

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

**REPORT ON  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2013**

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

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**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 Industrial Development Corporation and the Chautauqua County Capital Resource Corporation, as of and for the year ended December 31, 2013, 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.

**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 opinions.

**Opinions**

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, 2013, 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 performed 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 the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" 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 Required Reporting by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2014, 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 4, 2014**

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**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, 2013. 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, 2013:

- Overall net position of the Agency increased \$71,000 during the year ended December 31, 2013.
- The Agency's total revenue and other sources were approximately \$1,952,000 during 2013 as compared with \$1,753,000 during 2012. This increase was primarily related to the Agency recognizing a gain on forgiveness of debt of approximately \$191,000 in the current year.
- The Agency's total expenses and other uses were approximately \$1,881,000 during 2013 as compared to \$1,655,000 during 2012. This increase was primarily the result of an increase in bad debt expense in the current year.
- PILOT payments passed through to local governmental units were approximately \$9,328,000 during 2013 as compared to \$9,554,000 during 2012.
- On February 22, 2012, Chautauqua County transferred title to a building (Chadwick Bay SPEC Building) back to the Agency and a note payable in the amount of \$1,816,765 was assumed by the Agency. On June 25, 2013, the Agency sold this building and issued a mortgage note receivable for the sale price of \$1,700,000.

**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.

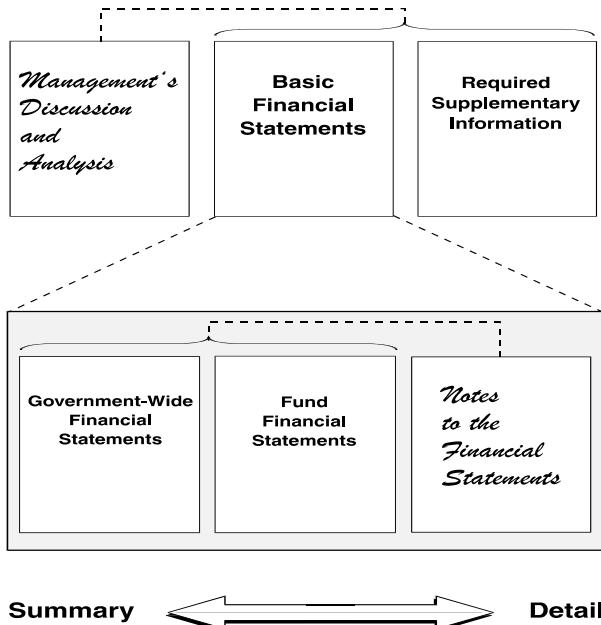
**2. Combined Statement of Revenue, Expenditures, and Changes in Net Position-All Fund Types**

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.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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



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

Revenue (continued)

- Revenue from application fees increased \$18,000 during the year ended December 31, 2013. This increase primarily resulted from an increase in applications processed during the current year.
- Revenue from interest income increased \$72,000 during the year ended December 31, 2013. This increase was primarily related to a number of new loans being issued during 2012 and 2013.
- During the year ending December 31, 2013 the IDA had a net loss from the sale of property of approximately \$127,000. In the prior year, the IDA recognized a \$18,000 net gain on the sale of property.

Expenses

The total cost of all programs and services of the Agency was approximately \$1,881,000. 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 \$1,881,000 during the year ended December 31, 2013 as compared with \$1,655,000 during the year ended December 31, 2012. This increase in expenses was primarily the result of an increase in the bad debt expense during the current year.
- The Agency's management and administration costs were approximately \$1,116,000 during the year ended December 31, 2013 as compared with \$1,034,000 during the year ended December 31, 2012. This increase in management and administration costs was mainly the result of an increase in payroll and benefits during 2013.
- 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, 2013, the Agency has reserved against potential uncollectible loans approximately as follows: \$139,000, \$401,000 and \$100,000 for the Chautauqua Revolving Loan Fund, the AI-Tech Trust Fund and CRIDC, respectively. Bad debt expense totaled \$ 219,000 and \$45,000 during the years ended December 31, 2013 and 2012, respectively.

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

Net Position

The Agency's total entity-wide net position at December 31, 2013 was approximately \$13,424,000. This includes: capital assets, net of related debt of \$547,000, restricted net assets of \$12,574,000; and unrestricted net assets of \$303,000.

Revenue

The Agency's total revenue and other sources were approximately \$1,952,000 during the year ended December 31, 2013. The Agency also received approximately \$9,833,000 of pass-through revenue during the year ended December 31, 2013. 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 25% of the Agency's total revenue increased by \$22,000 during the year ended December 31, 2013. This increase was primarily attributable to an increase in utility payments received for rented properties which was offset by a decrease in collections from a tenant that paid off delinquent payments in the prior year.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

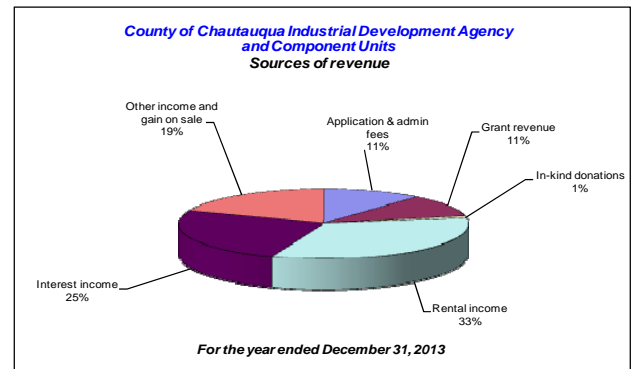
**Figure A-3 - Combined Statement of Net Position**

<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		
	2013	2012	% Change
<b>Assets</b>			
Current and other assets	\$ 6,546	\$ 5,522	19%
Capital assets, net	2,378	4,295	-45%
Other assets	12,784	8,816	45%
<b>Total assets</b>	<b>\$ 21,708</b>	<b>\$ 18,633</b>	<b>17%</b>
<b>Liabilities</b>			
Current liabilities	\$ 4,465	\$ 1,292	246%
Long-term liabilities	3,819	3,987	-4%
<b>Total liabilities</b>	<b>8,284</b>	<b>5,279</b>	<b>57%</b>
<b>Net Position</b>			
Invested in capital assets, net of related debt	547	548	0%
Restricted	12,574	12,416	1%
Unrestricted	303	390	-22%
<b>Total net position</b>	<b>13,424</b>	<b>13,354</b>	<b>1%</b>
<b>Total liabilities and net position</b>	<b>\$ 21,708</b>	<b>\$ 18,633</b>	<b>17%</b>

