

TIOGA COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS

DECEMBER 31, 2015

## TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

The Agency, a public benefit corporation of the State of New York, was established pursuant to Chapter 564 of the laws of 1970 by special act of the New York State Legislature on May 8, 1970, in accordance with the General Municipal Law of New York State.

### 2015 AGENCY OFFICERS AND BOARD MEMBERS

Ralph E. Kelsey - Chairman

Kevin Dougherty- Vice Chairman

Raymond P. Case - Secretary

Aaron Gowan - Treasurer

Tracy Monell - Member

Jan E. Nolis - Member  
Appointed as of 8/5/2015

Kevin Gillette - Member

Esther Woods - Resigned on 3/4/2015

### COUNSEL

Thomas, Collison and Meagher, Esqs.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

DECEMBER 31, 2015

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*Officers:*  
James J. Lewis, CPA\*, ABV/CVA  
Alan D. Piaker, CPA  
Roy E. Fuller, CPA  
John R. May, CPA\*  
Angelo J. Gallo, CPA  
Richard A. Lynch, CPA  
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Thomas F. Shanahan, CPA\*



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(1921-2003)

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(1925-2005)

*Retired:*  
Allan R. Lyons, CPA  
Kenneth L. Goleman, CPA

\*Also Licensed in Pennsylvania  
+Also Licensed in Maryland

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Tioga County Industrial Development Agency  
Owego, New York

### Report on the Financial Statements

We have audited the accompanying financial statements of the **TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, a component unit of Tioga County, New York as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

# Piaker & Lyons

Board of Directors  
Tioga County Industrial Development Agency

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Tioga County Industrial Development Agency as of December 31, 2015 and 2014, and the changes in financial position and cash flows, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 and 5 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tioga County Industrial Development Agency's basic financial statements. The additional information in Schedules 1 - 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

Schedules 1 - 3 and the schedule of expenditures of federal awards are the responsibility of management and were 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 basic 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 auditing standards generally accepted in the United States of America. In our opinion, Schedules 1 - 3 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

# Piaker & Lyons

Board of Directors  
Tioga County Industrial Development Agency

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 24, 2016 on our consideration of the Tioga County Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* considering Tioga County Industrial Development Agency's internal control over financial reporting and compliance.

  
PIAKER & LYONS, P.C.

Binghamton, New York  
March 24, 2016

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
(A COMPONENT UNIT OF THE COUNTY OF TIOGA, NEW YORK)  
Management's Discussion and Analysis  
December 31, 2015

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The following Management's Discussion and Analysis (MD&A) provides a comprehensive overview of the Tioga County Industrial Development Agency's financial position as of December 31, 2015 and its changes in financial position for the year then ended. The MD&A should be read in conjunction with the financial statements and related footnotes of the Tioga County Industrial Development Agency, which directly follow the MD&A. The financial statements and management's discussion and analysis present only the information for the years ended December 31, 2015 and 2014.

The financial statements of Tioga County Industrial Development Agency have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The financial statement presentation consists of three statements; the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, and the Statements of Cash Flows.

Net Position is classified into five categories; restricted for marketing, restricted for the Industrial Park, restricted for the loan program, investment in capital assets, net of debt, and unrestricted. The unrestricted net position includes certain board designated funds.

The Statements of Revenues, Expenses and Changes in Net Position presents all of Tioga County Industrial Development Agency's revenues, and expenditures both operating and non-operating.

The Statements of Cash Flows present the changes in cash and cash equivalents for 2015 and 2014.

Total Assets -

The increase in cash and cash equivalents from 2014 to 2015 is primarily the result of a closing whereby the Agency received deferred revenue in the amount of \$934,200 to be used for expansion of the wastewater treatment facility in Nichols New York. Other contributing factors include timing issues of when PILOT Payments are received, sales of assets, receipt of loan payments net of advances, earnings net of cash expenditures, and payments on prior year liabilities. For the year ended 2015 the Agency reported a net increase in cash and cash equivalents of \$638,780.

Total Current assets, which includes cash and cash equivalents, increased from 2014 to 2015. Total current assets consist of grants receivable, railroad receivables, loans receivable and the current portion of the revolving loan programs. The increase in current assets of \$67,553 is primarily the result of approval of the Empire State Development grant of \$50,000, to be used for engineering services for the roadway at the Owego Gardens project on Route 434.

Other Assets include the long term portion of the revolving loan programs and the deferred payment arrangements for the Agency fees charged at the closing. As more fully described in the notes the Agency fees charged at closing, Crown Cork & Seal USA, Inc. (\$420,000) and Tioga Downs Racetrack, LLC (\$93,294) are to be paid to the Agency over ten and five years respectively. The increase in Other Assets is the result of the deferred fees and repayments on revolving loans. The net increase in Other Assets for the year 2015 was \$274,474.

During the year 2015 the Agency recorded additions to property and equipment in the amount of \$16,550 and disposals and sales of \$281,405. These changes reflect purchases and sales of property in Nichols, NY and Owego, NY for the Owego Gardens Associates, LLC, and Crown Cork & Seal USA, LLC projects. The net reduction in Property and Equipment for the year 2015 was \$286,140.

Total Assets increased from 2014 to 2015 reflecting the effects of the above in the amount of \$694,667.

Current Liabilities - The decrease in current liabilities in the amount of \$590,732 from 2014 to 2015 is primarily the result of timing of the receipt and disbursing PILOT monies and adjustment of the current portion of loans payable.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
(A COMPONENT UNIT OF THE COUNTY OF TIOGA, NEW YORK)  
Management's Discussion and Analysis  
December 31, 2015

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Long-Term Liabilities - The decrease in long term liabilities reflects the principal payments on the four USDA loans and three HUD loans, and the adjustment made for current portion. The net reduction to long-term for the year 2015 was \$92,007.

Deferred Revenue - The increase in deferred revenue is the result of funds being held in escrow for improvements to the wastewater treatment plant in Nichols, NY (\$934,200) and the amounts received from both FEMA (\$8,189) and NYS Office of Emergency Management (\$2,729) in excess of original requests. At this time the Agency is verifying amounts billed and repayments to determine the amount to be retained by the Agency.

