

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2018 and 2017

INTRODUCTION

The following is the County of Lewis Industrial Development Agency's (the "Agency") Management Discussion and Analysis (MD&A) of financial activities and performance for the fiscal year end May 31, 2018. Information contained in the MD&A has been prepared by the Agency management and should be considered in conjunction with the financial statement and the notes to the financial statements to better understand the Agency's financial position.

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 Agency's financial performance.

OPERATION HIGHLIGHTS

The Agency 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 Agency has ongoing Projects with MA&N Railroad, Otis Technology, Lakeside Energy Beaver Falls, Red Barn Meats, Victorian Lake LLC, MDBB Enterprises, Snow Ridge Ski Resort, Johnson Lumber Company, Skewed Brewing, Arborcare, Inc, and Bark Eater Craft Brewery. The Agency has provided a means of financial benefits for approximately 40 large Projects in the amount of over 286 million dollars.

During this past year the Agency continued to support new and existing businesses, as well as larger manufacturing companies. In cooperation with our partners, New York State Business Development Corporation, the Lewis County Chamber of Commerce and Cornell Cooperative Extension, we provide consulting and business training services to local citizens and business owners. Multiple training opportunities were provided in 2018 along with direct one on one consultations. We continue to work cooperatively with local partners and municipalities to build opportunity for new business growth.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2018 and 2017

OPERATION HIGHLIGHTS - Continued

The Agency 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
- Working with Lewis County Manufacturer's, educational organizations and workforce development organizations to understand workforce and skilled training needs
- Assisting Lewis County Businesses with information and guidance for grant applications
- Organization Participation – Allows the Agency 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
 - North Country Regional Economic Development Council
 - Lewis County Development Corporation
 - Drum Country Business
 - Lewis County Leadership Academy
 - North Country Alliance (NCA)
 - Jefferson Lewis Workforce Development Board

The Agency is a small agency focused on promoting Naturally Lewis and our strengths in agriculture, natural resources and small businesses to create a positive economic attitude and growth in Lewis County.

FINANCIAL HIGHLIGHTS

- The assets of the Agency exceeded its liabilities at the most recent fiscal year by \$2,311,806 (net position). Net Position increased from the prior year by \$465,315 or 25.2%. The Agency is actively considering future revenue streams to ensure it can continue its long-term focus.
- During the most recent fiscal year revenues exceed expenses by \$465,315. Last year revenues exceeded expenses by \$29,358.
- Interest Revenue for 2018 was \$10,482 compared to \$9,518 in 2017.
- Expenses of the Agency decreased by \$56,963 or 19.5%.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2018 and 2017

OVERVIEW OF FINANCIAL STATEMENTS

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

Condensed Comparative Financial Statements

The following provides an overview of the Agency assets, liabilities, and net position at the close of fiscal years 2018, 2017, and 2016.

Condensed Statements of Financial Position

	2018	2017 (As Restated)	2016 (As Restated)
ASSETS			
Current and Other Assets	\$ 1,451,817	\$ 1,349,792	\$ 1,406,917
Capital Assets	523,112	528,041	286,964
Long Term Notes Receivables	347,636	159,602	190,382
Total Assets	<u>\$ 2,322,565</u>	<u>\$ 2,037,435</u>	<u>\$ 1,884,263</u>
LIABILITIES			
Current/Total Liabilities	<u>\$ 10,759</u>	<u>\$ 190,944</u>	<u>\$ 67,130</u>
NET POSITION			
Net Investment in Capital Assets	\$ 523,112	\$ 528,041	\$ 286,964
Restricted	798,043	586,222	639,170
Unrestricted	990,651	732,228	890,999
Total Net Position	<u>\$ 2,311,806</u>	<u>\$ 1,846,491</u>	<u>\$ 1,817,133</u>

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2018 and 2017

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 Agency's net position changed during the most recent year and the previous two years. Business type activities increased the Agency's net position by \$465,315 for the year ended May 31, 2018.

CHANGES IN NET POSITION

Condensed Statements of Revenue, Expenses, and Changes in Net Position

	2018	2017 (As Restated)	2016 (As Restated)
OPERATING REVENUES			
Agency Fees	\$ 235,799	\$ 192,562	\$ 3,933
Rental Income	14,452	9,350	10,200
Contract Revenue	400,000	-	700,000
Miscellaneous	26,130	9,246	6,220
Total Revenues	676,381	211,158	720,353
OPERATING EXPENSES			
General Operations	200,889	158,089	124,675
Professional Fees	20,650	18,047	21,830
Depreciation	5,906	4,342	4,343
Other	8,103	112,033	2,467
Total Operating Expenses	235,548	292,511	153,315
Operating Income (Loss)	440,833	(81,353)	567,038
NON-OPERATING REVENUES			
Grant Revenue	14,000	101,193	-
Interest Revenue	10,482	9,518	4,014
Total Non-Operating Revenue	24,482	110,711	4,014
Change in Net Position	465,315	29,358	571,052
Net Position, Beginning of Year, Restated	1,846,491	1,817,133	1,246,081
Net Position, End of Year	\$ 2,311,806	\$ 1,846,491	\$ 1,817,133

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2018 and 2017

OVERVIEW OF FINANCIAL STATEMENTS - Continued

Analysis of Transaction of Individual Funds

Operating expenses decreased by \$56,963 or 19.5%. This change was largely due to increases in Project Expenses and Salary and Wages Expenses. The Agency does not depend on any taxpayer's dollars to fund operations of the Agency.

