

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

FINANCIAL STATEMENTS
May 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the **COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY** (Agency), a New York Public Benefit Corporation and a component unit of the County of Lewis, New York, as of and for the years ended May 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the County of Lewis Industrial Development Agency, as of May 31, 2021 and 2020, and the changes in its financial position, and its cash flows for the years then ended in conformity with the accounting principles generally accepted in the United States of America.

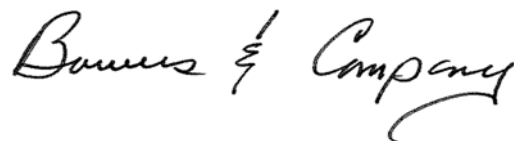
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2021 on our consideration of the County of Lewis Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Lewis Industrial Development Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Lewis Industrial Development Agency's internal control over financial reporting and compliance.



Watertown, New York
August 9, 2021

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2021 and 2020

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 years ended May 31, 2021 and 2020. Information contained in the MD&A has been prepared by the Agency management and should be considered in conjunction with the financial statements and the notes to the financial statements to better understand the Agency's financial position.

OPERATION HIGHLIGHTS

The Agency is a self-funded, public benefit corporation, which was created by Article 18A of the General Municipal Law, to help attract and enhance industrial development, create jobs and maintain economic stability within Lewis County. Our secondary function is to strengthen partnerships, collaborate and assist other agencies and county departments with tourism, natural resources, retail, wholesale, professional and community enhancements, making Lewis County a great place to live, work, build business and play.

The Agency has ongoing projects in which a payment in lieu of taxes, sales tax or mortgage recording tax exemption took place. These projects include Johnson Lumber, Solitude Solar Turin Solar, Carthage Solar Fund, Denmark Wind, Flat Rock Wind, Roaring Brook Wind, Brandt's Butcher Block, Lakeside Generation, MA&N Rail, MDBB Enterprises, Otis Technology, and Victorian Lake. Additionally, the Agency administers revolving loan funds and CDBG Grant funds for several local businesses.

During this fiscal year, the Agency continued to support new and existing businesses, as well as large manufacturers. In cooperation with our partners, Lewis County, Lewis County Chamber of Commerce, Cornell Cooperative Extension, and the Watertown Small Business Development Center, we provided consulting and business training services to entrepreneurs and business owners. The Agency is nearing the launch of an entrepreneurial training system that will formalize and tie together all of the pieces to make starting or growing a business in Lewis County a success. We continue to work cooperatively with local partners and municipalities to build opportunities for new business growth.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2021 and 2020

OPERATION HIGHLIGHTS - Continued

The County of Lewis Industrial Development Agency is a small entity focused on promoting *Naturally Lewis*; our strengths in agriculture, natural resources, small businesses and recreation. We work to promote Lewis County as a great place to live, work, build business and play, as well as work to grow the number of people that live and work here, build business here, and participate in outdoor recreation here.

In 2020-21 Board and Staff worked through a comprehensive strategic planning process and formalized a 3-5 year Strategic Plan to guide the Agency's operations. Key focus areas will be:

- ❖ Developing Partnerships
- ❖ Policy Development
- ❖ Research & Education
- ❖ Outreach & Visibility
- ❖ Strategic Funding Development

BASIC FINANCIAL STATEMENTS

The basic financial statements are designed to provide readers with a broad overview of the Agency's finances in a manner similar to a private-sector business.

The statements of net position present information on all the Agency's assets, deferred outflows of resources, deferred inflows of resources and liabilities. Net position, the difference between the Agency's assets, deferred outflows of resources, deferred inflows of resources and liabilities, is one way to measure the Agency's health or *position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without corresponding increases to liabilities will also result in increased net position, which indicates an improved financial position.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2021 and 2020

BASIC FINANCIAL STATEMENTS - Continued

The statements of revenues, expenses, and changes in net position presents information showing how the Agency's net position changed during the fiscal years. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The statements of cash flows provide information on the major sources and uses of cash during the year. The cash flow statement portrays net cash provided or used from operating, investing, capital, and non-capital financing activities.

NOTES TO THE FINANCIAL STATEMENTS

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.

FINANCIAL HIGHLIGHTS

- Total assets at May 31, 2021 were \$3,007,016. This was a decrease of \$23,978 over total assets of \$3,030,994 at May 31, 2020. The decrease was attributed to the current year payments received on loans receivable.
- Total assets at May 31, 2020 were \$3,030,994 compared to total assets of \$2,378,308 at May 31, 2019 or an increase of \$652,686 attributed to the proceeds from the sale of the Center for Business property (former Climax building) for \$900,000 on October 4, 2019.
- Total liabilities at May 31, 2021 were \$2,158 as compared to total liabilities of \$258,621 at May 31, 2020. The Agency paid back their line of credit for the Lyons Falls Mill demolition project as the project was concluded during fiscal year 2020-2021.
- Total liabilities at May 31, 2020 were \$258,621 as compared to total liabilities of \$61,628 at May 31, 2019. The Agency took drawdowns of \$246,337 on their line of credit for the Lyons Falls Mills demolition project.

COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2021 and 2020

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 May 31, 2021, 2020, and 2019.