Net Position - The increase in net position is the result of excess revenues over expenses for the year in the amount of \$432,288.

Operating Revenues - Revenues are made up of retained PILOT payments, program fees, land and railroad lease income, investment earnings, and operating grants. Charges for services include amounts charged for the initial set up and monthly administration of the revolving loan program. Monthly administrative fees are calculated at .25% of the outstanding principal balance on the notes on a monthly basis. Additional program fees are charged for the initial administrative work required to secure the loans and are based upon the loan request. Total Operating Revenue increased significantly as a result of the Agency fees earned in 2015. A portion of the Agency fees were recorded in 2015 as earned income, however the repayment has been deferred over 5-10 years.

Non-Operating Revenue (Expenses) includes all investment interest income from restricted accounts, loss on disposal of assets in the amount of \$169,559, and a recovery of bad debt of \$10,000.

Operating Expenses - Operating expenses are made up of administrative expenses of the Agency, contractual expenses, payroll and benefits for the employee, interest expense on the four loan programs, project expenses, depreciation, amortization, and changes to the provision for bad debts.

#### Financial Analysis of the Agency's Fund

As noted earlier, the Agency prepares the financial statements in conformity with generally accepted accounting principles as applied to governmental units.

The focus of the Agency is to provide information on inflows, outflows, and balances of resources. Such information is useful in assessing the Agency's financing requirements. In particular, the unrestricted net position may serve as a useful measure of the Agency's net resources available for spending at the end of the year. Due to the complex nature of the Agency, some of those resources have been internally designated by the board of directors for specific purposes related to land acquisition, site development, infrastructure, marketing and contingencies.

As of December 31, 2015, the Agency reported an ending net position balance in the amount of \$4,540,728. Of that amount \$1,496 has been restricted for marketing, \$12,005 has been restricted for the Industrial Park, and \$381,395 has been restricted for use in the revolving loan program. Investments in capital assets, net of debt, total \$1,500,368. The board of directors has designated \$1,422,593 for local economic development projects. The remaining balance of \$1,655,159 is considered unrestricted.

**TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 1,157,435	\$ 914,285
Temporarily Restricted Cash and Cash Equivalents	<u>1,773,831</u>	<u>1,378,201</u>
<b>Total Cash and Cash Equivalents</b>	<u>2,931,266</u>	<u>2,292,486</u>
Certificates of Deposit	1,422,594	1,416,043
Accounts Receivable	120,400	13,400
FEMA Funds Receivable	-	33,097
New York State OEM Funds Receivable	-	11,032
Current Portion of Loan Receivable	54,272	52,669
Current Portion of Revolving Loans Receivable, Net of Allowance for Doubtful Loans of \$35,000 in 2015 and \$75,000 in 2014	<u>43,995</u>	<u>47,467</u>
<b>Total Current Assets</b>	<u>4,572,527</u>	<u>3,866,194</u>
<b>Property and Equipment</b>	<u>1,500,368</u>	<u>1,786,508</u>
<b>Other Assets</b>		
Loan Receivable - Net of Current Portion	245,072	299,344
Revolving Loans Receivable - Net of Current Portion	274,034	337,264
Other Receivable	<u>391,976</u>	<u>-</u>
<b>Total Other Assets</b>	<u>911,082</u>	<u>636,608</u>
<b>Total Assets</b>	<u>\$ 6,983,977</u>	<u>\$ 6,289,310</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Liabilities	\$ 13,607	\$ 6,230
PILOTs Payable	-	600,073
Current Portion of Loans Payable	<u>90,791</u>	<u>88,827</u>
<b>Total Current Liabilities</b>	<u>104,398</u>	<u>695,130</u>
<b>Long-Term Liabilities</b>		
Loans Payable - Net of Current Portion	<u>961,445</u>	<u>1,053,452</u>
<b>Total Liabilities</b>	<u>1,065,843</u>	<u>1,748,582</u>
<b>Deferred Inflows of Resources</b>		
Deferred Revenue	945,118	-
<b>Net Position</b>		
Investments in Capital Assets, Net of Debt	1,500,368	1,786,508
Restricted for Loans	381,395	332,895
Restricted for Marketing	1,496	3,616
Restricted for Industrial Park	12,005	12,011
Unrestricted	<u>3,077,752</u>	<u>2,405,698</u>
<b>Total Net Position</b>	<u>4,973,016</u>	<u>4,540,728</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 6,983,977</u>	<u>\$ 6,289,310</u>

See the accompanying notes to financial statements.

**TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Operating Revenues</b>		
Charges for Services	\$ 762,348	\$ 194,526
Loan Interest Earned	26,476	29,301
Grants	<u>87,504</u>	<u>92,327</u>
<b>Total Operating Revenues</b>	<u>876,328</u>	<u>316,154</u>
<b>Operating Expenses</b>		
Personal Services	63,439	60,933
Contractual Expenses	209,172	183,497
Loan Program Expenses	9,544	16,621
Interest Expense	17,743	15,607
Employee Benefits	9,819	12,573
Depreciation	23,305	23,305
Bad Debt Expense	<u>(40,000)</u>	<u>68,028</u>
	<u>293,022</u>	<u>380,564</u>
<b>Operating Income (Loss)</b>	<u>583,306</u>	<u>(64,410)</u>
<b>Non-Operating Revenue</b>		
Investment Interest	8,541	7,361
Loss on Disposal of Fixed Assets	(169,559)	-
Recovery of Bad Debt	<u>10,000</u>	<u>-</u>
<b>Total Non-Operating Revenue</b>	<u>(151,018)</u>	<u>7,361</u>
<b>Change in Net Position</b>	<u>432,288</u>	<u>(57,049)</u>
Net Position - Beginning of Year	<u>4,540,728</u>	<u>4,597,777</u>
Net Position - End of Year	<u>\$ 4,973,016</u>	<u>\$ 4,540,728</u>

See the accompanying notes to financial statements.

**TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Cash Flows From Operating Activities</b>		
Change in Net Position	\$ 432,288	\$ (57,049)
Adjustment to Reconcile Change in Net Position to Net Cash Provided By (Used In) Operating Activities:		
Depreciation and Amortization	23,305	23,305
Allowance for Doubtful Loans	(40,000)	68,028
Loss on Sale of Fixed Assets	169,559	-
<b>Changes in Assets and Liabilities:</b>		
Accounts Receivable	(107,000)	11,716
Prepaid Expenses	-	1,175
FEMA Funds Receivable	33,097	26,229
New York State OEM Funds Receivable	11,032	8,743
Other Receivable	(391,976)	-
Accounts Payable and Accrued Liabilities	7,377	(26,573)
PILOTs Payable	(600,073)	(2,306,337)
Deferred Revenue	945,118	-
<b>Total Adjustments</b>	<u>50,439</u>	<u>(2,193,714)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	<u>482,727</u>	<u>(2,250,763)</u>
<b>Cash Flows From Investing Activities</b>		
Acquisition of Fixed Assets	(16,550)	(201,130)
Proceeds from Sale of Fixed Asset	109,826	-
Loan Advances	(89,743)	(187,207)
Loan Repayments	249,114	238,459
Proceeds From Maturity of Certificates of Deposit	1,422,594	1,414,452
Investment in Certificates of Deposit	<u>(1,429,145)</u>	<u>(1,260,908)</u>
<b>Net Cash Provided By Investing Activities</b>	<u>246,096</u>	<u>3,666</u>
<b>Cash Flows From Financing Activities</b>		
Repayment of Loans Payable	(90,043)	(71,455)
Proceeds from Loans Payable	<u>-</u>	<u>175,000</u>
<b>Net Cash Flows Provided By (Used In) Financing Activities</b>	<u>(90,043)</u>	<u>103,545</u>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	638,780	(2,143,552)
Cash and Cash Equivalents - Beginning of Year	<u>2,292,486</u>	<u>4,436,038</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 2,931,266</u>	<u>\$ 2,292,486</u>
<b>Supplemental Disclosures of Cash Flow Information:</b>		
Interest Paid	\$ 17,743	\$ 15,607

See the accompanying notes to financial statements.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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

The Tioga County Industrial Development Agency (TCIDA) of Owego, New York is a public benefit corporation which was created under the provisions of Chapter 534 of the Laws of 1971 by the County of Tioga, in the State of New York. The purpose of the TCIDA is to advance the job opportunities, health, general prosperity and economic welfare of the people of Tioga County and improve their recreation opportunities and standard of living.

TCIDA meets this purpose by providing conduit financing through the issuance of tax exempt bonds and by use of payments in lieu of taxes (PILOT) programs which allow for the full or partial exemption from real property, sales and mortgage taxes.

TCIDA also commenced administering a loan program effective January 1, 2010. The program has revolving loan funds, which were created to provide low interest loans to start-up and expanding businesses in Tioga County. The loans must involve direct job retention or creation, which will strengthen the economic base of Tioga County. In 2011, after a disastrous flood, the Agency also provided short-term interest free loans for businesses sustaining significant damage as a result of the flood. During 2013, the TCIDA commenced administering a commercial façade loan program as well.

**Measurement Focus and Basis of Accounting**

The accounts of the TCIDA are maintained on the accrual basis of accounting, in conformity with the Uniform System of Accounts for Industrial Development Agencies published by the New York State Office of the State Comptroller.

Under the accrual basis, revenues and expenses are identified with specific periods of time, and are recorded as incurred, along with acquired assets and/or liabilities incurred without regard to the date of receipt or payment of cash. The measurement focus refers to what is being recognized in the financial statements. In proprietary accounting, the measurement focus is the same as in commercial enterprises, namely the flow of economic resources. This includes the capitalization of fixed assets, charging depreciation expense and recording long term debt as a fund liability.

Local public authorities are required to submit budget reports to the Authority Budget Office at least sixty (60) days prior to the start of the fiscal year. The TCIDA has submitted budget information in a timely fashion.

In June of 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *“Basic Financial Statements and Management’s Discussion and Analysis of State and Local Governments.”* This statement was adopted as of January 1, 2004 and is reflected in these financial statements.

**Cash and Cash Equivalents** – For the purpose of the statement of net position and statement of cash flows, cash and cash equivalents include deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

**Restricted Cash** – These accounts are used to record cash transactions and show balances restricted for use as part of the TCIDA Board designated, outside contractual and loan program restrictions.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Property and Equipment** - Property and equipment is stated at the lower of cost or fair market value at the date of donation or the date of purchase, less accumulated depreciation. Routine maintenance and repairs are charged to operations as they are incurred. Expenditures which extend the useful life of an asset in excess of \$1,000 are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated and the resulting gain or loss, if any, is included in operations.

Depreciation is computed using the straight-line method over the following estimated useful lives (see Note 4 for further details).

<u>Assets</u>	<u>Years</u>
Railroad Tracking and Facilities	10 - 50
Equipment	5

Depreciation expense amounted to \$23,305 for the years ended December 31, 2015 and 2014.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Net Position** - The Agency reports its net position in three components. Invested in capital assets are equal to amounts reported for capital assets, net of related debt and accumulated depreciation. Restricted are reported when assets or deferred outflows of resources (net of related debt) can only be used for a specified purpose that is established by grantors, contributors or laws and regulations governing the Agency. None of the Agency's restricted arise from endowments. For this reason, all restricted are considered expendable. Unrestricted are all other Agency net positions that do not meet the definitions of invested in capital assets or restricted.

**Subsequent Events** - The Agency has evaluated events and transactions that occurred between January 1, 2016 and March 24, 2016, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

**Future Changes in Accounting Standards** - GASB has issued the following statements, whose effective dates are in subsequent years.

Statement No. 72, *Fair Value Measurement and Application*.

This statement addresses accounting and financial reporting issues related to fair value measurements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

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

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

Statement No. 77, *Tax Abatement Disclosures*

This statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes being abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

The requirements of this statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

Statement No. 80, *Blending Requirement for Certain Component Units – An Amendment of GASB Statement No. 14*

The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.

