest income decreased \$15,000 during the year ended December 31, 2016.
- Revenue related to the LECOM Health Challenge totaled \$1,077,000 during the year ended December 31, 2016.

Expenses

The total cost of all programs and services of the Agency was approximately increased. The Agency's expenses consist primarily of grant expenses, in-kind expenditures, depreciation, interest expense and general and administrative expenses.

The Agency's expenses are more thoroughly discussed as follows:

- The Agency's total costs were approximately \$4,556,000 during the year ended December 31, 2016 as compared with \$2,578,000 during the year ended December 31, 2015. This increase was primarily related to salaries and benefits, costs associated with the LECOM Health Challenge Golf Tournament and an increase in bad debt expense related to the AI-Tech loan fund.
- The Agency's general and administration costs were approximately \$1,714,000 during the year ended December 31, 2016 as compared with \$1,574,000 during the year ended December 31, 2015. This increase in management and administration costs was mainly the result of an increase in costs associated with the LECOM Health Challenge Golf Tournament, along with an increase in payroll and benefits.
- The Agency's loan funds by their very design often function as a lender of last resort. Because of this, management is constantly challenged to evaluate its loan portfolio with respect to its collectability. At December 31, 2016, the Agency has reserved against potential uncollectible loans approximately as follows: \$40,000 and \$525,000 for the Chautauqua Revolving Loan Fund and the AI-Tech Trust Fund, respectively. Bad debt expense totaled and during the years ended December 31, 2016 and 2015, respectively.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

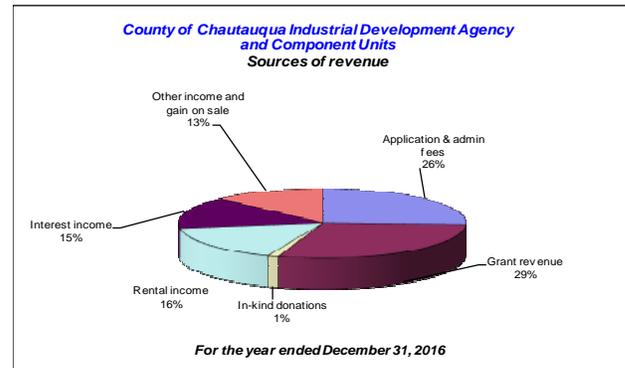
**Figure A-3 - Combined Statement of Net Position**

<i>County of Chautauqua Industrial Development Agency and Component Units</i>			
<i>Combined Statement of Net Position (in thousands of dollars)</i>			
	Total Government-wide		
	2016	2015	% Change
<b>Assets</b>			
Current and other assets	\$ 3,225	\$ 6,621	-51%
Capital assets, net	3,863	3,982	-3%
Other assets	12,071	12,732	-5%
<b>Total assets</b>	<b>\$ 19,159</b>	<b>\$ 23,335</b>	<b>-18%</b>
<b>Liabilities</b>			
Current liabilities	\$ 3,097	\$ 6,781	-54%
Long-term liabilities	2,788	3,014	-7%
<b>Total liabilities</b>	<b>5,885</b>	<b>9,795</b>	<b>-40%</b>
<b>Net Position</b>			
Invested in capital assets, net of related debt	1,277	535	139%
Restricted	11,707	12,714	-8%
Unrestricted	290	291	0%
<b>Total net position</b>	<b>13,274</b>	<b>13,540</b>	<b>-2%</b>
<b>Total liabilities and net position</b>	<b>\$ 19,159</b>	<b>\$ 23,335</b>	<b>-18%</b>

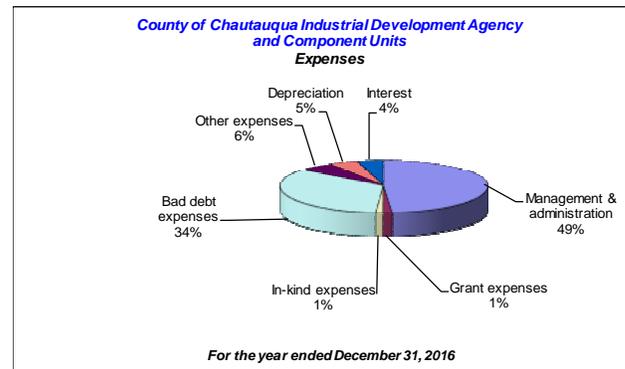
**Figure A-4 Statement of Revenue & Expenses**

<i>County of Chautauqua Industrial Development Agency and Component Units</i>			
<i>Changes in Net Position from Operating Results (in thousands of Dollars)</i>			
	Total Government-wide		
	2016	2015	% Change
<b>Revenue</b>			
Application & administration fees	\$ 826	\$ 362	128%
Grant income	937	395	137%
In-kind donations	39	40	-2%
Rental income	529	608	-13%
Interest income	478	493	-3%
LECOM health challenge revenue	1,077	--	n/a
Other income and gain (loss) on sale	403	373	8%
<b>Total revenue</b>	<b>4,289</b>	<b>2,271</b>	<b>89%</b>
<b>Expenses</b>			
General and administrative	1,714	1,574	9%
LECOM health challenge expenses	1,032	-	n/a
Grant expenses	50	159	-69%
In-kind expenditures	39	40	-2%
Bad debt expenses	1,214	225	440%
Other expenses	207	290	-29%
Depreciation	158	142	11%
Interest expense	142	148	-4%
<b>Total expenses</b>	<b>4,556</b>	<b>2,578</b>	<b>77%</b>
<b>Change in net assets</b>	<b>\$ (267)</b>	<b>\$ (307)</b>	

**Figure A-5 Sources of Revenue**



**Figure A-6 – Expenses**



**V. Financial Analysis of the Agency Funds**

**Industrial Development Agency (IDA)**

**Net Position**

During the current year, IDA general fund total revenue exceeded total expenses by \$883,000. Total net position increased from \$347,000 to \$1,230,000.

**Revenue**

During the current year, total general fund revenue and other sources were \$2,640,000 as compared with \$1,271,000 during 2015. This increase was primarily the result of an increase in grant income from the County of Chautauqua to purchase land in the current year and an increase in administrative fees related to the Ball Hill Wind Farm and Chautauqua Harbor project.

**Expenses**

During the current year, total general fund expenses were \$1,756,000 as compared with \$1,614,000 during 2015. This increase was primarily the result of an increase in general and administrative, grant expenses and depreciation. These increases were partially offset by a decrease in industrial park expenses.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**V. Financial Analysis of the Agency Funds  
(continued)**

**Chautauqua Revolving Loan Fund (CRLF)**

The IDA operates a revolving loan fund which originated from grant revenue received from the Appalachian Regional Commission for the purpose of extending loans to companies for eligible energy improvements. This fund is operated on a revolving basis and is administered by the IDA.

**Net Position**

During the current year, the CRLF's total revenue exceeded total expenses by approximately \$5,000 causing total net position to increase from \$564,000 to \$568,000.

**Revenue**

During the current year, total revenue of the CRLF was \$20,000 as compared with \$19,000 during 2015. This increase was primarily the result of an increase in interest income.

**Expenses**

During the current year, total expenses of the CRLF were \$15,000 as compared with \$31,000 during 2015. This decrease was attributable to a decrease in bad debt expense.

**AI-Tech Trust Fund**

The AI Tech Trust Fund was established as a result of a \$10,000,000 grant from the U.S. Economic Development Administration (EDA) to Chautauqua and Albany Counties. Pursuant to a letter dated April 20, 2006, the EDA authorized a transfer of the AL Tech Trust Fund to the IDA, which was previously administered by the Job Development Authority (JDA).

**Net Position**

During the current year, the AI-Tech Trust Fund total expenses exceeded total revenue by approximately \$1,056,000 causing total net position to decrease from \$12,133,000 to \$11,077,000 as of December 31, 2016.

**Revenue**

During the current year, total revenue and other sources of AI-Tech Trust Fund was \$417,000 as compared with \$453,000 during the prior year. This decrease was primarily the result of a decrease in application fees and interest income.

**V. Financial Analysis of the Agency Funds  
(continued)**

**AI-Tech Trust Fund (continued)**

**Expenses**

During the current year, total expenses of the AI-Tech Trust Fund were \$1,473,000, as compared with \$436,000 during the prior year. This increase primarily resulted from an increase in bad debt expense from certain significant notes receivable that were written off during the current year.

**Chautauqua Region Economic Development Corporation (CREDC)**

Chautauqua Region Economic Development Corporation was incorporated in 1986 under the Non-profit Corporation Law for the purpose of: relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, etc. The financial statements of CREDC are treated as a blended component unit and are included in the audit report with the Industrial Development Agency.

**Net Position**

During the current year, the CREDC's total expenses exceeded total revenue by approximately \$98,000 causing total net position to decrease from \$496,000 to \$398,000.

**Revenue**

During the current year, total revenue of CREDC was \$1,244,000 as compared with \$527,000 during 2015. This increase was primarily due to revenue from the LECOM Health Challenge golf tournament. These increases were partially offset by grants received from local Foundations for the Chautauqua Watershed in the prior year.

