

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

**REPORT ON  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2015**

**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 Economic Development Corporation and the Chautauqua County Capital Resource Corporation, as of and for the year ended December 31, 2015, 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, 2015, 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 Uniform Guidance 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 11, 2016, 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 11, 2016**

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**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, 2015. 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, 2015:

- Overall net position of the Agency decreased \$307,000 during the year ended December 31, 2015.
- The Agency's total revenue and other sources were approximately \$2,271,000 during 2015 as compared with \$2,264,000 during 2014. This increase was primarily related to the Agency recognizing grant funds from the Foundation related to the Chautauqua Watershed and from Chautauqua County for tourism, along with revenue related to the Gran Fondo Bike Tour and LECOM Health Challenge Golf Tournament.
- The Agency's total expenses and other uses were approximately \$2,578,000 during 2015 as compared to \$1,841,000 during 2014. This increase was primarily the result an increase in salaries and benefits, higher industrial park expenses and depreciation costs, and incurring costs associated with the LECOM Health Challenge Golf Tournament.
- PILOT payments passed through to local governmental units were approximately \$8,923,000 during 2015 as compared to \$9,147,000 during 2014.

**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.

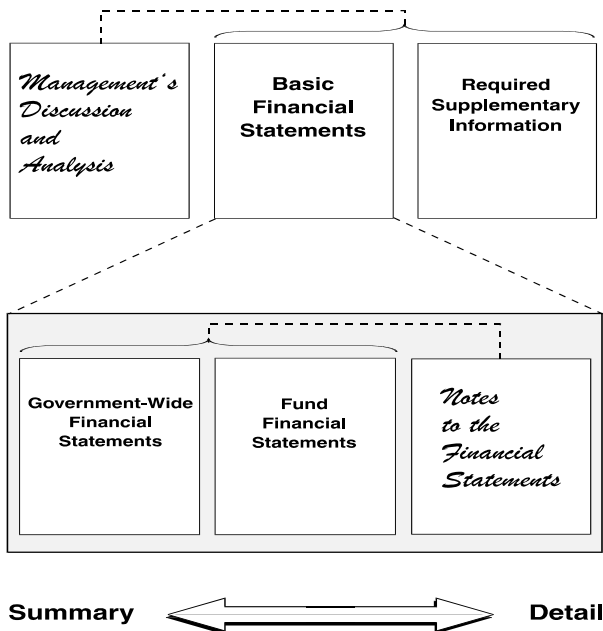
**2. Combined Statement of Revenue, Expenditures, and Changes in Net Position-All Fund Types**

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, 2015**

**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 and administrative fees increased \$73,000 during the year ended December 31, 2015. This increase was primarily related to fees associated with the Arkwright Wind Farm.
- Grant income decreased \$112,000 during the year ended December 31, 2015. This decrease was primarily related to grant income recognized related to Empire Specialty Cheese Co., LLC received from the New York State Office of Community Renewal.
- Revenue from interest income decreased \$41,000 during the year ended December 31, 2015. This decrease was primarily related to a few loans in arrears.

Expenses

The total cost of all programs and services of the Agency was approximately \$2,578,000. 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 \$2,578,000 during the year ended December 31, 2015 as compared with \$1,841,000 during the year ended December 31, 2014. This increase was primarily related to salaries and benefits, higher industrial park expenses and depreciation costs, and incurring costs associated with the Gran Fondo bike tour and LECOM Health Challenge Golf Tournament.
- The Agency's management and administration costs were approximately \$1,574,000 during the year ended December 31, 2015 as compared with \$1,127,000 during the year ended December 31, 2014. This increase in management and administration costs was mainly the result of an increase in payroll and professional fees in 2015.
- 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, 2015, the Agency has reserved against potential uncollectible loans approximately as follows: \$83,000 and \$625,000 for the Chautauqua Revolving Loan Fund and the AI-Tech Trust Fund, respectively. Bad debt expense totaled \$225,000 and \$248,000 during the years ended December 31, 2015 and 2014, respectively.

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

Net Position

The Agency's total entity-wide net position at December 31, 2015 was approximately \$13,540,000. This includes: capital assets, net of related debt of \$535,000, restricted net assets of \$12,714,000; and unrestricted net assets of \$291,000.

Revenue

The Agency's total revenue and other sources were approximately \$2,271,000 during the year ended December 31, 2015. The Agency also received approximately \$8,923,000 of pass-through revenue during the year ended December 31, 2015. 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 27% of the Agency's total revenue increased by \$60,000 during the year ended December 31, 2015. This increase was primarily attributable to rent at the Stoneman spec building.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

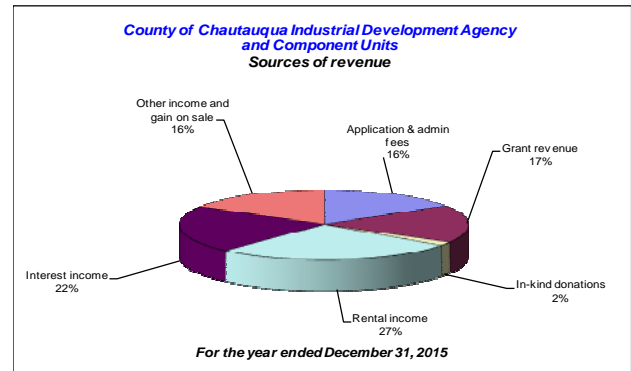
**Figure A-3 - Combined Statement of Net Position**

<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		
	2015	2014	% Change
<b>Assets</b>			
Current and other assets	\$ 6,621	\$ 3,373	96%
Capital assets, net	3,982	2,304	73%
Other assets	12,732	13,947	-9%
<b>Total assets</b>	<b>\$ 23,335</b>	<b>\$ 19,624</b>	<b>19%</b>
<b>Liabilities</b>			
Current liabilities	\$ 6,781	\$ 521	1201%
Long-term liabilities	3,014	5,256	-43%
<b>Total liabilities</b>	<b>9,795</b>	<b>5,777</b>	<b>70%</b>
<b>Net Position</b>			
Invested in capital assets, net of related debt	535	685	-22%
Restricted	12,714	12,692	0%
Unrestricted	291	470	-38%
<b>Total net position</b>	<b>13,540</b>	<b>13,847</b>	<b>-2%</b>
<b>Total liabilities and net position</b>	<b>\$ 23,335</b>	<b>\$ 19,624</b>	<b>19%</b>