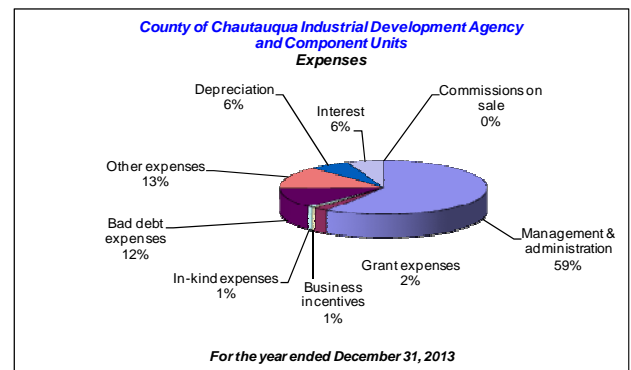
**Figure A-4 Statement of Revenue & Expenses**

<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		
	2013	2012	% Change
<b>Revenue</b>			
Application & administration fees	\$ 218	\$ 200	9%
Grant income	205	185	11%
In-kind donations	19	35	-47%
Rental income	647	625	4%
Interest income	490	418	17%
Other income and gain (loss) on sale	373	290	29%
<b>Total revenue</b>	<b>1,952</b>	<b>1,753</b>	<b>11%</b>
<b>Expenses</b>			
General and administrative	1,116	1,034	8%
Grant expenses	41	41	0%
Business incentives	10	1	1101%
In-kind expenditures	18	35	-50%
Bad debt expenses	219	45	387%
Other expenses	250	215	16%
Depreciation	118	174	-32%
Interest expense	109	110	-1%
<b>Total expenses</b>	<b>1,881</b>	<b>1,655</b>	<b>14%</b>
<b>Change in net assets</b>	<b>\$ 71</b>	<b>\$ 98</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 expenses exceeded total revenue by \$33,000. Total net position decreased to \$634,000 from \$667,000.

**Revenue**

During the current year, total general fund revenue and other sources were \$1,727,000 as compared with \$1,046,000 during 2012. This increase was primarily the result of an increase in grant income for Empire State Development Grants totaling \$500,000 passed through to SKF USA Inc.

**Expenses**

During the current year, total general fund expenses were \$1,760,000 as compared with \$1,103,000 during 2012. This increase was primarily the result of an increase in general and administrative expenses, grant expenses and industrial park expenses.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

**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 expenses exceeded total revenue by approximately \$18,000 causing total net position to decrease from \$597,000 to \$579,000.

Revenue

During the current year, total revenue of the CRLF was \$26,000 as compared with \$25,000 during 2012. This increase was primarily the result of an increase in interest earned.

Expenses

During the current year, total expenses of the CRLF were \$43,000 as compared with \$11,000 during 2012. This increase was attributable to an increase in bad debt expense related to loan funds.

**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 revenue exceeded total expenses by approximately \$175,000 causing total net position to increase from \$11,819,000 to \$11,995,000 as of December 31, 2013.

Revenue

During the current year, total revenue and other sources of AI-Tech Trust Fund was \$481,000 as compared with \$428,000 during the prior year. The increase was primarily the result of an increase in interest earnings as compared with the prior year as the level of loans issued and outstanding at yearend increased.

**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 \$305,000, as compared with \$165,000 during the prior year. This increase primarily resulted from an increase in bad debt due to the increase of reserves for uncollectible loans in the current year.

**Chautauqua Region Industrial Development Corporation (CRIDC)**

Chautauqua Region Industrial 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 CRIDC 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 CRIDC's total expenses exceeded total revenue by approximately \$39,000 causing total net position to decrease from \$239,000 to \$200,000.

Revenue

During the current year, total revenue of CRIDC was \$285,000 as compared with \$262,000 during 2012. This increase was primarily due to an increase in rental income received from tenants and a \$20,000 grant received in the current year.

Expenses

During the current year, total expenses of CRIDC were \$325,000 as compared with \$288,000 during 2012. This increase related to an increase in general and administrative expenses and bad debt expenses from the prior year.



**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**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.

**Net Position**

During the current year, total expenses of the CCCRC exceeded total revenue by approximately \$15,000 causing total net position to decrease from \$32,000 to \$17,000.

**Revenue**

During the current year, total revenue and other sources of CCCRC was \$65,000. This revenue was related mostly to application and administration fees.

**Expenses**

During the current year, total expenses of CCRC were approximately \$81,000. These expenditures consisted of general administrative fees and grant expense.

**VI. Capital Asset and Debt Administration**

**Capital Assets**

As depicted in Figure A-7, as of December 31, 2013, the Agency and its component unit had invested approximately \$2,378,000 in a broad range of capital assets, including industrial parks, buildings and furniture and equipment. Capital additions made during the year ended December 31, 2013, totaled approximately \$57,000. In addition, the IDA sold the Chadwick Bay SPEC Building and established a related note receivable during the current year. More detailed information about the Agency's capital assets is presented in the notes of the financial statements.

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

**Long-term Debt**

As depicted in Figure A-8, as of December 31, 2013, the Agency and its component units had approximately \$4,075,000 in bonds, notes payable and other liabilities, a decrease of approximately \$115,000 as compared with the previous year. This decrease was primarily the result of writing off amounts for bonds payable to Chautauqua County to agree to the value of the related properties and normal payments made throughout the year. These decreases were partially offset by an increase related to a new Bond issued with Chautauqua County for the purchase of property in Clymer, NY.

**Figure A-7 – Capital Assets**

<i>County of Chautauqua Industrial Development Agency and Component Units</i>				
<i>Capital Assets</i>				
	2013	2012	Change	
Building	\$ 2,502	\$ 2,489	1%	
SPEC Buildings	2,789	4,655	-40%	
Improvements	232	232	0%	
Equipment	119	119	0%	
Accumulated depreciation	(3,264)	(3,200)	-2%	
<b>Capital Assets - net</b>	<b>\$ 2,378</b>	<b>\$ 4,295</b>	<b>-45%</b>	

**Figure A-8 – Long-term Debt**

<i>County of Chautauqua Industrial Development Agency and Component Units</i>				
<i>Long-term Debt</i>				
	2013	2012	Change	
Bond - Stoneman Park SPEC Building	1,551	1,690	-8%	
Bond - Chadwick Bay SPEC Building	1,781	1,817	-2%	
Bond - Clymer Building	300	--	n/a	
Notes payable	276	300	-8%	
Other bonds	167	383	-56%	
<b>Total long-term debt</b>	<b>\$ 4,075</b>	<b>\$ 4,190</b>	<b>-3%</b>	

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**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:

- In future years, the Agency expects an increase in fee income due to the placement of wind farms throughout the County. Although placement of these wind farms has been delayed, management continues to project and expect an increase in fee income as a result of their placement.

