

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**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, 2023. 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, 2023:

- Overall net position of the Agency increased \$2,372,000 during the year ended December 31, 2023.
- The Agency's total revenue and other sources were approximately \$6,815,000 during 2023 as compared with \$5,956,000 during 2022. This increase was primarily related to the forgiveness of the debt related to the Talcott Street property.
- The Agency's total expenses and other uses were approximately \$4,443,000 during 2023 as compared to \$3,798,000 during 2022. This increase was primarily the result of an increase in grants passed through to assisted entities and employee wages and benefits.
- PILOT payments passed through to local governmental units were approximately \$2,498,000 during 2023 as compared to \$2,359,000 during 2022.
- The Agency sold the Talcott Street property in June 2023 for \$1,340,999 resulting in a loss of sale of property of \$118,423. The associated \$2,000,000 bond was forgiven after providing the proceeds from the sale to the County resulting in a gain on forgiveness of debt of \$978,284.

**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.

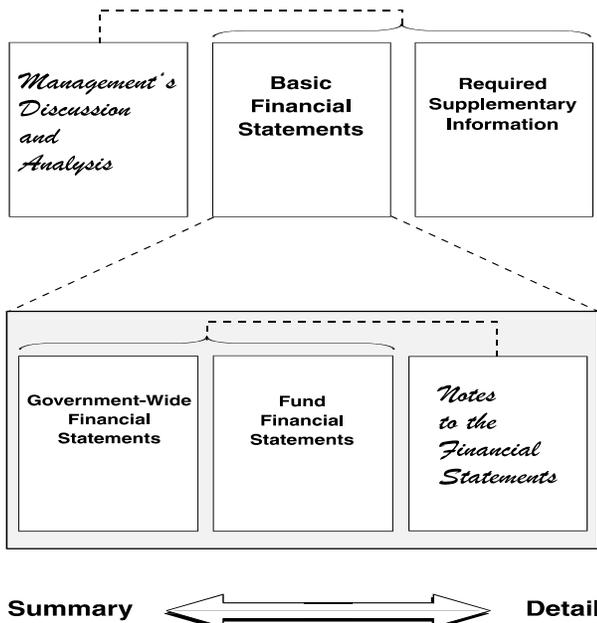
**2. Combined Statement of Revenue, Expenditures, and Changes in Net Position-All Fund Types**

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.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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



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

Revenue (continued)

- Revenue from application and administrative fees increased \$7,000 during the year ended December 31, 2023. This increase was primarily related to administrative fees related to solar projects.
- Grant income decreased \$1,955,000 during the year ended December 31, 2023 primarily related to grant income related to the EDA CARES revolving loan fund.
- Economic development service agreement revenue increased \$2,057,000 during the year ended December 31, 2023 related to Broadband and North County service agreement contracts received from the Chautauqua County.
- Revenue from interest income increased \$142,000 during the year ended December 31, 2023 as a result of a larger loan portfolio in 2023 related to the AI Tech Loan and EDA CARES funds.

Expenses

The total cost of all programs and services of the Agency was approximately \$4,443,000. 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 \$4,443,000 during the year ended December 31, 2023 as compared with \$3,798,000 during the year ended December 31, 2022. This increase was primarily the result of an increase in general and administrative related to professional fees.
- The Agency's general and administration costs were approximately \$3,154,000 during the year ended December 31, 2023 as compared with \$2,633,000 during the year ended December 31, 2022. This increase was caused by increases in professional fees related to the North County development.
- 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, 2023, the Agency has reserved against potential uncollectible loans approximately \$66,000, \$1,871,000, \$1,832,000, and \$50,000 for the Chautauqua Revolving Loan Fund, the AI-Tech Trust Fund, the EDA CARES Fund, and the CREDC fund, respectively. Bad debt expense(recovery) totaled approximately \$473,000 and \$324,000 during the years ended December 31, 2023 and 2022, respectively.
- The Agency's grant expense increased approximately \$56,000 in 2023 due to business assistance grants and their associated costs.