Condensed Statements of Net Position

	2021	2020	2019
ASSETS			
Current and Other Assets	\$ 2,040,353	\$ 2,056,479	\$ 683,861
Restricted Assets	243,821	228,934	192,167
Capital Assets	313,274	318,698	1,012,820
Purchase Options on Real Estate	20,000	20,000	20,000
Loans Receivables, Net	389,568	406,883	469,460
Total Assets	<u>\$ 3,007,016</u>	<u>\$ 3,030,994</u>	<u>\$ 2,378,308</u>
LIABILITIES			
Current/Total Liabilities	<u>\$ 2,158</u>	<u>\$ 258,621</u>	<u>\$ 61,628</u>
NET POSITION			
Net Investment in Capital Assets	\$ 313,274	\$ 318,698	\$ 1,012,820
Restricted	243,821	228,934	192,167
Unrestricted	2,447,763	2,224,741	1,111,693
Total Net Position	<u>\$ 3,004,858</u>	<u>\$ 2,772,373</u>	<u>\$ 2,316,680</u>

Refer to the Statements of Net Position in the financial statements for more detail.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2021 and 2020

OVERVIEW OF FINANCIAL STATEMENTS - Continued

Analysis of Change in Net Position and Results of Operations

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

	2021	2020	2019
OPERATING REVENUES			
Agency Fees	\$ 314,993	\$ 230,557	\$ 229,577
Rental Income	10,073	98,186	132,146
Contract Revenue	192,000	180,558	-
Operating Grant Revenue	97,748	252,252	-
Bad Debt Recovery	7,167	-	-
Interest from Loans Receivables	26,688	14,851	17,339
Total Operating Revenues	<u>648,669</u>	<u>776,404</u>	<u>379,062</u>
OPERATING EXPENSES			
General Operations	252,779	267,449	448,205
Professional Fees	25,527	29,976	32,080
Depreciation	5,424	9,969	15,585
Other	132,696	269,477	40,947
Total Operating Expenses	<u>416,426</u>	<u>576,871</u>	<u>536,817</u>
Operating Income (Loss)	232,243	199,533	(157,755)
NON-OPERATING REVENUES (EXPENSES)			
Gain on Sale of Building	-	65,847	27,545
Grant Revenue	-	26,000	135,000
Interest Revenue/(Expense)	242	(5,687)	84
Total Non-Operating Revenues	<u>242</u>	<u>86,160</u>	<u>162,629</u>
Capital Contributions	-	170,000	-
Change in Net Position	232,485	455,693	4,874
Net Position, Beginning of Year	2,772,373	2,316,680	2,311,806
Net Position, End of Year	<u>\$ 3,004,858</u>	<u>\$ 2,772,373</u>	<u>\$ 2,316,680</u>

Refer to the Statements of Revenues, Expenses, and Changes in Net Position in the financial statements for more detail.

The Condensed Statements 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2021 and 2020

OVERVIEW OF FINANCIAL STATEMENTS - Continued

The change in net position was \$232,485 for the year ended May 31, 2021. This was a decrease of \$223,208 under the year ended May 31, 2020. The decrease was attributed to prior year capital contributions of \$170,000 for the Lyonsdale property and a decrease of \$154,504 in operating grant revenue recognized in final year of the NYS Empire State Development Corporation grant.

The change in net position was \$455,693 for the year ended May 31, 2020. This was an increase of \$450,819 over the year ended May 31, 2019. The increase was attributed to capital contributions of \$170,000 for the Lyonsdale property, \$180,558 of contract revenue from Lewis County and a \$252,252 operating grant recognized from NYS Empire State Development Corporation.

CAPITAL ASSETS, NET

The Agency's capital assets as of May 31, 2021, 2020 and 2019 are summarized as follows.

	2021	2020	2019
Capital Assets	\$ 251,666	\$ 252,902	\$ 954,720
Construction in Progress	74,314	74,314	74,314
	<u>325,980</u>	<u>327,216</u>	<u>1,029,034</u>
Accumulated Depreciation	<u>(12,706)</u>	<u>(8,518)</u>	<u>(16,214)</u>
Capital Assets, Net	<u>\$ 313,274</u>	<u>\$ 318,698</u>	<u>\$ 1,012,820</u>

During the fiscal year ended May 31, 2020, the Agency purchased and sold the Wood Products Industrial Park for \$350,000. The Agency also sold the former Climax property for \$ 900,000. This property was purchased by the Agency for \$800,000 during the fiscal year ended May31, 2019.

DEBT

	2021	2020	2019
Line of Credit - Community Bank	<u>\$ -</u>	<u>\$ 246,337</u>	<u>\$ -</u>

During the fiscal year ended May 31, 2020, the Agency received two drawdowns totaling \$246,337 on the line of credit with Community Bank. The drawdowns were used to pay project expenses for the Lyons Falls demolition project in anticipation of receiving a grant from NYS Empire Development Corporation. The line of credit was paid in full during the fiscal year ended May 31, 2021.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2021 and 2020

ECONOMIC FACTORS AND FUTURE OUTLOOK

During the 2020-2021 year, several projects were started which will enhance the economy for 2021-2022. They are:

- Wind and Solar Projects –The Agency continues to be involved in negotiations for wind and solar projects as developers begin to seek sales tax, property tax and mortgage recording tax benefits. As the fiscal year closed there were three large wind projects and eleven solar projects in various stages of development. The Agency continues to evolve our Universal Tax Exemption Policy and Solar Policy to better partner with Lewis County to capitalize on this economic opportunity while preserving and protecting other key industries.
- Solitude Solar Turin Solar - This project reached commercial operation during the fiscal year. The company has completed payment of its project fee to the Agency. The first year of PILOT payments occurred at the beginning of 2021.
- Roaring Brook Wind – This 80MW wind energy project in Martinsburg, NY is nearing operational and will begin PILOT payments in 2022.
- Number Three Wind – This 104MW wind energy project in Lowville, NY is nearing approval for incentives. Site work will begin in 2021 with construction of the towers occurring in 2022, when it will then become operational. PILOT payments are expected to begin in 2023.
- Solitude Solar Lowville Waters Rd Unit A – This 5MW solar project in Lowville, NY has been approved for incentives and has begun construction. The project should be complete and operational in 2021.
- Solitude Solar Lowville Waters Rd Unit B – This 2MW solar project in Lowville, NY has been approved for incentives and has begun construction. The project should be complete and operational in 2021.
- Solitude Solar Flat Rock Rd – This 4.8MW solar project in Martinsburg, NY has been approved for incentives and has begun construction. The project should be complete and operational in 2021.
- Solitude Solar Glendale Rd – This 1.8MW solar project in Martinsburg, NY has been approved for incentives and has begun construction. The project should be complete and operational in 2021.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2021 and 2020

ECONOMIC FACTORS AND FUTURE OUTLOOK - Continued

- Lyons Falls Mill –The Agency is partnering with the LCDC on the redevelopment of the mill site as the four-phase demolition project has come to completion. Four companies are now located on or adjacent to the mill site, including a hydropower company, a dairy processing facility, a local foods hub and a data mining company. The Agency continues to work with the LCDC on future development of the site.
- Lyonsdale Biomass Property – The Agency acquired the former Lyonsdale / ReEnergy Biomass property in 2020. An RFP process netted a buyer who is working toward purchase of the property to develop a USDA meat processing facility on the site. Sale is expected to occur in 2021.
- 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 2020 - 2021, the Agency has continued its partnership with Lewis County Development Corporation. The coordination of these entities will benefit overall program efforts.

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:

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

AUDITED BASIC FINANCIAL STATEMENTS

STATEMENTS OF NET POSITION

May 31, 2021 and 2020

	ASSETS	
	2021	2020
CURRENT ASSETS		
Cash	\$ 1,979,116	\$ 1,585,701
Accounts Receivable	3,751	21,121
Grants Receivable	-	387,252
Interest Receivable	3,000	3,000
Prepaid Insurance	138	-
Current Portion of Loans Receivable, Net	54,348	59,405
Total Current Assets	2,040,353	2,056,479
RESTRICTED ASSETS		
Restricted Cash	202,806	146,830
Loans Receivable, Net	41,015	82,104
Total Restricted Assets	243,821	228,934
NON CURRENT ASSETS		
Loans Receivable, Net	389,568	406,883
Capital Assets, Net	313,274	318,698
Purchase Options on Real Estate	20,000	20,000
Total Other Assets	722,842	745,581
TOTAL ASSETS	\$ 3,007,016	\$ 3,030,994
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 24	\$ 5,498
Accrued Expenses	2,134	3,986
Line of Credit	-	246,337
Tenant Security Deposits	-	2,800
TOTAL LIABILITIES	\$ 2,158	\$ 258,621
NET POSITION		
Net Investment in Capital Assets	\$ 313,274	\$ 318,698
Restricted	243,821	228,934
Unrestricted	2,447,763	2,224,741
TOTAL NET POSITION	\$ 3,004,858	\$ 2,772,373

See notes to audited basic financial statements.

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

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years Ended May 31, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Rental Revenue	\$ 10,073	\$ 98,186
Agency Fees	314,993	230,557
Contract Revenue	192,000	180,558
Operating Grant Revenue	97,748	252,252
Bad Debt Recovery	7,167	-
Interest From Loans Receivable	26,688	14,851
Total Operating Revenues	<u>648,669</u>	<u>776,404</u>
OPERATING EXPENSES		
Salaries and Wages	152,192	144,362
Payroll Taxes and Employee Benefits	21,606	17,378
Bad Debt Expense	21,998	1,954
Building Occupancy Expenses	8,973	46,246
Depreciation	5,424	9,969
Dues and Subscriptions	2,477	1,455
Economic Development Expenses	132,696	269,477
Insurance	2,424	4,160
Marketing	24,057	37,299
Office Supplies and Expenses	2,944	4,022
Printing	212	1,130
Professional Fees	25,527	29,976
Rent	8,450	3,125
Travel and Conferences	4,013	4,947
Utilities	3,433	1,371
Total Operating Expenses	<u>416,426</u>	<u>576,871</u>
OPERATING INCOME	<u>232,243</u>	<u>199,533</u>
NON-OPERATING REVENUES		
Gain on Sale of Building	-	65,847
Other Grant Revenue	-	26,000
Interest Revenue	242	228
Interest Expense	-	(5,915)
Total Non-Operating Revenues	<u>242</u>	<u>86,160</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	232,485	285,693
Capital Contributions	-	170,000
Change in Net Position	232,485	455,693
Net Position, Beginning of Year	<u>2,772,373</u>	<u>2,316,680</u>
Net Position, End of Year	<u>\$ 3,004,858</u>	<u>\$ 2,772,373</u>