**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. William Daly, Administrative Director/CEO  
Mr. Richard Dixon, CFO  
200 Harrison Street  
Jamestown, New York 14701

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

As of December 31, 2013

	CCIDA			Chautauqua County Capital Resource Corporation	CRIDC	(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	\$ 4,316,224	\$ 75,243	\$ 351,419	\$ 16,639	\$ 68,499	\$ 4,828,024
Accounts receivable	37,500	--	--	--	--	37,500
Allowance for uncollectible accounts receivable	(37,500)	--	--	--	--	(37,500)
Current portion, mortgage receivable	63,791	--	--	--	--	63,791
Current portion, notes receivable	--	166,378	1,486,239	--	2,210	1,654,827
Total current assets	<b>4,380,015</b>	<b>241,621</b>	<b>1,837,658</b>	<b>16,639</b>	<b>70,709</b>	<b>6,546,642</b>
<b>Property and equipment, net</b>	<b>2,044,097</b>	--	--	--	<b>333,918</b>	<b>2,378,015</b>
<b>Other assets</b>						
Notes receivable, net of current portion	--	421,977	10,463,215	--	145,000	11,030,192
Allowance for uncollectible notes receivable	--	(139,184)	(401,483)	--	(100,000)	(640,667)
Mortgage receivable, net of current portion	1,610,188	--	--	--	--	1,610,188
Real property held for resale	602,617	54,753	95,978	--	30,488	783,836
Total other assets	<b>2,212,805</b>	<b>337,546</b>	<b>10,157,710</b>	--	<b>75,488</b>	<b>12,783,549</b>
	<b>\$ 8,636,917</b>	<b>\$ 579,167</b>	<b>\$ 11,995,368</b>	<b>\$ 16,639</b>	<b>\$ 480,115</b>	<b>\$ 21,708,206</b>
<b>Liabilities and Net Position</b>						
<b>Current liabilities</b>						
Accounts payable	\$ 9,234	\$ --	\$ 598	\$ --	\$ 2,885	\$ 12,717
Due to other governments	4,116,045	--	--	--	--	4,116,045
Accrued liabilities	32,050	--	--	--	--	32,050
Accrued interest	16,670	--	--	--	--	16,670
Unearned revenue	30,102	--	2	--	2,061	32,165
Current portion of long-term debt	230,440	--	--	--	25,123	255,563
Total current liabilities	<b>4,434,541</b>	--	<b>600</b>	--	<b>30,069</b>	<b>4,465,210</b>
<b>Long-term liabilities</b>						
Long-term debt, net of current portion	<b>3,568,359</b>	--	--	--	<b>250,467</b>	<b>3,818,826</b>
<b>Total liabilities</b>	<b>8,002,900</b>	--	<b>600</b>	--	<b>280,536</b>	<b>8,284,036</b>
<b>Net position</b>						
Invested in capital assets, net of related debt	458,103	--	--	--	88,816	546,919
Restricted	--	579,167	11,994,768	--	--	12,573,935
Unrestricted	175,914	--	--	16,639	110,763	303,316
Total net position	<b>634,017</b>	<b>579,167</b>	<b>11,994,768</b>	<b>16,639</b>	<b>199,579</b>	<b>13,424,170</b>
	<b>\$ 8,636,917</b>	<b>\$ 579,167</b>	<b>\$ 11,995,368</b>	<b>\$ 16,639</b>	<b>\$ 480,115</b>	<b>\$ 21,708,206</b>

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

Year ended December 31, 2013

	CCIDA			Chautauqua County Capital Resource Corporation	CRIDC	(Memo Only) Total Reporting Entity
	Industrial Development Agency	Chautauqua Revolving Loan Fund	AI- Tech Trust Fund			
<b>Revenue</b>						
Application and administration fees	\$ 115,323	\$ 2,475	\$ 35,525	\$ 64,220	\$ --	\$ 217,543
Grant income	185,107	--	--	--	20,000	205,107
In-kind donations	18,548	--	--	--	--	18,548
Rental income	382,547	--	--	--	264,488	647,035
Interest income	21,368	23,090	445,079	--	49	489,586
Other income	307,187	--	--	1,000	161	308,348
<b>Total revenue</b>	<b>1,030,080</b>	<b>25,565</b>	<b>480,604</b>	<b>65,220</b>	<b>284,698</b>	<b>1,886,167</b>
<b>Expenditures</b>						
General and administrative	671,863	12,212	172,160	44,816	214,794	1,115,845
Grant expenses	--	--	--	35,800	5,000	40,800
Business incentives	10,497	--	--	--	--	10,497
Consultants	35,995	--	--	--	--	35,995
Industrial Park expenses	212,818	--	--	--	--	212,818
In-kind expenditures	18,548	--	--	--	--	18,548
Bad debt expense	--	31,093	133,096	--	55,000	219,189
Depreciation	80,177	--	--	--	37,580	117,757
<b>Total expenses</b>	<b>1,029,898</b>	<b>43,305</b>	<b>305,256</b>	<b>80,616</b>	<b>312,374</b>	<b>1,771,449</b>
<b>Excess (deficiency) of revenue over expenditures before financing sources and pass-throughs</b>	<b>182</b>	<b>(17,740)</b>	<b>175,348</b>	<b>(15,396)</b>	<b>(27,676)</b>	<b>114,718</b>
<b>Other financing sources (uses)</b>						
Net gain (loss) on sale of property	(127,450)	--	--	--	--	(127,450)
Gain on forgiveness of debt	191,904	--	--	--	--	191,904
Interest expense	(97,623)	--	--	--	(11,550)	(109,173)
	<b>(33,169)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(11,550)</b>	<b>(44,719)</b>
<b>Pass-through transactions</b>						
State and local grant revenue	504,913	--	--	--	--	504,913
State and local grant expenditures	(504,913)	--	--	--	--	(504,913)
Revenue - PILOT	9,328,067	--	--	--	--	9,328,067
Expenditures - PILOT	(9,328,067)	--	--	--	--	(9,328,067)
	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Excess (deficiency) of revenue and other sources over expenditures</b>	<b>(32,987)</b>	<b>(17,740)</b>	<b>175,348</b>	<b>(15,396)</b>	<b>(39,226)</b>	<b>69,999</b>
Net position, beginning	667,004	596,907	11,819,420	32,035	238,805	13,354,171
<b>Net position, ending</b>	<b>\$ 634,017</b>	<b>\$ 579,167</b>	<b>\$ 11,994,768</b>	<b>\$ 16,639</b>	<b>\$ 199,579</b>	<b>\$ 13,424,170</b>