**IV. Financial Analysis of the Agency as a Whole**

Net Position

The Agency's total entity-wide net position at December 31, 2023 was approximately \$24,517,000. This includes: capital assets, net of related debt of \$2,903,000, restricted net position of \$18,370,000; and unrestricted net position of \$3,244,000.

Revenue

The Agency's total revenue and other sources were approximately \$6,815,000 during the year ended December 31, 2023. The Agency also received approximately \$2,498,000 of pass-through revenue during the year ended December 31, 2023. 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 2% of the Agency's total revenue decreased by \$127,000 during the year ended December 31, 2023. This decrease was due to the sale of the Talcott Street property in June 2023 which previously generated rental income for a full year.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

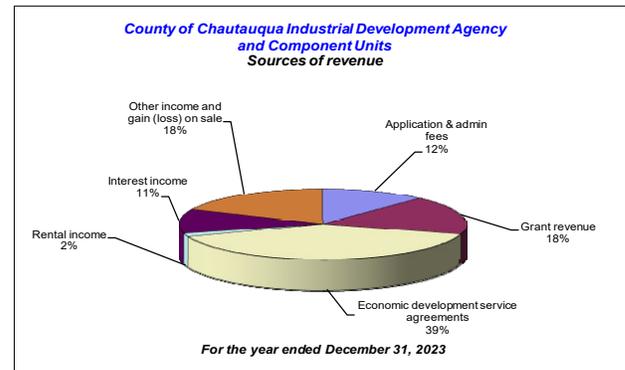
**Figure A-3 - Combined Statement of Net Position**

| County of Chautauqua Industrial Development Agency<br>and Component Units |                       |                  |            |
|---|-----------------------|------------------|------------|
| Combined Statement of Net Position (in thousands of dollars)              |                       |                  |            |
|   | Total Government-wide |                  |            |
|   | 2023                  | 2022             | % Change   |
| <b>Assets</b>   |                       |                  |            |
| Current and other assets  | \$ 15,008             | \$ 10,719        | 40%        |
| Capital and right of uses assets, net                                     | 1,008                 | 2,595            | -61%       |
| Other assets  | 18,907                | 17,634           | 7%         |
| <b>Total assets</b>   | <b>\$ 34,923</b>      | <b>\$ 30,948</b> | <b>13%</b> |
| <b>Liabilities</b>  |                       |                  |            |
| Current liabilities   | \$ 8,202              | \$ 6,294         | 30%        |
| Long-term liabilities   | 2,204                 | 2,453            | -10%       |
| <b>Total liabilities</b>  | <b>10,406</b>         | <b>8,747</b>     | <b>19%</b> |
| <b>Net Position</b>   |                       |                  |            |
| Invested in capital assets,<br>net of related debt                        | 2,903                 | 648              | 348%       |
| Restricted  | 18,370                | 18,556           | -1%        |
| Unrestricted  | 3,244                 | 2,997            | 8%         |
| <b>Total net position</b>   | <b>24,517</b>         | <b>22,201</b>    | <b>10%</b> |
| <b>Total liabilities and net position</b>                                 | <b>\$ 34,923</b>      | <b>\$ 30,948</b> | <b>13%</b> |

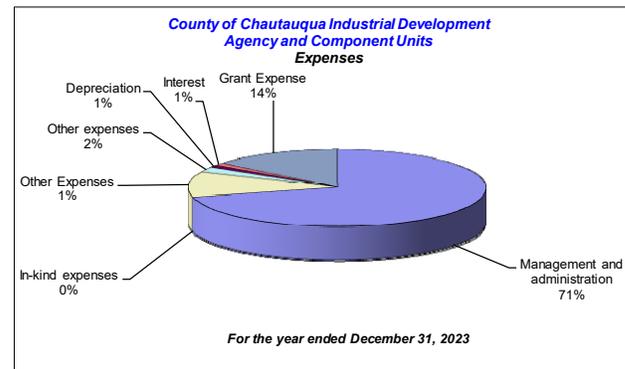
**Figure A-4 Statement of Revenue & Expenses**

