

COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2015 and 2014

INTRODUCTION

The following is the County of Lewis Industrial Development Agency's (LCIDA) Management Discussion and Analysis (MD&A) of financial activities and performance for the fiscal year end May 31, 2015. Information contained in the MD&A has been prepared by the LCIDA management and should be considered in conjunction with the financial statement and the notes of the independent auditors' report conducted by Bowers & Company, CPAs, PLLC.

The notes are essential to a full understanding of the data contained in the financial statements. The goal is to provide readers an objective and easily understood overview of the LCIDA's financial performance.

OPERATION HIGHLIGHTS

The LCIDA is a self-funded public benefit corporation created to attract and enhance industrial development, help create jobs and maintain economic stability within Lewis County. Our secondary function is to assist other agencies with tourism, natural resources, retail, wholesale, professional and community enhancements.

The LCIDA has ongoing Projects with Lyonsdale Biogas (RE Energy), MA&N Railroad, V.S.Virkler & Son, Otis Technology, Lakeside Power Beaver Falls, Brandt's Slaughterhouse, Victorian Lake and MDBB Enterprises. The LCIDA has provided a means of financial benefits for approximately 38 large Projects in the amount of over 286 million dollars.

During this past year the LCIDA continued to support the small family business, which may grow into larger manufacturing companies. This past year we provided in cooperation with our economic partner, New York State Business Development Corporation, over 50 hours of business counseling to approximately 10 local citizens.

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OPERATION HIGHLIGHTS - CONTINUED

The LCIDA feels it is important to learn more precisely the issues and concerns of our industries and help address these issues. We have accomplished this by:

- Site visits to large and small, local businesses
- Coordinating the Lewis County Manufacturer's committee with regular bimonthly meetings
- Assisting Lewis County Businesses with information and guidance for grant applications
- Organization Participation – Allows the LCIDA to interact with industry and other economic development agencies on a regular basis to learn more about their issues and to find solutions. Some of the major organizations are:
 - Lewis County Legislator Economic Development Committee
 - Comprehensive Economic Development Strategy Committee (CEDS)
 - North Country Regional Economic Development Council
 - Lewis County Development Corporation
 - Drum Country Business
 - Lewis County Leadership Academy
 - North Country Alliance (NCA)
 - Jefferson Lewis Workforce Investment Board

The LCIDA is a small quiet agency with a progressive, even aggressive posture working with their many partners to create "A Positive Economic Attitude in Lewis County."

FINANCIAL HIGHLIGHTS

- The assets of the LCIDA exceeded its liabilities at the most recent fiscal year by \$1,246,081 (net position). Net Position decreased from the prior year by \$84,006 or 6.3%. The LCIDA is actively considering future revenue streams to ensure it can continue its long term focus.
- During the most recent fiscal year expenses exceed revenues by \$84,006. This compares to last year of expenses exceeding revenue by \$45,184.
- Interest Revenue for 2015 was \$3,886 and \$3,467 in 2014.
- Expenses other than PILOT expense to operate the Agency decreased by \$13,860 or 12.4%.

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OVERVIEW OF FINANCIAL STATEMENTS

Net Position serves as an indicator of the LCIDA's financial position. Increases or decreases in net position may indicate over a period of time, if the financial position of the LCIDA is improving or deteriorating.

Condensed Comparative Financial Statements

The following provides an overview of the LCIDA assets, liabilities, and net assets at the close of fiscal years 2015, 2014, and 2013.

	2015	2014	2013
ASSETS			
Current & Other Assets	\$ 1,070,562	\$ 1,175,376	\$ 1,322,783
Capital Assets	<u>197,653</u>	<u>202,143</u>	<u>206,719</u>
Total Assets	1,268,215	1,377,519	1,529,502
LIABILITIES			
Current Liabilities	19,991	44,184	148,938
Long-Term Liabilities	<u>2,143</u>	<u>3,248</u>	<u>5,293</u>
Total Liabilities	22,134	47,432	154,231
NET POSITION			
Net Investment in Capital Assets	197,653	202,143	206,719
Restricted	25,000	25,000	-
Unrestricted	<u>1,023,428</u>	<u>1,102,944</u>	<u>1,168,552</u>
Total Net Position	<u>\$ 1,246,081</u>	<u>\$ 1,330,087</u>	<u>\$ 1,375,271</u>

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OVERVIEW OF FINANCIAL STATEMENTS - CONTINUED

Analysis of Financial Position and Results of Operations

The statement of revenues, expenses, and changes in net position show how the LCIDA net position changed during the most recent year. Business type activities decreased the LCIDA's net position by \$84,006. Key elements of this decrease are as follows:

CHANGES IN NET POSITION

	As Stated		Without PILOT	
	2015	2014	2015	2014
OPERATING REVENUES				
Payment in Lieu of Taxes	\$ 443,065	\$ 477,077	\$ -	\$ -
Agency Fees	-	26,315	-	26,315
Rental Income	10,200	11,050	10,200	11,050
Miscellaneous	250	1,290	250	1,290
Total Revenues	<u>453,515</u>	<u>515,732</u>	<u>10,450</u>	<u>38,655</u>
OPERATING EXPENSES				
Payment in Lieu of Taxes	443,065	477,077	-	-
General Operations	89,449	102,323	89,449	102,323
Professional Fees	4,200	4,200	4,200	4,200
Depreciation	4,490	4,576	4,490	4,576
Miscellaneous	-	900	-	900
Total Operating Expenses	<u>541,204</u>	<u>589,076</u>	<u>98,139</u>	<u>111,999</u>
Operating Income Loss	(87,689)	(73,344)	(87,689)	(73,344)
NON-OPERATING REVENUES				
Revolving Fund Grant	-	25,000	-	25,000
Interest (Net)	3,683	3,160	3,683	3,160
Change in Net Position	<u>(84,006)</u>	<u>(45,184)</u>	<u>(84,006)</u>	<u>(45,184)</u>
Net Position, Beginning of Year	<u>1,330,087</u>	<u>1,375,271</u>	<u>1,330,087</u>	<u>1,375,271</u>
Net Position, End of Year	<u>\$ 1,246,081</u>	<u>\$ 1,330,087</u>	<u>\$ 1,246,081</u>	<u>\$ 1,330,087</u>

Payments in lieu of taxes were separated out to show the true cost of operations.

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OVERVIEW OF FINANCIAL STATEMENTS - CONTINUED

Analysis of Transaction of Individual Funds

The PILOTS are the monies received from the companies in lieu of normal taxes and are disbursed to the various taxing jurisdictions. Operating expenses before PILOTS, decreased by \$13,860 or 12.4%. This change was largely due to decreases in Salary and Employee Benefits expense. The Agency does not depend on any taxpayer's dollars to fund operations of the Agency.

CAPITAL ASSETS & LONG TERM DEBT ACTIVITY

The LCIDA net investment in capital assets as of May 31, 2015, amounted to \$197,653 (net of depreciation). The LCIDA's investment in capital assets includes Leasehold Improvements, Furniture & Fixtures, and Equipment, Purchase Option on Real Estate, and Property Held for Lease.

- Leasehold Improvements - improvements made to the office of LCIDA.
- Furniture & Fixtures, and Equipment - assets used for the LCIDA general operations.

A summary of Capital Assets:

	2015	2014	2013
Leasehold Improvements	\$ 5,264	\$ 5,264	\$ 5,264
Furniture & Expenses	1,236	1,236	1,236
Equipment	2,594	2,594	2,594
Purchase Option on Real Estate	10,000	10,000	10,000
Property Held For Lease/Sale	<u>199,232</u>	<u>199,232</u>	<u>199,232</u>
	218,326	218,326	218,326
Accumulated Depreciation	<u>(20,673)</u>	<u>(16,183)</u>	<u>(11,607)</u>
Net Capital Assets	<u>\$ 197,653</u>	<u>\$ 202,143</u>	<u>\$ 206,719</u>

A summary of Long Term Debt:

	2015	2014	2013
Loan – Community Bank	<u>\$ 2,143</u>	<u>\$ 3,248</u>	<u>\$ 5,293</u>
Long Term Debt	<u>\$ 2,143</u>	<u>\$ 3,248</u>	<u>\$ 5,293</u>

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ECONOMIC OUTLOOK AND THE LCIDA

During the 2014-2015 year, several projects were started which will enhance the economy for 2015-2016. They are:

- Grand Slam Safety –This startup company manufacturers safety fences for baseball and other athletic fields. The company acquired a vacant manufacturing building and hired its first three employees.
- Roaring Brook Wind Farm – This project is in the final stages of financing and expects to begin construction in late 2015. It will include 39 windmills in the Town of Martinsburg generating construction jobs, new permanent employment and significant tax revenue for municipalities and school districts.
- Own Energy Wind Farm- This project is in final development stages. It is expected to include approximately 40 towers and 79 MW of energy production in the Town of Denmark. Construction in 2016 is possible.
- Kruger Energy- This Canadian company is in final stages of design and financing for a significant expansion of its hydroelectric facility in Lyons Falls.
- Lyons Falls Mill – Redevelopment at the mill property has progressed significantly in the last 12 months with approximately 25% of the structures demolished. Additional work will continue throughout 2015. The LCIDA will cooperate with the LCDC to work on future use of the property.
- The LCIDA is actively marketing its small business loan portfolio. One applicant will be approved in mid-2015 to purchase and revitalize a local tourism destination. Additional small businesses are considering applications.
- The LCIDA Board and Executive Director are actively considering new projects to enhance sustainable revenue opportunities and provide more opportunities for projects to benefit private businesses. In 2015, the LCIDA entered an administrative partnership with Lewis County Economic Development and Lewis County Development Corporation. The coordination of all three entities will benefit overall program efforts.

CONTACT THE LCIDA FINANCIAL MANAGEMENT

This financial report is designed to provide the public with a general overview of the LCIDA finances and to show the LCIDA accountability for the money it manages. If you have any questions concerning any information provided in this report or need additional financial information contact:

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