**Expenses**

During the current year, total expenses of CREDC were \$1,343,000 as compared with \$491,000 during 2015. This increase related to costs associated with the LECOM Health Challenge golf tournament expenses. This increase was partially offset by grant expense passed through to Chautauqua Lake and Watershed Management Alliance during the prior year.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**V. Financial Analysis of the Agency Funds  
(continued)**

**Chautauqua County Capital Resource Corporation  
(CCCRC)**

The Chautauqua County Capital Resource Corporation was incorporated in 2011. The key focus of the Corporation is to assist not for profit institutions, manufacturing and industrial businesses to obtain access to low interest tax-exempt and non tax-exempt financing for their eligible projects as well as other projects within the County for the purpose of promoting economic development and reducing unemployment. There was no activity in the CCCRC during the current year.

**VI. Capital Asset and Debt Administration**

**Capital Assets**

As depicted in Figure A-7, as of December 31, 2016, the Agency and its component unit had invested approximately \$3,863,000 in a broad range of capital assets, including industrial parks, buildings and furniture and equipment. Capital additions made during the year ended December 31, 2016, totaled approximately \$70,000. These costs were mostly attributable to furniture and fixtures in the Agency's new leased office space. More detailed information about the Agency's capital assets is presented in the notes of the financial statements.

**Long-term Debt**

As depicted in Figure A-8, as of December 31, 2016, the Agency and its component units had approximately \$5,041,000 in bonds, notes payable and other liabilities, a decrease of approximately \$238,000 as compared with the previous year. This decrease was related the Agency making debt principal payments on the SPEC buildings and notes payable.

**Figure A-7 – Capital Assets**

<i>County of Chautauqua Industrial Development Agency and Component Units Capital Assets</i>				
	2016	2015	Change	
Buildings	\$ 4,371	\$ 4,371	0%	
SPEC Buildings	2,849	2,849	0%	
Improvements	116	158	-27%	
Equipment	128	118	8%	
Accumulated depreciation	(3,601)	(3,514)	-2%	
<b>Capital Assets - net</b>	<b>\$ 3,863</b>	<b>\$ 3,982</b>	<b>-3%</b>	

**VI. Capital Asset and Debt Administration (continued)**

**Figure A-8 – Long-term Debt**

<i>County of Chautauqua Industrial Development Agency and Component Units Long-term Debt</i>			
	2016	2015	Change
Bond - Stoneman Park SPEC Building	\$ 1,108	\$ 1,260	-12%
Bond - Chadwick Bay SPEC Building	1,555	1,632	-5%
Bond - Dunkirk Building	2,000	2,000	0%
Notes payable	242	242	0%
Other bonds	136	145	-6%
<b>Total long-term debt</b>	<b>\$ 5,041</b>	<b>\$ 5,279</b>	<b>-5%</b>

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Page 8**

**VII. Factors Bearing on the Agency's Future**

At the time these financial statements were prepared and audited, the Agency was aware of the following existing circumstances that could significantly affect its financial health in the future:

- During 2016, the Agency moved its office location from the Harrison Street to 201 West Third Street, Jamestown, New York. The Agency is in the process of selling its Harrison Street Property.

**VIII. Contacting the Agency's Financial Management**

This financial report is designed to provide citizens, taxpayers, customers and investors and creditors with a general overview of the finances of the Agency and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact:

County of Chautauqua Industrial Development Agency  
Mr. Kevin Sanvidge, Administrative Director/CEO  
Mr. Richard Dixon, CFO  
201 West Third Street  
Jamestown, New York 14701

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
COMBINED STATEMENT OF NET POSITION - ALL FUNDS**

As of December 31, 2016

	CCIDA			CREDC	(Memo Only) Total Reporting Entity
	Industrial Development Agency	Chautauqua Revolving Loan Fund	AI- Tech Trust Fund		
<b>Assets</b>					
<b>Current</b>					
Cash and cash equivalents	\$ 442,072	\$ 48,690	\$ 758,221	\$ 17,585	\$ 1,266,568
Accounts receivable	133,910	--	--	83,265	217,175
Allowance for uncollectible accounts receivable	(37,500)	--	--	--	(37,500)
Current portion, mortgage receivable	69,791	--	--	--	69,791
Current portion, notes receivable	--	139,136	1,510,235	59,600	1,708,971
Total current assets	<b>608,273</b>	<b>187,826</b>	<b>2,268,456</b>	<b>160,450</b>	<b>3,225,005</b>
<b>Property and equipment, net</b>	<b>3,469,902</b>	<b>--</b>	<b>--</b>	<b>393,116</b>	<b>3,863,018</b>
<b>Other assets</b>					
Notes receivable, net of current portion	--	420,646	9,333,516	417,615	10,171,777
Allowance for uncollectible notes receivable	--	(40,000)	(525,000)	--	(565,000)
Mortgage receivable, net of current portion	1,406,936	--	--	--	1,406,936
Security deposits and other assets	10,457	--	--	--	10,457
Real property held for resale	1,015,944	--	--	30,488	1,046,432
Total other assets	<b>2,433,337</b>	<b>380,646</b>	<b>8,808,516</b>	<b>448,103</b>	<b>12,070,602</b>
	<b>\$ 6,511,512</b>	<b>\$ 568,472</b>	<b>\$ 11,076,972</b>	<b>\$ 1,001,669</b>	<b>\$ 19,158,625</b>
<b>Liabilities and Net Position</b>					
<b>Current liabilities</b>					
Accounts payable	\$ 109,745	\$ --	\$ 291	\$ 54,692	\$ 164,728
Accrued liabilities	61,544	--	--	7,362	68,906
Accrued interest	133,807	--	--	--	133,807
Unearned revenue	177,540	--	--	300,000	477,540
Current portion of long-term debt	2,252,184	--	--	--	2,252,184
Total current liabilities	<b>2,734,820</b>	<b>--</b>	<b>291</b>	<b>362,054</b>	<b>3,097,165</b>
<b>Long-term liabilities</b>					
Long-term debt, net of current portion	<b>2,546,457</b>	<b>--</b>	<b>--</b>	<b>241,868</b>	<b>2,788,325</b>
<b>Total liabilities</b>	<b>5,281,277</b>	<b>--</b>	<b>291</b>	<b>603,922</b>	<b>5,885,490</b>
<b>Net position</b>					
Invested in capital assets, net of related debt	1,094,141	--	--	181,736	1,275,877
Restricted	--	568,472	11,076,681	62,167	11,707,320
Unrestricted	136,094	--	--	153,844	289,938
Total net position	<b>1,230,235</b>	<b>568,472</b>	<b>11,076,681</b>	<b>397,747</b>	<b>13,273,135</b>
	<b>\$ 6,511,512</b>	<b>\$ 568,472</b>	<b>\$ 11,076,972</b>	<b>\$ 1,001,669</b>	<b>\$ 19,158,625</b>

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
 COMBINED STATEMENT OF REVENUE, EXPENDITURES AND  
 CHANGES IN NET POSITION - ALL FUNDS**

Year ended December 31, 2016

	CCIDA			CREDC	(Memo Only) Total Reporting Entity
	Industrial Development Agency	Chautauqua Revolving Loan Fund	AI-Tech Trust Fund		
<b>Revenue</b>					
Application and administration fees	\$ 817,784	\$ 1,600	\$ 6,300	\$ --	\$ 825,684
Grant income	936,508	--	--	--	936,508
In-kind donations	39,250	--	--	--	39,250
Rental income	382,391	--	--	146,994	529,385
Interest income	45,474	17,948	410,764	4,253	478,439
LECOM Health Challenge revenue	--	--	--	1,077,227	1,077,227
Other income	418,791	--	--	15,956	434,747
<b>Total revenue</b>	<b>2,640,198</b>	<b>19,548</b>	<b>417,064</b>	<b>1,244,430</b>	<b>4,321,240</b>
<b>Expenditures</b>					
General and administrative	1,170,326	10,257	263,858	269,161	1,713,602
LECOM Health Challenge expenses	--	--	--	1,032,333	1,032,333
Grant expenses	50,000	--	--	--	50,000
Consultants	35,000	--	--	--	35,000
Industrial Park expenses	172,090	--	--	--	172,090
In-kind expenditures	39,250	--	--	--	39,250
Bad debt expense	--	4,622	1,209,542	--	1,214,164
Depreciation	125,638	--	--	31,952	157,590
<b>Total expenses</b>	<b>1,592,304</b>	<b>14,879</b>	<b>1,473,400</b>	<b>1,333,446</b>	<b>4,414,029</b>
<b>Excess (deficiency) of revenue over expenditures before financing sources and pass-throughs</b>	<b>1,047,894</b>	<b>4,669</b>	<b>(1,056,336)</b>	<b>(89,016)</b>	<b>(92,789)</b>
<b>Other financing sources (uses)</b>					
Loss on abandoned leasehold improvements	(31,848)	--	--	--	(31,848)
Interest expense	(132,319)	--	--	(9,675)	(141,994)
	<b>(164,167)</b>	<b>--</b>	<b>--</b>	<b>(9,675)</b>	<b>(173,842)</b>
<b>Pass-through transactions</b>					
Revenue - PILOT	5,655,763	--	--	--	5,655,763
Expenditures - PILOT	(5,655,763)	--	--	--	(5,655,763)
	--	--	--	--	--
<b>Excess (deficiency) of revenue and other sources over expenditures</b>	<b>883,727</b>	<b>4,669</b>	<b>(1,056,336)</b>	<b>(98,691)</b>	<b>(266,631)</b>
Net position, beginning	346,508	563,803	12,133,017	496,438	13,539,766
<b>Net position, ending</b>	<b>\$ 1,230,235</b>	<b>\$ 568,472</b>	<b>\$ 11,076,681</b>	<b>\$ 397,747</b>	<b>\$ 13,273,135</b>

