

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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, 2021. 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, 2021:

- Overall net position of the Agency increased \$5,797,000 during the year ended December 31, 2021.
- The Agency's total revenue and other sources were approximately \$8,678,000 during 2021 as compared with \$4,815,000 during 2020. This increase was primarily related to grant income related to the EDA CARES revolving loan fund.
- The Agency's total expenses and other uses were approximately \$2,881,000 during 2021 as compared to \$5,019,000 during 2020. This decrease was primarily the result of a decrease in bad debt expense as the allowance for bad debts in each loan fund was increased in the prior year in response to the pandemic.
- PILOT payments passed through to local governmental units were approximately \$2,027,000 during 2021 as compared to \$2,107,000 during 2020. This decrease was related to wind farm PILOT's.

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 8) 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.

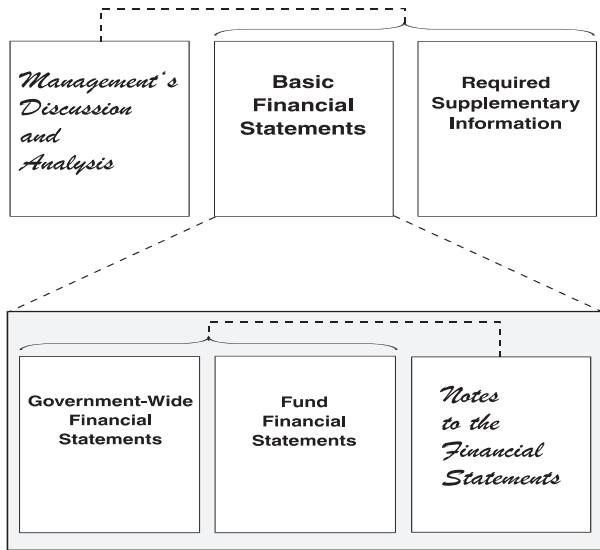
2. Combined Statement of Revenue, Expenditures, and Changes in Net Position-All Fund Types

The Combined Statement of Revenue Expenditures and Changes in Net Position (page 9) 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.

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



Summary ↔ **Detail**

IV. Financial Analysis of the Agency as a Whole

Net Position

The Agency's total entity-wide net position at December 31, 2021 was approximately \$19,965,000. This includes: capital assets, net of related debt of \$753,000, restricted net position of \$16,273,000; and unrestricted net position of \$2,939,000.

Revenue

The Agency's total revenue and other sources were approximately \$8,678,000 during the year ended December 31, 2021. The Agency also received approximately \$2,027,000 of pass-through revenue during the year ended December 31, 2021. 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 3% of the Agency's total revenue increased by \$15,000 during the year ended December 31, 2021. This increase was primarily attributable to a new tenant rent received during 2021.

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

Revenue (continued)

- Revenue from application and administrative fees increased \$327,000 during the year ended December 31, 2021. This increase was primarily related to administrative fees related to the Americold project.
- Grant income increased \$3,390,000 during the year ended December 31, 2021. This increase was primarily related to grant income related to the EDA CARES revolving loan fund operating for a full year in 2021.
- Revenue from interest income increased \$116,000 during the year ended December 31, 2021 as a result of a larger loan portfolio in 2021 related to the EDA CARES fund.

Expenses

The total cost of all programs and services of the Agency was approximately \$2,881,000. The Agency's expenses consist primarily of grant expenses, depreciation, interest expense and general and administrative expenses.

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

- The Agency's total costs were approximately \$2,881,000 during the year ended December 31, 2021 as compared with \$5,019,000 during the year ended December 31, 2020. This decrease was primarily due to bad debt expense decreasing as the allowance for bad debts in each loan fund was adjusted in response to the pandemic during the prior year.
- The Agency's general and administration costs were approximately \$2,211,000 during the year ended December 31, 2021 as compared with \$2,020,000 during the year ended December 31, 2020. This increase was caused by increases in professional fees and utilities.
- 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, 2021, the Agency has reserved against potential uncollectible loans approximately \$87,000, \$1,848,000, \$1,151,000, and \$49,000 for the Chautauqua Revolving Loan Fund, the AI-Tech Trust Fund, the EDA CARES Fund, and the CREDC fund, respectively. Bad debt expense totaled \$416,000 and \$2,690,000 during the years ended December 31, 2021 and 2020, respectively.