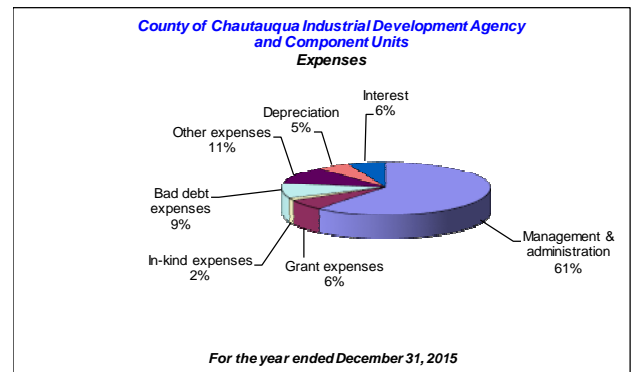
**Figure A-4 Statement of Revenue & Expenses**

<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		
	2015	2014	% Change
<b>Revenue</b>			
Application & administration fees	\$ 362	\$ 289	25%
Grant income	395	507	-22%
In-kind donations	40	21	89%
Rental income	608	548	11%
Interest income	493	534	-8%
Other income and gain (loss) on sale	373	365	2%
<b>Total revenue</b>	<b>2,271</b>	<b>2,264</b>	<b>0%</b>
<b>Expenses</b>			
General and administrative	1,574	1,127	40%
Grant expenses	159	27	487%
In-kind expenditures	40	21	89%
Bad debt expenses	225	248	-9%
Other expenses	290	213	36%
Depreciation	142	107	33%
Interest expense	148	98	51%
<b>Total expenses</b>	<b>2,578</b>	<b>1,841</b>	<b>40%</b>
<b>Change in net assets</b>	<b>\$ (307)</b>	<b>\$ 423</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 \$343,000. Total net position decreased from \$690,000 to \$347,000.

**Revenue**

During the current year, total general fund revenue and other sources were \$1,271,000 as compared with \$1,144,000 during 2014. This increase was primarily the result of an increase in grant income for tourism and marketing received from the County of Chautauqua in the current year and an increase in rental income.

**Expenses**

During the current year, total general fund expenses were \$1,614,000 as compared with \$1,089,000 during 2014. This increase was primarily the result of an increase in general and administrative, industrial park expenses and depreciation.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

**Chautauqua Revolving Loan Fund (CRLF)**

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

**Net Position**

During the current year, the CRLF's total expenses exceeded total revenue by approximately \$12,000 causing total net position to decrease from \$576,000 to \$564,000.

**Revenue**

During the current year, total revenue of the CRLF was \$19,000 as compared with \$33,000 during 2014. This decrease was primarily the result of a decrease in the net gain on sale of property and rental income.

**Expenses**

During the current year, total expenses of the CRLF were \$31,000 as compared with \$37,000 during 2014. This decrease was attributable to a decrease in general and administrative expenses for professional fees.

**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 \$17,000 causing total net position to increase from \$12,116,000 to \$12,133,000 as of December 31, 2015.

**Revenue**

During the current year, total revenue and other sources of AI-Tech Trust Fund was \$453,000 as compared with \$507,000 during the prior year. This decrease was primarily the result of a decrease in rental income related to a property held by the fund during the year and a decrease in interest earned on notes receivable.

**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 \$436,000, as compared with \$385,000 during the prior year. This increase primarily resulted from an in general and administrative costs.

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

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

**Net Position**

During the current year, the CREDC's total revenue exceeded total expenses by approximately \$35,000 causing total net position to increase from \$461,000 to \$496,000.

**Revenue**

During the current year, total revenue of CREDC was \$526,000 as compared with \$579,000 during 2014. This decrease was primarily due to \$300,000 of grant revenue received from the NYS Office of Community Renewal. This decrease was partially offset by grants from local Foundations for the Chautauqua Watershed and revenue from the Grand Fondo bike race and LECOM Health Challenge golf tournament sponsorships.

**Expenses**

During the current year, total expenses of CREDC were \$491,000 as compared with \$318,000 during 2014. This increase related to grant expense passed through to Chautauqua Lake and Watershed Management Alliance, along with costs associated with the Gran Fondo bike race and the LECOM Health Challenge golf tournament expenses recorded in advance of the tournament.



**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**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 \$5,000 causing total net position to decrease from \$5,000 to \$0.

**Revenue**

During the current year, the CCCRC reported \$1,000 of revenue related to administration fees. No revenues were recorded in the prior year.

**Expenses**

During the current year, total expenses of CCCRC were approximately \$6,000. These expenditures consisted of general and administrative fees.

**VI. Capital Asset and Debt Administration**

**Capital Assets**

As depicted in Figure A-7, as of December 31, 2015, the Agency and its component unit had invested approximately \$3,982,000 in a broad range of capital assets, including industrial parks, buildings and furniture and equipment. Capital additions made during the year ended December 31, 2015, totaled approximately \$1,821,000. These costs were mostly attributable to the purchase of property on Talcott Street in Dunkirk, NY. 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, 2015, the Agency and its component units had approximately \$5,279,000 in bonds, notes payable and other liabilities, a decrease of approximately \$238,000 as compared with the previous year. This decrease was related the Agency making debt principal payments on the SPEC buildings and notes payable.

**Figure A-7 – Capital Assets**

<i>County of Chautauqua Industrial Development Agency and Component Units</i>				
<i>Capital Assets</i>				
	2015	2014	Change	
Buildings	\$ 4,323	\$ 2,502	73%	
SPEC Buildings	2,837	2,837	0%	
Improvements	217	217	0%	
Equipment	119	119	0%	
Accumulated depreciation	(3,514)	(3,371)	-4%	
<b>Capital Assets - net</b>	<b>\$ 3,982</b>	<b>\$ 2,304</b>	<b>73%</b>	

**Figure A-8 – Long-term Debt**

<i>County of Chautauqua Industrial Development Agency and Component Units</i>				
<i>Long-term Debt</i>				
	2015	2014	Change	
Bond - Stoneman Park SPEC Building	\$ 1,260	\$ 1,407	-10%	
Bond - Chadwick Bay SPEC Building	1,632	1,707	-4%	
Bond - Dunkirk Building	2,000	2,000	0%	
Notes payable	242	250	-3%	
Other bonds	145	153	-5%	
<b>Total long-term debt</b>	<b>\$ 5,279</b>	<b>\$ 5,517</b>	<b>-4%</b>	

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**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. Kevin Sanvidge, 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, 2015