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
COMBINED STATEMENT OF CASH FLOWS - ALL FUNDS**

Year ended December 31, 2016

	CCIDA			CREDC	(Memo Only) Total Reporting Entity
	Industrial Development Agency	Chautauqua Revolving Loan Fund	AI-Tech Trust Fund		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received entities assisted	\$ 817,784	\$ 1,600	\$ 6,300	\$ (77,265)	\$ 748,419
Grant income	955,958	--	--	--	955,958
Rental income	669,891	--	--	146,994	816,885
Cash received on PILOT's	5,655,763	--	--	--	5,655,763
Cash paid to contractors	(853,565)	(10,257)	(264,476)	(1,260,224)	(2,388,522)
Cash paid to employees	(490,999)	--	--	--	(490,999)
Cash payments on PILOTs	(9,624,763)	--	--	--	(9,624,763)
Cash payments to grantees	(50,000)	--	--	--	(50,000)
Other receipts	418,791	--	--	1,094,527	1,513,318
Interest paid	(72,976)	--	--	(9,675)	(82,651)
Interest received	45,474	17,948	410,764	4,253	478,439
<b>Net cash provided by (used in) operating activities</b>	<b>(2,528,642)</b>	<b>9,291</b>	<b>152,588</b>	<b>(101,390)</b>	<b>(2,468,153)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Issuances of mortgages and notes receivable	--	(220,000)	(1,768,942)	--	(1,988,942)
Collections on mortgages and notes receivable	67,730	160,388	1,613,083	58,421	1,899,622
Purchase of land held for resale	(692,091)	--	--	--	(692,091)
Capital expenditures	(70,060)	--	--	--	(70,060)
<b>Net cash provided by (used in) investing activities</b>	<b>(694,421)</b>	<b>(59,612)</b>	<b>(155,859)</b>	<b>58,421</b>	<b>(851,471)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Principal payments on long-term debt	(238,541)	--	--	--	(238,541)
<b>Net cash used in investing activities</b>	<b>(238,541)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(238,541)</b>
<b>Net change in cash</b>	<b>(3,461,604)</b>	<b>(50,321)</b>	<b>(3,271)</b>	<b>(42,969)</b>	<b>(3,558,165)</b>
Cash, beginning of year	3,903,676	99,011	761,492	60,554	4,824,733
<b>Cash, end of year</b>	<b>\$ 442,072</b>	<b>\$ 48,690</b>	<b>\$ 758,221</b>	<b>\$ 17,585</b>	<b>\$ 1,266,568</b>
<b>Reconciliation of change in net position to net cash provided by (used in) operating activities:</b>					
Change in net position	\$ 883,727	\$ 4,669	\$ (1,056,336)	\$ (98,691)	\$ (266,631)
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:					
Loss on abandoned leasehold improvements	31,848	--	--	--	31,848
Depreciation and amortization	125,638	--	--	31,952	157,590
Bad debt expense	--	4,622	1,209,542	--	1,214,164
Change in operating assets and liabilities:					
Accounts receivable	153,590	--	--	(77,265)	76,325
Security deposits and other assets	(10,457)	--	--	--	(10,457)
Due to other governments	(3,969,000)	--	--	--	(3,969,000)
Accounts payable	30,651	--	(618)	41,270	71,303
Accrued liabilities	12,658	--	--	1,344	14,002
Accrued interest	59,343	--	--	--	59,343
Unearned revenue	153,360	--	--	--	153,360
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (2,528,642)</b>	<b>\$ 9,291</b>	<b>\$ 152,588</b>	<b>\$ (101,390)</b>	<b>\$ (2,468,153)</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>					
Cash paid during the year for:					
Interest	<b>\$ 72,976</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 9,675</b>	<b>\$ 82,651</b>

See accompanying independent auditor's report and notes to financial statements.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

Page 12

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**I. Significant Accounting Policies**

The accompanying general purpose financial statements of the **County of Chautauqua Industrial Development Agency** have been prepared in conformity with accounting principles generally accepted in the United States of America for governments as prescribed by the Governmental Accounting Standards Board which is the standard setting body for establishing governmental accounting and financial reporting principles.

**A. Reporting Entity**

The **County of Chautauqua Industrial Development Agency** (the "Agency") was established as a public benefit corporation under Title I, Article 18A of General Municipal Law of the State of New York and signed into law by the Governor, March 22, 1972. The purpose of the Agency is to promote, develop, encourage, and assist in the acquiring, constructing and maintaining of industrial and manufacturing facilities. The Agency is exempt from federal and state income taxes. As required by generally accepted accounting principles, these financial statements present the County of Chautauqua Industrial Development Agency (the primary government) and its component units. The component units discussed in Note 2 are included in the Agency's reporting entity because of the significance of their operational and financial relationship with the Agency. The Agency and its component units are included as a discretely presented component unit within the County of Chautauqua, New York's financial statements.

**B. Basis of Accounting**

The Agency's accounts are maintained on an accrual basis whereby revenue is recognized when earned and expenses are recorded when incurred.

**C. Fund Accounting**

The Agency uses funds to report on its financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

**General Operating Fund**

The general operating fund of the Agency is used to account for all financial transactions except those required to be accounted for and reported in another fund.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Fund Accounting (continued)**

**AI-Tech Loan Funds**

Pursuant to a letter dated April 20, 2006, the Economic Development Authority (EDA) authorized a transfer of the AI Tech Trust Fund to the **County of Chautauqua Industrial Development Agency**, which previously served as a project packager assisting local industry in preparing the loan packages and recommending local industries for loans from the fund. Beginning in September 2006, the Agency began reviewing and approving loans from the Trust Fund, and otherwise performing all administrative functions for the Fund that had previously been performed by the Job Development Authority.

**Chautauqua Revolving Loan Fund**

The Chautauqua Revolving Loan Fund originated from grant revenue received from the Appalachian Regional Commission for the purpose of extending loans to companies for eligible energy improvements. This fund is now operated on a revolving basis and is administered by the **County of Chautauqua Industrial Development Agency**. As principal and interest is repaid, the proceeds are used to extend financing to other companies. The Agency has developed standards for advancing proceeds from the fund. These standards have the broader purpose of fostering both job growth as well as the retention of existing jobs, by assisting existing business and industry or for the purpose of providing seed capital to start-up ventures.

**Chautauqua Region Economic Development Corporation**

The Agency has a component unit, the Chautauqua Region Economic Development Corporation (CREDC) which is further described in Note 2 of the financial statements.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**Page 13**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Cash and Cash Equivalents**

The Agency includes all highly liquid investments with original maturities of 90 days or less in cash and cash equivalents on the accompanying balance sheet. Bank balances are collateralized through the Federal Deposit Insurance Corporation and with securities held by the pledging financial institution's trust department in the Agency's name. As of December 31, 2016, the Agency was fully collateralized.

**E. Investments**

Short-term investments consist of certificates of deposit with maturities greater than 90 days.

**F. Fair Value of Financial Instruments**

The Agency has a number of financial instruments, none of which are held for trading purposes. Management estimates that the fair value of all financial instruments at December 31, 2016, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

**G. Industrial Development Revenue Bonds and Civic Facility Bonds**

Industrial development revenue bonds issued by the Agency are secured by the properties which are leased to companies and are retired by lease payments. Civic facility bonds issued by the Agency include facilities owned or operated by New York State Not-for-Profit Corporations. The industrial development revenue and civic facility bonds are not obligations of the Agency, County, or State. The Agency does not record the assets or liabilities resulting from any such bond issuance in its financial statements since its primary function is to arrange the financing between the borrowing companies and the bondholders and funds arising from the issuance are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administrative fees from the borrowing companies. Such administrative fee income is recognized immediately upon receipt after issuance of the bonds.