**NOTE 2 - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS**

State statutes govern the Agency's investment policies. Agency monies must be deposited in FDIC insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury, obligations of New York State or its localities, demand accounts and certificates of deposit.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE 2 - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS (continued)**

Custodial risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. Collateral is required for demand deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. GASB Statement No. 40 directs that deposits be disclosed as exposed to credit risk if they are not covered by depository insurance, and the deposits are either:

- A) Uncollateralized,
- B) Collateralized with securities held by the pledging financial institution, or
- C) Collateralized with the securities held by the pledging financial institution's trust department or agent but not in the Agency's name.

As of December 31, 2015 and 2014, the Agency was fully collateralized.

The Agency's investment policy for investments is governed by New York State statutes. As of December 31, 2015 and 2014, the Agency's investments were in certificates of deposit. The Agency does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk. The Agency does not typically purchase investments in a foreign currency and is not exposed to foreign currency risk.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE 3 - CERTIFICATE OF DEPOSIT**

As of December 31, 2015 and 2014, the TCIDA was invested in certificates of deposits held at individual banks as follows:

	<u>2015</u>	<u>2014</u>
A certificate of deposit at Chemung Canal Trust Company with interest at 0.45% maturing on June 13, 2015.	\$ -	\$ 126,942
A certificate of deposit at Chemung Canal Trust Company with interest at 0.45% maturing on June 14, 2015.	-	128,240
A certificate of deposit at Chemung Canal Trust Company with interest at 0.45% maturing on August 21, 2015.	-	252,239
A certificate of deposit at Chemung Canal Trust Company with interest at 0.45% maturing on August 21, 2015.	-	93,000
A certificate of deposit at Chemung Canal Trust Company with interest at 0.45% maturing on October 21, 2015.	-	513,506
A certificate of deposit at Chemung Canal Trust Company with interest at 0.45% maturing on September 11, 2015.	-	302,116
A certificate of deposit at Chemung Canal Trust Company with interest at 0.20% maturing on June 13, 2016.	127,355	-
A certificate of deposit at Chemung Canal Trust Company with interest at 0.20% maturing on June 14, 2016.	128,656	-
A certificate of deposit at Chemung Canal Trust Company with interest at 0.20% maturing on August 21, 2016.	253,165	-
A certificate of deposit at Chemung Canal Trust Company with interest at 0.20% maturing on August 21, 2016.	93,341	-
A certificate of deposit at Chemung Canal Trust Company with interest at 1.15% maturing on October 21, 2016.	516,424	-
A certificate of deposit at Chemung Canal Trust Company with interest at 1.15% maturing on September 11, 2016.	<u>303,653</u>	<u>-</u>
<b>Total</b>	<u>\$ 1,422,594</u>	<u>\$ 1,416,043</u>

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	<u>Balance</u> <u>12/31/2014</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance</u> <u>12/31/2015</u>
Land and Infrastructure - Lounsberry	\$ 18,805	\$ -	\$ (18,805)	\$ -
Land - 434	414,701	-	(42,900)	371,801
Land - General	261,710	-	-	261,710
Lounsberry South	201,130	16,550	(217,680)	-
Railroad Tracking & Facilities	1,976,669	-	-	1,976,669
Equipment	3,721	-	(2,020)	1,701
<b>Subtotal</b>	<u>2,876,736</u>	<u>16,550</u>	<u>(281,405)</u>	<u>2,611,881</u>
<b>Less: Accumulated Depreciation</b>	<u>(1,090,228)</u>	<u>(23,305)</u>	<u>2,020</u>	<u>(1,111,513)</u>
<b>Property and Equipment - Net</b>	<u>\$ 1,786,508</u>	<u>\$ (6,755)</u>	<u>\$ (279,385)</u>	<u>\$ 1,500,368</u>

**NOTE 5 - RISK MANAGEMENT**

The Agency assumes the liability for most risk including, but not limited to, property damage and personal injury liability; however it does have insurance certificates and indemnification agreements with its lessees including the railroad operation. Judgments and claims are recorded when it is probable that an asset has been impaired or liability has been incurred and the amount of loss can be reasonably estimated.

**NOTE 6 - PAYMENTS IN LIEU OF TAXES (PILOTs)**

A significant inducement in TCIDA projects is exemption from real property, sales, and mortgage taxes. By law, all property titles to the TCIDA are exempt from these taxes. In practice, however, payments in lieu of taxes (PILOTs) are often negotiated with the private developer. PILOT payments may represent full or partial remuneration to one or more of the real property tax jurisdictions involved.

TCIDA collects PILOT payments for disbursement to taxing authorities, for payments of loans related to PILOT projects, for payment of bonds and for fees for the servicing of the PILOTs. The TCIDA is responsible for tracking all PILOT payments. The PILOT payments received by the IDA are either recorded as income or as a liability and are subsequently paid out. A total of 8 organizations participated in the PILOTs program and \$4,929,360 in payments were administered by the TCIDA for the year ended December 31, 2015. A total of 8 organizations participated in the PILOTs program and \$5,456,216 in payments were administered by the TCIDA for the year ended December 31, 2014.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

**NOTE 7 - GRANT ACCOUNTING**

Pass-through grants are recorded as revenues or receivables when awarded, and also as offsetting liabilities or expenses. Other operating grants are recorded as receivables or deferred revenues upon award of the contracts. Grant revenues are recognized as the TCIDA meets performance requirements of the contracts. Grant expenditures are recognized upon satisfactory completion of the performance requirements specified by the grant award agreement.

Capital grants are regarded as contributions of capital, and reported in the net position section of the TCIDA's balance sheet. The net balance of such capital invested by other sources is reduced each year by a proportional share of depreciation charges for the capital assets so acquired.

**NOTE 8 - LOANS RECEIVABLE**

The loans receivable consist of the following at December 31, 2015:

Loan Receivable - Double Aught Lumber	\$ 83,820
Loan Receivable - Raymond Hadley Co.	69,144
Loan Receivable - Double Aught Lumber	<u>146,380</u>
	<u>\$ 299,344</u>

Payments to be received on the loans are as follows:

2016	\$ 54,272
2017	55,922
2018	57,624
2019	55,509
2020	37,569
Thereafter	<u>38,448</u>
	<u>\$ 299,344</u>

The receivables above are considered by management to be fully collectible. Therefore, no allowance for doubtful loans has been established at December 31, 2015 and 2014.

**TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 9 - LONG-TERM DEBT**

In addition to issuing bond obligations for the benefit of commercial enterprises, the TCIDA has various outstanding loans payable as follows at December 31, 2015:

	<u>Balance</u> <u>1/1/2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Change</u>	<u>Outstanding</u> <u>12/31/2015</u>
Loan Payable - Tioga County	\$ 104,148	\$ -	\$ 20,328	\$ (20,328)	\$ 83,820
Loan Payable - Tioga County	78,504	-	9,360	(9,360)	69,144
Loan Payable - Tioga County	169,361	-	22,981	(22,981)	146,380
Loan Payable - USDA	98,643	-	7,273	(7,273)	91,370
Loan Payable - USDA	177,328	-	10,566	(10,566)	166,762
Loan Payable - USDA	242,593	-	9,913	(9,913)	232,680
Loan Payable - USDA	<u>271,702</u>	<u>-</u>	<u>9,622</u>	<u>(9,622)</u>	<u>262,080</u>
	<u>\$ 1,142,279</u>	<u>\$ -</u>	<u>\$ 90,043</u>	<u>\$ (90,043)</u>	<u>\$ 1,052,236</u>

Loan payable to Tioga County in monthly payments of \$1,931 including interest at 3.00%. Final payment is due in 2019.	\$ 83,820
Loan payable to Tioga County in monthly payments of \$966 including interest at 3.00%. Final payment is due in 2022.	69,144
Loan payable to Tioga County in monthly payments of \$2,312 including interest at 3.00%. Final payment is due in 2021.	146,380
Loan payable to the USDA in annual payments of \$8,259 including interest at 1.00%. Final payment is due in 2027.	91,370
Loan payable to the USDA in annual payments of \$12,339 including interest at 1.00%. Final payment is due in 2030.	166,762
Loan payable to the USDA in annual payments of \$12,339 including interest at 1.00%. Final payment is due in 2036.	232,680
Loan payable to the USDA in annual payments of \$12,339 including interest at 1.00%. Final payment is due in 2039.	<u>262,080</u>
<b>Total</b>	<u><b>\$ 1,052,236</b></u>

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

NOTE 9 - LONG-TERM DEBT (Continued)

The repayment of these obligations is estimated as follows:

2016	\$	90,791
2017		94,034
2018		96,117
2019		94,388
2020		76,836
Thereafter		600,070
	<b>\$</b>	<b>1,052,236</b>

Interest expense was \$17,743 and \$15,607 for the years ended December 31, 2015 and 2014, respectively.

NOTE 10 - EMPLOYEE BENEFIT PLAN

The TCIDA maintains a SIMPLE IRA account for its employee. The TCIDA may contribute up to 3% of gross wages to the SIMPLE IRA account. Contributions totaled \$1,579 and \$1,680 and for the years ended December 31, 2015 and 2014, respectively.

NOTE 11 - OTHER LEASE ARRANGEMENTS

**Rynone Lease** - In 1994, the TCIDA entered into agreements with Rynone Waverly, Inc. for participation and assistance in site preparation and infrastructure required for construction of a manufacturing facility in Waverly, New York, and for acquisition of the facility and its related equipment. The TCIDA will hold title to the facility, and the company will lease it at a nominal rent for a period of 15 years. In 1995, the agreement was amended and restated to include an additional facility. The agreement also includes a provision to allow for an exemption on any new construction to the facility. The TCIDA incurs no direct financial obligations under these agreements. The TCIDA did not receive a fee for this transaction, but began collecting payments in lieu of taxes in the year 1999. The Agency will be collecting payments in lieu of taxes until 2019.

**Sanmina (Formerly Hadco Corporation)** - In 1996, the TCIDA entered into agreements with Hadco Corporation to acquire leasehold title to land and manufacturing facilities and associated equipment and renovation and equipping of an existing building located in the Town of Owego. The TCIDA will hold title to the property and the company will lease it at a nominal rent for a period of ten years. The TCIDA incurs no direct financial obligations under the agreement. The TCIDA received a \$2,500 fee for this transaction at the time of closing and began collecting payments in lieu of taxes in the year 2001.

In 2004, the TCIDA entered into an agreement with Sanmina to acquire leasehold title to additional land and manufacturing facilities in the Town of Owego. The TCIDA will hold title to the additional property and the company will lease it at a nominal rent for the duration of the PILOT, 15 years. The TCIDA incurs no direct financial obligation under the agreement.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 11 - OTHER LEASE ARRANGEMENTS (Continued)

**Nichols Distribution** – In 2002, the TCIDA entered into agreements with Best Buy Stores, LP to lease a distribution facility in the Town of Nichols. The Company will make annual PILOT payments in the amount of \$1,500,000 for the first period of twelve years. In the thirteenth and fourteenth years, they will make PILOT payments in the amount of \$600,000 per year. In the fifteenth to twentieth years, they will make annual payments in the amount of \$600,000 or if the total square footage of the company improvements equals or exceeds 1,000,000 square feet, they will make annual payments in the amount of \$850,000. The PILOT payments were made to Community Bank, NA as PILOT Trustee for years through 2012. By agreement with the affected taxing jurisdictions, the payments were distributed first to the repayment of the bond debt, second to the reimbursement to entities for project costs, and the balance distributed between the taxing jurisdictions. Any residual will be disbursed at the conclusion of the bond retirement to the municipalities. As the bond was paid in full during the year ended December 31, 2012, the PILOT payments will be made to TCIDA and deposited in the Lounsberry account for 2013 and years subsequent.

**231 Main, LLC** – In February of 2006, the Agency entered into agreements with 231 Main, LLC to acquire leasehold title to land, renovations and equipping of a building. The Agency will hold title to the property and the company will lease it at a nominal rent for a period of fifteen years. The Agency incurs no direct financial obligations under the agreement. The Agency received an \$18,920 fee for this transaction at the time of closing and will be collecting payments in lieu of taxes until 2021.