	CCIDA			Chautauqua County Capital Resource Corporation	CREDC	(Memo Only) Total Reporting Entity
	Industrial Development Agency	Chautauqua Revolving Loan Fund	AI- Tech Trust Fund			
<b>Assets</b>						
<b>Current</b>						
Cash and cash equivalents	\$ 3,903,676	\$ 99,011	\$ 761,492	\$ --	\$ 60,554	\$ 4,824,733
Accounts receivable	250,000	--	--	--	6,000	256,000
Current portion, mortgage receivable	67,730	--	--	--	--	67,730
Current portion, notes receivable	--	117,180	1,297,000	--	58,420	1,472,600
Total current assets	<b>4,221,406</b>	<b>216,191</b>	<b>2,058,492</b>	<b>--</b>	<b>124,974</b>	<b>6,621,063</b>
<b>Property and equipment, net</b>	<b>3,557,328</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>425,068</b>	<b>3,982,396</b>
<b>Other assets</b>						
Notes receivable, net of current portion	--	430,132	10,700,434	--	477,216	11,607,782
Allowance for uncollectible notes receivable	--	(82,520)	(625,000)	--	--	(707,520)
Mortgage receivable, net of current portion	1,476,727	--	--	--	--	1,476,727
Real property held for resale	323,853	--	--	--	30,488	354,341
Total other assets	<b>1,800,580</b>	<b>347,612</b>	<b>10,075,434</b>	<b>--</b>	<b>507,704</b>	<b>12,731,330</b>
	<b>\$ 9,579,314</b>	<b>\$ 563,803</b>	<b>\$ 12,133,926</b>	<b>\$ --</b>	<b>\$ 1,057,746</b>	<b>\$ 23,334,789</b>
<b>Liabilities and Net Position</b>						
<b>Current liabilities</b>						
Accounts payable	\$ 79,094	\$ --	\$ 909	\$ --	\$ 13,422	\$ 93,425
Due to other governments	3,969,000	--	--	--	--	3,969,000
Accrued liabilities	48,886	--	--	--	6,018	54,904
Accrued interest	74,464	--	--	--	--	74,464
Unearned revenue	24,180	--	--	--	300,000	324,180
Current portion of long-term debt	2,244,928	--	--	--	19,773	2,264,701
Total current liabilities	<b>6,440,552</b>	<b>--</b>	<b>909</b>	<b>--</b>	<b>339,213</b>	<b>6,780,674</b>
<b>Long-term liabilities</b>						
Long-term debt, net of current portion	<b>2,792,254</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>222,095</b>	<b>3,014,349</b>
<b>Total liabilities</b>	<b>9,232,806</b>	<b>--</b>	<b>909</b>	<b>--</b>	<b>561,308</b>	<b>9,795,023</b>
<b>Net position</b>						
Invested in capital assets, net of related debt	320,726	--	--	--	213,688	534,414
Restricted	--	563,803	12,133,017	--	17,273	12,714,093
Unrestricted	25,782	--	--	--	265,477	291,259
Total net position	<b>346,508</b>	<b>563,803</b>	<b>12,133,017</b>	<b>--</b>	<b>496,438</b>	<b>13,539,766</b>
	<b>\$ 9,579,314</b>	<b>\$ 563,803</b>	<b>\$ 12,133,926</b>	<b>\$ --</b>	<b>\$ 1,057,746</b>	<b>\$ 23,334,789</b>

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

Year ended December 31, 2015

	CCIDA			Chautauqua County Capital Resource Corporation	CREDC	(Memo Only) Total Reporting Entity
	Industrial Development Agency	Chautauqua Revolving Loan Fund	AI-Tech Trust Fund			
<b>Revenue</b>						
Application and administration fees	\$ 241,500	\$ 750	\$ 25,777	\$ 1,000	\$ 92,806	\$ 361,833
Grant income	237,858	--	--	--	156,680	394,538
In-kind donations	39,669	--	--	--	--	39,669
Rental income	393,652	--	5,247	--	209,288	608,187
Interest income	47,459	18,550	421,767	--	5,389	493,165
Other income	310,918	--	--	--	62,235	373,153
<b>Total revenue</b>	<b>1,271,056</b>	<b>19,300</b>	<b>452,791</b>	<b>1,000</b>	<b>526,398</b>	<b>2,270,545</b>
<b>Expenditures</b>						
General and administrative	1,015,596	7,201	235,159	5,790	310,581	1,574,327
Grant expenses	15,000	--	--	--	143,524	158,524
Consultants	35,000	--	--	--	--	35,000
Industrial Park expenses	255,030	--	--	--	--	255,030
In-kind expenditures	39,669	--	--	--	--	39,669
Bad debt expense	--	23,672	201,028	--	--	224,700
Depreciation	115,128	--	--	--	27,363	142,491
<b>Total expenses</b>	<b>1,475,423</b>	<b>30,873</b>	<b>436,187</b>	<b>5,790</b>	<b>481,468</b>	<b>2,429,741</b>
<b>Excess (deficiency) of revenue over expenditures before financing sources and pass-throughs</b>	<b>(204,367)</b>	<b>(11,573)</b>	<b>16,604</b>	<b>(4,790)</b>	<b>44,930</b>	<b>(159,196)</b>
<b>Other financing sources (uses)</b>						
Interest expense	(138,370)	--	--	--	(9,747)	(148,117)
	<b>(138,370)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(9,747)</b>	<b>(148,117)</b>
<b>Pass-through transactions</b>						
Revenue - PILOT	8,923,226	--	--	--	--	8,923,226
Expenditures - PILOT	(8,923,226)	--	--	--	--	(8,923,226)
	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Excess (deficiency) of revenue and other sources over expenditures</b>	<b>(342,737)</b>	<b>(11,573)</b>	<b>16,604</b>	<b>(4,790)</b>	<b>35,183</b>	<b>(307,313)</b>
Net position, beginning	689,245	575,376	12,116,413	4,790	461,255	13,847,079
<b>Net position, ending</b>	<b>\$ 346,508</b>	<b>\$ 563,803</b>	<b>\$ 12,133,017</b>	<b>\$ --</b>	<b>\$ 496,438</b>	<b>\$ 13,539,766</b>