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

Year ended December 31, 2013

	CCIDA			Chautauqua County Capital Resource Corporation	CRIDC	(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	\$ 115,323	\$ 2,475	\$ 35,525	\$ 64,220	\$ --	\$ 217,543
Grant income	1,130,194	--	--	--	20,000	1,150,194
Rental income	409,707	--	--	--	264,488	674,195
Cash received on PILOT's	9,328,067	--	--	--	--	9,328,067
Cash paid to contractors	(1,605,294)	(12,212)	(174,051)	(80,616)	(213,203)	(2,085,376)
Cash paid to employees	(310,905)	--	--	--	--	(310,905)
Cash payments on PILOTs	(5,212,067)	--	--	--	--	(5,212,067)
Cash payments to grantees	--	--	--	--	(5,000)	(5,000)
Other receipts	307,187	--	2	--	(2,387)	304,802
Interest paid	(97,852)	--	--	--	(11,550)	(109,402)
Interest received	21,368	23,090	445,079	1,000	49	490,586
<b>Net cash provided by (used in) operating activities</b>	<b>4,085,728</b>	<b>13,353</b>	<b>306,555</b>	<b>(15,396)</b>	<b>52,397</b>	<b>4,442,637</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Issuances of mortgages and notes receivable	--	(210,000)	(4,183,525)	--	--	(4,393,525)
Collections on mortgages and notes receivable	26,021	181,517	1,531,349	--	13,249	1,752,136
Proceeds from sale of property	8,150	--	--	--	--	8,150
Capital expenditures	(219,963)	--	--	--	(6,597)	(226,560)
<b>Net cash provided by (used in) investing activities</b>	<b>(185,792)</b>	<b>(28,483)</b>	<b>(2,652,176)</b>	<b>--</b>	<b>6,652</b>	<b>(2,859,799)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>						
Proceeds from issuance of bonds	300,000	--	--	--	--	300,000
Principal payments on long-term debt	(199,248)	--	--	--	(24,139)	(223,387)
<b>Net cash used in investing activities</b>	<b>100,752</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(24,139)</b>	<b>76,613</b>
<b>Net change in cash</b>	<b>4,000,688</b>	<b>(15,130)</b>	<b>(2,345,621)</b>	<b>(15,396)</b>	<b>34,910</b>	<b>1,659,451</b>
Cash, beginning of year	315,536	90,373	2,697,040	32,035	33,589	3,168,573
<b>Cash, end of year</b>	<b>\$ 4,316,224</b>	<b>\$ 75,243</b>	<b>\$ 351,419</b>	<b>\$ 16,639</b>	<b>\$ 68,499</b>	<b>\$ 4,828,024</b>
<b>Reconciliation of change in net position to net cash provided by (used in) operating activities:</b>						
Change in net position	\$ (32,987)	\$ (17,740)	\$ 175,348	\$ (15,396)	\$ (39,226)	\$ 69,999
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:						
Loss on sale of property, net	127,450	--	--	--	--	127,450
Gain on forgiveness of debt	(191,904)	--	--	--	--	(191,904)
Depreciation and amortization	80,177	--	--	--	37,580	117,757
Bad debt expense	--	31,093	133,096	--	55,000	219,189
Change in operating assets and liabilities:						
Accounts receivable	27,160	--	--	--	--	27,160
Due from other governments	950,000	--	--	--	--	950,000
Due to other governments	3,152,788	--	--	--	--	3,152,788
Accounts payable	(22,931)	--	(1,891)	--	1,591	(23,231)
Accrued liabilities	1,117	--	--	--	--	1,117
Accrued interest	(229)	--	--	--	--	(229)
Unearned revenue	(4,913)	--	2	--	(2,548)	(7,459)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 4,085,728</b>	<b>\$ 13,353</b>	<b>\$ 306,555</b>	<b>\$ (15,396)</b>	<b>\$ 52,397</b>	<b>\$ 4,442,637</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>						
Cash paid during the year for:						
Interest	\$ 97,852	\$ --	\$ --	\$ --	\$ 11,550	\$ 109,402
<b>Noncash Transactions</b>						
Establish note receivable related to Chadwick Bay SPEC building	\$ 1,700,000	\$ --	\$ --	\$ --	\$ --	\$ 1,700,000
Transfer title of Chadwick Bay SPEC building property to DMP Chadwick Drive, LLC	(1,700,000)	--	--	--	--	(1,700,000)
	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

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, 2013**

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**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.

**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. The Agency reports the assets and liabilities of the AI Tech Trust Fund as a special revenue fund in its financial statements.

**Chautauqua County Capital Resource Corporation**

This entity assists with the issuance of tax-exempt financing to qualifying organizations. The Corporation receives fees associated with the financing.

**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 new 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 Industrial Development Corporation**

The Agency has a component unit, the Chautauqua Region Industrial Development Corporation (CRIDC) 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, 2013**

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**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, 2013, 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, 2013, 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 ten 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 \$9,328,067 in 2013 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, 2013**

**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	200,000
Subsequent additions and improvements-CRLF	54,753
Subsequent additions and improvements-AI Tech	95,978
Subsequent disposals-IDA	<u>(9,647)</u>
Total Real Property Held for Resale	<u>\$ 783,836</u>

**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**

CRIDC 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).

CRIDC 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 2010 and later.

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

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

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 Industrial Development Corporation (CRIDC)**

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

CRIDC 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 **County of Chautauqua Industrial Development Agency** 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 CRIDC are treated as a blended component unit and are included in this audit report for the year ended December 31, 2013.



**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

**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, 2013.

**NOTE 3 – ACCOUNTS RECEIVABLE**

As of December 31, 2013, the Agency had an outstanding balance in accounts receivable of \$37,500 as compared with \$102,160 in the prior year. Both the prior year and current year accounts receivable balances were mostly related to tenants rent receivable. The Agency had a reserve for uncollectible receivables in the amount of \$37,500 and \$75,000 as of December 31, 2013 and 2012, respectively.

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31, 2013:

	<b>2012 Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>2013 Balance</b>
IDA:				
Building	\$ 197,672	\$ 5,995	\$ --	\$ 203,667
Furniture and equipment	118,980	--	--	118,980
SPEC building:				
Stoneman Park	2,804,292	--	--	2,804,292
Chadwick Bay	1,851,061	--	(1,851,061)	--
Improvements	102,401	--	--	102,401
West End Improvements	53,848	--	--	53,848
Other improvements	75,258	--	(14,110)	61,148
	<u>5,203,512</u>	<u>5,995</u>	<u>(1,865,171)</u>	<u>3,344,336</u>
Less: accumulated depreciation	(1,273,253)	(80,177)	53,191	(1,300,239)
	<u>3,930,259</u>	<u>(74,182)</u>	<u>(1,811,980)</u>	<u>2,044,097</u>
CRIDC:				
Building	2,291,323	6,596	--	2,297,919
Less: accumulated depreciation	(1,926,422)	(37,579)	--	(1,964,001)
	<u>364,901</u>	<u>(30,983)</u>	<u>--</u>	<u>333,918</u>
Total	<u>\$ 4,295,160</u>	<u>\$ (105,165)</u>	<u>\$ (1,811,980)</u>	<u>\$ 2,378,015</u>

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

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

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.