| County of Chautauqua Industrial Development Agency<br>and Component Units |                       |                 |            |
|---|-----------------------|-----------------|------------|
| Changes in Net Position from Operating Results (in thousands of Dollars)  |                       |                 |            |
|   | Total Government-wide |                 |            |
|   | 2023                  | 2022            | % Change   |
| <b>Revenue</b>  |                       |                 |            |
| Application & administration fees   | \$ 817                | \$ 810          | 1%         |
| Grant income  | 1,203                 | 3,158           | -62%       |
| Economic development service agreements                                   | 2,693                 | 636             | 323%       |
| Rental income   | 106                   | 233             | -54%       |
| Interest income   | 756                   | 614             | 23%        |
| Other income and gain (loss) on sale                                      | 1,240                 | 505             | 146%       |
| <b>Total revenue</b>  | <b>6,815</b>          | <b>5,956</b>    | <b>14%</b> |
| <b>Expenses</b>   |                       |                 |            |
| General and administrative  | 3,154                 | 2,633           | 20%        |
| Grant expenses  | 627                   | 571             | 10%        |
| Bad debt expenses (recovery)  | 473                   | 324             | 46%        |
| Other expenses  | 99                    | 137             | -28%       |
| Depreciation  | 45                    | 85              | -47%       |
| Interest expense  | 45                    | 48              | -7%        |
| <b>Total expenses</b>   | <b>4,443</b>          | <b>3,798</b>    | <b>17%</b> |
| <b>Pass-through transactions</b>  |                       |                 |            |
| Revenues-PILOT  | 2,498                 | 2,359           | 6%         |
| Expenditures-PILOT  | (2,498)               | (2,359)         | 6%         |
|   | --                    | --              | 0%         |
| <b>Change in net position</b>   | <b>\$ 2,372</b>       | <b>\$ 2,158</b> |            |

**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 fund total expenses exceeded total revenues by \$2,442,000. Total net position increased from \$3,157,000 to \$5,599,000.

**Revenue**

During the current year, total IDA fund revenue and other sources were \$4,680,000 as compared with \$2,039,000 during 2022. This increase in revenue was primarily due to a gain on forgiveness of debt related to the sale of Talcott Street property, along with an increase in economic development service agreement revenue from Chautauqua County related to development of the North County.

**Expenses**

During the current year, total IDA fund expenses were \$2,238,000 as compared with \$2,260,000 during 2022. This decrease was primarily the result of decreases grant expenses which were partially offset by an increase in professional fees.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**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 expenditures exceeded total revenues by approximately \$31,000 causing total net position to decrease from \$597,000 to \$566,000.

**Revenue**

During the current year, total revenue of the CRLF was \$17,000 as compared with \$18,000 during 2022. This decrease was primarily the result of a decrease in interest income.

**Expenses**

During the current year, total expenses of the CRLF were \$47,000 as compared with \$5,000 during 2022. This increase is related to bad debt expense increasing related to adjusting the allowance for bad debts.

**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 \$157,000 causing total net position to increase from \$9,025,000 to \$9,182,000 as of December 31, 2023.

**Revenue**

During the current year, total revenue and other sources of AI-Tech Trust Fund was \$404,000 as compared with \$395,000 during the prior year. This increase was caused by an increase in interest revenue offset by a decrease 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 \$247,000, as compared with \$187,000 during the prior year. This increase primarily resulted from adjusting the bad debt reserve.

**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 expenditures exceeded total revenues by approximately \$312,000 causing total net position to decrease from \$8,934,000 to \$8,622,000.