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

Year ended December 31, 2015

	CCIDA			Chautauqua County Capital Resource Corporation	CREDC	(Memo Only) Total Reporting Entity
	Industrial Development Agency	Chautauqua Revolving Loan Fund	AI-Tech Trust Fund			
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash received entities assisted	\$ 241,500	\$ 750	\$ 25,777	\$ 1,000	\$ 93,096	\$ 362,123
Grant income	(5,907)	--	--	--	156,680	150,773
Rental income	393,652	--	5,247	--	209,288	608,187
Cash received on PILOT's	8,923,226	--	--	--	--	8,923,226
Cash paid to contractors	(721,939)	(7,201)	(235,157)	(6,209)	(310,744)	(1,281,250)
Cash paid to employees	(427,058)	--	--	--	--	(427,058)
Cash payments on PILOTs	(4,954,226)	--	--	--	--	(4,954,226)
Cash payments to grantees	--	--	--	--	(143,524)	(143,524)
Other receipts	310,918	--	--	--	213,831	524,749
Interest paid	(79,165)	--	--	--	(9,747)	(88,912)
Interest received	47,459	18,550	421,767	--	5,389	493,165
<b>Net cash provided by (used in) operating activities</b>	<b>3,728,460</b>	<b>12,099</b>	<b>217,634</b>	<b>(5,209)</b>	<b>214,269</b>	<b>4,167,253</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Issuances of mortgages and notes receivable	--	(150,000)	(2,001,128)	--	(300,000)	(2,451,128)
Collections on mortgages and notes receivable	65,732	114,062	1,225,214	--	57,264	1,462,272
Capital expenditures	(1,675,000)	--	--	--	(145,981)	(1,820,981)
<b>Net cash used in investing activities</b>	<b>(1,609,268)</b>	<b>(35,938)</b>	<b>(775,914)</b>	<b>--</b>	<b>(388,717)</b>	<b>(2,809,837)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>						
Principal payments on long-term debt	(229,999)	--	--	--	(8,599)	(238,598)
<b>Net cash used in investing activities</b>	<b>(229,999)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(8,599)</b>	<b>(238,598)</b>
<b>Net change in cash</b>	<b>1,889,193</b>	<b>(23,839)</b>	<b>(558,280)</b>	<b>(5,209)</b>	<b>(183,047)</b>	<b>1,118,818</b>
Cash, beginning of year	2,014,483	122,850	1,319,772	5,209	243,601	3,705,915
<b>Cash, end of year</b>	<b>\$ 3,903,676</b>	<b>\$ 99,011</b>	<b>\$ 761,492</b>	<b>\$ --</b>	<b>\$ 60,554</b>	<b>\$ 4,824,733</b>
<b>Reconciliation of change in net position to net cash provided by (used in) operating activities:</b>						
Change in net position	\$ (342,737)	\$ (11,573)	\$ 16,604	\$ (4,790)	\$ 35,183	\$ (307,313)
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:						
Depreciation and amortization	115,128	--	--	--	27,363	142,491
Bad debt expense	--	23,672	201,028	--	--	224,700
Change in operating assets and liabilities:						
Accounts receivable	(250,000)	--	--	--	290	(249,710)
Prepaid expenses	100,000	--	--	--	--	100,000
Due to other governments	3,969,000	--	--	--	--	3,969,000
Accounts payable	65,175	--	2	(419)	(163)	64,595
Accrued liabilities	6,454	--	--	--	3,477	9,931
Accrued interest	59,205	--	--	--	--	59,205
Unearned revenue	6,235	--	--	--	148,119	154,354
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 3,728,460</b>	<b>\$ 12,099</b>	<b>\$ 217,634</b>	<b>\$ (5,209)</b>	<b>\$ 214,269</b>	<b>\$ 4,167,253</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>						
Cash paid during the year for:						
Interest	\$ 79,165	\$ --	\$ --	\$ --	\$ 9,747	\$ 88,912

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

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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.

**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 Economic Development Corporation**

The Agency has a component unit, the Chautauqua Region Economic Development Corporation (CREDC), formerly, 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, 2015**

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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, 2015, 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, 2015, 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 \$8,923,226 in 2015 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, 2015**

**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 disposals- IDA	<u>(288,411)</u>
Total Real Property Held for Resale	<u>\$ 354,341</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**

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

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

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

CREDC has assessed its filing status under the sections of the Internal Revenue Code and New York State Executive Law referenced above and concluded that the Agency meets the requirements to be considered a public charity. Tax filings that remain subject to examination by taxing authorities include years 2012 and later.

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

**NOTE 2 - COMPONENT UNITS**

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

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

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

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

The financial statements of CREDC are treated as a blended component unit and are included in this audit report for the year ended December 31, 2015.



**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

**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, 2015.

**NOTE 3 – ACCOUNTS RECEIVABLE**

As of December 31, 2015, the Agency had an outstanding balance in accounts receivable of \$250,000. In the current year the majority of the balance is related to fees related to the Arkwright Wind Farm. Also in accounts receivable balances were amounts related to tenants rent receivable. As of December 31, 2015, the CREDC had an outstanding balance in accounts receivable of \$6,000. Management believes all accounts receivables are fully collectible as of December 31, 2015 and therefore had no reserve for uncollectible receivables.

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31, 2015:

	2014 Balance	Additions	Deletions	2015 Balance
IDA:				
Building	\$ 203,667	\$ --	\$ --	\$ 203,667
Furniture and equipment	118,980	--	--	118,980
SPEC building:				
Stoneman Park	2,837,057	--	--	2,837,057
Improvements	102,401	--	--	102,401
Talcott Street property	--	1,675,000	--	1,675,000
West End Improvements	53,848	--	--	53,848
Other improvements	61,148	--	--	61,148
	3,377,101	1,675,000	--	5,052,101
Less: accumulated depreciation	(1,379,645)	(115,128)	--	(1,494,773)
	1,997,456	1,559,872	--	3,557,328
CREDC:				
Building	2,297,919	145,981	--	2,443,900
Less: accumulated depreciation	(1,991,469)	(27,363)	--	(2,018,832)
	306,450	118,618	--	425,068
Total	\$ 2,303,906	\$ 1,678,490	\$ --	\$ 3,982,396

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

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

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 \$115,128 for the IDA and \$27,363 for the CREDC during the year ended December 31, 2015.

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

**NOTE 5 - INDUSTRIAL PARK EXPENSES**

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

**NOTE 6 - UNEARNED REVENUE**

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

During 2007, the Agency received a grant in the amount of \$208,000 from New York State Dormitory Authority related to railroad improvements. In 2008, the Agency incurred expenditures relating to the grant of \$176,961. The Agency did not incur any expenditures relating to the grant in 2009 and 2010. However, the Agency incurred expenditures of \$15,845 in 2011, leaving an unexpended amount of \$15,194 which remained in unearned revenue at December 31, 2015.

