

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

**REPORT ON
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
DECEMBER 31, 2018**

**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, 2018, and the related notes to the financial statements, which collectively comprise the Agency and its component units' basic financial statements as listed in the Table of Contents. The Agency and its component units are considered a component unit of the County of Chautauqua, New York.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **County of Chautauqua Industrial Development Agency** and its component units as of December 31, 2018, and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis information on pages 3 through 7, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matters (continued)

Other information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2019, 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 19, 2019**

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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, 2018. 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, 2018:

- Overall net position of the Agency increased \$719,000 during the year ended December 31, 2018.
- The Agency's total revenue and other sources were approximately \$4,585,000 during 2018 as compared with \$3,837,000 during 2017. This increase was primarily related recognizing administrative fee revenue related to the Athenex project which broke ground during 2018.
- The Agency's total expenses and other uses were approximately \$3,866,000 during 2018 as compared to \$3,652,000 during 2017. This increase was primarily the result of the CREDC airport operations having a full year of expenses. This was offset by decreases in industrial park expenses.
- PILOT payments passed through to local governmental units were approximately \$1,345,000 during 2018 as compared to \$1,514,000 during 2017.

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.

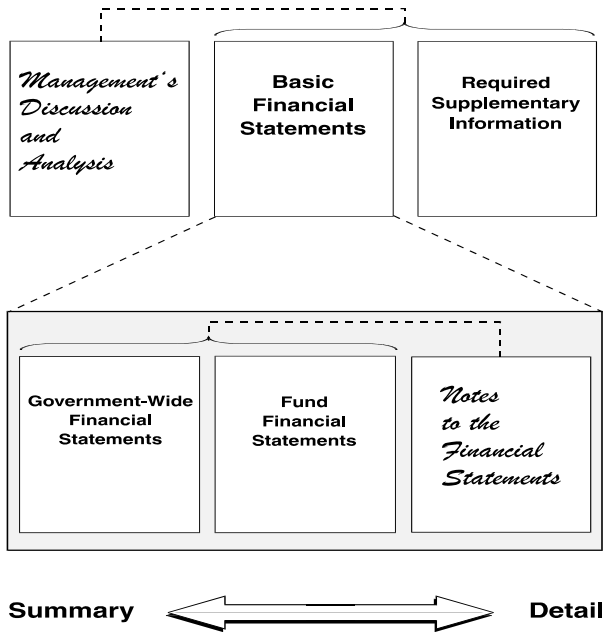
2. Combined Statement of Revenue, Expenditures, and Changes in Net Position-All Fund Types

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, 2018**

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 \$962,000 during the year ended December 31, 2018. This increase was primarily related to fees associated with the Athenex project. During 2018 construction began on the Athenex project and the related \$1,650,000 in administrative fees to be collected through 2026 were recognized as revenue. This was offset by a decrease in fees related to wind farms.
- Grant income increased \$577,000 during the year ended December 31, 2018. This increase was primarily related to grant income from Community Development Block Grants passed through to Chautauqua Harbor Hotel and Castelli Cheese.
- Revenue from interest income decreased \$28,000 during the year ended December 31, 2018.
- Revenue related to the LECOM Health Challenge totaled \$819,000 during the year ended December 31, 2018 which decreased \$39,000 related to a decline in sponsorships.

IV. Financial Analysis of the Agency as a Whole

Net Position

The Agency's total entity-wide net position at December 31, 2018 was approximately \$14,177,000. This includes: capital assets, net of related debt of \$560,000, restricted net assets of \$11,675,000; and unrestricted net assets of \$1,942,000.

Revenue

The Agency's total revenue and other sources were approximately \$4,585,000 during the year ended December 31, 2018. The Agency also received approximately \$1,345,000 of pass-through revenue during the year ended December 31, 2018. 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 4% of the Agency's total revenue decreased by \$330,000 during the year ended December 31, 2018. This decrease was primarily attributable to a decrease in rent and utility income due to the sale of the Stoneman Industrial Park building.

Expenses

The total cost of all programs and services of the Agency was approximately \$3,866,000. 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 \$3,866,000 during the year ended December 31, 2018 as compared with \$3,652,000 during the year ended December 31, 2017. This increase was primarily the result of the increase in general and administration costs.
- The Agency's general and administration costs were approximately \$2,128,000 during the year ended December 31, 2018 as compared with \$1,903,000 during the year ended December 31, 2017. This increase was caused by airport operations in the component unit, CREDC, having a full year of expenses.
- 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, 2018, the Agency has reserved against potential uncollectible loans approximately \$40,000 and \$700,000 for the Chautauqua Revolving Loan Fund and the AI-Tech Trust Fund, respectively. Bad debt expense totaled \$279,000 and \$300,000 during the years ended December 31, 2018 and 2017, respectively.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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		
	2018	2017	% Change
Assets			
Current and other assets	\$ 3,592	\$ 3,696	-3%
Capital assets, net	1,714	3,460	-50%
Other assets	14,658	11,959	23%
Total assets	\$ 19,964	\$ 19,115	4%
Liabilities			
Current liabilities	\$ 3,436	\$ 3,283	5%
Long-term liabilities	2,351	2,374	-1%
Total liabilities	5,787	5,657	2%
Net Position			
Invested in capital assets, net of related debt	560	1,234	-55%
Restricted	11,675	11,694	0%
Unrestricted	1,942	530	266%
Total net position	14,177	13,458	5%
Total liabilities and net position	\$ 19,964	\$ 19,115	4%

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		
	2018	2017	% Change
Revenue			
Application & administration fees	\$ 2,133	\$ 1,171	82%
Grant income	812	235	246%
In-kind donations	--	60	-100%
Rental income	206	536	-62%
Interest income	455	483	-6%
LECOM health challenge revenue	819	858	-5%
Other income and gain (loss) on sale	160	494	-68%
Total revenue	4,585	3,837	20%
Expenses			
General and administrative	2,128	1,903	12%
LECOM health challenge expenses	818	864	-5%
Grant expenses	300	--	n/a
In-kind expenditures	--	60	-100%
Bad debt expenses	279	300	-7%
Other expenses	122	262	-54%
Depreciation	89	130	-32%
Interest expense	130	133	-2%
Total expenses	3,866	3,652	6%
Change in net assets	\$ 719	\$ 185	

Figure A-5 Sources of Revenue

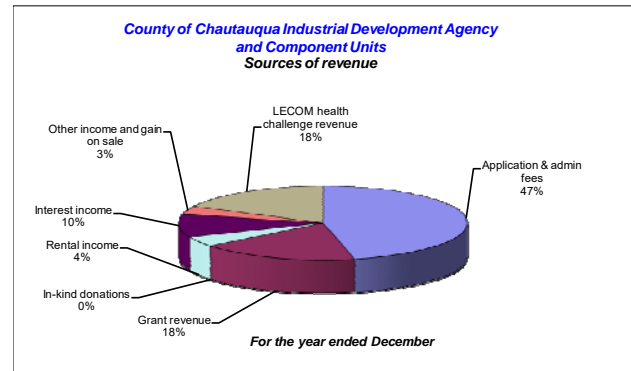
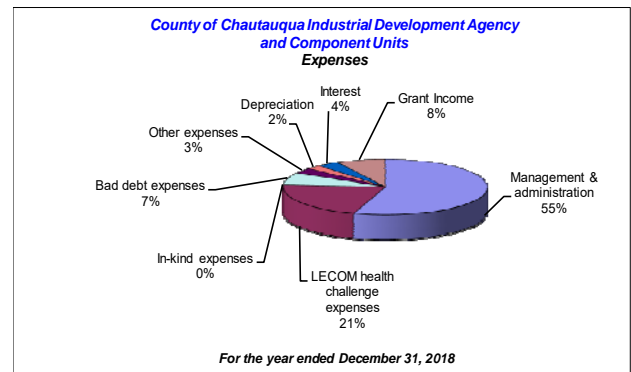


Figure A-6 - Expenses



V. Financial Analysis of the Agency Funds

Industrial Development Agency (IDA)

Net Position

During the current year, IDA general fund total revenue exceeded total expenses by \$575,000. Total net position increased from \$1,587,000 to \$2,161,000.