In May 2009, the Agency formed a non-profit organization under the name of Chautauqua County Capital Resource Corporation (CCCRC). This entity has the ability to provide such financing to non-profit organizations in the future.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Tax Lease Program**

The Agency maintains tax lease and PILOT (payment in lieu of tax) programs. These programs are offered to companies who acquire, construct or substantially renovate facilities suitable for manufacturing, warehousing, research and development and other industrial purposes. Under the tax lease program, title to the property is conveyed to the Agency through the term of the lease agreement. Transfer of title removes the property from the tax rolls and the project assumes a tax-exempt nature, abating real property taxes, sales tax and mortgage taxes. A lease is written between the company as lessee and the **County of Chautauqua Industrial Development Agency** as lessor, which specifies that the company will retain operational control of the project. At the end of the lease term, title to the assets is returned to the company. The Agency does not record assets acquired under the lease program since the Agency's primary function is to provide state and local tax benefits to the lessee. The Agency receives lease administrative fees from the lessee for providing the service.

Both the PILOT and tax lease programs are governed by New York State statute. The Agency has the local authority to offer real property tax abatement as an inducement for industrial development projects. The Agency can affix the tax abatement discount at a rate necessary to satisfactorily complete a project. Under special circumstances defined by NYS statute, the Agency has the authority to also provide real property tax abatement to both commercial and/or retail projects located within areas designated to be of high distress. The Agency has a standard PILOT program for qualified projects, qualified projects that are also adaptive re-use projects and tourism destination projects. The real property tax abatement is for a period not to exceed fifteen years and the percentage of abatement ranges from 0% to 100% depending on the type of project. The PILOT agreement is the instrument by which the discounted tax payments to be made are structured. All taxing jurisdictions receive payments in the same proportion as if the entire tax amount were paid.

A PILOT agreement and tax lease can run concurrently, but are not required to be used together. It is possible to structure a tax lease agreement without an accompanying PILOT.

The Agency's PILOT program generated \$5,655,763 in 2016 for local municipalities.

**I. Property and Equipment**

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is calculated on the straight-line method for buildings and an accelerated method for equipment over the estimated useful asset life which ranges from three to thirty-nine years.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Real Property Held for Resale**

The Agency has valued the real property held for resale at cost.

Original real property, net of sales	\$ 442,752
Subsequent additions and improvements-IDA	901,401
Subsequent disposals- IDA	<u>(297,721)</u>
Total Real Property Held for Resale	<u>\$ 1,046,432</u>

During 2016, the CCIDA received a grant from Chautauqua County in the amount of \$863,746 related to the Mason Industrial Park. Per the agreement, the funds were to be utilized to purchase the land and complete infrastructure upgrades. During the current year, the CCIDA purchased the land which totaled \$701,400 which is included in real property held for resale.

**K. Use of Estimates**

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenditures. Actual results could differ from those estimates.

**L. Total Columns on Financial Statements**

The columns of the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles.

**M. Income Tax Status**

CREDC is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and from New York State income taxes under Article 7-A of the Executive Law and New York Estates, Powers, and Trusts Law. Therefore, no provision has been made for federal or New York State income taxes in the accompanying financial statements. In addition, the Agency qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an Agency other than a private foundation under Section 509(a)(2).

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Income Tax Status (continued)**

CREDC has assessed its filing status under the sections of the Internal Revenue Code and New York State Executive Law referenced above and concluded that the Agency meets the requirements to be considered a public charity. Tax filings that remain subject to examination by taxing authorities include years 2013 and later.

The Chautauqua Capital Resource Corporation (CCCRC) is a corporation that was established to assist the County in issuing tax exempt bonds in furtherance of its purposes. The bonds issued on behalf of the County by the Corporation will be treated as tax-exempt as defined under Internal Revenue Service Code 103.

**NOTE 2 - COMPONENT UNITS**

**Chautauqua Region Economic Development Corporation (CREDC)**

The Board of Chautauqua Region Economic Development Corporation (CREDC) consists of all members of the *County of Chautauqua Industrial Development Agency's* Board of Directors.

CREDC was incorporated in 1986 under Section 402 of the Not-for-Profit Corporation Law. The purposes of the Corporation are: the relieving and reducing of unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, carrying on scientific research for the purpose of aiding a community or geographical area by attracting new industry to the community or area, lessening the burdens of government, and acting in the public interest.

The Corporation was formed to replace the Jamestown Area Development Corporation which was created as a for-profit corporation and as such could not properly act as a conduit between the Chautauqua Region Economic Development Corporation and the New York Job Development Authority. The Corporation operates the incubator project located at a building it owns, also known as the Riverside Industrial Center.

The financial statements of CREDC are treated as a blended component unit and are included in this audit report for the year ended December 31, 2016.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**NOTE 2 - COMPONENT UNITS (CONTINUED)**

**Chautauqua County Capital Resource Corporation (CCCRC)**

The Board of the Chautauqua County Capital Resource Corporation (CCCRC) consists of all members of the *County of Chautauqua Industrial Development Agency's* Board of Directors.

The Chautauqua County Capital Resource Corporation (CCCRC) is a local development corporation formed under Section 1411 of the New York State Not-for-Profit Corporation Law. The Corporation undertakes projects either on its own behalf ("Corporation Projects"), or for the benefit of an applicant ("Applicant Projects"). According to the NFPC and the Incorporation Certificate, the Corporation can undertake any project that promotes community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of Chautauqua County (the "County") by developing and providing programs for not-for profit institutions, manufacturing and industrial businesses and other entities to access low interest tax exempt and non-tax-exempt financing for their eligible projects, as well as projects and activities within the County for the purpose of relieving and reducing unemployment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the County by attracting new industry to the County or by encouraging the development of, or retention of, an industry in the County, and lessening the burdens of government and acting in the public interest.

Additionally, the Corporation was created as a public instrumentality of the County. Accordingly, when the Corporation issues debt which is intended to be federally tax-exempt and which qualifies as federally tax-exempt debt, the interest payable on such Tax-Exempt Bonds is excludable from the gross income of the holders thereof for federal income tax. This exemption of interest from certain income taxation allows the Corporation to borrow at lower interest rates, thus lowering the cost of borrowing for a project.

The financial statements of CCCRC are treated as a blended component unit and are included in this audit report for the year ended December 31, 2016. There was no activity reported in CCCRC during the year ended December 31, 2016.

**NOTE 3 – ACCOUNTS RECEIVABLE**

As of December 31, 2016, the Agency had an outstanding balance in accounts receivable of \$133,910. The majority of the balance consists of fees related to the Ball Hill Wind Farm. Also in accounts receivable balances were amounts related to tenants' rent receivable. The Agency had a reserve for uncollectible receivables in the amount of \$37,500 as of December 31, 2016. As of December 31, 2016, the CREDC had an outstanding balance in accounts receivable of \$83,265.

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31, 2016:

	<b>2015 Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>2016 Balance</b>
IDA:				
Building	\$ 252,565	\$ --	\$ --	\$ 252,565
Furniture and equipment	118,087	9,711	--	127,798
SPEC building:				
Stoneman Park	2,820,795	--	--	2,820,795
Improvements	28,228	--	--	28,228
Talcott Street property	1,675,000	--	--	1,675,000
West End Improvements	53,848	--	--	53,848
Other improvements	103,578	62,206	(103,578)	62,206
	5,052,101	71,917	(103,578)	5,020,440
Less: accumulated depreciation	(1,494,773)	(125,637)	69,872	(1,550,538)
	3,557,328	(53,720)	(33,706)	3,469,902
CREDC:				
Building	2,443,900	--	--	2,443,900
Less: accumulated depreciation	(2,018,832)	(31,952)	--	(2,050,784)
	425,068	(31,952)	--	393,116
Total	\$ 3,982,396	\$ (85,672)	\$ --	\$ 3,863,018

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**NOTE 4 - PROPERTY AND EQUIPMENT (CONTINUED)**

During 2016, the Agency moved office locations from its Harrison Street Property resulting in a loss on abandoned leasehold improvements in the amount of \$31,848.

Depreciation expense relating to property and equipment was \$125,638 for the IDA and \$31,952 for the CREDC during the year ended December 31, 2016.

The Agency is leasing the Stoneman Park Facility to a tenant who has an option to buy clause. In 2015, the CCIDA purchased a building located on Talcott Street in Dunkirk, NY for \$1,675,000 with proceeds from a bond issued during 2014. During the period in which the building is held the Agency is depreciating the asset and is leasing the use of the building to a tenant with an option to purchase.

**NOTE 5 - INDUSTRIAL PARK EXPENSES**

These costs include Chadwick Bay Industrial Water District charges, South County Industrial Park real estate taxes, engineering and related development expenses of the Industrial Park.

**NOTE 6 - UNEARNED REVENUE**

Unearned revenue of the *County of Chautauqua Industrial Development Agency* includes special projects grant income received but not yet disbursed and other income received but not yet earned.

During 2007, the Agency received a grant in the amount of \$208,000 from New York State Dormitory Authority related to railroad improvements. In 2008, the Agency incurred expenditures relating to the grant of \$176,961. The Agency did not incur any expenditures relating to the grant in 2009 and 2010. However, the Agency incurred expenditures of \$15,845 in 2011, leaving an unexpended amount of \$15,194 which remained in unearned revenue at December 31, 2016.