During 2015, the CCIDA received an initial advance of \$50,000 related to the Arkwright Wind Farm. Per the agreement, the advance was utilized to pay legal fees that had been incurred during the planning and initiation phases of the wind farm which totaled \$41,014, which was paid during the year ended December 31, 2015. At December 31, 2015, \$8,986 of the grant amount received remains unspent and recorded as unearned revenue.

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, 2013, the Agency expended \$835,092, related to this project. Costs incurred in the 2014 totaled \$12,157. At December 31, 2014, \$2,751 of the grant amount received remained unspent and was recorded as unearned revenue. During the year ended December 31, 2015, the Agency incurred \$15,000 related to the grant and the remaining unearned revenue was recognized during the year in the amount of \$2,751.

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

During 2014, CREDC received two grants totaling \$150,000 related to the Chautauqua Lake and Watershed Management Alliance. A new corporation, that is separate from the IDA and related entities, was formed during 2015 to carry the mission of the grants. CREDC transferred \$143,524 to the new corporation during 2015, which represented the grant funds received less administrative costs. The grants are recognized as revenue (grant revenue) and expenses (grant expenses) during the year ended December 31, 2015.

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

**NOTE 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 29, 2015, the Agency received \$3,969,000 from a company which was distributed to the municipalities in January 2016 and therefore this amount was recorded as an amount due to other governments as of December 31, 2015.

**NOTE 8 - USE OF FACILITIES**

The Riverside Industrial Center, a 107,000 square foot building owned by CREDC is being used as an incubator facility for emerging companies and is also leased to other not-for-profit organizations.

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

The 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 CREDC are as follows:

2016	\$	55,968
2017		<u>22,232</u>
	\$	<u>78,200</u>

**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.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

**NOTE 9 – CONTINGENCIES (CONTINUED)**

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**

**Industrial Development Agency**

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

**Chautauqua Revolving Loan Fund**

SolEpoxy Inc., 4% interest bearing note receivable, \$1,381, per month including interest through January 1, 2016.	\$ 1,377
DigEdition, 4% interest bearing note receivable, \$896 per month including interest through July 1, 2018.	35,825
Shaant Industries, Inc., 4% interest bearing note receivable, \$1,025 per month including interest through August 1, 2019.	41,890
Muldowney Development, Inc., 4% interest bearing note receivable, \$575 per month including interest through May 1, 2018.	15,873
EMC FinTech, 4% interest bearing note receivable, \$888 per month including interest through December 1, 2019.	39,350
Digitell, Inc., 4% interest bearing note receivable, \$617 per month including interest through April 1, 2017.	9,594
Credit Bureau of Jamestown, 4% interest bearing note receivable, \$1,381 per month including interest through June 1, 2020. Entered into an interest only agreement through December 1, 2015.	68,156

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

**Chautauqua Revolving Loan Fund (Continued)**

Shaant Industries, Inc., 4% interest bearing note receivable, \$1,105 per month including interest through December 1, 2018.	\$ 37,427
Jamestown MVP, LLC, 4% interest bearing note receivable, \$1,025 per month including interest through February 1, 2020. Loan is currently nonperforming and the CCIDA has commenced foreclosure proceedings.	48,007
Lakeside Fire Services Corp., (loan awarded during 2014), 4% interest bearing note receivable, \$552 per month including interest through December 1, 2019.	24,469
Moonlight Electric of Jamestown LLC, (loan awarded during 2014), 4% interest bearing note receivable, \$368 per month including interest through April 1, 2019.	13,772
Johnson Machine and Fibre Company, Inc., (loan awarded during 2014), 4% interest bearing note receivable, \$1,381 per month including interest through January 1, 2020.	62,347
Rem-Tronics, (loan awarded during 2015), 4% interest bearing note receivable, \$1,025 per month including interest through November 1, 2022.	74,225
Chautauqua County Commerce Park, LLC, (loan awarded during 2015), 4% interest bearing note receivable, \$454 per month including interest through January 1, 2035.	<u>75,000</u>
Subtotal	547,312
Less: reserve	<u>(82,520)</u>
Subtotal	464,792
Less: current portion	<u>(117,180)</u>
Long-term portion - Chautauqua Revolving Loan Fund	<u>\$ 347,612</u>
<b><u>AI-Tech Trust Fund</u></b>	
GEI, Inc., 5% interest bearing note receivable, \$1,842 per month including interest through January 1, 2021.	\$ 97,820
CREDC, 4% interest bearing note receivable, \$806 per month. Entered into an interest only agreement through April 1, 2016 then \$2,974 per month including interest through April 1, 2024.	241,868
Chautauqua Utilities, 4% note receivable, \$5,030 per month including principal, through December 2, 2026.	536,378
Chautauqua Energy, Inc., 5% interest bearing note receivable, \$3,907 per month including interest through December 1, 2023.	295,360

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

**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 March 1, 2017.	\$ 46,227
Falconer Enterprises, LLC, 5% interest bearing note receivable, \$3,182 per month, including interest through June 1, 2018.	89,558
Jamestown Mattress Company, Inc., 4% interest bearing note receivable, \$3,029 per month including interest through February 1, 2025.	278,725
Lightning Circuits International, Inc. 4% interest bearing note receivable, \$2,025 per month including interest through April 1, 2021.	114,895
Lightning Circuits, Inc., 5% interest bearing note receivable, \$822 per month including interest through December 1, 2017.	18,736
Lightning Circuits, Inc., 5% interest bearing note receivable, \$228 per month including interest through March 1, 2018.	5,491
Superior Grinding, Inc., 5% interest bearing note receivable, \$798 per month including interest through August 1,, 2016.	35,936
Yaw Oil Company, Inc., 4% interest bearing note receivable, \$3,151 per month including interest through November 1, 2024.	283,206
KMPD, LLC, 4% interest bearing note receivable, \$547 per month including interest through April 1, 2016.	2,169
Johnson Machine and Fibre, (new loan awarded in 2014) 4% interest bearing note receivable, \$460 per month including interest through January 1, 2020.	20,782
Chautauqua Hotel, 4% interest bearing note receivable, \$4,438 per month including interest through June 1, 2024.	383,224
Tube Fabrication Co., Inc., 4% interest bearing note receivable, \$1,367 per month including interest through February 1, 2017.	18,666
Chautauqua Precision, 4% interest bearing note receivable, \$2,146 per month including interest through August 1, 2020.	109,480
Harson Inc., 4% interest bearing note receivable, \$847 per month including interest through August 1, 2010. Loan is currently nonperforming and the CCIDA is working with owner to secure payments.	34,314
Muldowney Development Inc., 4% interest bearing note receivable, \$1,367 per month including interest through October 1, 2010.	58,204
Paradise Yacht and Cruises Inc. 4% interest bearing note receivable, \$1,024 per month including interest through January 1, 2016.	1,529