Revenue

During the current year, total general fund revenue and other sources were \$2,923,000 as compared with \$2,315,000 during 2017. This increase was primarily the result of an increase in administration fees related to the Athenex project.

Expenses

During the current year, total general fund expenses were \$2,348,000 as compared with \$1,959,000 during 2017. This increase was primarily the result of recognizing a loss on the sale of the Stoneman Industrial Park building which totaled \$485,000.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

Chautauqua Revolving Loan Fund (CRLF)

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

Net Position

During the current year, the CRLF's total revenue exceeded total expenses by approximately \$34,000 causing total net position to increase from \$581,000 to \$614,000.

Revenue

During the current year, total revenue of the CRLF was \$44,000 as compared with \$22,000 during 2017. This increase was primarily the result of receiving a payment related to a previously written off loan of approximately \$24,000.

Expenses

During the current year, total expenses of the CRLF were \$10,000 as compared with \$10,000 during 2017.

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 AI Tech Trust Fund to the IDA, which was previously administered by the Job Development Authority (JDA).

Net Position

During the current year, the AI-Tech Trust Fund total expenses exceeded total revenues by approximately \$56,000 causing total net position to decrease from \$10,980,000 to \$10,925,000 as of December 31, 2018.

Revenue

During the current year, total revenue and other sources of AI-Tech Trust Fund was \$388,000 as compared with \$457,000 during the prior year. This decrease was primarily the result of decreases in application fees and interest income.

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

AI-Tech Trust Fund (continued)

Expenses

During the current year, total expenses of the AI-Tech Trust Fund were \$444,000, as compared with \$553,000 during the prior year. This decrease primarily resulted from a decrease in bad debt expense from certain significant notes receivable that were written off during the prior year.

Chautauqua Region Economic Development Corporation (CREDC)

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

Net Position

During the current year, the CREDC's total revenues exceeded total expenses by approximately \$166,000 causing total net position to increase from \$310,000 to \$477,000.

Revenue

During the current year, total revenue of CREDC was \$1,715,000 as compared with \$1,000,000 during 2017. This increase was primarily due to receiving Community Development Block Grants (CDBG) in the current year.

Expenses

During the current year, total expenses of CREDC were \$1,549,000 as compared with \$1,087,000 during 2017. This increase related to an increase in costs related to operating the airport for a full year along with grant expense as the result of pass through CDBG funds.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

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

The Chautauqua County Capital Resource Corporation was incorporated in 2011. The key focus of the Corporation is to assist not for profit institutions, manufacturing and industrial businesses to obtain access to low interest tax-exempt and non tax-exempt financing for their eligible projects as well as other projects within the County for the purpose of promoting economic development and reducing unemployment. There were no new Tax Exempt Bonds in 2018.

VI. Capital Asset and Debt Administration

Capital Assets

As depicted in Figure A-7, as of December 31, 2018, the Agency and its component unit had invested approximately \$ 1,714,000 in a broad range of capital assets, including industrial parks, buildings and furniture and equipment. Capital additions made during the year ended December 31, 2018, totaled approximately \$5,000. These costs were mostly attributable to capital improvements at Talcott Street. During the year the Stoneman building was sold which mostly contributed to the decrease in net property and equipment. More detailed information about the Agency's capital assets is presented in the notes of the financial statements.

Long-term Debt

As depicted in Figure A-8, as of December 31, 2018, the Agency and its component units had approximately \$ 4,510,000 in bonds, notes payable and other liabilities, a decrease of approximately \$123,000 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>			
Capital Assets			
	2018	2017	Change
Buildings	\$ 1,944	\$ 1,943	0%
SPEC Buildings	27	2,848	-99%
Improvements	217	220	-1%
Equipment	129	129	0%
Accumulated depreciation	(603)	(1,680)	64%
Capital Assets - net	\$ 1,714	\$ 3,460	-50%

VI. Capital Asset and Debt Administration (continued)

Figure A-8 – Long-term Debt

<i>County of Chautauqua Industrial Development Agency and Component Units</i>			
Long-term Debt			
	2018	2017	Change
Bond - Stoneman Park SPEC Building	\$ 999	\$ 1,030	-3%
Bond - Chadwick Bay SPEC Building	1,396	1,477	-5%
Bond - Dunkirk Building	2,000	2,000	0%
Other bonds	115	126	-9%
Total long-term debt	\$ 4,510	\$ 4,633	-3%

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:

- The Agency has entered in tax lease agreements with multiple wind farm projects. These agreements are expected to generate substantial administrative fee revenue for the Agency if the projects move forward.

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. Richard Dixon, CFO
201 West Third Street
Jamestown, New York 14701

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

As of December 31, 2018

	CCIDA			CREDC	(Memo Only) Total Reporting Entity
	Industrial Development Agency	Chautauqua Revolving Loan Fund	AI- Tech Trust Fund		
Assets					
Current					
Cash and cash equivalents	\$ 142,083	\$ 118,505	\$ 1,366,244	\$ 54,644	\$ 1,681,476
Other receivables, current	347,460	--	--	121,120	468,580
Other current assets	--	--	--	32,815	32,815
Current portion, mortgage receivable	131,649	--	--	--	131,649
Current portion, notes receivable	--	112,937	1,065,294	99,635	1,277,866
Total current assets	621,192	231,442	2,431,538	308,214	3,592,386
Property and equipment, net	1,683,365	--	--	30,716	1,714,081
Other assets					
Other receivables, net of current portion	1,600,000	--	--	--	1,600,000
Notes receivable, net of current portion	--	422,947	9,193,050	939,051	10,555,048
Allowance for uncollectible notes receivable	--	(40,000)	(700,000)	--	(740,000)
Mortgage receivable, net of current portion	2,225,592	--	--	--	2,225,592
Security deposits and other assets	18,109	--	--	--	18,109
Real property held for resale	968,738	--	--	30,488	999,226
Total other assets	4,812,439	382,947	8,493,050	969,539	14,657,975
	\$ 7,116,996	\$ 614,389	\$ 10,924,588	\$ 1,308,469	\$ 19,964,442
Liabilities and Net Position					
Current liabilities					
Accounts payable	\$ 8,606	\$ --	\$ --	\$ 19,132	\$ 27,738
Accrued liabilities	54,683	--	--	--	54,683
Accrued interest	251,851	--	--	--	251,851
Unearned revenue	129,898	--	--	750,000	879,898
Checks written in excess of cash	--	--	--	62,317	62,317
Current portion of long-term debt	2,160,044	--	--	--	2,160,044
Total current liabilities	2,605,082	--	--	831,449	3,436,531
Long-term liabilities					
Long-term debt, net of current portion	2,350,669	--	--	--	2,350,669
Total liabilities	4,955,751	--	--	831,449	5,787,200
Net position					
Invested in capital assets, net of related debt	498,631	--	--	61,204	559,835
Restricted	--	614,389	10,924,588	136,547	11,675,524
Unrestricted	1,662,614	--	--	279,269	1,941,883
Total net position	2,161,245	614,389	10,924,588	477,020	14,177,242
	\$ 7,116,996	\$ 614,389	\$ 10,924,588	\$ 1,308,469	\$ 19,964,442