The Agency is leasing the Stoneman Park Facility to a tenant who has an option to buy clause. Depreciation expense relating to property and equipment was \$80,177 for the IDA and \$37,580 for the CRIDC during the year ended December 31, 2013.

**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, 2013.

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

During 2009 and 2006, the Agency received \$250,000 and \$600,000, respectively, from the County of Chautauqua for improving economic conditions in the town of Ripley, NY through the origination of programs and activities aimed at stimulating job creation and retention, and making capital improvements. During the period July 1, 2006 through December 31, 2012, the Agency expended \$830,179, related to this project. Costs incurred in the current year totaled \$4,913. At December 31, 2013, \$14,908 of the grant amount received remains unspent and recorded as unearned revenue.

**NOTE 7 - DUE TO OTHER GOVERNMENTS**

As described in Note 1, the Agency maintains PILOT programs. In these programs payments are received from companies and passed through to local municipalities. On December 23, 2013, the Agency received \$4,116,000 from a company which was distributed to the municipalities in January 2014 and therefore this amount was recorded as an amount due to other governments as of December 31, 2013.

**NOTE 8 - USE OF FACILITIES**

The Riverside Industrial Center, a 107,000 square foot building owned by CRIDC (component unit) 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 being paid on its behalf by the County of Chautauqua. The future minimum payments on non-cancellable leases to be received by CRIDC are as follows:

2014	\$ 110,250
2015	13,594
	<u>\$ 123,844</u>

The Stoneman Park Facility, a SPEC building owned by the Agency, is being leased to various companies. One of the companies leasing the space has committed to a non-cancellable lease. The future minimum payments on that non-cancellable lease to be received by the Agency are as follows:

2014	\$ 42,000
2015	38,500
	<u>\$ 80,500</u>

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

**NOTE 9 - 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.

**NOTE 10 - NOTES RECEIVABLE**

**Chautauqua Revolving Loan Fund**

Willston Enterprises, 5% interest bearing note receivable, \$795, per month including interest through January 1, 2018.	\$ 35,191
Kiebler Recreation, LLC, 5% interest bearing note receivable, \$1,415, per month including interest through July 1, 2013. Loan is currently nonperforming and the CCIDA is working with owner to secure payments.	49,646
Circle Mechanical, Inc., 4% interest bearing note receivable, \$1,289 per month including interest through October 1, 2014.	27,303
SolEpoxy Inc., 4% interest bearing note receivable, \$1,381, per month including interest through January 1, 2016.	33,078
Buffalo Street Partners LLC, 4% interest bearing note receivable, \$1,025 per month including interest through November 1, 2018. Entered into interest only agreement through December 31, 2013.	20,680
DigEdition, 4% interest bearing note receivable, \$1,025 per month including interest through August 1, 2018.	53,700
Shaant Industries, Inc., 4% interest bearing note receivable, \$1,025 per month including interest through August 1, 2019.	62,282
Muldowney Development, Inc., 4% interest bearing note receivable, \$575 per month including interest through November 1, 2017.	27,899

**NOTE 10 - NOTES RECEIVABLE (CONTINUED)**

**Chautauqua Revolving Loan Fund (Continued)**

EMC FinTech, 4% interest bearing note receivable, \$888 per month including interest through December 1, 2019.	\$ 56,789
Digitell, Inc., 4% interest bearing note receivable, \$617 per month including interest through April 1, 2017.	23,061
Credit Bureau of Jamestown, (loan awarded during 2013), 4% interest bearing note receivable, \$1,381 per month including interest through December 1, 2018.	71,595
Shaant Industries, Inc., (loan awarded during 2013), 4% interest bearing note receivable, \$1,105 per month including interest through December 1, 2018.	60,000
Jamestown MVP, LLC, (loan awarded during 2013), 4% interest bearing note receivable, \$1,025 per month including interest through December 1, 2018.	<u>67,131</u>
Subtotal	588,355
Less: reserve	<u>(139,184)</u>
Subtotal	449,171
Less: current portion	<u>(166,378)</u>
Long-term portion - Chautauqua Revolving Loan Fund	<u>\$ 282,793</u>

**AI-Tech Trust Fund**

Artone Manufacturing, 5% interest bearing note receivable, \$2,827 per month including interest through August 1, 2016.	\$ 84,522
GEI, Inc., 5% interest bearing note receivable, \$1,842 per month including interest through July 1, 2020.	130,519
CRIDC, 4% interest bearing note receivable, \$2,974 per month. Interest only through December 31, 2010, then \$2,974 per month including interest through April 1, 2023.	275,590
Chautauqua Utilities, 4% note receivable, \$5,030 per month including principle, through April 1, 2022. Entered into an interest only agreements for period from November 1, 2009 through June 1, 2014.	599,002
Chautauqua Energy, Inc., 5% interest bearing note receivable, \$3,907 per month including interest through November 1, 2022.	336,695

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

**NOTE 10 - NOTES RECEIVABLE (CONTINUED)**

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

International Ordnance Technologies, Inc. 5% interest bearing note receivable, \$3,182 per month including interest through June 1, 2014. Entered into an interest only agreement for period from April 1, 2009 through April 1, 2012.	\$ 89,608
Digitell, Inc., 5% interest bearing note receivable, \$1,413 per month including interest through March 1, 2014.	4,205
Falconer Enterprises, LLC, 5% interest bearing note receivable, \$3,182 per month, including interest through June 1, 2018	153,582
Jamestown Development Corporation, 4% interest bearing note receivable, \$7,593 per month including interest through March 1, 2015.	110,960
Jamestown Mattress Company, Inc., 4% interest bearing note receivable, \$3,029 per month including interest through February 1, 2025.	327,092
Jamestown Scientific Industries, LLC., 5% interest bearing note receivable, \$1,750 per month including interest through January 1, 2014.	1,357
Kiebler Recreation LLC, 5% interest bearing note receivable, \$1,887 per month including interest through July 1, 2013. Loan is currently nonperforming and business has filed for Chapter 11 bankruptcy.	66,195
Lightning Circuits International, Inc. 4% interest bearing note receivable, \$2,025 per month including interest through September 1, 2015. Entered into interest only agreements for period from January 1, 2009 through September 1, 2014.	138,879
Lightning Circuits, Inc., 5% interest bearing note receivable, \$822 per month including interest through June 1, 2012. Entered into interest only agreements for period from January 1, 2009 through September 1, 2014.	29,531
Lightning Circuits, Inc., 5% interest bearing note receivable, \$228 per month including interest through July 1, 2012. Entered into interest only agreements for period from January 1, 2009 through September 1, 2014.	8,391
Martha and Douglas Peterson, 5% interest bearing note receivable, \$2,121 per month including interest through August 1, 2017.	85,120
Merritt Estate Winery, 5% interest bearing note receivable, \$905 per month including interest through July 1, 2014.	6,228
The Resource Center, 5% interest bearing note receivable, \$1,737 per month including interest through February 1, 2014.	3,452