During 2015, the CCIDA received an initial advance of \$50,000 related to the Arkwright Wind Farm. Per the agreement, the advance was utilized to pay legal fees that had been incurred during the planning and initiation phases of the wind farm which totaled \$8,986 and \$41,014 during the years ended December 31, 2016 and 2015, respectively. At December 31, 2016, the total amount of the initial advance has been expended.

During 2015, CREDC received the remaining \$300,000 from the New York State Office of Community Renewal that was passed through to Empire Specialty Cheese Co. LLC in the form of a deferred loan. If the Company complies with the covenants, conditions and obligations of the loan agreement, the balance will be forgiven on August 1, 2019, at which time the Agency will recognize revenue.

**NOTE 6 - UNEARNED REVENUE (CONTINUED)**

During 2016, the CCIDA received a grant from Chautauqua County in the amount of \$863,746 related to the Mason Industrial Park. Per the agreement, the funds were to be utilized to purchase the land and complete infrastructure upgrades. The CCIDA purchased the land which totaled \$701,400, during the years ending December 31, 2016. At December 31, 2016, the remaining \$162,346 to be used for infrastructure improvements remained in unearned revenue.

**NOTE 7 - USE OF FACILITIES**

The Stoneman Park Facility, a SPEC building owned by the Agency, is being leased to various companies. The leases related to the Stoneman Park Facility are all currently month to month agreements.

The Riverside Industrial Center, a 107,000 square foot building owned by CREDC is being used as an incubator facility for emerging companies and is also leased to other not-for-profit organizations. The Agency utilized office space in the Riverside Industrial Center with rent of \$1,853 per month. During 2016, the Agency moved its office location to 201 West Third Street in Jamestown, New York. A lease agreement was entered into which has an initial term of 10 years, with a 5 year renewal option, and commenced on August 1, 2016. Monthly rental payments of \$7,495 per month plus quarterly payments for common area maintenance fees and property taxes are due in the first year of this agreement, with subsequent lease periods increasing by 2%. The Agency also leases space in Fredonia, New York for \$980 per month. This lease is cancellable with thirty days notice.

The future minimum payments on the non-cancellable lease (not including common area maintenance and property taxes) is as follows:

2017	\$	90,690
2018		92,503
2019		94,353
2020		96,240
2021		98,165
2022-2026		475,391
		<hr/>
	\$	947,342

**NOTE 8 - CONTINGENCIES**

The Agency receives funding from federal, state and local governmental sources. This funding is dependent on current economic conditions and community needs as defined by the governmental units. The contracts related to these programs could be terminated or significantly reduced with minimal notice.

Disallowances, if any, as a result of audit by a grantor may become liabilities of the Agency. Management believes that no material disallowances will result from any audits by grantor agencies.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**NOTE 9 - NOTES RECEIVABLE**

**Industrial Development Agency**

In 2006, the CCIDA sold a building (Chadwick Bay Spec Building) to a Company and assumed a mortgage note receivable. At the time CCIDA also had an outstanding note payable to Chautauqua County related to bonds issued for the construction of the property. In 2010, the Company defaulted on the note receivable and Chautauqua County, who held a first position on the mortgage, foreclosed on the property and took title to it. On February 22, 2012, Chautauqua County transferred title to the property back to the CCIDA and a note payable in the amount of \$1,816,765 was assumed by CCIDA. On June 25, 2013 the CCIDA sold the building and established a \$1,700,000 promissory note from the purchaser of the building. The promissory note calls for monthly principal and interest payments in the amount of \$9,428 per month and the note matures in July 2033. In doing so, CCIDA modified the terms of their bond with Chautauqua County to a rate of 2.274% from 3.00% and a term of 21.5 years from 31.5 years.

**Chautauqua Revolving Loan Fund**

DigEdition, 4% interest bearing note receivable, \$896 per month including interest through July 1, 2019.	\$ 26,337
Muldowney Development, Inc., 4% interest bearing note receivable, \$575 per month including interest through May 1, 2018.	9,490
EMC FinTech, 4% interest bearing note receivable, \$888 per month including interest through December 1, 2019.	30,093
Digitell, Inc., 4% interest bearing note receivable, \$617 per month including interest through April 1, 2017.	2,447
Credit Bureau of Jamestown, 4% interest bearing note receivable, \$1,381 per month including interest through December 1, 2020. Entered into an interest only agreement through December 1, 2016.	61,173
Lakeside Fire Services Corp., (loan awarded during 2014), 4% interest bearing note receivable, \$552 per month including interest through December 1, 2019.	18,713
Moonlight Electric of Jamestown LLC, (loan awarded during 2014), 4% interest bearing note receivable, \$368 per month including interest through April 1, 2019.	9,831
Johnson Machine and Fibre Company, Inc., (loan awarded during 2014), 4% interest bearing note receivable, \$1,381 per month including interest through January 1, 2020.	48,005

**NOTE 9 - NOTES RECEIVABLE (CONTINUED)**

**Chautauqua Revolving Loan Fund (Continued)**

Rem-Tronics, 4% interest bearing note receivable, \$1,025 per month including interest through November 1, 2022.	\$ 64,719
Chautauqua County Commerce Park, LLC., 4% interest bearing note receivable, \$454 per month including interest through January 1, 2036.	72,713
Original Crunch Roll Factory, (loan awarded during 2016), 4% interest bearing note receivable, \$888 per month including interest through October 1, 2023.	63,654
Original Crunch Roll Factory, (loan awarded during 2016), 4% interest bearing note receivable, \$515 per month including interest through December 1, 2036.	85,000
Jamestown Rental Properties, (loan awarded during 2016), 4% interest bearing note receivable, \$709 per month including interest through July 1, 2026.	<u>67,607</u>
Subtotal	559,782
Less: reserve	<u>(40,000)</u>
Subtotal	519,782
Less: current portion	<u>(139,136)</u>
Long-term portion - Chautauqua Revolving Loan Fund	<u>\$ 380,646</u>
<b><u>AI-Tech Trust Fund</u></b>	
GEI, Inc., 5% interest bearing note receivable, \$1,842 per month including interest through January 1, 2021.	\$ 80,205
CREDC, 4% interest bearing note receivable, \$806 per month. Entered into an interest only agreement through December 1, 2017 then \$2,974 per month including interest through November 1, 2025.	241,868
Chautauqua Utilities, 4% note receivable, \$5,030 per month including principal, through December 2, 2026.	496,753
Chautauqua Energy, Inc., 5% interest bearing note receivable. Entered into an interest only agreement through October 1, 2017, then \$3,906 per month including interest through May 1, 2025.	295,360
International Ordnance Technologies, Inc. 5% interest bearing note receivable, Entered into a forbearance agreement through October 1, 2017, then \$3,182 per month including interest through January 1, 2018.	32,075

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**NOTE 9 - NOTES RECEIVABLE (CONTINUED)**

**AI-Tech Trust Fund (continued)**

Falconer Enterprises, LLC, 5% interest bearing note receivable, \$3,182 per month, including interest through June 1, 2018.	\$ 55,069
Jamestown Mattress Company, Inc., 4% interest bearing note receivable, \$3,029 per month including interest through February 1, 2025.	253,054
Lightning Circuits International, Inc. 4% interest bearing note receivable, \$2,025 per month including interest through April 1, 2021.	94,827
Superior Grinding, Inc., 5% interest bearing note receivable, \$798 per month including interest through February 1, 2020.	27,980
Yaw Oil Company, Inc., 4% interest bearing note receivable, \$3,151 per month including interest through November 1, 2024.	256,230
Johnson Machine and Fibre, (new loan awarded in 2014) 4% interest bearing note receivable, \$460 per month including interest through January 1, 2020.	16,002
Chautauqua Hotel, 4% interest bearing note receivable, \$4,438 per month including interest through June 1, 2024.	344,592
Tube Fabrication Co., Inc., 4% interest bearing note receivable, \$1,367 per month including interest through February 1, 2017.	2,720
Chautauqua Precision, 4% interest bearing note receivable, \$2,146 per month including interest through August 1, 2020.	87,706
Harson Inc., 4% interest bearing note receivable, \$847 per month including interest through August 1, 2019. Loan is currently nonperforming and the CCIDA is working with owner to secure payments.	30,624
Muldowney Development Inc., 4% interest bearing note receivable, \$1,367 per month including interest through October 1, 2019.	43,868
Robert White (Lakeside Capital), 4% interest bearing note receivable, \$6,698 per month including interest through December 1, 2017.	78,658
Bloomquist Landscaping Inc., 4% interest bearing note receivable, \$916 per month including interest through April 1, 2018.	14,246
DigEdition 4% interest bearing note receivable, \$896 per month including interest through July 1, 2019.	26,337
EMC FinTech 4% interest bearing note receivable, \$1,367 per month including interest through July 1, 2018.	25,125
Rem-Tronics, 4% interest bearing note receivable. Entered into an interest only agreement through June 1, 2016, then \$3,000 per month including interest through July 1, 2032.	416,906