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

Year ended December 31, 2018

	CCIDA			CREDC	(Memo Only)
	Industrial Development Agency	Chautauqua Revolving Loan Fund	AI-Tech Trust Fund		Total Reporting Entity
Revenue					
Application and administration fees	\$ 2,115,374	\$ 750	\$ 16,750	\$ --	\$ 2,132,874
Grant income	255,107	--	--	557,198	812,305
In-kind donations	--	--	--	--	--
Rental income	121,225	--	--	84,324	205,549
Interest income	61,702	18,796	371,283	2,856	454,637
LECOM Health Challenge revenue	--	--	--	818,734	818,734
Other income	369,160	23,999	--	252,349	645,508
Total revenue	2,922,568	43,545	388,033	1,715,461	5,069,607
Expenditures					
General and administrative	1,530,023	9,751	218,736	369,209	2,127,719
LECOM Health Challenge expenses	--	--	--	817,979	817,979
Grant expenses	--	--	--	300,000	300,000
Consultants	29,167	--	--	--	29,167
Industrial Park expenses	92,445	--	--	--	92,445
In-kind expenditures	--	--	--	--	--
Bad debt expense	--	--	225,000	53,783	278,783
Depreciation	81,090	--	--	7,741	88,831
Total expenses	1,732,725	9,751	443,736	1,548,712	3,734,924
Excess (deficiency) of revenue over expenditures before financing sources and pass-throughs	1,189,843	33,794	(55,703)	166,749	1,334,683
Other financing sources (uses)					
Gain (loss) on sale of assets	(485,219)	--	--	--	(485,219)
Interest expense	(130,045)	--	--	--	(130,045)
	(615,264)	--	--	--	(615,264)
Pass-through transactions					
Revenue - PILOT	1,345,005	--	--	--	1,345,005
Expenditures - PILOT	(1,345,005)	--	--	--	(1,345,005)
	--	--	--	--	--
Excess (deficiency) of revenue and other sources over expenditures	574,579	33,794	(55,703)	166,749	719,419
Net position, beginning	1,586,666	580,595	10,980,291	310,271	13,457,823
Net position, ending	\$ 2,161,245	\$ 614,389	\$ 10,924,588	\$ 477,020	\$ 14,177,242

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

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

Year ended December 31, 2018

	CCIDA			CREDC	(Memo Only) Total Reporting Entity
	Industrial Development Agency	Chautauqua Revolving Loan Fund	AI-Tech Trust Fund		
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received entities assisted	\$ 650,469	\$ 750	\$ 16,750	\$ 750,000	\$ 1,417,969
Grant income	255,107	--	--	257,198	512,305
Rental income	121,225	--	--	84,324	205,549
Cash received on PILOT's	1,345,005	--	--	--	1,345,005
Cash paid to contractors	(1,255,472)	(9,751)	(222,541)	(1,200,129)	(2,687,893)
Cash paid to employees	(575,141)	--	--	--	(575,141)
Cash payments on PILOTs	(1,345,005)	--	--	--	(1,345,005)
Other receipts	369,160	23,999	--	1,062,589	1,455,748
Interest paid	(89,683)	--	--	--	(89,683)
Interest received	61,702	18,796	371,283	2,856	454,637
Net cash provided by (used in) operating activities	(462,633)	33,794	165,492	956,838	693,491
CASH FLOWS FROM INVESTING ACTIVITIES:					
Issuances of mortgages and notes receivable	--	(75,000)	(1,405,000)	(984,000)	(2,464,000)
Collections on mortgages and notes receivable	104,695	83,668	1,187,713	9,147	1,385,223
Proceeds from sale of property	121,643	--	--	--	121,643
Capital expenditures	(4,505)	--	--	--	(4,505)
Net cash provided by (used in) investing activities	221,833	8,668	(217,287)	(974,853)	(961,639)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Principal payments on long-term debt	(121,473)	--	--	--	(121,473)
Net cash used in investing activities	(121,473)	--	--	--	(121,473)
Net change in cash	(362,273)	42,462	(51,795)	(18,015)	(389,621)
Cash, beginning of year	504,356	76,043	1,418,039	72,659	2,071,097
Cash, end of year	\$ 142,083	\$ 118,505	\$ 1,366,244	\$ 54,644	\$ 1,681,476
Reconciliation of change in net position to net cash provided by (used in) operating activities:					
Change in net position	\$ 574,579	\$ 33,794	\$ (55,703)	\$ 166,749	\$ 719,419
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:					
Loss (gain) on sale of assets	485,219	--	--	--	485,219
Depreciation and amortization	81,090	--	--	7,741	88,831
Bad debt expense	--	--	225,000	53,783	278,783
Change in operating assets and liabilities:					
Accounts receivable	(1,434,960)	--	--	(8,494)	(1,443,454)
Security deposits and other assets	(9,152)	--	--	22,820	13,668
Checks written in excess of cash	--	--	--	(17,062)	(17,062)
Accounts payable	(163,014)	--	(3,805)	(18,699)	(185,518)
Accrued liabilities	(6,812)	--	--	--	(6,812)
Accrued interest	40,362	--	--	--	40,362
Unearned revenue	(29,945)	--	--	750,000	720,055
Net cash provided by (used in) operating activities	\$ (462,633)	\$ 33,794	\$ 165,492	\$ 956,838	\$ 693,491
Supplemental Disclosure of Cash Flow Information:					
Cash paid during the year for:					
Interest	\$ 89,683	\$ --	\$ --	\$ --	\$ 89,683
Noncash Transactions					
Forgiveness of deferred loan	\$ --	\$ --	\$ --	\$ 300,000	\$ 300,000
Recognition of unearned revenue	--	--	--	(300,000)	(300,000)

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

COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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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. The Agency and its component units are included as a discretely presented component unit within the County of Chautauqua, New York's financial statements.

B. Basis of Accounting

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

C. Fund Accounting

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

General Operating Fund

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting (continued)

AI-Tech Loan Funds

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

Chautauqua Revolving Loan Fund

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

Chautauqua Region Economic Development Corporation

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

Chautauqua County Capital Resource Corporation

The Agency has a component unit, the Chautauqua County Capital Resource Corporation (CCCRC) which is further described in Note 2 of the financial statements.

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, 2018, the Agency was fully collateralized.

COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2018, 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.

H. Inventory

Inventory consisted of fuel related to the Chautauqua Dunkirk airport which CREDC began managing during the year ending December 31, 2017 as described in Note 19. Inventory is stated at the lower of cost or net realizable value and is included in other current assets on the Statement of Net Position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Tax Lease Program

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

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

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

The Agency's PILOT program generated \$1,345,005 in 2018 for local municipalities.