**NOTE 10 - NOTES RECEIVABLE (CONTINUED)**

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

Superior Grinding, Inc., 5% interest bearing note receivable, \$2,442 per month including interest through September 1, 2014.	\$ 53,460
Yaw Oil Company, Inc., 4% interest bearing note receivable, \$3,151 per month including interest through November 1, 2024.	334,031
Willston Enterprises, 5% interest bearing note receivable, \$5,303 per month including interest through January 1, 2018.	234,609
KMPD, LLC, 4% interest bearing note receivable, \$547 per month including interest through April 1, 2016.	14,593
Johnson Machine, 4% interest bearing note receivable, \$1,842 per month including interest through August 1, 2014.	14,515
Chautauqua Hotel, 4% interest bearing note receivable, \$4,438 per month including interest through June 1, 2024.	456,010
Tube Fabrication Co., Inc., 4% interest bearing note receivable, \$1,367 per month including interest through February 1, 2017.	48,710
CALB Acquisition, 4% interest bearing note receivable, \$4,101 per month including interest through October 1, 2016.	131,605
Chautauqua Precision, 4% interest bearing note receivable, \$2,146 per month including interest through September 1, 2020.	150,504
ECR International, 4% interest bearing note receivable, \$9,116 per month including interest through June 1, 2015.	159,008
Harson Inc., 4% interest bearing note receivable, \$847 per month including interest through June 1, 2017.	38,252
Muldowney Development Inc., 4% interest bearing note receivable, \$1,367 per month including interest through October 1, 2017. Entered into interest only agreement for period from January 1, 2011 through December 31, 2011.	85,213
Paradise Yacht and Cruises Inc, 4% interest bearing note receivable, \$1,024 per month including interest through October 1, 2015.	24,987
Robert White (Lakeside Capital), 4% interest bearing note receivable, \$6,698 per month including interest through December 1, 2017.	296,634
Bloomquist Landscaping Inc., 4% interest bearing note receivable, \$916 per month including interest through April 1, 2018.	43,657

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

**NOTE 10 - NOTES RECEIVABLE (CONTINUED)**

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

Buffalo Street Partners, 4% interest bearing note receivable, \$1,367 per month including interest through April 1, 2018. Entered into an interest only agreement through December 31, 2013.	\$ 92,947
DigEdition 4% interest bearing note receivable, \$1,025 per month including interest through July 1, 2018.	53,700
EMC FinTech 4% interest bearing note receivable, \$1,367 per month including interest through July 1, 2018.	68,586
Filegar Cutting Tech, 4% interest bearing note receivable, \$1,476 per month including interest through August 1, 2015.	28,515
Hamburg Kasturi, 4% interest bearing note receivable, \$6,698 per month including interest through March 1, 2016.	94,954
Jamestown MVP, 4% interest bearing note receivable, \$3,000 per month including interest through March 1, 2031.	448,004
MW Johnson, 4% interest bearing note receivable, \$1,033 per month including interest through January 1, 2015.	13,125
Rem-Tronics, 4% interest bearing note receivable, \$3,000 per month including interest through July 1, 2031.	453,979
Shaant Industries, Inc., 4% interest bearing note receivable, \$1,842 per month including interest through February 1, 2016. Entered into an interest only agreement through December 31, 2012.	65,629
Weber Knapp, Inc., 4% interest bearing note receivable, \$4,050 per month including interest through September 1, 2021.	323,006
Jamestown MVP, LLC, 4% interest bearing note receivable, \$3,030 per month including interest through June, 1 2032.	474,754
Container Testing Solutions, Inc., 4% interest bearing note receivable, \$1,105 per month including interest through April, 1 2017.	41,315
Rainbow Parrot, Inc., 4% interest bearing note receivable, \$1,295 per month including interest through February 1, 2017.	158,795
McDharmon LLC, 4% interest bearing note receivable, \$6,060 per month including interest through April 1, 2032.	943,709
Digitell, Inc., 4% interest bearing note receivable, \$1,225 per month including interest through April 1, 2017.	45,798

**NOTE 10 - NOTES RECEIVABLE (CONTINUED)**

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

Credit Bureau of Jamestown., (loan awarded during 2013), 4% interest bearing note receivable, \$1,842 per month including interest through December 1, 2018. Entered into an interest only agreement through M.	\$ 95,460
Gren Ventures LLC, (loan awarded during 2013), 4% interest bearing note receivable, \$4,086 per month including interest through April 1, 2033.	550,000
Lamb Trio, LLC, (loan awarded during 2013), 4% interest bearing note receivable, \$2,959 per month including interest through August 1, 2028.	393,466
Scott's Peak 'n Peek, LLC, (loan awarded during 2013), 4% interest bearing note receivable, \$2,806 per month including interest through May 1, 2033.	454,099
Ruhlman Industrial Properties, (loan awarded during 2013), 4% interest bearing note receivable, \$5,639 per month including interest through February 1, 2033.	904,746
RAE Foods Inc. 1-3, (loan awarded during 2013), 4% interest bearing notes receivable, \$5,731 per month including interest through October 1, 2020.	369,397
RAE Foods Inc. 4, (loan awarded during 2013), 4% interest bearing note receivable, \$1,205 per month including interest through December 1, 2015.	87,233
RAE Foods Inc. 5, (loan awarded during 2013), 4% interest bearing note receivable, \$1,491 per month including interest through December 1, 2020.	165,865
The Stannard Group., (loan awarded during 2013), 4% interest bearing note receivable, \$4,556 per month including interest through January 1, 2024.	450,000
East Main Complex, LLC, (loan awarded during 2012), 4% interest bearing note receivable, \$3,939 per month including interest through April 1, 2033.	<u>635,656</u>
Subtotal	11,949,454
Less: reserve	<u>(401,483)</u>
Subtotal	11,547,971
Less: current portion	<u>(1,486,239)</u>
Long-term portion - AI-Tech Trust Fund	<u>\$10,061,732</u>

As of December 31, 2013, the Agency had commitments to issue notes to three companies totaling approximately \$428,000.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

**NOTE 11 – CONVERTIBLE PROMISSORY NOTES**

**CRIDC Economic Development Program**

During the year-ended December 31, 2009, CRIDC was awarded a \$125,000 grant from the Chautauqua County Industrial Development Agency for the purposes of encouraging economic opportunities and job creation in Chautauqua County.