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

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

Robert White (Lakeside Capital), 4% interest bearing note receivable, \$6,698 per month including interest through December 1, 2017.	\$ 154,236
Bloomquist Landscaping Inc., 4% interest bearing note receivable, \$916 per month including interest through April 1, 2018.	24,444
DigEdition 4% interest bearing note receivable, \$896 per month including interest through July 1, 2019.	35,825
EMC FinTech 4% interest bearing note receivable, \$1,367 per month including interest through July 1, 2018.	40,194
Hamburg Kasturi, 4% interest bearing note receivable, \$3,684 per month including interest through March 1, 2016.	10,977
Jamestown MVP, 4% interest bearing note receivable, \$3,000 per month including interest through March 1, 2031.	412,060
Rem-Tronics, 4% interest bearing note receivable, \$3,000 per month including interest through July 1, 2032.	426,453
Shaant Industries, Inc., 4% interest bearing note receivable, \$1,842 per month including interest through February 1, 2017.	25,150
Weber Knapp, Inc., 4% interest bearing note receivable, \$4,036 per month including interest through September 1, 2021.	249,193
Jamestown MVP, LLC, 4% interest bearing note receivable, \$3,030 per month including interest through June, 1 2032. Loan is currently nonperforming and the CCIDA has commenced foreclosure proceedings.	440,215
Container Testing Solutions, Inc., 4% interest bearing note receivable, \$1,105 per month including interest through April, 1 2017.	17,189
Rainbow Parrot, Inc., 4% interest bearing note receivable, \$1,295 per month including interest through February 1, 2027.	139,711
SKNY001, 4% interest bearing note receivable, \$6,060 per month including interest through April 1, 2032.	871,023
Digitell, Inc., 4% interest bearing note receivable, \$1,225 per month including interest through April 1, 2017.	19,054
Credit Bureau of Jamestown, 4% interest bearing note receivable, \$1,842 per month including interest through June 1, 2020. Entered into an interest only agreement through December 1, 2015.	90,874
Gren Ventures LLC, 4% interest bearing note receivable, \$4,068 per month including interest through December 1, 2028.	494,254

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

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

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

Scott's Peak 'n Peek, LLC, 4% interest bearing note receivable, \$2,806 per month including interest through May 1, 2033.	\$ 421,869
Ruhlman Industrial Properties, 4% interest bearing note receivable, \$5,639 per month including interest through February 1, 2033.	839,325
RAE Foods Inc. 1, 4% interest bearing notes receivable, \$1,842 per month including interest through October 1, 2020. Loans 2 and 3 were segregated from Loan 1 and combined with Loans 4-6 in 2014. Loan was nonperforming and the CCIDA has taken title to the equipment.	86,243
RAE Foods Inc. 2-6, 4% interest bearing note receivable, \$7,381 per month including interest through December 1, 2015. In 2014 consolidated Loans 2 and 3 with Loans 4-6. Loan was nonperforming and the CCIDA has taken title to the equipment.	500,868
The Stannard Group, 4% interest bearing note receivable, \$4,556 per month including interest through January 1, 2024.	377,073
East Main Complex, LLC, 4% interest bearing note receivable, \$3,939 per month including interest through January 1, 2034.	607,709
Beichner Waste Services Inc., 4% interest bearing note receivable, \$1,473 per month including interest through March 1, 2019.	53,798
Counter Act, Inc., 4% interest bearing note receivable, \$4,050 per month including interest through May 1, 2024.	346,809
Erie Shore Holdings, LLC, 4% interest bearing note receivable, \$1,030 per month including interest through September 1, 2029.	130,168
Advanced Production Group, LLC, 4% interest bearing note receivable, \$1,000 per month including interest through January 1, 2035.	159,968
NULIFE Glass NY, Inc., 4% interest bearing note receivable, \$7,027 per month including interest through February 1, 2018.	174,743
Scott's Enterprises, 4% interest bearing note receivable, \$1,657 per month including interest through January 1, 2030.	213,819
Brick City Markets, (loan awarded during 2015), 4% interest bearing note receivable, \$378 per month including interest through March 1, 2026. Entered into an interest only agreement through March 2016 at which time the principal will increase to \$1,148 per month.	113,378

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

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

Chautauqua County Commerce Park, LLC, (loan awarded during 2015), 4% interest bearing note receivable, \$4,151 per month including interest through January 1, 2036.	\$ 685,000
D&F Pallet, (loan awarded during 2015), 4% interest bearing note receivable, \$2,531 per month including interest through September 1, 2025.	244,890
Rem-Tronics, (loan awarded during 2015), 4% interest bearing note receivable, \$4,818 per month including interest through November 1, 2022.	348,857
Reverie Cheese & Food, Inc., (loan awarded during 2015), 4% interest bearing note receivable, \$1,400 per month including interest through August 1, 2025.	134,476
ROM Ventures LLC, (loan awarded during 2015), 4% interest bearing note receivable, \$6,446 per month including interest through August 1, 2020	328,778
Sunset Ridge Holdings, LLC, (loan awarded during 2015), 4% interest bearing note receivable, \$737 per month including interest through May 1, 2020.	35,734
The Tube Fabrication Co., (loan awarded during 2015), 4% interest bearing note receivable, \$984 per month including interest through October 1, 2022.	<u>70,509</u>
Subtotal	11,997,434
Less: reserve	<u>(625,000)</u>
Subtotal	11,372,434
Less: current portion	<u>(1,297,000)</u>
Long-term portion - AI-Tech Trust Fund	<u>\$ 10,075,434</u>

As of December 31, 2015, the Agency had a commitment to issue a note to Chautauqua Woods, NULIFE Glass NY, Inc. and Merritt Estate Winery, Inc. totaling \$90,000, \$207,000 and \$192,787, respectively.

**CREDC Economic Development Program**

Empire Specialty Cheese Co. LLC, (loan awarded during 2014), 2% interest bearing note receivable, \$5,217 per month including interest through November 1, 2019.	\$ 235,636
Empire Specialty Cheese Co. LLC, (deferred loan awarded during 2015). If conditions of loan are met through August 1, 2019, the loan will be forgiven.	<u>300,000</u>
Subtotal	535,636
Less: current portion	<u>(58,420)</u>
Long-term portion - CREDC	<u>\$ 477,216</u>

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

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

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

**NOTE 11 – CONVERTIBLE PROMISSORY NOTES**

**CREDC Economic Development Program**

During the year-ended December 31, 2009, CREDC 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 seven convertible promissory notes totaling \$145,000 to five tenants of the SUNY Incubator building located in Dunkirk, New York. These notes were fully reserved against as potentially uncollectible as of December 31, 2014 and written off as uncollectible during the year ended December 31, 2015.