**NOTE 9 - NOTES RECEIVABLE (CONTINUED)**

**AI-Tech Trust Fund (continued)**

Container Testing Solutions, Inc., 4% interest bearing note receivable, \$1,105 per month including interest through April, 1 2017.	\$ 4,383
Rainbow Parrot, Inc., 4% interest bearing note receivable, \$1,295 per month including interest through February 1, 2027.	129,582
SKNY001, 4% interest bearing note receivable, \$6,060 per month including interest through April 1, 2032.	832,444
Digitell, Inc., 4% interest bearing note receivable, \$1,225 per month including interest through April 1, 2017.	4,859
Credit Bureau of Jamestown, 4% interest bearing note receivable, \$1,842 per month including interest through June 1, 2020. Entered into an interest only agreement through December 1, 2016.	81,565
Gren Ventures LLC, 4% interest bearing note receivable, \$4,068 per month including interest through December 1, 2028.	464,666
Scott's Peak 'n Peek, LLC, 4% interest bearing note receivable, \$2,806 per month including interest through May 1, 2033.	404,762
Ruhlman Industrial Properties, 4% interest bearing note receivable, forbearance agreement through July 1, 2017, \$5,639 per month including interest through February 1, 2035.	832,975
The Stannard Group, 4% interest bearing note receivable, \$4,556 per month including interest through January 1, 2024.	336,750
East Main Complex, LLC, 4% interest bearing note receivable, \$3,939 per month including interest through January 1, 2034.	586,310
Beichner Waste Services Inc., 4% interest bearing note receivable, \$1473 per month including interest through March 1, 2019.	37,982
Counter Act, Inc., 4% interest bearing note receivable, \$4,050 per month including interest through May 1, 2024.	311,440
Erie Shore Holdings, LLC, 4% interest bearing note receivable, \$1,030 per month including interest through September 1, 2029.	122,878
Advanced Production Group, LLC, 4% interest bearing note receivable, \$1,000 per month including interest through January 1, 2035.	154,265
Nulife Glass NY, Inc., 4% interest bearing note receivable, \$7,027 per month including interest through February 1, 2018.	95,969
Scott's Enterprises, 4% interest bearing note receivable, \$1,657 per month including interest through January 1, 2030.	202,279

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**NOTE9- NOTES RECEIVABLE (CONTINUED)**

**AI-Tech Trust Fund (continued)**

Brick City Markets, 4% interest bearing note receivable. Entered into an interest only agreement through November 1, 2016 at which time the principal will increase to \$1,148 per month through September 1, 2026.	\$ 111,060
Chautauqua County Commerce Park, LLC, 4% interest bearing note receivable, \$4,151 per month including interest through January 1, 2036.	664,110
D&F Pallet, 4% interest bearing note receivable, \$2,531 per month including interest through September 1, 2025.	223,930
Rem-Tronics, 4% interest bearing note receivable, \$1,556 per month including interest through March 1, 2023.	103,069
Reverie Cheese & Food, Inc., 4% interest bearing note receivable, \$1,400 per month including interest through August 1, 2025.	122,847
ROM Ventures LLC, 4% interest bearing note receivable, \$4,611 per month including interest through August 1, 2022.	280,126
Sunset Ridge Holdings, LLC, 4% interest bearing note receivable. Entered into interest only agreement through August 1, 2016. \$737 per month including interest through November 1, 2020.	31,998
Crunch Roll, (loan awarded during 2016), 4% interest bearing note receivable, \$4,784 per month including interest through December 1, 2023.	342,753
Chadwick Bay Marina, (loan awarded during 2016), 4% interest bearing note receivable, \$2,145 per month including interest through August 1, 2031.	285,263
Chautauqua Woods, (loan awarded during 2016), 4% interest bearing note receivable, \$1,230 per month including interest through December 1, 2023.	90,000
Shults Real Estate, (loan awarded during 2016), 4% interest bearing note receivable, \$3,030 per month including interest through December 1, 2036.	500,000
Nulife Glass NY Inc., (loan awarded during 2016), 4% interest bearing note receivable, \$3,812 per month including interest through March 1, 2021.	178,522
Merritt Estate Winery, (loan awarded during 2016), 4% interest bearing note receivable, \$1,924 per month including interest through June 1, 2023.	130,458
Jamestown Rental Properties, (loan awarded during 2016), 4% interest bearing note receivable, \$709 per month including interest through July 1, 2026.	67,607

**NOTE 9 - NOTES RECEIVABLE (CONTINUED)**

**AI-Tech Trust Fund (continued)**

Heavy Press, (loan awarded during 2016), 4% interest bearing note receivable, \$962 per month including interest through July 1, 2031.	\$ 127,341
The Tube Fabrication Co., 4% interest bearing note receivable, \$984 per month including interest through October 1, 2022.	<u>61,353</u>
Subtotal	10,843,751
Less: reserve	<u>(525,000)</u>
Subtotal	10,318,751
Less: current portion	<u>(1,510,235)</u>
Long-term portion - AI-Tech Trust Fund	<u>\$ 8,808,516</u>

As of December 31, 2016, the Agency had a commitment to issue a note to five companies totaling approximately \$1,485,000, respectively.

**CREDC Economic Development Program**

Castelli America LLC, (loan formally awarded to Empire Specialty Cheese Co. LLC. during 2014 assigned in 2016), 2% interest bearing note receivable, \$5,217 per month including interest through October 1, 2019.	\$ 177,215
Castelli America LLC, (deferred loan formally awarded to Empire Specialty Cheese Co. LLC during 2015 assigned in 2016). If conditions of loan are met through August 1, 2019, the loan will be forgiven.	<u>300,000</u>
Subtotal	477,215
Less: current portion	<u>(59,600)</u>
Long-term portion - CREDC	<u>\$ 417,615</u>

The Agency makes reserves for uncollectible notes receivable based on an assessment of the recoverability of receivables. Reserves are applied to notes receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyzed customer creditworthiness, available collateral, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the reserve for uncollectible notes receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables. It is at least reasonably possible that the estimated reserve for uncollectible notes receivable will change in the future.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**NOTE 10 - LONG-TERM DEBT**

**Industrial Development Agency**

Bond payable to County of Chautauqua enabled the Agency to acquire 32 acres of land adjoining the South County Park. Non-interest bearing, payable upon disposition of the acquired land. \$ 20,700

Bond payable to County of Chautauqua with an interest rate of 3%. Proceeds to be used to acquire Talcott Street property in Dunkirk, NY. Payable on December 1, 2017 or upon disposition of the acquired property. 2,000,000

Bond payable to County of Chautauqua. Proceeds used for construction of the Stoneman Industrial Park SPEC Building. Payable \$99,591 semi-annually beginning February 20, 2002, including interest at 3% - 5% accruing as of August 20, 2001, compounded semi-annually. The Agency made interest only payments during 2002 through 2004. The Agency made interest only payments during 2011. The bond matures August 20, 2021. 1,107,512

Bond payable to County of Chautauqua with an annual interest rate of 5%. Proceeds used for the construction of a new aircraft storage hangar. Payable on March 2022 or upon disposition of the acquired property. 115,068

Bond payable to County of Chautauqua with interest at 2.274%. Proceeds used for construction of the Chadwick Bay Industrial Park SPEC Building. The Agency made interest only payments from March 22, 2012 through June 25, 2013. Monthly principal and interest payments totaling \$9,428 began July 25, 2013. The bond matures July 25, 2033. 1,555,361

Subtotal 4,798,641

Less: current portion (2,252,184)

Long-term debt – IDA \$ 2,546,457

**Chautauqua Region Economic Development Corporation**

Note payable to AI-Tech Trust Fund, payable \$2,974 per month with interest at 4% per annum. The note matures on November 1, 2025. Entered into an interest only agreement through January 1, 2017. \$ 241,868

Less: current portion --

Long-term debt – IDA \$ 241,868

**NOTE 10 - LONG-TERM DEBT (CONTINUED)**

**Maturities**

At December 31, 2016, debt service requirements are as follows:

	Principal	Interest	Total
<b>CCIDA</b>			
2017	\$ 2,252,184	\$ 71,364	\$ 2,323,548
2018	259,969	63,952	323,921
2019	268,166	56,282	324,448
2020	276,085	48,362	324,447
2021	305,796	40,177	345,973
2022-2026	753,371	113,128	866,499
2027-2031	516,333	49,356	565,689
2032-2033	166,737	3,018	169,755
	<u>\$ 4,798,641</u>	<u>\$ 445,639</u>	<u>\$ 5,244,280</u>

**CREDC**

2017	\$ --	\$ 9,675	\$ 9,675
2018	26,497	9,192	35,689
2019	27,576	8,113	35,689
2020	28,700	6,989	35,689
2021	29,869	5,820	35,689
2022-2023	129,226	10,606	139,832
	<u>\$ 241,868</u>	<u>\$ 50,395</u>	<u>\$ 292,263</u>

The IDA and CREDC incurred interest expense in the amounts of \$132,319 and \$9,675 during 2016, respectively.

**NOTE 11 - PASS-THROUGH TRANSACTIONS**

The Agency's responsibility regarding these transactions is to pass-through funds received to the primary recipients. Pass-through transactions are recorded as income or liabilities when received and expenses and reduction of liabilities when paid.