See notes to audited basic financial statements.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
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STATEMENTS OF CASH FLOWS

Years Ended May 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Principal Loan Collections	\$ 59,784	\$ 24,389
Cash Received from Interest on Loans Receivables	26,688	17,163
Cash Received from Administrative Fees	314,042	259,450
Cash Received from Rental Income	10,073	66,247
Cash Received from Lewis County Contract	192,000	180,558
Cash Received from Operating Grant	485,000	-
Cash Received from Bad Debt Recovery	7,167	-
Cash Payments for Salaries and Benefits	(175,650)	(161,737)
Cash Payments for Suppliers of Goods and Services	(87,984)	(152,258)
Cash Payments for Projects	(132,696)	(269,477)
Cash Payments for Prepaid Insurance	(138)	-
Cash Payments for Tenant Security Deposits	(2,800)	(15,820)
Cash Payments for Loan Originations	-	(26,000)
Net Cash Provided By (Used In) Operating Activities	695,486	(77,485)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Nonoperating Grant Received	-	26,000
Cash Received From (Paid On) Line of Credit	(246,337)	246,337
Net Provided By (Used In) Noncapital Financing Activities	(246,337)	272,337
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES		
Proceeds from Sale of Capital Assets	-	1,270,000
Purchase of Capital Assets	-	(350,000)
Net Cash Provided By Capital and Financing Activities	-	920,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Earned	242	228
Interest Paid	-	(5,915)
Net Cash Provided By (Used In) Investing Activities	242	(5,687)
Net Increase in Cash	449,391	1,109,165
Cash, Beginning of Year	1,732,531	623,366
Cash, End of Year	\$ 2,181,922	\$ 1,732,531

See notes to audited basic financial statements.

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

STATEMENTS OF CASH FLOWS - CONTINUED

Years Ended May 31, 2021 and 2020

Cash	\$ 1,979,116	\$ 1,585,701
Restricted Cash	<u>202,806</u>	<u>146,830</u>
 Total Cash	 <u>\$ 2,181,922</u>	 <u>\$ 1,732,531</u>
 Reconciliation of Operating Income to Net Cash Used In		
Operating Activities:		
Operating Income	\$ 232,243	\$ 199,533
Depreciation	5,424	9,969
Bad Debt Expense	21,998	1,954
(Increase) Decrease in Operating Assets:		
Prepaid Expenses	(138)	-
Accounts Receivable	(951)	13,833
Grants Receivable	387,252	(252,252)
Interest Receivable	-	433
Loans Receivable	59,784	(1,611)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(5,474)	(18,527)
Accrued Expenses	(1,852)	3
Tenant Security Deposits	(2,800)	(15,820)
Unearned Rent Revenue	<u>-</u>	<u>(15,000)</u>
 Net Cash Provided By (Used In) Operating Activities	 <u>\$ 695,486</u>	 <u>\$ (77,485)</u>

See notes to audited basic financial statements.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2021 and 2020

NOTE 1 – NATURE OF OPERATIONS

Financial Reporting Entity

The County of Lewis Industrial Development Agency (the “Agency”) is a public benefit corporation, which was established under Title 1 of Article 18-A of the General Municipal Law of the State of New York for the purpose of promoting employment, attracting industry and businesses to the community or area and to lessen the burdens of government and act in the public interest. The Agency is considered to be a component unit of Lewis County since the Lewis County Board of Legislators appoints the Agency’s board of directors. Lewis County omits the Agency’s financial statements as a component unit in their financial statements since the Agency board members have complete responsibility for the management of the Agency and accountability for fiscal matters.

The governing body of the County of Lewis Industrial Development Agency is substantially the same as the governing body of the Lewis IDA Community Development Corporation (the “Corporation”); therefore, the financial information of the Corporation would be reported with the financial information of the Agency if there were activity in the Corporation. However, the corporation has been dormant for several years and there are no assets or liabilities. The Corporation is a nonprofit organization and is exempt from federal tax under Section 501(c) (3) of the Internal Revenue Code.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Financial Statements Presentation

The Agency’s financial statements are reported using the economic resources measurement’s focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Agency’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. In accordance with GASB Statement No. 62, the Agency’s proprietary funds follow all FASB statements issued prior to November 30, 1989 until subsequently amended, superseded or rescinded. The Agency also applies all FASB statements issued after November 30, 1989 that are developed for business enterprises, unless those statements conflict with or contradict a GASB statement.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2021 and 2020

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis of Accounting and Financial Statements Presentation - Continued

The Agency’s basic financial statements are presented in conformance with the provisions of GASB Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments”.

Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets—This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, loans, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Restricted Net Position—This component of net position consists of constraints placed on net position through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position—This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior amounts have been reclassified to conform to current year presentation.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2021 and 2020

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash

For purposes of the statements of cash flows, the Agency considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents at May 31, 2021 and 2020, respectively

Non-cash capital and financing activities:

	2021	2020
Capital Assets, Net	\$ <u> -</u>	\$ <u> 170,000</u>
Capital Contribution	\$ <u> -</u>	\$ <u> 170,000</u>

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. As of May 31, 2021 and 2020, management has determined based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary. Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Loans Receivables

Loans receivable are stated at unpaid principal balance. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

Loans receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management provides for probable uncollectible accounts through a provision for bad debt expense and an adjustment to an allowance for loan losses based on a loan rating system. The loan rating classifications are 1) Satisfactory, 2) Watch, and 3) Substandard. A percentage of each loan is allocated to the allowance calculation based on its classification. Management's periodic evaluation of the loan risk ratings is based on specific criteria such as past loan loss experience, cash flows, and estimated value of any underlying collateral. It is the Agency's policy to charge off uncollectible loans receivable when management determines the receivable will not be collected.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2021 and 2020

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets

Capital assets are recorded at cost if purchased; or at fair market value on the date of gift, if donated. The Agency adopted a formal capitalization policy. Expenditures for major renewals and betterments that exceed \$1,000 and extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Buildings are depreciated using the straight-line method over a useful life of thirty-nine years. Furniture and equipment are depreciated on the straight-line basis over seven years.

Revenue and Expenses

Revenue and expenses are distinguished between operating and non-operating items. Operating revenues generally result from providing services in connection with the Agency's principal ongoing operations. The principal operating revenues of the Agency are fees and interest revenue for administering bond issuances, PILOTs, and loan services. Operating expenses include the costs associated with the loan services, administrative expenses and depreciation on capital assets. Expenses that are for the development of economic activities are included in project expenses under operating expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Payment in Lieu of Tax Agreements

The Agency has entered a Payment in Lieu of Tax (PILOT) agreement with various companies, whereas the company will make annual payments in lieu of taxes to the Agency and the Agency will remit annual payments to the appropriate tax jurisdictions. The Agency reports no revenues or expenses related to the PILOT programs as amounts are only passed-through the Agency.

Tax-Exempt Status

The Agency is exempt from taxation under the Internal Revenue Code 1986. Management has determined that the Agency does not have any uncertain tax positions.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2021 and 2020

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Impact of COVID-19 Pandemic on Financial Statements

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Agency and financial results will depend on future developments, which are highly uncertain and cannot be predicted, including but not limited to the duration, spread, severity, and impact of the outbreak, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Agency's financial position and changes in net position and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Date of Management's Review

Management has evaluated subsequent events through August 9, 2021, the date which the financial statements were available to be issued. Management has determined no such events have occurred.

NOTE 3 – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

The Agency's investment policies are governed by state statutes. The Agency's monies must be deposited in FDIC insured commercial banks or trust companies located within the state or obligations of the U.S. treasury and U.S. Agencies.

Collateral is required for demand and time deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

Deposits are valued at cost or cost-plus interest and are categorized as follows:

1. Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the entity's name; or
2. Uncollateralized.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2021 and 2020

**NOTE 3 – CUSTODIAL CREDIT, CONCENTRATION OF
CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS -**

Continued

Total financial institution (bank) balances at May 31, 2021 per the banks were \$2,336,868. These deposits are categorized as follows:

(1)	(2)
\$ 2,336,868	\$ -

The Agency does not typically purchase investments and is not exposed to any material interest rate risk. The Agency does not typically purchase investments denominated in foreign currency and is not exposed to foreign currency risk.

NOTE 4 – PURCHASE OPTIONS ON REAL ESTATE

On June 15, 2012, the Agency was granted the exclusive right and option to purchase a commercial building owned by Black Moose Development, LLC in Lyons Falls, New York for \$10,000. The term of this option will expire on October 21, 2021.

On August 23, 2018 the Agency renewed a purchase option with a private owner for a total of \$10,000 for a potential business park. The option has expired; however, the Agency is permitted to renew the option per the terms of the agreement.

The total purchase options on real estate are \$20,000 as of May 31, 2021 and 2020, respectively.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2021 and 2020

NOTE 5 – CAPITAL ASSETS, NET

Capital Assets, Net at May 31, 2021 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Non-Depreciable Assets:				
Land and Land Improvements	\$ 40,166	\$ -	\$ -	\$ 40,166
Construction in Progress	74,314	-	-	74,314
Depreciable Assets:				
Furniture and Fixtures	1,236	-	(1,236)	-
Buildings	211,500	-	-	211,500
Total	327,216	-	(1,236)	325,980
Less - Accumulated Depreciation	8,518	5,424	(1,236)	12,706
Capital Assets, Net	<u>\$ 318,698</u>	<u>\$ (5,424)</u>	<u>\$ -</u>	<u>\$ 313,274</u>

Capital Assets, Net at May 31, 2020 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Non-Depreciable Assets:				
Land and Land Improvements	\$ 90,166	\$ 104,000	\$ (154,000)	\$ 40,166
Construction in Progress	74,314	-	-	74,314
Depreciable Assets:				
Furniture and Fixtures	1,236	-	-	1,236
Buildings	863,318	416,000	(1,067,818)	211,500
Total	1,029,034	520,000	(1,221,818)	327,216
Less - Accumulated Depreciation	16,214	9,969	(17,665)	8,518
Capital Assets, Net	<u>\$ 1,012,820</u>	<u>\$ 510,031</u>	<u>\$(1,204,153)</u>	<u>\$ 318,698</u>

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2021 and 2020

NOTE 5 – CAPITAL ASSETS, NET- Continued

The Agency has identified a site for a future business park near the Village of Lowville and has also invested in a former manufacturing site. The Agency has incurred preliminary site costs in the amount of \$74,314 for the years ended May 31, 2021 and 2020, respectively.