**Lockheed Martin Corporation** – In February of 2006, the Agency entered into agreements with Lockheed Martin Corporation to acquire leasehold title to land, improvements to construct, equipment to be acquired and installed and equipping of a building. The Agency will hold title to the property and the company will lease it at a nominal rent for a period of twenty years. The Agency received a \$14,500 fee for this transaction at the time of closing and will continue to receive \$14,500 annually for ten years until the sum of \$145,000 has been collected. The Agency will collect special assessment taxes only until 2026.

In November 2015, the Agency entered into an additional agreement with Lockheed Martin Corporation to acquire leasehold title to project equipment. The Agency will hold title to the property until the project has been completed. The Agency received a \$31,243 fee for this transaction at the time of closing.

**Owego Associates, Inc. – Hampton Inn** – In April of 2006, the Agency entered into agreements with Owego Associates, Inc. to acquire leasehold title to land, construction and equipping of a building. The Agency will hold title to the property and the company will lease it at a nominal rent for a period of ten years. The Agency incurs no direct financial obligations under the agreements. The Agency received a \$22,500 fee for this transaction at the time of closing and began collecting payments in lieu of taxes in 2008. The agreement collapsed in 2015 due to nonpayment.

**Central New York Oil and Gas Company, LLC** – In October 2007, the Agency entered into agreements with Central New York Oil and Gas Company (CNYOG) to acquire leasehold title to land, construction, improvements and leasing of the building. The Agency will hold title and lease it at a nominal rent for a period of 12 years. The Agency received a \$320,200 fee for this transaction at the time of closing and began collecting payments in lieu of taxes in 2008.

In July 2010, the Agency entered into an additional agreement with CNYOG to acquire leasehold title to land, construction and equipping of a building. As of August 1, 2011, the Agency held title and began leasing it at a nominal rent for a term continuing through December 31, 2022. The Agency received a \$312,670 fee for this transaction at the time of closing.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE 11 - OTHER LEASE ARRANGEMENTS (Continued)**

Tioga Downs Racetrack, LLC - In February 2015, the Agency entered into agreements with Tioga Downs Racetrack, LLC to acquire leasehold title to land, construction, improvements and leasing of the building. The Agency will hold title and lease it at a nominal rent for a period of 20 years. The Agency received a \$93,294 fee for this transaction payable over five years and will be collecting payments in lieu of taxes until 2034.

Owego Gardens Associates, LLC - In October 2015, the Agency entered into agreements with Owego Gardens Associates, LLC to acquire leasehold title to land, construction, improvements and leasing of the building. The Agency will hold title and lease it at a nominal rent for a period of 30 years. The Agency received a \$40,000 fee for this transaction at the time of closing and will begin collecting payments in lieu of taxes in 2017 for a period of 30 years.

Crown Cork & Seal USA, Inc. - In December 2015, the Agency entered into agreements with Crown Cork & Seal USA Inc. to acquire leasehold title to land, construction, improvements and leasing of the building. The Agency will hold title and lease it at a nominal rent for a period of 30 years. The Agency received a \$420,000 fee for this transaction payable over ten years and will begin collecting payments in lieu of taxes in 2017 for a period of 30 years.

**NOTE 12 - RAILROAD OPERATING AGREEMENT**

In 2006, the TCIDA entered into an operating agreement with Owego and Harford Railway, Inc. for the use of the railroad property and facilities. The agreement was for ten years with an option to renew for an additional five years. The agreement was revised in February 2013 for a term of fifteen years through December 2028. According to the agreement, the TCIDA shall receive 10% of gross operating revenues up to \$800,000 and 5% over \$800,000 until December 2015. The amounts increase to \$1 million for years 2016 through 2020 and \$1.2 million for years 2021 through 2024. For the final period of 2025 through 2028, the amount is to be agreed upon by both parties; the amount shall be no less than \$1.2 million. The operating company is responsible for any additional equipment and facilities that may be required for the operation of the line, as well as such maintenance, repairs and insurance necessary to keep the line in good operating condition.

**NOTE 13 - RELATED PARTIES**

The Tioga County Legislature sponsored the formation of the TCIDA and controls appointments to its membership. Two of the legislators also serve as members of the TCIDA. For financial reporting purposes, the TCIDA is regarded as a component unit of the County government.

A nonprofit membership corporation, the Tioga County Local Development Corporation, (LDC), was created by action of the County and State in 1993 and began operations in 1994. Its directors are appointed by the County Legislature.

**NOTE 14 - DEFERRED REVENUE**

Deferred revenue for the year ended December 31, 2015 represents proceeds from the sale of 40 acres of the Lounsberry parcel to Crown Cork & Seal USA, Inc. in the amount of \$934,200 which is to be held in escrow to be used for the expansion of the wastewater treatment facility. Also included in deferred revenue for the year is \$10,918 received from FEMA and New York State OEM Funds. For the

**TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 14 - DEFERRED REVENUE (Continued)**

year ended December 31, 2014 a \$600,073 PILOT payment was received from Nichols Distribution in December 2014. The Agency recorded the offset as a PILOT payable until the required payment was made in 2015.

**NOTE 15 - REVOLVING LOANS RECEIVABLE**

The Agency administers the operation of the revolving loan programs.

Loan transactions, as detailed in Schedule 3, are summarized as follows:

	2015				<u>2014</u> <u>Total</u>
	<u>RBEG</u> <u>Revolving</u> <u>Loan</u>	<u>IRP</u> <u>Revolving</u> <u>Loan</u>	<u>CFLP</u> <u>Revolving</u> <u>Loan</u>	<u>Total</u>	
	<b>Principal Balance at January 1</b>	\$ 31,850	\$ 416,352	\$ 11,529	
Write Offs	-	-	-	-	(68,028)
Loan Advances	-	14,250	75,493	89,743	12,207
Principal Repayments	(31,850)	(158,589)	(6,006)	(196,445)	(204,008)
<b>Balance at December 31</b>	-	<b>272,013</b>	<b>81,016</b>	<b>353,029</b>	459,731
<b>Less: Allowance for</b>					
Doubtful Loans	-	(35,000)	-	(35,000)	(75,000)
Current Portion	-	(28,478)	(15,517)	(43,995)	(47,467)
<b>Noncurrent Portion</b>	<b>\$ -</b>	<b>\$ 208,535</b>	<b>\$ 65,499</b>	<b>\$ 274,034</b>	<b>\$ 337,264</b>

The allowance for doubtful loans receivable is considered adequate by management at December 31, 2015 and 2014.