J. 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, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Real Property Held for Resale

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

Beginning of year real property, net of sales	\$ 999,226
Current additions and improvements-IDA	--
Current disposals- IDA	--
Total Real Property Held for Resale	<u>\$ 999,226</u>

L. 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.

M. 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.

N. 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)

N. 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 2015 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, 2018.

COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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, 2018. CCCRC issued no Tax Exempt Bonds during the year ended December 31, 2018.

NOTE 3 – OTHER RECEIVABLES

As of December 31, 2018, the Agency had an outstanding balance in other receivables of \$1,947,460. The majority of the balance consists of fees related to the Athenex project (\$175,000 other receivables, current and \$1,300,000 other receivables, net of current portion – see note 18) and Arkwright Wind Farm (\$100,000 other receivables, current and \$300,000 other receivables, net of current portion – see note 17). Also in the other receivables balance was amounts related to tenants' rent receivable. As of December 31, 2018, the CREDC had an outstanding balance in other receivables of \$121,120. The majority of the balance is related to the LECOM Health Challenge.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2018:

	2017 Balance	Additions	Deletions	2018 Balance
IDA:				
Jamestown Airport Hanger	\$ 252,565	\$ --	\$ --	\$ 252,565
Furniture and equipment	127,798	893	--	128,691
SPEC building:				
Stoneman Park	2,820,795	--	(2,820,795)	--
Talcott Street property	1,691,480	--	--	1,691,480
West End Improvements	53,848	--	--	53,848
Other improvements	154,374	4,505	(8,611)	150,268
	5,100,860	5,398	(2,829,406)	2,276,852
Less: accumulated depreciation	(1,679,046)	(81,090)	1,166,649	(593,487)
	3,421,814	(75,692)	(1,662,757)	1,683,365
CREDC:				
Airport	39,747	--	--	39,747
Less: accumulated depreciation	(1,290)	(7,741)	--	(9,031)
	38,457	(7,741)	--	30,716
Total	\$ 3,460,271	\$ (83,433)	\$ (1,662,757)	\$ 1,714,081

COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 4 - PROPERTY AND EQUIPMENT (CONTINUED)

During 2018, the Agency realized a loss in the amount of \$485,219 on the sale of the Stoneman Industrial Park property.

Depreciation expense relating to property and equipment was \$81,090 for the IDA and \$7,741 for CREDC during the year ended December 31, 2018.

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 for lease, the Agency is depreciating the asset. During 2017, the tenant moved out and the CCIDA is marketing the building for sale.

NOTE 5 - INDUSTRIAL PARK EXPENSES

These costs include Chadwick Bay Industrial Water District charges, South County Industrial Park real estate taxes, engineering costs 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. During the years ended December 31, 2008 through 2011, the Agency incurred expenditures relating to the grant of \$192,806. The Agency has not incurred any expenditures relating to the grant since 2011. The remaining balance of \$15,194 remained in unearned revenue at December 31, 2018.

During 2015, CREDC received \$300,000 from the New York State Office of Community Renewal that was passed through to Empire Specialty Cheese Co. LLC. (assumed by Castelli America) in the form of a deferred loan. The Company complied with the covenants, conditions and obligations of the loan agreement and the balance was forgiven during the year ended December 31, 2018.

During 2016, the CCIDA received a grant from Chautauqua County in the amount of \$863,746 related to the Mason Industrial Park. Per the agreement, the funds were to be utilized to purchase the land and complete infrastructure upgrades. The CCIDA purchased the land which totaled \$701,400, during the year ending December 31, 2016 and has incurred \$59,619 of expenditures. At December 31, 2018, the remaining \$102,727 to be used for infrastructure improvements remained in unearned revenue.

During 2017 and 2018, the Agency received \$70,000 from Cassadaga Wind Farm which was placed into an escrow account to cover professional fees related to the wind farm. The Agency has paid professional fees of \$58,023. At December 31, 2018, the remaining \$11,977 to be used for professional fees remained in unearned revenue.

NOTE 6 - UNEARNED REVENUE (CONTINUED)

During 2018, CREDC received \$250,000 from the New York State Office of Community Renewal that was passed through to Castelli America 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.

During 2018, CREDC received \$500,000 from the New York State Office of Community Renewal that was passed through to Chautauqua Harbor Hotel 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.

NOTE 7 - USE OF FACILITIES

During 2016, the Agency moved its office location to 201 West Third Street in Jamestown, New York. A lease agreement was entered into which has an initial term of 10 years, with a 5 year renewal option, and commenced on August 1, 2016. Monthly rental payments of \$7,495 per month plus quarterly payments for common area maintenance fees and property taxes are due in the first year of this agreement, with subsequent lease periods increasing by 2%. The Agency also leases space in Fredonia, New York for \$980 per month. This lease is cancellable with thirty days notice.

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

2019	\$	94,353
2020		96,240
2021		98,165
2022		100,129
2023		102,131
2024-2026		273,131
	\$	<u>764,149</u>

NOTE 8 - CONTINGENCIES

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

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

COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 9 - NOTES RECEIVABLE

Industrial Development Agency

In 2006, the CCIDA sold a building (Chadwick Bay Spec Building) to a Company and assumed a mortgage note receivable. At the time CCIDA also had an outstanding note payable to Chautauqua County related to bonds issued for the construction of the property. In 2010, the Company defaulted on the note receivable and Chautauqua County, who held a first position on the mortgage, foreclosed on the property and took title to it. On February 22, 2012, Chautauqua County transferred title to the property back to the CCIDA and a note payable in the amount of \$1,816,765 was assumed by CCIDA. On June 25, 2013 the CCIDA sold the building and established a \$1,700,000 promissory note from the purchaser of the building. The promissory note calls for monthly principal and interest payments in the amount of \$9,428 per month and the note matures in July 2033. In doing so, CCIDA modified the terms of their bond with Chautauqua County to a rate of 2.274% from 3.00% and a term of 21.5 years from 31.5 years. The balance outstanding on the note was \$1,335,023, as of December 31, 2018.

In 2018, the CCIDA sold a building (Stoneman Park) to a company and assumed a mortgage note receivable. CCIDA also has an outstanding note payable to Chautauqua County related to bonds issued for the construction of the property. A \$1,055,000 promissory note was established from the purchaser of the building to the CCIDA. The promissory note calls for monthly principal and interest payments in the amount of \$7,286 per month and the note matures in May 2033. In doing so, CCIDA modified the terms of their bond with Chautauqua County to a rate of 3.00% and a maturity date of December 2033. The balance outstanding on the note was \$1,022,218, as of December 31, 2018.