The Agency owns a building located at Trinity Avenue in Lowville, New York. The carrying value of the property is \$93,063 and \$95,410 as of May 31, 2021 and 2020, respectively. The Agency leases the building and collected monthly rent of \$486 through September 24, 2019. The monthly rent of \$972 is scheduled from September 25, 2019 through September 24, 2026 and \$1,458 per month from September 25, 2026 through September 24, 2027.

The future minimum rental revenues to be collected are as follows:

2022	\$	11,311
2023		11,664
2024		11,664
2025		11,664
2026		11,664
Thereafter		<u>25,216</u>
Total	\$	<u><u>83,183</u></u>

NOTE 6 – LOANS RECEIVABLE, NET

Loans Receivable consist of mortgage receivables for property and installment lease receivables for equipment. These receivables are originated with unrestricted funds of the Agency and approved by the governing board for the purpose of economic development. As of May 31, 2021 and 2020, the unrestricted loans receivable, net of the allowance for loan losses were \$443,916 and \$466,288, respectively.

The Agency has established a microenterprise loan program to provide small eligible businesses with loans to stimulate businesses activity through start-up and expansion projects. This program was funded with \$79,000 of unused HUD CDBG monies from Lewis County. The Agency and County maintain a service agreement for the administration of the program. The receivables are restricted for the microenterprise loan program. As of May 31, 2021 and 2020, the loans receivable balance net of the allowance restricted for the microenterprise loan program were \$14,858 and \$35,562, respectively.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2021 and 2020

NOTE 6 – LOANS RECEIVABLE, NET - Continued

The Agency also participates in the USDA Rural Business Enterprise Grant (RBEG) revolving loan fund program. Per the terms of the grant agreement the receivables are restricted for the RBEG program. As of May 31, 2021 and 2020, the loans receivable balance net of the allowance restricted for the RBEG loan program were \$26,157 and \$46,542, respectively.

Loans Receivable, net consist of the following at May 31, 2021 and 2020:

	2021	2020
<p>The Agency entered into a note and mortgage agreement with Black Moose Development, LLC on May 10, 2011 in the amount of \$100,000. The mortgage was originally executed between Black Moose Development, LLC and Michael R. Johnson. On May 5, 2011 Mr. Johnson assigned the mortgage to the County of Lewis Industrial Development Agency. The mortgage created a lien on real estate located in the Village of Lyons Falls, New York. The interest rate is 3.00% per year. The Agency shall receive annual payments of interest only beginning on May 10, 2012 through April 10, 2022. Beginning on May 10, 2022, the Agency shall receive monthly installments of principal plus interest each month through the maturity date of April 10, 2032.</p>	\$ 100,000	\$ 100,000
<p>On August 30, 2016, the Agency entered into an agreement with Snow Ridge Ski Resort to provide them with a loan for \$50,000 at an interest rate of 4.50% over 5 years (60 Payments). Principal and interest payments of \$932 will be due each month. This loan consists of two separate promissory notes at \$25,000 each. These loans were paid in full during the year ended May 31, 2021.</p>	-	32,552
<p>On May 19, 2017, the Agency entered into an agreement with Arbor Care to provide them with a Microloan of \$25,300 at an interest rate of 5.00% over 5 years. Principal and interest payments of \$468 are due each month.</p>	7,824	12,909
<p>On September 25, 2017, the Agency entered into an installment sale agreement with Skewed Brewing to purchase equipment for \$186,980 at an interest rate of 4.00% over ten years. Monthly payments will begin on October 25, 2017, in the amount of \$946.54 until September 25, 2019. Monthly payments in the amount of \$1,893 will be due during the period beginning October 25, 2019 and ending September 25, 2025. Monthly payments of \$3,195 will be due for the period beginning October 25, 2025 and ending September 25, 2027.</p>	165,754	175,872

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2021 and 2020

NOTE 6 – LOANS RECEIVABLE, NET - Continued

	2021	2020
On September 25, 2017, the Agency entered into an agreement with Skewed Brewing to provide a loan in the amount of \$29,500 for a period of 5 years with an interest rate of 4.00%. Principle and interest payments of \$598 are due beginning August 1, 2018 through January 1, 2023.	16,500	18,593
On November 20, 2018, the Agency entered into a mortgage agreement with Hand in Hand Early Childhood Center, Inc. in the amount of \$200,000. The mortgage is for a period of 25 years (300 payments) and carries an interest rate of 5.25%. Principal and interest payments in the amount of \$1,199 are due each month beginning January 1, 2019 and ending December 1, 2043.	191,113	194,996
On November 14, 2019, the Agency entered into a loan agreement with Osceola Ski and Sport Resort, LLC, to provide a loan in the amount of \$26,000 at an interest rate of 5.25% over 5 years. Principal and interest payments of \$494 are due each month.	19,718	24,084
On December 27, 2018, the Agency entered in an installment sale agreement with Black River Valley Natural, LLC to purchase equipment for \$22,000 at an interest rate of 5% over 10 years (120 payments). Monthly principal and interest payments in the amount of \$233 are due at the beginning of each month beginning February 1, 2019 and ending January 1, 2029.	<u>18,275</u>	<u>19,962</u>
Total Loans Receivable	519,184	578,968
Less: Allowance for Loan Loss	(34,253)	(30,576)
Less: Current Portion	<u>(54,348)</u>	<u>(59,405)</u>
Loans Receivable, Net	<u>\$ 430,583</u>	<u>\$ 488,987</u>
	2021	2020
Reconciliation of Loans Receivable, Net to Statements of Net Position		
Restricted Assets - Loans Receivable, Net	41,015	82,104
Noncurrent Assets - Loans Receivable, Net	<u>389,568</u>	<u>406,883</u>
Total Loans Receivable, Net	<u>\$ 430,583</u>	<u>\$ 488,987</u>