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Figure A-3 - Combined Statement of Net Position

County of Chautauqua Industrial Development Agency and Component Units Combined Statement of Net Position (in thousands of dollars)			
	Total Government-wide		
	2021	2020	% Change
Assets			
Current and other assets	\$ 7,555	\$ 4,238	78%
Capital assets, net	1,858	1,925	-3%
Other assets	16,153	13,307	21%
Total assets	\$ 25,566	\$ 19,470	31%
Liabilities			
Current liabilities	\$ 3,790	\$ 3,307	15%
Long-term liabilities	1,811	1,995	-9%
Total liabilities	5,601	5,302	6%
Net Position			
Invested in capital assets, net of related debt	753	806	-7%
Restricted	16,273	10,629	53%
Unrestricted	2,939	2,733	8%
Total net position	19,965	14,168	41%
Total liabilities and net position	\$ 25,566	\$ 19,470	31%

Figure A-4 Statement of Revenue & Expenses

County of Chautauqua Industrial Development Agency and Component Units Changes in Net Position from Operating Results (in thousands of Dollars)			
	Total Government-wide		
	2021	2020	% Change
Revenue			
Application & administration fees	\$ 1,011	\$ 684	48%
Grant income	6,405	3,015	112%
Rental income	236	221	7%
Interest income	571	455	26%
Other income and gain (loss) on sale	455	440	4%
Total revenue	8,678	4,815	80%
Expenses			
General and administrative	2,211	2,020	9%
Grant expenses	-	24	-100%
Bad debt expenses	416	2,690	-85%
Other expenses	123	158	-22%
Depreciation	78	71	10%
Interest expense	53	56	-5%
Total expenses	2,881	5,019	-43%
Pass-through transactions			
Revenues-PILOT	2,027	2,107	-4%
Expenditures-PILOT	(2,027)	(2,107)	-4%
	--	--	0%
Change in net position	\$ 5,797	\$ (204)	

Figure A-5 Sources of Revenue

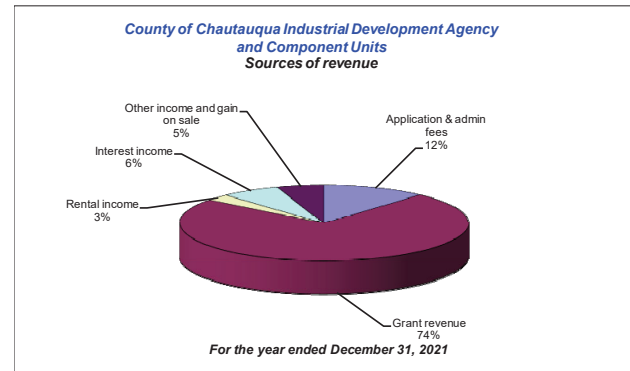
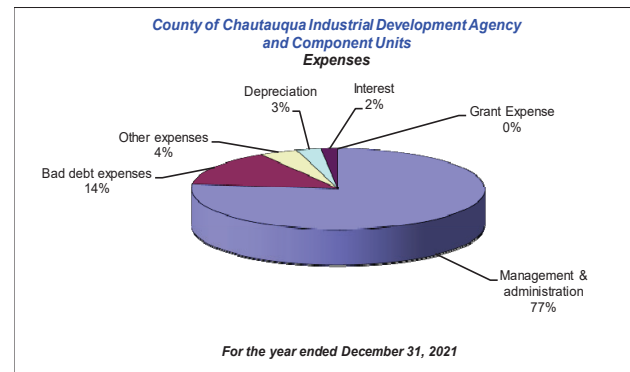


Figure A-6 – Expenses



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 \$220,000. Total net position increased from \$3,272,000 to \$3,492,000.

Revenue

During the current year, total general fund revenue and other sources were \$1,862,000 as compared with \$1,873,000 during 2020. This decrease in revenue was primarily due to administrative fees related to wind farms being recognized in the prior year offset by administrative fees related to Americold project.

Expenses

During the current year, total general fund expenses were \$1,642,000 as compared with \$1,607,000 during 2020. This increase was primarily the result of increases in Industrial Park expenses.

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

Chautauqua Revolving Loan Fund (CRLF)

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

Net Position

During the current year, the CRLF's total expenses exceeded total revenues by approximately \$15,000 causing total net position to increase from \$569,000 to \$583,000.

Revenue

During the current year, total revenue of the CRLF was \$21,000 as compared with \$24,000 during 2020. This decrease was primarily the result of a decrease in interest income.