**NOTE 12 - LONG-TERM DEBT**

**Industrial Development Agency**

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

Bond payable to County of Chautauqua with an interest rate of 3%. Proceeds to be used to acquire Talcott Street property in Dunkirk, NY. Payable on December 1, 2016 or upon disposition of the acquired property. 2,000,000

Bond payable to County of Chautauqua. Proceeds used for construction of the Stoneman Industrial Park SPEC Building. Payable \$99,591 semi-annually beginning February 20, 2002, including interest at 3% - 5% accruing as of August 20, 2001, compounded semi-annually. The Agency made interest only payments during 2002 through 2004. The Agency made interest only payments during 2011. The bond matures August 20, 2021. 1,259,664

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

**Industrial Development Agency (continued)**

Bond payable to County of Chautauqua with an annual interest rate of 5%. Proceeds used for the construction of a new aircraft storage hangar. Payable on March 2022 or upon disposition of the acquired property.	\$ 124,637
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.	<u>1,632,181</u>
Subtotal	5,037,182
Less: current portion	<u>(2,244,928)</u>
Long-term debt – IDA	<u>\$ 2,792,254</u>

**Chautauqua Region Economic Development Corporation**

Note payable to AI-Tech Trust Fund, payable \$2,974 per month with interest at 4% per annum. The note matures on April 1, 2024 Entered into an interest only agreement through April 1, 2016.	\$ 241,868
Less: current portion	<u>(19,773)</u>
Long-term debt – IDA	<u>\$ 222,095</u>

**Maturities**

At December 31, 2015, debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>CCIDA</b>			
2016	\$ 2,244,928	\$ 138,545	\$ 2,383,473
2017	252,184	71,364	323,548
2018	259,969	63,952	323,921
2019	268,166	56,282	324,448
2020	276,085	48,362	324,447
2021-2025	956,367	136,580	1,092,947
2026-2030	504,735	60,954	565,689
2031-2033	274,748	8,145	282,893
	<u>\$ 5,037,182</u>	<u>\$ 584,184</u>	<u>\$ 5,621,366</u>
<b>CREDC</b>			
2016	\$ 19,773	\$ 9,413	\$ 29,186
2017	27,302	8,387	35,689
2018	28,415	7,274	35,689
2019	29,572	6,117	35,689
2020	30,777	4,912	35,689
2021-2023	106,029	7,036	113,065
	<u>\$ 241,868</u>	<u>\$ 43,139</u>	<u>\$ 285,007</u>

The IDA and CREDC incurred interest expense in the amounts of \$138,370 and \$9,747 during 2015, respectively.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

**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 2015:

IDA	Receipts	Disbursements
<b>Pilot Program</b>		
Pilot payments collected from businesses and remitted to local governments	\$ 8,923,226	\$ 8,923,226

**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, 2015 totaled \$39,669.

**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	\$ 4,527
CREDC Fund	16,176
AI-tech Loan Fund	213,370
	<u>\$ 234,073</u>

As of December 31, 2015, the AI-tech Trust Fund had an outstanding note receivable from CREDC in the amount of \$241,868.

**NOTE 16 - RESTRICTED NET POSITION**

The amounts restricted as of December 31, 2015 include:

<b>Chautauqua Revolving Loan Fund</b>	
Revolving Loan funds	\$ 563,803
<b>AI Tech Trust Fund</b>	
AI Tech funds	\$ 12,252,477
<b>CREDC</b>	
LECOM Challenge	\$ 17,273

**NOTE 17 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through March 11, 2016, 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.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2015**

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

The table below presents information about the changes in receivables for 2015.

	<b>Chautauqua Revolving Loan Fund</b>	<b>AI-Tech Trust Fund</b>
Beginning balance	\$ 452,525	\$ 10,797,548
New loans made	150,000	2,001,128
Principal payments received	(114,062)	(1,225,214)
Bad debt expense	(23,672)	(81,568)
Ending balance	<u>\$ 464,791</u>	<u>\$ 11,491,894</u>

	<b>IDA Note Receivable</b>	<b>CREDC Note Receivable</b>
Beginning balance	\$ 1,610,189	\$ 292,900
New loans made	--	300,000
Principal payments received	(65,732)	(57,264)
Bad debt expense	--	--
Ending balance	<u>\$ 1,544,457</u>	<u>\$ 535,636</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.

**NOTE 19 – LECOM HEALTH CHALLENGE**

The LECOM Health Challenge golf tournament will be played in Clymer, New York on the Peek'n Peek's "Upper Course" on July 4-10, 2016. It will be the first year in what is a four-year agreement between LECOM, Web.com Tour and CREDC to hold the event at Peek'n Peek. This international event spotlights the LECOM Health Challenge in collaboration with notable partners from New York and Pennsylvania to emphasize the significance of health and wellness in the field of sports. The events preliminary budget has anticipated costs of \$1,500,000 which CREDC will be responsible for raising through local sources, sponsorships, gate passes, etc. This budget includes a television production fee and the purse which totaled approximately \$657,000 and was paid by the Title Sponsor in 2015.



***SUPPLEMENTARY INFORMATION***

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

Schedule 1

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Year ended December 31, 2015

	CCIDA			Chautauqua County Capital Resource Corporation	CREDC	(Memo Only) Total Reporting Entity
	Industrial Development Agency	Chautauqua Revolving Loan Fund	AI-Tech Trust Fund			
<b>Other Income</b>						
Gas royalties	\$ 445	\$ --	\$ --	\$ --	\$ --	\$ 445
Community fee, BFI	30,382	--	--	--	--	30,382
Other income						
Interagency charges	234,072	--	--	--	--	234,072
Other	46,019	--	--	--	62,235	108,254
<b>Total other income</b>	<b>\$ 310,918</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 62,235</b>	<b>\$ 373,153</b>
<b>General and Administrative Expenses</b>						
Payroll and benefits	\$ 563,679	\$ --	\$ --	\$ --	\$ 12,032	\$ 575,711
Publicity and promotion	45,637	--	--	2,550	24,544	72,731
Rent	22,232	--	--	--	--	22,232
Insurance	39,777	--	224	--	27,729	67,730
Office and postage	22,785	39	343	--	5,154	28,321
Meeting expense	17,701	--	3,733	--	--	21,434
Professional fees	167,065	7,162	228,586	--	82,447	485,260
Repairs and maintenance	--	--	--	--	38,836	38,836
Utilities	75,021	--	(60)	--	64,046	139,007
Business Incentives	--	--	1,500	--	--	1,500
Dues and subscriptions	5,567	--	--	--	2,645	8,212
Miscellaneous	23,673	--	833	--	15,510	40,016
Travel and entertainment	30,122	--	--	--	19,416	49,538
Taxes	--	--	--	--	16,075	16,075
Other	2,337	--	--	3,240	2,147	7,724
<b>Total general and administrative</b>	<b>\$ 1,015,596</b>	<b>\$ 7,201</b>	<b>\$ 235,159</b>	<b>\$ 5,790</b>	<b>\$ 310,581</b>	<b>\$ 1,574,327</b>