Loans from the New York Urban Development Corporation and other similar governmental units are required to be directed through an industrial development agency before reaching the intended government or private recipient. The Agency has received and disbursed the following funds resulting from this pass-through income during 2016:

	IDA	Receipts	Disbursements
<b><u>Pilot Program</u></b>			
Pilot payments collected from businesses and remitted to local governments		\$ 5,655,763	\$ 5,655,763

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**NOTE 12 – RETIREMENT PLAN**

The Agency has a 401 (a) retirement plan, which covers employees over the age of 21, except for leased employees and those employees whose employment is governed by a collective bargaining agreement that does not participate in plan. It allows for employer to make discretionary contributions each year at a percentage of each eligible employee's compensation. The Agency had expenses related to the Plan in the amount of \$51,681 for the year ended December 31, 2016.

**NOTE 13 - DONATED SERVICES**

The employees of the County of Chautauqua Department of Economic Development provide administrative, accounting and other support services for the Agency. The value of donated services included in these financial statements as revenue and corresponding expenses for the year ended December 31, 2016 totaled \$39,250.

**NOTE 14 - INTERAGENCY TRANSACTIONS**

During the current year, the Agency's general fund charged costs to administer the loan funds which were recorded as expenditures in the applicable loan funds. These costs are included within general and administrative expenses in the combined statement of revenue, expenditures and changes in net position while the corresponding revenue was recognized by the IDA in other income. Costs were allocated as follows:

Revolving Loan Fund	\$	10,257
CREDC Fund		27,989
AI-tech Loan Fund		210,776
	\$	<u>249,022</u>

As of December 31, 2016, the AI-tech Trust Fund had an outstanding note receivable from CREDC in the amount of \$241,868.

**NOTE 15 - RESTRICTED NET POSITION**

The amounts restricted as of December 31, 2016 include:

<u>Chautauqua Revolving Loan Fund</u>	
Revolving Loan funds	\$ <u>568,472</u>
<u>AI Tech Trust Fund</u>	
AI Tech funds	\$ <u>11,076,681</u>
<u>CREDC</u>	
LECOM Challenge	\$ <u>62,167</u>

**NOTE 16 – FAIR VALUE MEASUREMENTS**

Certain assets and liabilities of the Agency are reported at fair value in the accompanying statements of financial position. A fair value hierarchy exists that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels. Level 1 inputs on the hierarchy consist of unadjusted quoted prices in active markets and have the highest priority. Level 2 inputs consist of quoted prices in active markets for similar assets or liabilities or quoted prices in inactive markets for identical or similar assets or liabilities. Level 3 inputs have the lowest priority. The Agency uses appropriate valuation techniques based on available inputs to measure the fair value of assets and liabilities.

When estimating the fair value of notes and mortgage receivable, while management presents the receivables for financial purposes in the aggregate, they assess them individually in the portfolio. The Agency establishes the fair market value by considering the value of the loan portfolio and establishes an allowance for doubtful accounts that is sufficient to cover any anticipated losses. Part of the evaluation is to consider historical trends of collection on loans, the quality of the loan recipients and general economic conditions in the geographic area in which the majority of the Agency's loan recipients do business in. The loans and mortgage receivable are considered to be Level 3 inputs.

The table below presents information about the changes in receivables for 2016.

	<u>Chautauqua Revolving Loan Fund</u>		<u>AI-Tech Trust Fund</u>	
Beginning balance	\$	464,791	\$	11,372,434
New loans made		220,000		1,768,942
Principal payments received		(160,387)		(1,613,083)
Bad debt expense		(64,622)		(1,209,542)
Ending balance	\$	<u>459,782</u>	\$	<u>10,318,751</u>
	<u>IDA Note Receivable</u>		<u>CREDC Note Receivable</u>	
Beginning balance	\$	1,544,457	\$	535,636
New loans made		--		--
Principal payments received		(67,730)		(58,421)
Bad debt expense		--		--
Ending balance	\$	<u>1,476,727</u>	\$	<u>477,215</u>

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**NOTE 16– FAIR VALUE MEASUREMENTS (CONTINUED)**

The geographic area in which the majority of the Agency's loan recipients do business in is western New York and the economic conditions of the region could be a factor in risk of loss. Each note has a varying position on collateral held by the Agency, which includes real property, equipment, other business assets and personal guarantees. The Agency evaluates the amount of loss due to credit risk when establishing reserves for uncollectible balances.

**NOTE 17 – LECOM HEALTH CHALLENGE**

A four-year agreement was entered into by LECOM, Web.com Tour and CREDC to hold the LECOM Health Challenge golf tournament. The LECOM Health Challenge golf tournament was played in Clymer, New York on the Peek'n Peek's "Upper Course" on July 4-10, 2016 in its first year, with the second year to be held during July 5-9, 2017. This international event spotlights the LECOM Health Challenge in collaboration with notable partners from New York and Pennsylvania to emphasize the significance of health and wellness in the field of sports. CREDC is responsible for raising revenue through local sources, sponsorships, gate passes, etc. and costs include a television production fee and the purse which totaled approximately \$657,000 for the 2017 tournament and was paid by the Title Sponsor in 2016.

**NOTE 18 – WIND FARMS**

During 2016 and 2015, the Agency entered into PILOT agreements with companies related to the construction of windfarms. The agreements call for administrative fees to be paid to CCIDA in the amounts of \$1,000,000 (2016 agreement) and \$950,000 (2015 agreement) over a period of eight years. The CCIDA recognized revenue in the Statement of Revenue, Expenditures and Changes in Financial Position in the amount of \$475,000 and \$175,000 during the years ended June 30, 2016 and 2015, respectively. Management believes future payments on the agreements are contingent upon the construction of the wind towers which has not yet taken place and therefore has not recognized payments to be received in 2017 through 2023. Below is a schedule of the remaining payments under the agreements:

	<b>2016</b>	<b>2015</b>
	<b>Windfarm</b>	<b>Windfarm</b>
2017	\$ 100,000	\$ 100,000
2018	100,000	100,000
2019	100,000	100,000
2020	100,000	100,000
2021	100,000	100,000
2022	100,000	100,000
2023	100,000	--
Total remaining payments	<u>\$ 700,000</u>	<u>\$ 600,000</u>

**NOTE 19 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through March 20, 2017, which is the date the financial statements were available to be issued.

The Agency is in the process of selling its property located on Harrison Street. This property is owned by CREDC, who has a mortgage with the AI-Tech loan fund. It is Management's intention to use proceeds from the sale to retire to outstanding principal balance on the mortgage.

***SUPPLEMENTARY INFORMATION***

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**SCHEDULE OF OTHER INCOME AND GENERAL AND ADMINISTRATIVE**  
**EXPENSES - ALL FUNDS**

Schedule 1

Page 23

Year ended December 31, 2016

	CCIDA			Chautauqua County Capital Resource Corporation	CREDC	(Memo Only) Total Reporting Entity
	Industrial Development Agency	Chautauqua Revolving Loan Fund	AI-Tech Trust Fund			
<b>Other Income</b>						
Gas royalties	\$ 252	\$ --	\$ --	\$ --	\$ --	\$ 252
Community fee, BFI	25,994	--	--	--	--	25,994
Other income						
Interagency charges	296,776	--	--	--	--	296,776
Other	95,769	--	--	--	15,956	111,725
<b>Total other income</b>	<b>\$ 418,791</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 15,956</b>	<b>\$ 434,747</b>
<b>General and Administrative Expenses</b>						
Payroll and benefits	\$ 674,554	\$ --	\$ --	\$ --	\$ --	\$ 674,554
Publicity and promotion	53,379	--	2,550	--	--	55,929
Rent	61,175	--	--	--	--	61,175
Insurance	36,305	--	83	--	27,478	63,866
Office and postage	26,050	--	90	--	4,352	30,492
Meeting expense	22,081	--	2,231	--	--	24,312
Professional fees	145,247	10,257	256,783	--	72,045	484,332
Repairs and maintenance	--	--	330	--	19,428	19,758
Utilities	97,607	--	291	--	65,919	163,817
Business Incentives	--	--	1,500	--	--	1,500
Dues and subscriptions	8,372	--	--	--	472	8,844
Miscellaneous	15,338	--	--	--	42,140	57,478
Travel and entertainment	26,882	--	--	--	1,178	28,060
Taxes	--	--	--	--	16,041	16,041
Contributions	--	--	--	--	12,000	12,000
Other	3,336	--	--	--	8,108	11,444
<b>Total general and administrative</b>	<b>\$ 1,170,326</b>	<b>\$ 10,257</b>	<b>\$ 263,858</b>	<b>\$ --</b>	<b>\$ 269,161</b>	<b>\$ 1,713,602</b>

See accompanying independent auditor's report.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**SCHEDULE OF TAX-EXEMPT BONDS**