Expenses

During the current year, total expenses of the CRLF were \$6,000 as compared with \$85,000 during 2020. This decrease is related to bad debt expense decreasing related to adjusting the allowance for bad debts in the prior year.

AI-Tech Trust Fund

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

Net Position

During the current year, the AI-Tech Trust Fund total revenues exceeded total expenses by approximately \$304,000 causing total net position to increase from \$8,513,000 to \$8,817,000 as of December 31, 2021.

Revenue

During the current year, total revenue and other sources of AI-Tech Trust Fund was \$344,000 as compared with \$344,000 during the prior year. Interest income decreased during the current year and was offset by an increase in application fees.

**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 \$40,000, as compared with \$2,101,000 during the prior year. This decrease primarily resulted from a decrease in bad debt expense as the allowance for bad debts was adjusted in response to the pandemic in the prior year.

EDA CARES Fund

The EDA CARES Fund was established in 2020 as a result of a \$10,500,000 grant from the U.S. Economic Development Administration (EDA) to the IDA to assist local business experiencing hardship due to the COVID 19 pandemic.

Net Position

During the current year, the EDA CARES Fund total revenues exceeded total expenses by approximately \$5,326,000 causing total net position to increase to \$6,873,000 as of December 31, 2021.

Revenue

During the current year, total revenue and other sources EDA CARES Fund was \$6,087,000 as compared to \$2,343,000 during 2020. This increase is due to grant income related to funding the EDA CARES loans granted during 2021.

Expenses

During the current year, total expenses of the EDA CARES Fund \$761,000 as compared to \$796,000 during 2020. This decrease was primarily related to bad debt expense related to establishing a higher allowance for bad debts on the new EDA CARES loans in 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 expenses exceeded total revenues by approximately \$68,000 causing total net position to decrease from \$268,000 to \$200,000.

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

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

Revenue

During the current year, total revenue of CREDC was \$302,000 as compared with \$226,000 during 2020. This increase was primarily due to Partnership for Economic Growth grants received during the current year.

Expenses

During the current year, total expenses of CREDC were \$370,000 as compared with \$373,000 during 2020. This decrease related to professional fees in the Partnership for Economic Growth fund.

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

Chautauqua County Capital Resource Corporation was incorporated in 2011. The key focus of the Corporation is to assist not for profit institutions, manufacturing and industrial businesses to obtain access to low interest tax-exempt and non tax-exempt financing for their eligible projects as well as other projects within the County for the purpose of promoting economic development and reducing unemployment. There was one tax exempt bond that was refinanced during 2021 and the fund had \$62,500 of administrative fees and administrative costs related to that refinancing.

VI. Capital Asset and Debt Administration

Capital Assets

As depicted in Figure A-7, as of December 31, 2021, the Agency and its component unit had invested approximately \$1,858,000 in a broad range of capital assets, including industrial parks, buildings and furniture and equipment. Capital additions made during the year ended December 31, 2021, totaled approximately \$11,000. These costs were mostly attributable to capital improvements at Mason Park. 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, 2021, the Agency and its component units had approximately \$4,044,000 in bonds, notes payable and other liabilities, a decrease of approximately \$154,000 as compared with the previous year. This decrease was related the Agency making debt principal payments on the SPEC buildings notes payable.

VI. Capital Asset and Debt Administration (continued)

Figure A-7 – Capital Assets

<i>County of Chautauqua Industrial Development Agency and Component Units</i>			
Capital Assets			
	2021	2020	Change
Buildings	\$ 2,018	\$ 2,018	0%
SPEC Buildings	26	27	-4%
Improvements	480	508	-6%
Equipment	129	129	0%
Accumulated depreciation	(795)	(757)	-5%
Capital Assets - net	\$ 1,858	\$ 1,925	-3%

Figure A-8 – Long-term Debt

<i>County of Chautauqua Industrial Development Agency and Component Units</i>			
Long-term Debt			
	2021	2020	Change
Bond - Stoneman Park SPEC Building	\$ 819	\$ 881	-7%
Bond - Chadwick Bay SPEC Building	1,144	1,230	-7%
Bond - Dunkirk Building	2,000	2,000	0%
Other bonds	81	87	-7%
Total long-term debt	\$ 4,044	\$ 4,198	-4%

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 COVID 19 Pandemic has had a significant impact on businesses in the region. Due to the economic hardships there is uncertainty surrounding the notes receivables balances and their collectability.

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