During 2010 through 2012, the Agency utilized the funds from the grant to issue convertible promissory notes to tenants of the SUNY Incubator building located in Dunkirk, New York. Unless the promissory notes are converted into shares of each Company's capital stock pursuant to the agreement, the outstanding principal along with accrued and unpaid interest shall be due and callable on a specified date.

As of December 31, 2013, the Agency had convertible promissory notes receivable outstanding of:

Dunkirk Bio-electric, Ltd. (note issued in 2010), 4% interest bearing convertible note receivable with maturity date of December 20, 2013.	\$ 30,000
Advanced Conversion Technology, LLC. (note issued in 2010), 4% interest bearing convertible note receivable with maturity date of July 27, 2013.	15,000
SellingHive Corporation (note issued in 2010), 4% interest bearing convertible note receivable with maturity date of July 27, 2013.	15,000
SellingHive Corporation (note issued in 2011), 4% interest bearing convertible note receivable with maturity date of May 15, 2014.	15,000
Haledyne Corporation (note issued in 2011), 4% interest bearing convertible note receivable with maturity date of June 16, 2014.	30,000
Henlie, Inc. (note issued in 2011), 4% interest bearing convertible note receivable with maturity date of June 3, 2014.	20,000
Henlie, Inc. (note issued in 2012), 4% interest bearing convertible note receivable with maturity date of March 28, 2015.	<u>20,000</u>
Subtotal	145,000
Less: reserve	<u>(100,000)</u>
Subtotal	45,000
Less: current portion	<u>--</u>
Long-term portion - CRIDC	<u>\$ 45,000</u>

**Note receivable**

In February 2012, CRIDC sold land to a Company in the amount of \$26,500. CRIDC held a note on the property which calls for twenty-four monthly payments of \$1,104. The balance on the note was \$2,210 as of December 31, 2013.

**NOTE 12 - LONG-TERM DEBT**

**Industrial Development Agency**

Bonds payable to County of Chautauqua enabled the Agency to acquire 32 acres of land adjoining the South County Park. Non-interest bearing, payable July 1, 1997 or upon disposition of the acquired land. \$ 20,700

Bond payable to County of Chautauqua with an interest rate of 5%. Proceeds used to acquire Maplevale property in Clymer, NY. Payable on December 18, 2015 or upon disposition of the acquired property. 300,000

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, with 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. 1,550,708

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 January 15, 2016 or upon disposition of the acquired property. 146,709

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. 1,780,682

Subtotal 3,798,799

Less: current portion (230,440)

Long-term debt – IDA \$ 3,568,359

**Chautauqua Region Industrial Development Corporation**

Note payable to AI-Tech Trust Fund, payable \$2,974 per month with interest at 4% per annum. The note matures on April 1, 2023. \$ 275,590

Less: current portion (25,123)

Long-term debt – IDA \$ 250,467

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

**NOTE 12 - LONG-TERM DEBT (CONTINUED)**

**Maturities**

At December 31, 2013, debt service requirements are as follows:

	Principal	Interest	Total
<b>CCIDA</b>			
2014	\$ 230,440	\$ 109,425	\$ 339,865
2015	537,158	102,672	639,830
2016	244,928	80,793	325,721
2017	252,184	73,680	325,864
2018	259,969	66,349	326,318
2019-2023	1,308,250	214,384	1,522,634
2024-2028	482,315	83,375	565,690
2029-2033	483,555	25,623	509,178
	<u>\$ 3,798,799</u>	<u>\$ 756,301</u>	<u>\$ 4,555,100</u>
<b>CRIDC</b>			
2014	\$ 25,123	\$ 10,566	\$ 35,689
2015	26,146	9,543	35,689
2016	27,212	8,477	35,689
2017	28,320	7,369	35,689
2018	29,474	6,215	35,689
2019-2023	139,315	12,413	151,728
	<u>\$ 275,590</u>	<u>\$ 54,583</u>	<u>\$ 330,173</u>

The IDA and CRIDC incurred interest expense in the amounts of \$97,623 and \$11,550 during 2013, respectively.

**NOTE 13 - 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 2013:

**NOTE 13 - PASS-THROUGH TRANSACTIONS (CONTINUED)**

IDA	Receipts	Disbursements
<b>State, County and Local Grants:</b>		
<b>Empire State Development</b>		
SKF USA, Inc.	\$ 500,000	\$ 500,000
<b>County grant</b>		
Ripley Interstate Site Development Project	4,913	4,913
<b>Pilot Program</b>		
Pilot payments collected from businesses and remitted to local governments	9,328,067	9,328,067
Total pass-through transactions	<u>\$ 9,832,980</u>	<u>\$ 9,832,980</u>

**NOTE 14 - 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, 2013 totaled \$18,548.

**NOTE 15 - 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	\$ 11,920
CRIDC Fund	36,017
AI-tech Loan Fund	144,634
	<u>\$ 192,571</u>

As of December 31, 2013, the AI-tech Trust Fund had an outstanding note receivable from CRIDC in the amount of \$275,590.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

**NOTE 16 - RESTRICTED NET POSITION**

The amounts restricted as of December 31, 2013 include:

<u>Chautauqua Revolving Loan Fund</u>	
Revolving Loan funds	\$ 579,167
<hr/>	
<u>AI Tech Trust Fund</u>	
AI Tech funds	\$ 11,994,768

**NOTE 17 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through March 4, 2014, which is the date the financial statements were available to be issued.

**NOTE 18 – 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.

**NOTE 18 – FAIR VALUE MEASUREMENTS (CONTINUED)**

The table below presents information about the changes in receivables for 2013.

	<u>Chautauqua Revolving Loan Fund</u>	<u>AI-Tech Trust Fund</u>
Beginning balance	\$ 507,404	\$ 9,126,001
New loans made	210,000	4,183,525
Principal payments received	(181,517)	(1,531,349)
Bad debt expense	(31,093)	(133,096)
Adjustment to allowance	(55,623)	(97,110)
Ending balance	<u>\$ 449,171</u>	<u>\$ 11,547,971</u>
		<u>CRIDC Convertible Promissory Notes &amp; Notes Receivable</u>
Beginning balance	\$	115,459
New loans made		--
Principal payments received		(13,249)
Bad debt expense		(55,000)
Adjustment to allowance		--
Ending balance	<u>\$</u>	<u>47,210</u>

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.