**NOTE 16 - OTHER RECEIVABLE**

For two of the PILOT agreements entered into during 2015, the agency fees are payable over several years as mentioned in Note 11. Tioga Downs Racetrack, LLC will pay \$18,659 per year for the next four years. Crown, Cork & Seal USA, Inc. will pay \$42,000 per year for the next nine years. The long-term portion of these receivables is presented in Other Receivable on the Statements of Net Position.

**NOTE 17 - NEW YORK STATE DEPARTMENT OF TRANSPORTATION PASSENGER AND FREIGHT RAIL ASSISTANCE PROGRAM**

During 2014, the Agency received final approval to receive a reimbursable grant in the amount of \$720,000 through the New York State Department of Transportation (NYSDOT) Passenger and Freight Rail Assistance Program. TCIDA is acting as an intermediary for this project between NYSDOT and a local business to construct a rail to truck transload facility. The project commenced during 2014. Pass-through grant revenues and expenses totaled \$24,284 and \$45,533 for the years ended December 31, 2015 and 2014, respectively.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULES  
DECEMBER 31, 2015

SCHEDULE 1

SCHEDULE 1 - SCHEDULES OF CASH AND CASH EQUIVALENTS

	<u>2015</u>	<u>2014</u>
Tioga State Bank	\$ 1,798,525	\$ 1,425,929
Chemung Canal Trust Company	52,374	52,359
Community Bank, N.A.	146,167	814,198
Cash Held in Escrow	<u>934,200</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 2,931,266</u></b>	<b><u>\$ 2,292,486</u></b>

SCHEDULE 2

SCHEDULE 2 - SCHEDULES OF INVESTMENTS

	<u>2015</u>	<u>2014</u>
Certificates of Deposit	<u>\$ 1,422,594</u>	<u>\$ 1,416,043</u>

See Note 3 for further details.

See the accompanying notes to financial statements.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULES  
DECEMBER 31, 2015

SCHEDULE 3

SCHEDULE 3 - SCHEDULE OF REVOLVING LOANS RECEIVABLE

	Year Ended December 31, 2015				
	January 1, 2015				December 31, 2015
	<u>Principal</u>	<u>Advances</u>	<u>Write-Offs</u>	<u>Repayments</u>	<u>Principal</u>
<b>RBEG Revolving Loan</b>					
The Goat Boy	\$ 20,697	\$ -	\$ -	\$ 20,697	\$ -
Tazco Foods	4,822	-	-	4,822	-
Harris Diner - ERP	278	-	-	278	-
The Community Shop - ERP	278	-	-	278	-
John's Fine Foods - ERP	555	-	-	555	-
Hometown Auto Sales & Service - ERP	545	-	-	545	-
Riverow Bookshop - ERP	648	-	-	648	-
Pumpelly House Estate - ERP	555	-	-	555	-
Shawn Fahey LLC - ERP	278	-	-	278	-
The Parkview - ERP	1,111	-	-	1,111	-
Tioga Gardens - ERP	1,111	-	-	1,111	-
The Goat Boy - ERP	972	-	-	972	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total RBEG</b>	<b>\$ 31,850</b>	<b>-</b>	<b>-</b>	<b>31,850</b>	<b>-</b>
<b>CFLP Revolving Loan</b>					
Arkay Property Management	\$ 11,529	-	-	2,035	9,494
Bit of Luck, LLC	-	20,000	-	2,778	17,222
Becky's Diner	-	21,555	-	299	21,256
Good Shepard Bed & Breakfast	-	2,250	-	300	1,950
The Loom	-	5,346	-	594	4,752
The Owego Kitchen	-	26,342	-	-	26,342
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total CFLP</b>	<b>\$ 11,529</b>	<b>75,493</b>	<b>-</b>	<b>6,006</b>	<b>81,016</b>

See the accompanying notes to financial statements.

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULES  
DECEMBER 31, 2015

SCHEDULE 3

SCHEDULE 3 - SCHEDULE OF REVOLVING LOANS RECEIVABLE (Continued)

IRP Revolving Loan	Year Ended December 31, 2015				
	January 1, 2015				December 31, 2015
	Principal	Advances	Write-Offs	Repayments	Principal
Klett Enterprises	\$ 6,282	\$ -	\$ -	\$ 6,282	\$ -
Becky's Diner	52,713	-	-	6,094	46,619
Klett Enterprises	9,424	-	-	9,424	-
Charles Cornell	-	14,250	-	631	13,619
Stiletto's Hair & Nails	16,388	-	-	3,487	12,901
Granite Works	38,533	-	-	15,383	23,150
Harold & Harry's	60,052	-	-	2,200	57,852
Palmer House B&B	79,539	-	-	79,539	-
Upstate Fire and Safety	13,747	-	-	7,974	5,773
The Parkview Restaurant	77,040	-	-	9,429	67,611
The Owego Pharmacy	21,110	-	-	11,235	9,875
Burgess Hospitality	31,281	-	-	4,539	26,742
At Your Door Mobile Dog Grooming	10,243	-	-	2,372	7,871
<b>Total IRP</b>	<b>\$ 416,352</b>	<b>14,250</b>	<b>-</b>	<b>158,589</b>	<b>272,013</b>
<b>Total All Funds</b>		<b>\$ 89,743</b>	<b>\$ -</b>	<b>\$ 196,445</b>	<b>353,029</b>
<b>Less: Allowance for Doubtful Loans</b>					<b>(35,000)</b>
<b>Revolving Loans Receivable</b>					<b>\$ 318,029</b>

See the accompanying notes to financial statements.