CAPITAL ASSETS & LONG TERM DEBT ACTIVITY

The Agency net investment in capital assets as of May 31, 2018, amounted to \$523,112 (net of depreciation). The Agency's investment in capital assets includes Purchase Options on Real Estate, Property Held for Lease, and Equipment Held for Sale.

A summary of Capital Assets:

	2018	2017	2016
Construction in Progress	\$ 78,384	\$ 45,427	\$ 8,200
Purchase Option on Real Estate	170,000	15,000	10,000
Property and Equipment Held for Sale	-	-	85,454
Property Held for Lease	300,898	487,878	199,232
	<u>549,282</u>	<u>548,305</u>	<u>302,886</u>
Accumulated Depreciation	<u>(26,170)</u>	<u>(20,264)</u>	<u>(15,922)</u>
Net Capital Assets	<u>\$ 523,112</u>	<u>\$ 528,041</u>	<u>\$ 286,964</u>

A summary of Long Term Debt:

	2018	2017	2016
Loan - Community Bank/ Total Long-Term Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,105</u>

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2018 and 2017

ECONOMIC OUTLOOK AND THE AGENCY

During the 2017-2018 year, several projects were started which will enhance the economy for 2018-2019. They are:

- Wind Farm Projects –The Agency was involved in negotiations multiple wind projects as they begin to seek property tax benefits. The Agency assists the local taxing jurisdictions in communication with wind development companies and analysis of the PILOT terms.
- Denmark Wind Farm - This project-initiated activity in late 2016 and made a first installment of its project fee to the Agency. Formal construction started in late 2017 with full tower construction occurring during 2018. The project will include approximately 35 towers and 79 MW of energy production in the Town of Denmark.
- Lyons Falls Mill – Redevelopment at the mill property has continued to progress in the last 12 months with approximately 80% of the structures demolished. The final phase of demolition and cleanup will start in late 2018 and the entire property should be ready for use in 2019. During this fiscal year the project secured funding for over \$1,000,000 for this final phase. The Agency is partnering with the LCDC and is currently working with a tenant to occupy the High Falls Building on the property. This tenant will initiate a startup value added dairy production operation. The Agency is cooperating with the LCDC to seek additional funding for Phase 4 and to identify business and investment for the future use of the property.
- Lewis County Business Park – During the fiscal year, the preliminary application for NYS Shovel Ready status was provided to Empire State Development. We also initiated site permitting and zoning amendment requests to the Town of Lowville.
- The Agency transferred its sale leaseback financing for a craft brewing system from BarkEater Craft Brewing to Skewed Brewing. This new company is finalizing it's licensing to begin producing beer later in 2018. The LCIDA also provided Skewed Brewing a \$29,500 small business loan.
- Climax Manufacturing Building – The Agency has been actively pursuing the purchase of this 160,000 square foot building in Lowville. A purchase agreement is in place and the seller is finalizing legal issues to allow the sale to move forward. The LCIDA believes the acquisition will take place in 2018-19 fiscal year. The building is intended to be used as operational space for multiple tenants with two tenants currently identified.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2018 and 2017

ECONOMIC OUTLOOK AND THE AGENCY - Continued

- The Agency 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 2018, the Agency has continued its partnership with Lewis County Economic Development and Lewis County Development Corporation. The coordination of all three entities will benefit overall program efforts.

- The LCIDA Board experienced change in 2017-18. Longtime member and Chairman Roscoe Fawcett passed away in January 2018. Craig Brennan and Shawn Moshier also left the Board after providing positive service to the Agency. New members Ronald Burns, Gagan Singh and Gerald Cayer joined the LCIDA board in 2018 and are beginning to make strong contributions to the organization.

CONTACT MANAGEMENT

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

Contact:

Eric Virkler, Executive Director
County of Lewis Industrial Development Agency
7642 N. State St., PO Box 106
Lowville, NY 13367
Phone: (315) 376-3014
Email: ericvirkler@lewiscounty.ny.gov
Web Address: www.naturallylewis.com

Prepared by:

Eric Virkler, Executive Director
County of Lewis Industrial Development
Agency