***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, 2013

	CCIDA			Chautauqua County Capital Resource Corporation	CRIDC	(Memo Only) Total Reporting Entity
	Industrial Development Agency	Chautauqua Revolving Loan Fund	AI-Tech Trust Fund			
<b>Other Income</b>						
Gas royalties	\$ 608	\$ --	\$ --	\$ --	\$ --	\$ 608
Community fee, BFI	57,255	--	--	--	--	57,255
Other income	249,324	--	--	1,000	161	250,485
<b>Total other income</b>	<b>\$ 307,187</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 1,000</b>	<b>\$ 161</b>	<b>\$ 308,348</b>
<b>General and Administrative Expenses</b>						
Payroll and benefits	\$ 401,145	\$ --	\$ --	\$ --	\$ --	\$ 401,145
Publicity and promotion	20,808	--	--	39,610	--	60,418
Rent	22,232	--	120	--	--	22,352
Insurance	12,700	--	--	--	26,683	39,383
Office and postage	14,819	40	40	3,517	12	18,428
Meeting expense	9,988	--	663	--	--	10,651
Professional fees	94,825	12,130	165,157	139	66,439	338,690
Repairs and maintenance	--	--	1,268	--	24,536	25,804
Utilities	7,875	--	408	--	81,347	89,630
Dues and subscriptions	10,291	--	--	350	--	10,641
Miscellaneous	56,141	42	4,504	--	--	60,687
Travel	20,117	--	--	--	--	20,117
Taxes	--	--	--	--	15,638	15,638
Other	922	--	--	1,200	139	2,261
<b>Total general and administrative</b>	<b>\$ 671,863</b>	<b>\$ 12,212</b>	<b>\$ 172,160</b>	<b>\$ 44,816</b>	<b>\$ 214,794</b>	<b>\$ 1,115,845</b>

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

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

*As of December 31, 2013*

	<u>Loan ID</u>	<u>Original Amount</u>	<u>Outstanding Principal</u>	<u>Date of Issuance</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>
<b><i>Tax-exempt bonds</i></b>						
JCC Development Corporation	0601-07-01A	\$ 12,045,000	\$ 11,730,000	2007	2037	Variable
Jamestown Center City Development Co.	0601-13-01A	20,235,000	20,235,000	2013	2031	Variable
The Gerry Homes	0601-00-03A	15,100,000	9,440,000	2000	2032	Variable
United Cerebral Palsy	0601-02-02A	1,300,000	480,000	2002	2010	Variable
Lutheran Social Services	0601-05-05A	300,000	97,078	2005	2016	Variable
Lutheran Social Services	0601-05-05B	5,500,000	3,991,695	2005	2026	Variable
Resource Center	0601-93-02A	5,560,000	1,979,957	1993	2019	Variable
JCC Foundation Inc.	0601-07-02A	3,345,000	2,675,000	2007	2027	Variable
NRG Power Corporation	0601-09-01	58,500,000	58,500,000	2009	2042	Variable
Women's Christian Association of Jamestown, NY	10-881712	29,030,000	27,295,000	2011	2035	Variable

**See accompanying independent auditor's report.**

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**SCHEDULE OF SOURCE AND STATUS OF FUNDS - NYS DEPARTMENT OF**  
**TRANSPORTATION - INDUSTRIAL ACCESS PROJECT - #DO17993**

**Schedule 3**

**Page 25**

*Year ended December 31, 2013*

**DOT grant funds allocated to recipient:**

Prior to December 31, 2012	\$ 1,000,000
For the period from January 1 to December 31, 2013	--
Total funds allocated to recipient	<u>1,000,000</u>

Less funds drawn down by recipient

Prior to December 31, 2012	--
For the period from January 1 to December 31, 2013	<u>950,000</u>
Total funds drawn down by recipient	<u>950,000</u>

Funds remaining from grantor	<u>50,000</u>
------------------------------	---------------

**Program resources received through December 31, 2013**

950,000

Less funds applied to program costs

Prior to December 31, 2012	950,000
For the period from January 1 to December 31, 2013	--
Total funds applied to program costs	<u>950,000</u>

Total funds held by (due to) recipient	<u>--</u>
--	-----------

**Total funds available for disposition**

\$ 50,000

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

**Schedule 4**  
**Page 26**

Year ended December 31, 2013

Project Title	Federal CFDA #	Grant Period	Federal loans outstanding	Cash and Cash Equivalents	Expenditures
<b>U.S. Department of Commerce</b>					
Economic Adjustment Assistance *	11.307	1/1/13-12/31/13	\$ 11,949,454	\$ 351,419	\$ 305,256
<b>Total U.S. Department of Commerce</b>			<b>11,949,454</b>	<b>351,419</b>	<b>305,256</b>
<b>Total Federal Awards</b>			<b>\$ 11,949,454</b>	<b>\$ 351,419</b>	<b>\$ 305,256</b>

\* Designates Direct Awards

**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 OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

***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, 2013, 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 4, 2014.

***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 4, 2014.

*Buffamante Whipple Buttafaro PC*

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

**Jamestown, New York  
March 4, 2014**



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**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 Circular A-133 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, 2013. ***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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2013.

***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 OMB Circular A-133, 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 OMB Circular A-133. 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 4, 2014.

*Buffamante Whipple Buttafaro PC*

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

**Jamestown, New York  
March 4, 2014**

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2013**

**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 Industrial 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 Industrial 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 Industrial 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 in Accordance with OMB Circular A-133.
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 Industrial Development Corporation and the Chautauqua County Capital Resource Corporation, expresses an unqualified opinion.
6. Audit findings of major programs that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs include:

Name	CFDA#	Program Type	Loan Funds Outstanding
Economic Adjustment Assistance Grant	11.307	Type A	\$ 11,949,545
Total federal assistance			\$ 11,949,545
Percent of total Federal award programs Tested			100%

8. The threshold for distinguishing Type A programs was \$300,000.
9. **County of Chautauqua Industrial Development Agency** and its component units, the Chautauqua Region Industrial Development Corporation and the Chautauqua County Capital Resource Corporation, was determined not to be a low-risk auditee.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2013**

**II. FINANCIAL STATEMENT AUDIT – FINDINGS**

**A. INTERNAL CONTROL OVER FINANCIAL REPORTING**

**Year ended December 31, 2013**

There are no internal control over financial reporting findings reported upon during the fiscal year ended December 31, 2013.

**Year ended December 31, 2012**

There were no internal control over financial reporting findings reported upon during the fiscal year ended December 31, 2012.

**B. COMPLIANCE AND OTHER MATTERS**

**Year ended December 31, 2013**

There were no instances of noncompliance reported upon during the year ended December 31, 2013.

**Year ended December 31, 2012**

There were no instances of noncompliance reported upon during the year ended December 31, 2012.

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

**A. COMPLIANCE**

**Year ended December 31, 2013**

There were no instances of noncompliance reported upon during the year ended December 31, 2013.

**Year ended December 31, 2012**

There were no instances of noncompliance reported upon during the year ended December 31, 2012.

**B. INTERNAL CONTROLS OVER COMPLIANCE**

**Year ended December 31, 2013**

There were no findings related to internal control over compliance are reported upon during the fiscal year ended December 31, 2013.

**Year ended December 31, 2012**

No findings related to internal control over compliance are reported upon during the fiscal year ended December 31, 2012