*Officers:*  
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Alan D. Piaker, CPA  
Roy E. Fuller, CPA  
John R. May, CPA\*  
Angelo J. Gallo, CPA  
Richard A. Lynch, CPA  
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Kenneth L. Coleman, CPA

\*Also Licensed in Pennsylvania  
+Also Licensed in Maryland

**INDEPENDENT AUDITORS' 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**

Board of Directors  
Tioga County Industrial Development Agency  
Owego, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of **TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, a component unit of Tioga County, New York, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise Tioga County Industrial Development Agency's basic financial statements, and have issued our report thereon dated March 24, 2016.

**Internal Control Over Financial Reporting**

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

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

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

# Piaker & Lyons

Board of Directors  
Tioga County Industrial Development Agency

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
PIAKER & LYONS, P. C.

Binghamton, New York  
March 24, 2016

*Officers:*  
James J. Lewis, CPA\*, ABV/CVA  
Alan D. Piaker, CPA  
Roy E. Fuller, CPA  
John R. May, CPA\*  
Angelo J. Gallo, CPA  
Richard A. Lynch, CPA  
Amy E. Brown, CPA\*  
Jancen F. Sutryk, CPA\*

*Principals:*  
Kyle J. Miesfeldt, CPA  
Thomas F. Shanahan, CPA\*



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Philip M. Piaker, CPA  
(1921-2003)

Abraham L. Piaker, CPA  
(1925-2005)

*Retired:*  
Allan R. Lyons, CPA  
Kenneth L. Coleman, CPA

\*Also Licensed in Pennsylvania  
+Also Licensed in Maryland

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

Board of Directors  
Tioga County Industrial Development Agency  
Owego, New York

We have audited management's assertion that Tioga County Industrial Development Agency maintained effective internal control over financial reporting as of December 31, 2015. The Agency's management is responsible for maintaining effective internal control over financial reporting, and for its assertion of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assertion based on our examination.

We conducted our audit in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

An entity's internal control over financial reporting is a process affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in a reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorization of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

# Piaker & Lyons

To the Board of Directors  
Tioga County Industrial Development Agency

In our opinion, management's assertions that Tioga County Industrial Development Agency maintained effective internal control over financial reporting as of December 31, 2015 is fairly stated, in all material respects.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the authority and our report dated March 24, 2016 expressed an unmodified opinion.

This report is intended solely for the information and use of the Board of Directors, management, Tioga County and New York State and is not intended to be and should not be used by anyone other than these specified parties.

  
PIAKER & LYONS, P.C.

Binghamton, New York  
March 24, 2016

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE  
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

Board of Directors  
Tioga County Industrial Development Agency  
Owego, New York

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

We have audited TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY'S compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended December 31, 2015. Tioga County Industrial Development Agency's major federal programs are identified in the summary of auditor's 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Tioga County 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Tioga County 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 a legal determination on Tioga County Industrial Development Agency's compliance.

Board of Directors  
Tioga County Industrial Development Agency

## *Opinion on Each Major Federal Program*

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

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

Management of Tioga County 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 Tioga County 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 the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tioga County Industrial Development Agency's internal control over compliance.

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

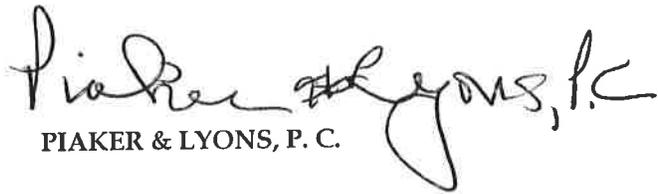
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

# Piaker & Lyons

Board of Directors  
Tioga County Industrial Development Agency

## Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Tioga County Industrial Development Agency as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Tioga County Industrial Development Agency's basic financial statements. We have issued our report thereon dated March 24, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



PIAKER & LYONS, P. C.

Binghamton, New York  
March 24, 2016

**TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Federal Grantor/Pass Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Grantor's Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Agriculture</b>			
<b>Direct Programs:</b>			
Intermediary Relending Program	10.767		\$ 752,892
Rural Business Enterprise Grants	10.769		<u>32,039</u>
<b>Total U.S. Department of Agriculture</b>			<u><b>784,931</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$ 784,931</b></u>

See the accompanying notes to financial statements.

**TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**NOTES**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICY**

The accompanying schedule of expenditures of federal awards is a summary of the reporting entity's federal award programs. All federal awards are presented on an accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**NOTE 2 - LOANS OUTSTANDING**

The reporting entity had the following loan balances outstanding at December 31, 2015. The loan balances outstanding are also included in the federal expenditures presented in this schedule.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
Intermediary Relending Program	10.767	\$ 272,013
Rural Business Enterprise Grants	10.769	-

See the accompanying notes to financial statements.

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

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unmodified  
 Internal control over financial reporting:  
 Material weakness (es) identified? \_\_\_\_\_yes   X  no  
 Significant deficiency (ies) identified? \_\_\_\_\_yes   X  none reported  
 Noncompliance material to financial statements  
 noted? \_\_\_\_\_yes   X  no

**Federal Awards**

Internal Control over major programs:  
 Material weakness (es) identified? \_\_\_\_\_yes   X  no  
 Significant deficiency (ies) identified \_\_\_\_\_yes   X  none reported  
 Type of auditors' report issued on compliance  
 for major programs: Unmodified  
 Any audit findings disclosed that are required  
 to be reported in accordance with  
 Section 510(a) of Circular A-133? \_\_\_\_\_yes   X  no

Identification of major programs:

**CFDA Number(s)**

10.767

**Name of Federal Program**

USDA Intermediary Relending Program

Dollar threshold used to distinguish  
 Between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

  X  yes \_\_\_\_\_no

TIOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Section II - Financial Statement Findings

Prior Year

No matters were reported

Current Year

No matters are reported

Section III - Federal Award Findings and Questioned Costs

Prior Year

No matters were reported under the U.S. Office of Management and Budget (OMB) Circular A -133 Compliance Supplement.

Current Year

No matters were reported under the U.S. Office of Management and Budget (OMB) Circular A -133 Compliance Supplement.