**Schedule 2**  
**Page 24**

As of December 31, 2016

	<b>Loan ID</b>	<b>Original Amount</b>	<b>Outstanding Principal</b>	<b>Date of Issuance</b>	<b>Date of Maturity</b>	<b>Interest Rate</b>
<b>Tax-exempt bonds</b>						
<b>County of Chautauqua Industrial Development Agency:</b>						
JCC Development Corporation	0601-07-01A	\$ 12,045,000	\$ 11,215,000	2007	2037	Variable
The Gerry Homes	0601-00-03A	15,100,000	7,170,000	2000	2032	Variable
Lutheran Social Services	0601-05-05B	5,500,000	3,118,772	2005	2026	Variable
Resource Center	0601-93-02A	5,560,000	963,780	1993	2019	Variable
JCC Foundation Inc.	0601-07-02A	3,345,000	2,245,000	2007	2027	Variable
NRG Power Corporation	0601-09-01	58,500,000	58,500,000	2009	2042	Variable
Covenant Manor Appartments	0601-14-01	4,440,000	4,060,000	2014	2054	Variable
<b>Chautauqua County Capital Resource Corporation:</b>						
Jamestown Center City Development Co.	0601-13-01A	\$ 20,235,000	\$ 19,985,000	2013	2031	Variable
Women's Christian Association of Jamestown, NY	10-881712	29,030,000	23,170,000	2011	2035	Variable

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES**  
**IN NET POSITION - LECOM HEALTH CHALLENGE**

**Schedule 3**  
**Page 25**

Year ended December 31, 2016

**Revenue**

Application and administration fees (2017 tournament)		
Title sponsorship *	\$	772,500
Less: Television production fee *		(407,194)
Less: Purse *		(250,000)
Net application and administration fees		115,306
Other sponsorships		943,522
Ticket sales		13,590
Player fees		3,760
Other income		1,049
<b>Total revenue</b>		<b>1,077,227</b>

**Expenditures**

General and administrative		
Payroll and benefits	\$	48,512
Advertising and promotions		68,359
Printing		29,300
Pro-A Wednesday		80,520
Tournament production		399,230
Public relations		5,109
Professional fees		222,985
Travel and entertainment		49,344
Office expense		8,410
Miscellaneous		9,069
Volunteers		11,999
Caddies		1,096
Contributions		98,400
<b>Total expenditures</b>		<b>1,032,333</b>

<b>Revenue over expenditures</b>		<b>44,894</b>
Net position, beginning		17,273
<b>Net position, ending</b>	<b>\$</b>	<b>62,167</b>

\* Title sponsorship was paid directly to Web.com Tour by the title sponsor, LECOM. Web.com Tour withheld the television production fee and purse and remitted the remaining balance to CREDC.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year ended December 31, 2016

Project Title	Federal CFDA Number	Agency or Pass-through Number	Federal loans outstanding	Cash and Cash Equivalents	New Loans Disbursed	Expenditures
<b>U.S. Department of Commerce:</b>						
<i>Direct Award:</i>						
Economic Adjustment Assistance	11.307	N/A	\$ 10,843,751	\$ 758,221	\$ 1,768,942	\$ 1,473,400
<b>Total Federal Awards</b>			<b>\$ 10,843,751</b>	<b>\$ 758,221</b>	<b>\$ 1,768,942</b>	<b>\$ 1,473,400</b>

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the County of Chautauqua Industrial Development Agency and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**Note 2 - Indirect Costs**

The Agency has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance in the current year.

***SPECIAL REPORTS***

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

**To the Board of Directors**  
***County of Chautauqua Industrial Development Agency***  
**Jamestown, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of ***County of Chautauqua Industrial Development Agency*** and its component units, the Chautauqua Region Industrial Development Corporation and the Chautauqua County Capital Resource Corporation, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Agency and its component units' basic financial statements and have issued our report thereon dated March 20, 2017.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered ***County of Chautauqua Industrial Development Agency's*** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ***County of Chautauqua Industrial Development Agency's*** internal control. Accordingly, we do not express an opinion on the effectiveness of ***County of Chautauqua Industrial Development Agency's*** internal control.

A deficiency in internal control over financial reporting 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 to those charged with governance.

Our consideration of the internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal controls over that we consider to be material weaknesses. However, material weaknesses may exist and have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether ***County of Chautauqua Industrial Development Agency's*** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly this communication is not suitable for any other purpose.

***Other Communications on Internal Control***

We noted other matters involving internal control over financial reporting that we have reported to management of **County of Chautauqua Industrial Development Agency** in a separate letter dated March 20, 2017.

*Buffamante Whipple Buttafaro PC*

**BUFFAMANTE WHIPPLE BUTTAFARO, P.C.**

**Jamestown, New York  
March 20, 2017**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the Board of Directors**  
***County of Chautauqua Industrial Development Agency***  
**Jamestown, New York**

***Report on Compliance for Each Major Federal Program***

We have audited ***County of Chautauqua Industrial Development Agency*** and its component units, the Chautauqua Region Industrial Development Corporation and the Chautauqua County Capital Resource Corporation, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of ***County of Chautauqua Industrial Development Agency's*** major federal programs for the year ended December 31, 2016. ***County of Chautauqua Industrial Development Agency's*** major federal programs are identified in the Summary of Audit 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 ***County of Chautauqua Industrial Development 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 generally accepted auditing standards in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration 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 ***County of Chautauqua Industrial Development 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 legal determination on ***County of Chautauqua Industrial Development Agency's*** compliance.

***Opinion on Each Major Federal Program***

In our opinion, the ***County of Chautauqua Industrial Development Agency*** 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 ***County of Chautauqua Industrial Development 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 ***County of Chautauqua Industrial Development 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 our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 ***County of Chautauqua Industrial Development Agency's*** internal control over compliance.

***Report on Internal Control Over Compliance (continued)***

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 the internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Purpose of this Report***

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

***Other Communications on Internal Control***

We noted certain matters involving the internal control structure and its operation that we have reported to the management of the Agency in a separate letter dated March 20, 2017.

*Buffamante Whipple Buttafaro PC*

**BUFFAMANTE WHIPPLE BUTTAFARO, P.C.**

**Jamestown, New York  
March 20, 2017**

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2016**

**I. SUMMARY OF CURRENT YEAR AUDIT RESULTS**

1. The independent auditor's report expresses an unmodified opinion on the financial statements of the **County of Chautauqua Industrial Development Agency** and its component units, the Chautauqua Region Economic Development Corporation and the Chautauqua County Capital Resource Corporation.
2. There were no deficiencies relating to the audit of the financial statements as described in the 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."
3. No instances of noncompliance material to the financial statements of **County of Chautauqua Industrial Development Agency** and its component units, the Chautauqua Region Economic Development Corporation and the Chautauqua County Capital Resource Corporation, were disclosed during the audit as described in the Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Government Auditing Standards".
4. There were no deficiencies disclosed during the audit of the major federal award programs of **County of Chautauqua Industrial Development Agency** and its component units, the Chautauqua Region Economic Development Corporation and the Chautauqua County Capital Resource Corporation, as reported in the Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for major federal award programs for **County of Chautauqua Industrial Development Agency** and its component units, the Chautauqua Region Economic Development Corporation and the Chautauqua County Capital Resource Corporation, expresses an unmodified opinion.
6. Audit findings of major programs that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are reported in this Schedule.
7. The programs tested as major programs include:

Name	CFDA#	Program Type	Amount
Economic Adjustment Assistance Grant	11.307	Type A	\$ 10,843,751
Total federal assistance			\$ 10,843,751
Percent of total Federal award programs tested			100%

8. The threshold for distinguishing Type A programs was \$750,000.
9. **County of Chautauqua Industrial Development Agency** and its component units, the Chautauqua Region Economic Development Corporation and the Chautauqua County Capital Resource Corporation, was not determined to be a low-risk auditee.
10. The Economic Adjustment Assistance Grant amount is equal to the total loans outstanding as of December 31, 2016.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2016**

**II. FINANCIAL STATEMENT AUDIT – FINDINGS**

**A. INTERNAL CONTROL OVER FINANCIAL REPORTING**

**Year ended December 31, 2016**

There are no internal control over financial reporting findings reported upon during the fiscal year ended December 31, 2016.

**Year ended December 31, 2015**

There were no internal control over financial reporting findings reported upon during the fiscal year ended December 31, 2015.

**B. COMPLIANCE AND OTHER MATTERS**

**Year ended December 31, 2016**

There are no instances of noncompliance reported upon during the year ended December 31, 2016.

**Year ended December 31, 2015**

There were no instances of noncompliance reported upon during the year ended December 31, 2015.

**III. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS**

**A. COMPLIANCE**

**Year ended December 31, 2016**

There are no instances of noncompliance reported upon during the year ended December 31, 2016.

**Year ended December 31, 2015**

There were no instances of noncompliance reported upon during the year ended December 31, 2015.

**B. INTERNAL CONTROLS OVER COMPLIANCE**

**Year ended December 31, 2016**

There are no findings related to internal control over compliance are reported upon during the fiscal year ended December 31, 2016.

**Year ended December 31, 2015**

There were no findings related to internal control over compliance are reported upon during the fiscal year ended December 31, 2015.