Chautauqua Revolving Loan Fund

DigEdition, 4% interest bearing note receivable, \$896 per month including interest through July 1, 2019.	\$ 6,187
EMC FinTech, 4% interest bearing note receivable, \$888 per month including interest through December 1, 2019.	10,434
Credit Bureau of Jamestown, 4% interest bearing note receivable, \$1,381 per month including interest through June 1, 2021. Entered into an interest only agreement through December 31, 2018.	46,784
Lakeside Fire Services Corp., 4% interest bearing note receivable, \$552 per month including interest through December 1, 2019.	6,488
Moonlight Electric of Jamestown LLC, 4% interest bearing note receivable, \$368 per month including interest through April 1, 2019.	1,461

NOTE 9 - NOTES RECEIVABLE (CONTINUED)

Chautauqua Revolving Loan Fund (Continued)

Johnson Machine and Fibre Company, Inc., 4% interest bearing note receivable, \$1,381 per month including interest through January 1, 2020.	\$ 17,544
Rem-Tronics, 4% interest bearing note receivable, \$1,025 per month including interest through November 1, 2022.	48,007
Chautauqua County Commerce Park, LLC., 4% interest bearing note receivable, \$454 per month including interest through January 1, 2036.	67,422
Original Crunch Roll Factory, 4% interest bearing note receivable, \$888 per month including interest through October 1, 2023.	46,786
Original Crunch Roll Factory, 4% interest bearing note receivable, \$515 per month including interest through December 1, 2036.	79,220
Jamestown Rental Properties, 4% interest bearing note receivable, \$709 per month including interest through July 1, 2026.	55,551
Big Inlet Brewing, 4% interest bearing note receivable, \$828 per month including interest through January 31, 2028. Loan is interest only through January 1, 2019 at \$250 per month.	75,000
AgriAmerica LLC, (loan awarded during 2018), 4% interest bearing note receivable, \$828 per month including interest through January 31, 2029. Payments begin February 2019.	<u>75,000</u>
Subtotal	535,884
Less: reserve	<u>(40,000)</u>
Subtotal	495,884
Less: current portion	<u>(112,937)</u>
Long-term portion - Chautauqua Revolving Loan Fund	<u>\$ 382,947</u>
<u>AI-Tech Trust Fund</u>	
GEI, Inc., 5% interest bearing note receivable, \$1,842 per month including interest through January 1, 2021.	\$ 42,226
Chautauqua Utilities, 4% note receivable, \$5,030 per month including principal, through December 1, 2027. Entered into an interest only agreement through December 1, 2017	455,514
Chautauqua Energy, Inc., 5% interest bearing note receivable. Entered into an interest only agreement through April 1, 2018, then \$3,906 per month including interest through November 1, 2025.	292,684

COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 9 - NOTES RECEIVABLE (CONTINUED)

AI-Tech Trust Fund (continued)

International Ordnance Technologies, Inc. 5% interest bearing note receivable, Entered into a forbearance agreement through June 1, 2017, then \$618 per month including interest through June 1, 2022.	\$ 23,767
Jamestown Mattress Company, Inc., 4% interest bearing note receivable, \$3,029 per month including interest through February 1, 2025.	198,532
Lightning Circuits International, Inc. 4% interest bearing note receivable, \$2,025 per month including interest through April 1, 2021.	52,204
Superior Grinding, Inc., 5% interest bearing note receivable, \$798 per month including interest through February 1, 2020.	10,826
Yaw Oil Company, Inc., 4% interest bearing note receivable, \$3,151 per month including interest through November 1, 2024.	198,936
Johnson Machine and Fibre, 4% interest bearing note receivable, \$460 per month including interest through January 1, 2020.	5,848
Chautauqua Hotel, 4% interest bearing note receivable, \$4,438 per month including interest through June 1, 2024.	262,543
Chautauqua Precision, 4% interest bearing note receivable, \$2,146 per month including interest through August 1, 2020.	41,461
Muldowney Development Inc., 4% interest bearing note receivable, \$1,367 per month including interest through October 1, 2019.	13,422
DigEdition 4% interest bearing note receivable, \$896 per month including interest through July 1, 2019.	6,187
Rem-Tronics, 4% interest bearing note receivable. Entered into an interest only agreement through June 1, 2016, then \$3,000 per month including interest through July 1, 2032.	383,667
Rainbow Parrot, Inc., 4% interest bearing note receivable, \$1,295 per month including interest through February 1, 2027.	108,068
Credit Bureau of Jamestown, 4% interest bearing note receivable, \$1,842 per month including interest through June 1, 2021. Entered into an interest only agreement through December 1, 2017.	62,378
Gren Ventures LLC, 4% interest bearing note receivable, \$4,068 per month including interest through December 1, 2028.	401,825
Scott's Peak 'n Peek, LLC, 4% interest bearing note receivable, \$2,806 per month including interest through May 1, 2033.	368,429
The Stannard Group, 4% interest bearing note receivable, \$4,556 per month including interest through January 1, 2024.	251,107

NOTE 9 - NOTES RECEIVABLE (CONTINUED)

AI-Tech Trust Fund (continued)

Ruhlman Industrial Properties, 4% interest bearing note receivable, \$3,344 per month through August 1, 2035. In 2017 the board approved writing off \$350,000 of the loans previous balance.	\$ 487,630
East Main Complex, LLC, 4% interest bearing note receivable, \$3,939 per month including interest through January 1, 2034.	575,903
Beichner Waste Services Inc., 4% interest bearing note receivable, \$1473 per month including interest through March 1, 2019.	4,391
Counter Act, Inc., 4% interest bearing note receivable, \$4,050 per month including interest through May 1, 2024.	236,320
Erie Shore Holdings, LLC, 4% interest bearing note receivable, \$1,030 per month including interest through September 1, 2029.	107,394
Scott's Enterprises, 4% interest bearing note receivable, \$1,657 per month including interest through January 1, 2030.	177,769
Brick City Markets, 4% interest bearing note receivable. Entered into a forbearance agreement through November 1, 2017 at which time the principal is \$687 per month through March 1, 2028.	113,329
Chautauqua County Commerce Park, LLC, 4% interest bearing note receivable, \$4,151 per month including interest through January 1, 2036.	615,789
D&F Pallet, 4% interest bearing note receivable, \$2,531 per month including interest through September 1, 2025.	114,947
Rem-Tronics, 4% interest bearing note receivable, \$4,498 per month including interest through July 1, 2023. Additional principal of \$193,829 provided during 2017.	240,539
Reverie Cheese & Food, Inc., 4% interest bearing note receivable, \$1,400 per month including interest through August 1, 2025.	98,148
ROM Ventures LLC, 4% interest bearing note receivable, \$4,611 per month including interest through August 1, 2022.	188,409
Sunset Ridge Holdings, LLC, 4% interest bearing note receivable. Entered into interest only agreement through August 1, 2016. \$737 per month including interest through November 1, 2020.	16,284
Crunch Roll, 4% interest bearing note receivable, \$4,784 per month including interest through October 1, 2023.	251,922
Chadwick Bay Marina, 4% interest bearing note receivable, \$2,145 per month including interest through August 1, 2031.	255,476

COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 9 - NOTES RECEIVABLE (CONTINUED)

AI-Tech Trust Fund (continued)

