

COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 9 - NOTES RECEIVABLE (CONTINUED)

EDA CARES Fund (continued)

Lancaster LLC., 2.44% interest bearing notes receivable (loans awarded during 2021), \$592 and \$306 per month including interest through November 1, 2031 and September 1, 2028, respectively.	\$ 84,536
James Turner Sales, 2.44% interest bearing note receivable (loan awarded during 2021), \$1,296 per month including interest through February 1, 2028.	94,513
Majestic Woods, LLC, 2.44% interest bearing notes receivable (loans awarded during 2021), \$389, \$483 and \$560 per month including interest through July 1, 2028, September 1, 2028 and December 1, 2028, respectively.	107,580
Meeder's Restaurant, Inc., 2.44% interest bearing note receivable (loan awarded during 2021), \$972 per month including interest through July 1, 2028.	70,885
Chautauqua Lake Self Storage, LLC., 2.44% interest bearing note receivable (loan awarded during 2021), \$2,371 per month including interest through November 1, 2041.	448,544
International Ordinance Inc., 2.44% interest bearing note receivable (loan awarded during 2021), \$3,241, per month including interest through October 1, 2031.	244,530
Birchman's Parisian, LLC., 2.44% interest bearing note receivable (loan awarded during 2021), \$519 per month including interest through September 1, 2028, respectively.	<u>38,686</u>
Subtotal	7,023,452
Less: reserve	<u>(1,151,000)</u>
Subtotal	5,872,452
Less: current portion	<u>(811,771)</u>
Long-term portion – EDA CARES	<u>\$ 5,060,681</u>

As of December 31, 2021, the Agency had a commitment to issue notes to two companies totaling approximately \$646,609, respectively.

CREDC Economic Development Program

Cockaigne Development, LLC, loan of \$400,000, If conditions of loan are met through April 30, 2024, \$200,000 of the loan will be forgiven.	\$ 328,225
Less: reserve	<u>(49,000)</u>
Subtotal	279,225
Less: current portion	<u>(39,866)</u>
Long-term portion – CREDC	<u>\$ 239,359</u>

NOTE 9 - NOTES RECEIVABLE (CONTINUED)

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

NOTE 10 - LONG-TERM DEBT

Industrial Development Agency

Bond payable to County of Chautauqua with an interest rate of 3%. Proceeds to be used to acquire Talcott Street property in Dunkirk, NY. Payable upon disposition of the acquired property.	\$ 2,000,000
Bond payable to County of Chautauqua. Proceeds used for construction of the Stoneman Industrial Park SPEC Building. Payable \$99,591 semi-annually beginning February 20, 2002, including interest at 3% - 5% accruing as of August 20, 2001, compounded semi-annually. The bond matures in 2032.	819,113
Bond payable to County of Chautauqua with an annual interest rate of 5%. Proceeds used for the construction of a new aircraft storage hangar. Payable on March 2022 or upon disposition of the acquired property.	81,371
Bond payable to County of Chautauqua with interest at 2.274%. Proceeds used for construction of the Chadwick Bay Industrial Park SPEC Building. Monthly principal and interest payments totaling \$9,428 began July 25, 2013. The bond matures July 25, 2033.	<u>1,143,960</u>
Subtotal	4,044,444
Less: current portion	<u>(2,233,135)</u>
Long-term debt – IDA	<u>\$ 1,811,309</u>

At December 31, 2021, debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
CCIDA			
2022	\$ 2,233,135	\$ 48,802	\$ 2,281,937
2023	155,726	44,840	200,566
2024	159,792	40,774	200,566
2025	163,967	36,599	200,566
2026	168,253	32,313	200,566
2027-2031	909,671	93,159	1,002,830
2032-2033	253,900	4,458	258,358
	<u>\$ 4,044,444</u>	<u>\$ 300,945</u>	<u>\$ 4,345,389</u>

COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

NOTE 10 - LONG-TERM DEBT (CONTINUED)

Industrial Development Agency (continued)

CCIDA incurred interest expense in the amounts of \$52,970 during 2021.

NOTE 11 - PASS-THROUGH TRANSACTIONS

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

The Agency has received and disbursed the following funds resulting from this pass-through income during 2021:

IDA	Receipts	Disbursements
<u>Pilot Program</u>		
Pilot payments collected from businesses and remitted to local governments	\$ 2,027,414	\$ 2,027,414

NOTE 12 – DEFINED CONTRIBUTION PLAN

The Agency has a 401 (a) retirement plan, which covers employees over the age of 21, except for leased employees and those employees whose employment is governed by a collective bargaining agreement that does not participate in plan. It allows for employer to make discretionary contributions each year at a percentage of each eligible employee's compensation. The Agency had expenses related to the Plan in the amount of \$27,989 for the year ended December 31, 2021. The balance in the 401 (a) as of December 31, 2021 was \$133,765 as presented in the Statement of Fiduciary Net Position.

NOTE 13 – DEFERRED COMPENSATION PLAN

The Agency has a 457 deferred compensation plan, which covers employees over the age of 21, except for leased employees and those employees whose employment is governed by a collective bargaining agreement that does not participate in plan. Employees can elect to make discretionary contributions to the deferred compensation plan. The employees contributed \$60,686 to the deferred compensation plan for the year ended December 31, 2021. The balance of the deferred compensation plan as of December 31, 2021 was \$404,464 as presented in the Statement of Fiduciary Net Position.

NOTE 14 - INTERAGENCY TRANSACTIONS

During the current year, the Agency's general fund charged costs to administer the loan funds which were recorded as expenditures in the applicable loan funds. These costs are included within general and administrative expenses in the combined statement of revenue, expenditures and changes in net position while the corresponding revenue was recognized by the IDA in other income. Costs were allocated as follows:

Revolving Loan Fund	\$ 989
CCCRC	62,500
CREDC	49,370
EDA CARES	216,212
AI-tech Loan Fund	89,044
	<u>\$ 418,115</u>

NOTE 15 - RESTRICTED NET POSITION

The amounts restricted as of December 31, 2021 include:

<u>Chautauqua Revolving Loan Fund</u>	
Revolving Loan funds	<u>\$ 583,744</u>
<u>AI Tech Trust Fund</u>	
AI Tech funds	<u>\$ 8,816,627</u>
<u>EDA CARES Fund</u>	
EDA CARES funds	<u>\$ 6,872,991</u>

NOTE 16 – FAIR VALUE MEASUREMENTS

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

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