**Revenue**

During the current year, total revenue and other sources EDA CARES Fund was \$261,000 as compared to \$2,510,000 during 2022. This decrease is due to grant income related to the entire grant amount being received during the prior years.

**Expenses**

During the current year, total expenses of the EDA CARES Fund \$573,000 as compared to \$449,000 during 2022. This increase was related primarily to adjusting the allowance for bad debts.

**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 revenues exceeded total expenditures by approximately \$116,000 causing total net position to increase from \$488,000 to \$548,000. In addition a prior period adjustment of \$56,000 was recorded decreasing the net position.

**COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**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 \$1,454,000 as compared with \$1,117,000 during 2022. This increase was primarily due to Partnership for Economic Growth grants recognized in revenue during the current year.

**Expenses**

During the current year, total expenses of CREDC were \$1,338,000 as compared with \$828,000 during 2022. This increase related to grant assistance passed through to local businesses in the Partnership for Economic Growth fund and increases in professional fees.

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

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 were no new Tax-Exempt Bonds and therefore no activity in the Corporation in 2023.

**VI. Capital Asset and Debt Administration**

**Capital Assets**

As depicted in Figure A-7, as of December 31, 2023, the Agency and its component unit had invested approximately in a broad range of capital assets, including industrial parks, buildings and furniture and equipment. There were \$7,487 capital additions made during the year ended December 31, 2023. The capital assets balance decreased due to the sale of the Talcott Street property.

**Long-term Debt**

As depicted in Figure A-8, as of December 31, 2023, the Agency and its component units had approximately \$2,534,000 in bonds, notes payable and other liabilities, a decrease of approximately \$2,240,000 as compared with the previous year. This decrease was primarily related to the debt associated with the Talcott Street property being paid and partially forgiven during the current year.

**VI. Capital Asset and Debt Administration (continued)**

**Figure A-7 – Capital Assets**

| <i>County of Chautauqua Industrial Development Agency<br/>and Component Units<br/>Capital and Right of Use Assets (in thousands)</i> |                 |                 |             |
|--|-----------------|-----------------|-------------|
|  | 2023            | 2022            | Change      |
| Buildings  | \$ 253          | \$ 2,069        | -88%        |
| SPEC Buildings   | 26              | 26              | 0%          |
| Improvements   | 420             | 480             | -13%        |
| Equipment  | 129             | 129             | 0%          |
| Right-of-use asset, net  | 682             | 772             | -12%        |
| Accumulated depreciation   | (502)           | (881)           | 43%         |
| <b>Capital and Right of Use Assets - net</b>   | <b>\$ 1,008</b> | <b>\$ 2,595</b> | <b>-61%</b> |

**Figure A-8 – Long-term Debt**

| <i>County of Chautauqua Industrial Development Agency<br/>and Component Units<br/>Long-term Debt (in thousands)</i> |                 |                 |             |
|---|-----------------|-----------------|-------------|
|   | 2023            | 2022            | Change      |
| Bond - Stoneman Park SPEC Building  | \$ 690          | \$ 755          | -9%         |
| Bond - Chadwick Bay SPEC Building   | 966             | 1,056           | -9%         |
| Bond - Dunkirk Building   | -               | 2,000           | -100%       |
| Other bonds   | 81              | 81              | 0%          |
| Lease liability   | 797             | 882             | -10%        |
| <b>Total long-term debt</b>   | <b>\$ 2,534</b> | <b>\$ 4,774</b> | <b>-47%</b> |

**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 CCIDA is aggressively seeking to acquire property or properties to create a new shovel-ready site or sites, and/or to expand and existing industrial park. The site or sites will be as close to being ready to construct on as possible, including having site control, undertaking due diligence, installing and/or stubbing in infrastructure, ensuring zoning is appropriate, etc. At present, the CCIDA/County is woefully deplete of shovel-ready sites, and is missing out on opportunities for new development that require large, strategically-located sites that are shovel-ready.

**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