Chautauqua Woods, 4% interest bearing note receivable, \$1,230 per month including interest through December 1, 2023.	\$ 66,798
Shults Real Estate, 4% interest bearing note receivable, \$3,030 per month including interest through December 1, 2036.	465,997
Merritt Estate Winery, 4% interest bearing note receivable, \$1,924 per month including interest through May 1, 2023.	93,320
Jamestown Rental Properties, 4% interest bearing note receivable, \$709 per month including interest through July 1, 2026.	55,551
Heavy Press, 4% interest bearing note receivable, \$962 per month including interest through July 1, 2031.	113,944
The Tube Fabrication Co., 4% interest bearing note receivable, \$984 per month including interest through October 1, 2022.	41,907
200 Harrison Street, LLC, 4% interest bearing note receivable, \$2,424 per month including interest through June 1, 2037.	379,803
Bailey Manufacturing, 4% interest bearing note receivable, \$5,062 per month including interest through September 1, 2027.	447,860
Pier LLC, 4% interest bearing note receivable, \$1,598 per month including interest through September 1, 2032.	202,522
Blackstone Advanced Technologies, 4% interest bearing note receivable, \$2,734 per month including interest through January 1, 2025.	176,879
Jamestown Rental Properties, 4% interest bearing note receivable, \$1,620 per month including interest through February 1, 2028.	148,970
AgriAmerica, LLC, (loan awarded during 2018), 4% interest bearing note receivable, \$26,509 annually including interest in 2019 and \$32,589 thereafter through February 1, 2029.	440,000
Castelli America, LLC, (loan awarded during 2018), 4% interest bearing note receivable, interest only through April 1, 2021 then \$6,818 per month including interest through April 1, 2032.	500,000
Big Inlet Brewing, Inc, (loan awarded during 2018), 4% interest bearing note receivable, interest only through October 1, 2019 then \$1,822 per month including interest through October 1, 2030.	165,000
Premier Precision Machining, LLC, (loan awarded during 2018), 4% interest bearing note receivable, \$3,037 per month including interest through November 1, 2029.	295,919

NOTE 9 - NOTES RECEIVABLE (CONTINUED)

AI-Tech Trust Fund (continued)

Subtotal	\$ 10,258,344
Less: reserve	<u>(700,000)</u>
Subtotal	9,558,344
Less: current portion	<u>(1,065,294)</u>
Long-term portion - AI-Tech Trust Fund	<u>\$ 8,493,050</u>

As of December 31, 2018, the Agency had a commitment to issue notes to six companies totaling approximately \$2,105,000, respectively.

CREDC Economic Development Program

Castelli America LLC, 2% interest bearing note receivable, \$5,217 per month including interest through November 1, 2019.	\$ 54,686
Chautauqua Harbor Hotel, (loan awarded during 2018) 2% interest bearing note receivable, interest only until August 2019, then \$4,102 per month including interest through August 1, 2024.	234,000
Chautauqua Harbor Hotel (loan awarded during 2018). If conditions of loan are met through August 1, 2024, the loan will be forgiven.	500,000
Castelli America LLC (loan awarded during 2018).. If conditions of loan are met through December 1, 2023, the loan will be forgiven.	<u>250,000</u>
Subtotal	1,038,686
Less: current portion	<u>(99,635)</u>
Long-term portion - CREDC	<u>\$ 939,051</u>

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

COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 10 - LONG-TERM DEBT

Industrial Development Agency

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

Bond payable to County of Chautauqua with an interest rate of 3%. Proceeds to be used to acquire Talcott Street property in Dunkirk, NY. Payable 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. 999,226

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. 94,400

Bond payable to County of Chautauqua with interest at 2.274%. Proceeds used for construction of the Chadwick Bay Industrial Park SPEC Building. The Agency made interest only payments from March 22, 2012 through June 25, 2013. Monthly principal and interest payments totaling \$9,428 began July 25, 2013. The bond matures July 25, 2033. 1,396,387

Subtotal 4,510,713

Less: current portion (2,160,044)

Long-term debt – IDA \$ 2,350,669

At December 31, 2018, debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
CCIDA			
2019	\$ 2,160,044	\$ 311,098	\$ 2,471,142
2020	164,707	56,419	221,126
2021	191,062	52,660	243,722
2022	183,590	48,802	232,392
2023	155,725	44,840	200,565
2024-2028	841,839	160,991	1,002,830
2029-2033	813,746	46,310	860,056
	<u>\$ 4,510,713</u>	<u>\$ 721,120</u>	<u>\$ 5,231,833</u>

The IDA incurred interest expense in the amounts of \$130,045 during 2018.

NOTE 11 - PASS-THROUGH TRANSACTIONS

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

Loans from the New York Urban Development Corporation and other similar governmental units are required to be directed through an industrial development agency before reaching the intended government or private recipient. The Agency has received and disbursed the following funds resulting from this pass-through income during 2018:

<u>IDA</u>	<u>Receipts</u>	<u>Disbursements</u>
<u>Pilot Program</u>		
Pilot payments collected from businesses and remitted to local governments	\$ 1,345,005	\$ 1,345,005

NOTE 12 – RETIREMENT PLAN

The Agency has a 401 (a) retirement plan, which covers employees over the age of 21, except for leased employees and those employees whose employment is governed by a collective bargaining agreement that does not participate in plan. It allows for employer to make discretionary contributions each year at a percentage of each eligible employee's compensation. The Agency had expenses related to the Plan in the amount of \$33,714 for the year ended December 31, 2018.

COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 13 - 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	\$	9,751
CREDC		17,386
CREDC - LECOM		9,253
AI-tech Loan Fund		207,452
	\$	<u>243,842</u>

NOTE 14 - RESTRICTED NET POSITION

The amounts restricted as of December 31, 2018 include:

Chautauqua Revolving Loan Fund	
Revolving Loan funds	\$ <u>614,389</u>
AI Tech Trust Fund	
AI Tech funds	\$ <u>10,928,371</u>
CREDC	
LECOM Challenge	\$ 133,138
Gran Fondo	3,409
	\$ <u>136,547</u>

NOTE 15 – FAIR VALUE MEASUREMENTS

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

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

NOTE 15 – FAIR VALUE MEASUREMENTS (CONTINUED)

The table below presents information about the changes in receivables for 2017.

	Chautauqua Revolving Loan Fund	AI-Tech Trust Fund
Beginning balance	\$ 504,552	\$ 9,566,057
New loans made	75,000	1,405,000
Principal payments received	(83,668)	(1,187,713)
Bad debt expense	--	(225,000)
Ending balance	\$ <u>495,884</u>	\$ <u>9,558,344</u>

	IDA Note Receivable	CREDC Note Receivable
Beginning balance	\$ 1,406,936	\$ 417,616
New loans made	1,055,000	984,000
Principal payments received	(104,695)	(9,147)
Debt forgiven	--	(300,000)
Bad debt expense	--	(53,783)
Ending balance	\$ <u>2,357,241</u>	\$ <u>1,038,686</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 16 – LECOM HEALTH CHALLENGE

A four-year agreement was entered into by LECOM, Web.com Tour and CREDC to hold the LECOM Health Challenge golf tournament. The LECOM Health Challenge golf tournament is played in Clymer, New York on the Peek'n Peek's "Upper Course". This international event spotlights the LECOM Health Challenge in collaboration with notable partners from New York and Pennsylvania to emphasize the significance of health and wellness in the field of sports. CREDC is responsible for raising revenue through local sources, sponsorships, gate passes, etc. and costs include the purse which totaled approximately \$600,000 for the 2018 tournament and was paid by the Title Sponsor in 2018.

Receivables and revenue related to sponsorships are recognized when CREDC receives a written commitment from the Sponsor. A receivable in the amount of \$95,531 as of December 31, 2018 was recognized related to sponsorships the 2019 golf tournament.

COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 17 – WIND FARMS

During 2017, 2016 and 2015, the Agency entered into PILOT agreements with companies related to the construction of windfarms. The agreements call for administrative fees to be paid to CCIDA in the amounts of \$1,500,000 (2017 agreement), \$1,000,000 (2016 agreement) and \$950,000 (2015 agreement) over a period of eight years. The CCIDA recognized revenue in the Statement of Revenue, Expenditures and Changes in Financial Position in the amount of \$200,000 (\$100,000-2017 Windfarm and \$100,000-2016 Windfarm) and \$900,000 (\$100,000-2017 Windfarm, \$100,000-2016 Windfarm and \$700,000-2015 Windfarm) during the years ended December 31, 2018 and 2017, respectively. Management believes future payments on the agreements are contingent upon the construction of the wind towers which has not yet taken place for the 2017 and 2016 windfarm agreements. Construction began on the 2015 agreement and the Agency recognized a \$500,000 receivable and revenue related to the remaining payments during the year ending December 31, 2017. Below is a schedule of the remaining payments under the agreements:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
	<u>Windfarm</u>	<u>Windfarm</u>	<u>Windfarm</u>
2019	\$ 250,000	\$ 100,000	\$ 100,000
2020	200,000	100,000	100,000
2021	200,000	100,000	100,000
2022	200,000	100,000	100,000
2023	200,000	100,000	--
Total remaining payments	<u>\$ 1,050,000</u>	<u>\$ 500,000</u>	<u>\$ 400,000</u>

NOTE 18 – ATHENEX PROJECT

During 2017, the Agency entered into a PILOT agreement with Athenex, Inc.. The agreement calls for administrative fees to be paid to CCIDA in the amounts of \$1,750,000 over a period of nine years. The CCIDA recognized revenue in the Statement of Revenue, Expenditures and Changes in Financial Position in the amount of \$1,650,000 and \$100,000 during the years ended December 31, 2018 and 2017, respectively. Construction began on the Athenex Project during 2018 at which time the Agency recognized a \$1,475,000 receivable and revenue related to the remaining payments. Below is a schedule of the remaining payments under the agreement:

	<u>Athenex</u>
2019	\$ 175,000
2020	175,000
2021	175,000
2022	175,000
2023	175,000
2024	175,000
2025	175,000
2026	<u>250,000</u>
Total remaining payments	<u>\$ 1,475,000</u>

NOTE 19 – CHAUTAUQUA DUNKIRK AIRPORT

On November 1, 2017 CREDC began managing the Chautauqua Dunkirk Airport as a fixed-base operator (FBO). CREDC paid Dunkirk Aviation \$38,600 for equipment onsite at the airport. The current agreement with the County ran through July 1, 2018 and was extended until a time when a service provider with experience as a FBO of local airports could be secured. The intention will be to transfer the balances related to the airport at their current value to the new FBO once an agreement is in place.

NOTE 20 – SUBSEQUENT EVENTS

Subsequent events were evaluated through March 19, 2019, which is the date the financial statements were available to be issued.

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, 2018

	CCIDA			CREDC	(Memo Only)
	Industrial Development Agency	Chautauqua Revolving Loan Fund	AI-Tech Trust Fund		Total Reporting Entity
Other Income					
Gas royalties	\$ 146	\$ --	\$ --	\$ --	\$ 146
Community fee, BFI	24,506	--	--	--	24,506
Fundraising	--	--	--	45,515	45,515
Fuel sales	--	--	--	206,834	206,834
Other income					
Interagency charges	243,842	--	--	--	243,842
Recovery of written off loans	--	23,999	--	--	23,999
Other	100,666	--	--	--	100,666
Total other income	\$ 369,160	\$ 23,999	\$ --	\$ 252,349	\$ 645,508
General and Administrative Expenses					
Payroll and benefits	\$ 754,974	\$ --	\$ --	\$ 65,015	\$ 819,989
Publicity and promotion	72,306	--	--	900	73,206
Rent	140,178	--	--	--	140,178
Insurance	42,748	--	--	13,036	55,784
Office and postage	24,440	--	151	3,242	27,833
Meeting expense	9,063	--	376	--	9,439
Professional fees	243,013	9,751	214,195	75,750	542,709
Repairs and maintenance	--	--	2,159	5,626	7,785
Utilities	127,054	--	--	7,292	134,346
Dues and subscriptions	26,271	--	192	1,422	27,885
Miscellaneous	58,777	--	200	36,493	95,470
Travel and entertainment	20,146	--	1,463	9,394	31,003
Fuel Purchases	--	--	--	151,013	151,013
Other	11,053	--	--	26	11,079
Total general and administrative	\$ 1,530,023	\$ 9,751	\$ 218,736	\$ 369,209	\$ 2,127,719

See accompanying independent auditor's report.

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

As of December 31, 2018

	Loan ID	Original Amount	Outstanding Principal	Date of Issuance	Date of Maturity	Interest Rate
Tax-exempt bonds						
County of Chautauqua Industrial Development Agency:						
The Gerry Homes	0601-00-03A	\$ 15,100,000	\$ --	2000	2032	Variable
Lutheran Social Services	0601-05-05B	5,500,000	2,605,522	2005	2026	Variable
Resource Center	0601-93-02A	5,560,000	155,482	1993	2019	Variable
JCC Foundation Inc.	0601-07-02A	3,345,000	1,920,000	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	4,035,000	2014	2054	Variable
Chautauqua County Capital Resource Corporation:						
Jamestown Center City Development Co.	0601-13-01A	20,235,000	19,485,000	2013	2031	Variable
JCC Development Corporation	0601-17-01	12,760,080	11,215,000	2017	2037	Variable
Lutheran Housing Administration Services Group Inc.	0601-17-02	6,300,000	6,090,000	2017	2037	Variable

COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF NET POSITION - CREDC

Schedule 3
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As of December 31, 2018

	CREDC				(Memo Only)
	Operating Fund	LECOM Health Fund	Airport Fund	Gran Fondo	Total Reporting Entity
Assets					
Current					
Cash and cash equivalents	\$ 13,259	\$ 37,697	\$ 279	\$ 3,409	\$ 54,644
Other receivables	11,499	95,531	14,090	--	121,120
Other current assets	--	1,010	31,805	--	32,815
Current portion, notes receivable	99,635	--	--	--	99,635
Total current assets	124,393	134,238	46,174	3,409	308,214
Property and equipment, net	--	--	30,716	--	30,716
Other assets					
Notes receivable, net of current portion	939,051	--	--	--	939,051
Real property held for resale	30,488	--	--	--	30,488
Total other assets	969,539	--	--	--	969,539
	\$ 1,093,932	\$ 134,238	\$ 76,890	\$ 3,409	\$ 1,308,469
Liabilities and Net Position					
Current liabilities					
Accounts payable	\$ 17,599	\$ 1,100	\$ 433	\$ --	\$ 19,132
Unearned revenue	750,000	--	--	--	750,000
Other liabilities	--	--	62,317	--	62,317
Total current liabilities	767,599	1,100	62,750	--	831,449
Net position					
Invested in capital assets, net of related debt	30,488	--	30,716	--	61,204
Restricted	--	133,138	--	3,409	136,547
Unrestricted (deficit)	295,845	--	(16,576)	--	279,269
Total net position	326,333	133,138	14,140	3,409	477,020
	\$ 1,093,932	\$ 134,238	\$ 76,890	\$ 3,409	\$ 1,308,469

See accompanying independent auditor's report.

COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN NET POSITION – CREDC

Schedule 4
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Year ended December 31, 2018

	CREDC				(Memo Only) Total Reporting Entity
	Operating Fund	LECOM Health Fund	Airport Fund	Gran Fondo	
Revenue					
Rental income	\$ --	\$ --	\$ 84,324	\$ --	\$ 84,324
Interest income	2,856	--	--	--	2,856
LECOM Health Challenge revenue	--	818,734	--	--	818,734
Grant income	557,198	--	--	--	557,198
Other income	--	--	206,834	45,515	252,349
Total revenue	560,054	818,734	291,158	45,515	1,715,461
Expenditures					
General and administrative	62,527	--	263,379	43,303	369,209
LECOM Health Challenge expenses	--	817,979	--	--	817,979
Grant expense	300,000	--	--	--	300,000
Bad debt expense	53,783	--	--	--	53,783
Depreciation	--	--	7,741	--	7,741
Total expenses	416,310	817,979	271,120	43,303	1,548,712
Excess of revenue over expenditures	143,744	755	20,038	2,212	166,749
Net position, beginning	182,589	132,383	(5,898)	1,197	310,271
Net position, ending	\$ 326,333	\$ 133,138	\$ 14,140	\$ 3,409	\$ 477,020

See accompanying independent auditor's report.

COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF CASH FLOWS - CREDC

Year ended December 31, 2018

	CREDC				(Memo Only) Total Reporting Entity
	Operating Fund	LECOM Health Fund	Airport Fund	Gran Fondo	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received entities assisted	\$ 750,000	\$ --	\$ --	\$ --	\$ 750,000
Grant income	257,198	--	--	--	257,198
Rental income	--	--	84,324	--	84,324
Cash paid to contractors	(45,465)	(824,814)	(286,408)	(43,442)	(1,200,129)
Other receipts	(10,359)	825,070	202,363	45,515	1,062,589
Interest received	2,856	--	--	--	2,856
Net cash provided by operating activities	954,230	256	279	2,073	956,838
CASH FLOWS FROM INVESTING ACTIVITIES:					
Issuances of mortgages and notes receivable	(984,000)	--	--	--	(984,000)
Collections on mortgages and notes receivable	9,147	--	--	--	9,147
Net cash used in investing activities	(974,853)	--	--	--	(974,853)
Net change in cash	(20,623)	256	279	2,073	(18,015)
Cash, beginning of year	33,882	37,441	--	1,336	72,659
Cash, end of year	\$ 13,259	\$ 37,697	\$ 279	\$ 3,409	\$ 54,644
Reconciliation of change in net position to net cash provided by (used in) operating activities:					
Change in net position	\$ 143,744	\$ 755	\$ 20,038	\$ 2,212	\$ 166,749
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:					
Depreciation and amortization	--	--	7,741	--	7,741
Bad debt expense	53,783	--	--	--	53,783
Change in operating assets and liabilities:					
Accounts receivable	(10,359)	6,336	(4,471)	--	(8,494)
Security deposits and other assets	--	4,021	18,799	--	22,820
Checks written in excess of cash	--	--	(17,062)	--	(17,062)
Accounts payable	17,062	(10,856)	(24,766)	(139)	(18,699)
Unearned Revenue	750,000	--	--	--	750,000
Net cash provided by operating activities	\$ 954,230	\$ 256	\$ 279	\$ 2,073	\$ 956,838
Supplemental Disclosure of Cash Flow Information:					
Cash paid during the year for:					
Interest	\$ --	\$ --	\$ --	\$ --	\$ --

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

Schedule 6
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Year ended December 31, 2018

Revenue

Application and administration fees (2018 tournament)		
Title sponsorship *	\$	799,216
Less: Purse *		600,000
Net application and administration fees		<u>199,216</u>
Other sponsorships		590,260
Ticket sales		16,501
Player fees		2,115
Other income		10,642
Total revenue		<u>818,734</u>

Expenditures

General and administrative		
Payroll and benefits		50,369
Advertising and promotions		45,984
Printing		10,023
Pro-Am Wednesday		81,301
Tournament production		300,091
Public relations		4,223
Professional fees		113,618
Travel and entertainment		55,761
Office expense		13,194
Miscellaneous		19,102
Volunteers		18,429
Caddies		604
Contributions		105,280
Total expenditures		<u>817,979</u>

Excess of revenue over expenditures **755**

Net position, beginning 132,383

Net position, ending **\$ 133,138**

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

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

Year ended December 31, 2018

Grantor/Pass-through agency	Project Title	Federal CFDA Number	Project Number	Expenditures
U.S. Department of Commerce:				
Economic Development Administration	Economic Adjustment Assistance	11.307	01-19-01474.b	\$ 12,068,324
Total U.S. Department of Commerce				<u>12,068,324</u>
U.S. Department of Housing and Urban Development:				
NYS Homes and Community Renewal	Community Development Block Grant	14.218	206ED873-16	745,699
NYS Homes and Community Renewal	Community Development Block Grant	14.218	512ED906-18	<u>250,000</u>
Total U.S. Department of Housing and Urban Development				<u>995,699</u>
Total Federal Awards				<u><u>\$ 13,064,023</u></u>

Note 1 - Basis of Presentation

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

Note 2 - Indirect Costs

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

Note 3 - EDA RLF Expenditure Calculation

The federal expenditures for the Economic Development Administration (the "EDA") Economic Adjustment Assistance Revolving Loan Fund (the "RLF") for the year ended December 31, 2018 are calculated as follows:

Outstanding loans receivable as of December 31, 2018	\$ 10,258,344
Cash as of December 31, 2018	1,366,244
Administrative expenses for the year ended December 31, 2018	218,736
Loan losses for the year ended December 31, 2018	<u>225,000</u>
Total EDA RLF expenditures	<u><u>\$ 12,068,324</u></u>



**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, 2018, 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 19, 2019.

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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Jamestown, New York
March 19, 2019**

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, 2018. ***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, 2018.

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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Jamestown, New York
March 19, 2019**

COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018

II. FINANCIAL STATEMENT AUDIT – FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

Year ended December 31, 2018

There are no internal control over financial reporting findings reported upon during the fiscal year ended December 31, 2018.

B. COMPLIANCE AND OTHER MATTERS

Year ended December 31, 2018

There are no instances of noncompliance reported upon during the year ended December 31, 2018.

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

A. COMPLIANCE

Year ended December 31, 2018

There are no instances of noncompliance reported upon during the year ended December 31, 2018.

B. INTERNAL CONTROLS OVER COMPLIANCE

Year ended December 31, 2018

There are no findings related to internal control over compliance are reported upon during the fiscal year ended December 31, 2018.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018**

I. FINANCIAL STATEMENT AUDIT – FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

Year ended December 31, 2017

There were no internal control over financial reporting findings reported upon during the fiscal year ended December 31, 2017.

B. COMPLIANCE AND OTHER MATTERS

Year ended December 31, 2017

There were no instances of noncompliance reported upon during the year ended December 31, 2017.

II. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Year ended December 31, 2017

There were no instances of noncompliance reported upon during the year ended December 31, 2017.

B. INTERNAL CONTROLS OVER COMPLIANCE

Year ended December 31, 2017

There were no findings related to internal control over compliance are reported upon during the fiscal year ended December 31, 2017.