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2021 and 2020

NOTE 6 – LOANS RECEIVABLE, NET - Continued

Annual principal future maturities of the loan receivables as of May 31, 2021 are as follows:

2022	\$	54,348
2023		47,901
2024		40,812
2025		40,039
2026		36,167
Thereafter		299,917
Total	\$	<u>519,184</u>

Credit Quality Information

Credit quality as of May 31, 2021 and May 31, 2020 are as follows:

Internally assigned grade:

Satisfactory – loans in this category show the borrower is responsible for the credit, financial statements are current, of good quality and in adequate detail, financial condition is generally on par with the industry average, earnings are generally profitable, cash flow is sufficient, borrower adheres to repayment schedule and loan covenants, integrity and ability of management are good, and collateral is adequate.

Watch – loans in this category contain higher risk profiles but credit is generally current, and the loan is being paid as agreed. These loans may be missing current financial statements, financial conditions is below industry average, the borrower is experiencing negative trends or unstable financial performance, cash flow may be potentially inadequate, borrower adheres to repayment schedule but may have violated loan covenants, integrity of management is good, collateral is moderate, and the business may be closing.

Substandard – loans in this category are inadequately protected by the current sound worth and paying capacity of the borrower or of the collateral pledged. These loans hold the distinct possibility that the Agency will sustain some losses if the deficiencies are not corrected.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2021 and 2020

NOTE 6 – LOANS RECEIVABLE, NET - Continued

Credit Quality Information - Continued

May 31, 2021	Satisfactory	Watch	Substandard	Total Loans Receivable
Real Estate and Equipment Loans Receivable	\$ 309,388	\$ 165,754	\$ -	\$ 475,142
Micro Enterprise Loans Receivable	7,824	8,250	-	16,074
RBEG Program Loans Receivable	19,718	8,250	-	27,968
	<u>\$ 336,930</u>	<u>\$ 182,254</u>	<u>\$ -</u>	<u>\$ 519,184</u>
May 31, 2020	Satisfactory	Watch	Substandard	Total Loans Receivable
Real Estate and Equipment Loans Receivable	\$ 490,830	\$ -	\$ -	\$ 490,830
Micro Enterprise Loans Receivable	22,206	16,074	-	38,280
RBEG Program Loans Receivable	33,380	16,478	-	49,858
	<u>\$ 546,416</u>	<u>\$ 32,552</u>	<u>\$ -</u>	<u>\$ 578,968</u>

The aging of the Loans Receivable portfolio as of May 31, 2021 and 2020 are summarized as follows:

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Current	Total Loans Receivable
May 31, 2021 Loans Receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,254</u>	<u>\$ 336,930</u>	<u>\$ 519,184</u>
May 31, 2020 Loans Receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,552</u>	<u>\$ 546,416</u>	<u>\$ 578,968</u>

The allowance for loan losses is based on management's loan risk ratings. The funding of the allowance account is adjusted based on the loan risk rating calculation. The allowance for loan losses at May 31, 2021 and 2020 was \$34,253 and \$30,576, respectively.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2021 and 2020

NOTE 6 – LOANS RECEIVABLE, NET - Continued

Activity in the allowance for loan losses is as follows:

Balance - June 1, 2019	\$ 37,855
Provision for Loan Loss	1,954
Recovery	-
Write-offs	<u>(9,233)</u>
Balance - May 31, 2020	\$ 30,576
Provision for Loan Loss	3,677
Recovery	-
Write-offs	<u>-</u>
Balance - May 31, 2021	<u>\$ 34,253</u>

NOTE 7– LINE OF CREDIT

A promissory note dated December 26, 2019 was signed between the Agency and Community Bank for an unsecured line of credit loan to the Agency in the amount of \$350,000 due December 30, 2020. The interest rate is variable based on the Wall Street Journal Prime Rate (the “Index”). The interest rate at May 31, 2020 was 5.25%. At May 31, 2021 and 2020, the outstanding loan balance was \$0 and \$246,337, respectively. The proceeds were used to finance the Lyons Falls paper mill demolition economic development project in anticipation of grant revenue to be received from the Empire State Development Corporation. During the year ended May 31, 2021, the grant revenue was received and the line of credit was paid in full.