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

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

As of December 31, 2015

	Loan ID	Original Amount	Outstanding Principal	Date of Issuance	Date of Maturity	Interest Rate
<b>Tax-exempt bonds</b>						
<b>County of Chautauqua Industrial Development Agency:</b>						
JCC Development Corporation	0601-07-01A	\$ 12,045,000	\$ 11,395,000	2007	2037	Variable
The Gerry Homes	0601-00-03A	15,100,000	7,170,000	2000	2032	Variable
Lutheran Social Services	0601-05-05A	300,000	- -	2005	2016	Variable
Lutheran Social Services	0601-05-05B	5,500,000	3,464,678	2005	2026	Variable
Resource Center	0601-93-02A	5,560,000	1,297,167	1993	2019	Variable
JCC Foundation Inc.	0601-07-02A	3,345,000	2,395,000	2007	2027	Variable
NRG Power Corporation	0601-09-01	58,500,000	58,500,000	2009	2042	Variable
Covenant Manor Appartments	0601-14-01	4,440,000	4,400,000	2014	2054	Variable
<b>Chautauqua County Capital Resource Corporation:</b>						
Jamestown Center City Development Co.	0601-13-01A	\$ 20,235,000	\$ 20,235,000	2013	2031	Variable
Women's Christian Association of Jamestown, NY	10-881712	29,030,000	24,630,000	2011	2035	Variable

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**SCHEDULE OF REVENUE AND**  
**EXPENDITURES - LECOM HEALTH CHALLENGE**

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

Year ended December 31, 2015

**Revenue**

Application and administration fees		
Title sponsorship *	\$ 750,000	
Less: Television production fee *	(407,194)	
Less: Purse *	(250,000)	
Net application and administration fees		\$ 92,806
Other income		11,895
<b>Total revenue</b>		<b>104,701</b>

**Expenditures**

General and administrative		
Payroll and benefits		12,032
Publicity and promotion		24,544
Office and postage		6,547
Professional fees		23,540
Dues and subscriptions		2,645
Miscellaneous		1,600
Travel and entertainment		16,520
<b>Total expenditures</b>		<b>87,428</b>

**Excess of revenue over expenditures** **\$ 17,273**

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

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

Year ended December 31, 2015

Project Title	Federal CFDA Number	Agency or Pass-through Number	Federal loans outstanding	Cash and Cash Equivalents	New Loans Disbursed	Expenditures
<b>U.S. Department of Commerce:</b>						
<i>Direct Award:</i>						
Economic Adjustment Assistance	11.307	N/A	\$ 11,997,434	\$ 761,492	\$ 2,001,128	\$ 436,187
<b>U.S. Department of Housing &amp; Urban Development:</b>						
<i>Passed through NYS Office of Community Renewal:</i>						
Community Development Block Grant	14.218	222ED792-13	535,636	N/A	300,000	--
<b>Total Federal Awards</b>			<b>\$ 12,533,070</b>	<b>\$ 761,492</b>	<b>\$ 2,301,128</b>	<b>\$ 436,187</b>

**Note 1 - Basis of Presentation**

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

***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, 2015, 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 11, 2016.

***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 11, 2016.

*Buffamante Whipple Buttafaro PC*

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

**Jamestown, New York  
March 11, 2016**



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

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

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

We have audited ***County of Chautauqua Industrial Development Agency*** and its component units, the Chautauqua Region Industrial Development Corporation and the Chautauqua County Capital Resource Corporation, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of ***County of Chautauqua Industrial Development Agency's*** major federal programs for the year ended December 31, 2015. ***County of Chautauqua Industrial Development Agency's*** major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the ***County of Chautauqua Industrial Development Agency*** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

***Report on Internal Control Over Compliance***

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

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

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

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

***Purpose of this Report***

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

***Other Communications on Internal Control***

We noted certain matters involving the internal control structure and its operation that we have reported to the management of the Agency in a separate letter dated March 11, 2016.

*Buffamante Whipple Buttafaro PC*

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

**Jamestown, New York  
March 11, 2016**

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2015**

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

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

Name	CFDA#	Program Type	Amount
Economic Adjustment Assistance Grant	11.307	Type A	\$ 11,997,434
Total federal assistance			\$ 12,297,434
Percent of total Federal award programs tested			97.6%

8. The threshold for distinguishing Type A programs was \$750,000.
9. **County of Chautauqua Industrial Development Agency** and its component units, the Chautauqua Region Economic Development Corporation and the Chautauqua County Capital Resource Corporation, was determined to be a low-risk auditee.
10. The Economic Adjustment Assistance Grant amount is equal to the total loans outstanding as of December 31, 2015.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2015**

**II. FINANCIAL STATEMENT AUDIT – FINDINGS**

**A. INTERNAL CONTROL OVER FINANCIAL REPORTING**

**Year ended December 31, 2015**

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

**Year ended December 31, 2014**

There were no internal control over financial reporting findings reported upon during the fiscal year ended December 31, 2014.

**B. COMPLIANCE AND OTHER MATTERS**

**Year ended December 31, 2015**

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

**Year ended December 31, 2014**

There were no instances of noncompliance reported upon during the year ended December 31, 2014.

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

**A. COMPLIANCE**

**Year ended December 31, 2015**

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

**Year ended December 31, 2014**

There were no instances of noncompliance reported upon during the year ended December 31, 2014.

**B. INTERNAL CONTROLS OVER COMPLIANCE**

**Year ended December 31, 2015**

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

**Year ended December 31, 2014**

There were no findings related to internal control over compliance are reported upon during the fiscal year ended December 31, 2014.