NOTE 8 – INDUSTRIAL DEVELOPMENT REVENUE BONDS

Certain industrial development revenue bonds and notes issued by the Agency are secured by property, which is leased to companies and is retired with lease payments. The bonds are not obligations of the Agency or the State. The Agency does not record assets or liabilities resulting from completed bond issues in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond holders, and funds arising from issues are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds. At May 31, 2021 and 2020 there were no outstanding industrial development revenue bonds.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2021 and 2020

NOTE 9 – RESTRICTED NET POSITION

	2021	2020
Economic Development Fund	\$ 66,086	\$ 66,079
Micro Enterprise Loan Fund	83,955	78,743
Rural Business Enterprise Loan Fund	<u>93,780</u>	<u>84,112</u>
Total Restricted Net Position	<u>\$ 243,821</u>	<u>\$ 228,934</u>

The economic development fund represents restricted cash from prior year unspent contracts from Lewis County. The micro enterprise loan fund and the rural business enterprise loan fund are described in Note 6. The restricted assets relating to the loan funds consist of cash and outstanding loans receivable, net of allowance.

NOTE 10 – CONTRACT REVENUE

The Agency has received a contract of \$190,000 from the County of Lewis and a contract of \$2,000 from the Lewis County Development Corporation to be used by the Agency for economic development projects that benefit the communities of Lewis County. For the years ended May 31, 2021 and 2020, contract revenue was recognized in the amount of \$192,000 and \$180,558, respectively.

NOTE 11 – OPERATING GRANT REVENUE

The Agency participates in an agreement with the Village of Lyons Falls and Lewis County Development Corporation to facilitate the abatement and demolition of structures located at the former Lyons Falls Pulp and Paper Mill in Lyons Falls, New York. The Agency has been approved for \$350,000 in funding by the New York Empire State Development Corporation for their share of economic development project costs. The Agency has recognized grant revenue and economic development project expenses of \$97,748 and \$252,252 for the years ended May 31, 2021 and 2020, respectively.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2021 and 2020

NOTE 12 – OTHER GRANT REVENUE

In a prior year, the Agency was awarded a Rural Business Enterprise Grant (RBEG) from the United States Department of Agriculture (USDA), Rural Development in the amount of \$90,000. The grant agreement consists of a revolving loan fund for eligible businesses. Per the grant agreement, the Agency must use the proceeds from the loan repayment for other Agency approved loans and cannot be used for general operations of the Agency. The total amount of grant revenue recognized was \$0 and \$26,000 as of May 31, 2021 and 2020, respectively.

The Agency is a subrecipient of a HUD micro enterprise loan program grant from the County of Lewis. The grant is disbursed as loans to eligible businesses. For the years ended May 31, 2021 and 2020, grant revenue was recognized in the amount of \$0, respectively.

NOTE 13 – OPERATING LEASE

During the year ended May 31, 2021, the Agency paid monthly rent for occupied office space at a new location. The monthly rent is \$700 per month for a term beginning September 15, 2020 and ending September 15, 2021.

During the year ended May 31, 2020, the Agency leased office space in the Center for Business at \$350 per month for a term beginning October 4, 2019 and ending October 3, 2020.

Total rent expense was \$8,450 and \$3,125 for the years ended May 31, 2021 and 2020, respectively.

NOTE 14 – RETIREMENT PLAN

The Agency participates in a Simple IRA plan. The Agency's contribution is set at 3% of employees' annual salary. All full-time employees are eligible to participate in the plan. For the years ended May 31, 2021 and 2020, retirement expense was \$4,539 and \$2,939, respectively.



**BOWERS & COMPANY
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CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**BOARD OF DIRECTORS
COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY**, as of and for the year ended May 31, 2021, and the related notes to the financial statements, which collectively comprise County of Lewis Industrial Development Agency's basic financial statements and have issued our report thereon dated August 9, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Lewis Industrial Development Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Lewis Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Lewis Industrial Development Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

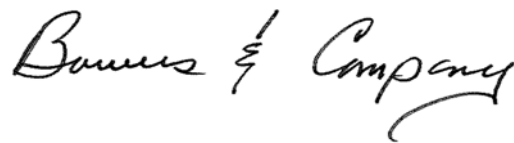
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Lewis Industrial Development Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Banner & Company". The signature is written in black ink and is positioned to the right of the date and location information.

Watertown, New York
August 9, 2021



**BOWERS & COMPANY
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

2021 INVESTMENT REPORT

**BOARD OF DIRECTORS
COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY**

The County of Lewis Industrial Development Agency had no investments to report in 2021.

Brittany Davis, Executive Director
August 9, 2021



August 9, 2021

To the Board of Directors of
County of Lewis Industrial Development Agency

We have audited the financial statements of the business-type activities of the County of Lewis Industrial Development Agency for the year ended May 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We communicated such information in our letter to you dated May 19, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management has the responsibility for the selection and use of appropriate accounting policies. The significant accounting policies used by County of Lewis Industrial Development Agency are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2021. We noted no transactions entered into by the County of Lewis Industrial Development Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the useful lives of capital assets is based on generally accepted guidelines. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

To the Board of Directors of
County of Lewis Industrial Development Agency
August 9, 2021
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The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 9, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County of Lewis Industrial Development Agency's basic financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

To the Board of Directors of
County of Lewis Industrial Development Agency
August 9, 2021
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Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County of Lewis Industrial Development Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and Management of County of Lewis Industrial Development Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bowers & Company