

JEFFERSON COUNTY INDUSTRIAL
DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF
THE COUNTY OF JEFFERSON, NEW YORK

FINANCIAL STATEMENTS

September 30, 2020

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BOWERS & COMPANY CPAs PLLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jefferson County Industrial Development Agency

Report on the Financial Statements

We have audited the accompanying financial statements of Jefferson County Industrial Development Agency (the Agency), a New York Public Benefit Corporation and a discretely presented component unit of the County of Jefferson, New York, as of and for the year ended September 30, 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 Responsibility 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 audit. We conducted our audit 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jefferson County Industrial Development Agency, as of September 30, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with 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 (pages 4-15) 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.

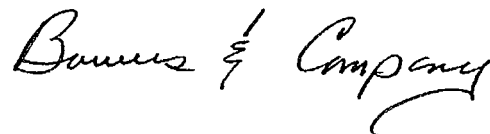
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Jefferson County Industrial Development Agency's basic financial statements. The supplemental schedules, SS1 – SS6, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2020, on our consideration of Jefferson County 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 Jefferson County 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 Jefferson County Industrial Development Agency's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Bowers & Company". The signature is written in black ink and is positioned to the right of the main text block.

Watertown, New York
November 25, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2020

The following is a discussion and analysis of Jefferson County Industrial Development Agency (the Agency) for the fiscal year ended September 30, 2020. This section is a summary of the Agency's financial activities based on currently known facts, decisions, or conditions. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented in conjunction with the financial statements, which immediately follow this section. Responsibility for completeness and fairness of the information contained rests with the Agency.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's financial statements, which are composed of the basic financial statements, the notes to the financial statements and other supplemental information as described below. The financial statements of the Agency report information about the Agency using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. Responsibility for the completeness and fairness of the information contained rests with the Agency's management.

This section also includes discussion and analysis of the Agency's two component units. Jefferson County Local Development Corporation issues separate audited reports which may be obtained from the Agency.

The Jefferson County Local Development Corporation (JCLDC) was created to develop and cultivate a strong economic environment, which supports businesses and nurtures growth and new investment in the County, and provides Administrative Services to the Agency. The Organization was formed October 1, 2009.

The Jefferson County Civic Facility Development Corporation (JCCFDC) was created to perform essential governmental functions including activities associated with job creation, and promotion of community and economic activities within and around the County, and issue certain bonds on behalf of the County. The Organization was formed April 5, 2011.

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.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2020

BASIC FINANCIAL STATEMENTS - Continued

The statement of net position presents 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.

The statement of revenues, expenses, and changes in net position presents information showing how the Agency's net position changed during the fiscal year. 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 statement of cash flows provides 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 provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Supplemental Information

In addition to the basic financial statements and accompanying notes, this report presents Supplemental Schedules SS-1 through SS-6 on pages 36 - 41, which are presented for purposes of additional analysis only.

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2020

FINANCIAL ANALYSIS

Statement of Net Position

The Agency and its component units' assets consist primarily of cash, loans receivable, grants receivables, and capital assets, net. The restricted cash accounts consist of prepaid PILOT monies and funds held for lending from various loan programs. Descriptions of the loan programs are presented below:

- ◆ **Revolving Loan Program**—this program generally provides loans up to about \$250,000. In extenuating circumstances, larger loans have been made. The interest rate is typically below market and the term ranges from 1 year to 20 years. Usually, the loan dollar amount caps at 40% of the total project costs. These loans are considered to be restricted.
- ◆ **Microenterprise Loan Program**—this program generally provides loans up to \$40,000. It is designed for smaller projects for businesses employing five or fewer people. Some or all of the employees need to be in the low to moderate-income levels as defined by the federal government. These loans are considered to be restricted.
- ◆ **City Loan Program**—this program is designed for projects located in the City of Watertown. These loans are considered to be restricted.
- ◆ **Board Designated Loans**—the JCLDC has established a loan program to make loans for economic development in the Jefferson County area. These loans are considered to be unrestricted.

Restricted loans receivable, net of the allowance for uncollectible loans of \$220,642 at September 30, 2020 were \$609,694.

Unrestricted loans receivable at September 30, 2020 were \$767,558. All loans were deemed collectible and no allowance was necessary at year-end.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2020

FINANCIAL ANALYSIS- Continued

Statement of Net Position- Continued

The Agency and its component units' major liabilities consist of operating payables, unearned revenues, and interest payments due to HUD. Additionally, various notes payable were incurred for costs associated with the purchase and improvements to the 146 Arsenal building and improvements to the Industrial Park land.

Deferred outflows and inflows are recorded for payments due to taxing jurisdictions from PILOT payments. These monies are passed through the Agency.

Net position includes capital assets, net of depreciation and related debt of \$1,496,742, unrestricted balance of \$4,220,153 and restricted funds as follows:

Revolving Loan Funds	\$ 4,236,361
Microenterprise Loan Funds	276,947
City Loan Funds	283,238
Total Restricted Funds	<u>\$ 4,796,546</u>

Capital Assets

Capital assets are comprised of land (approximately 75 acres of industrial park land) and a building (City Center Plaza, Arsenal Street, Watertown, New York), and various furniture and fixtures. The Agency has also purchased approximately 101 acres adjacent to the Watertown International Airport. This land will be used to develop an Airport Industrial Park.

	2019	2020
Land and Improvements	\$ 1,094,321	\$ 1,094,321
Work in Progress	110,260	195,345
Equipment	188,803	188,803
Building	<u>1,738,690</u>	<u>1,738,690</u>
Total Capital Assets	3,132,074	3,217,159
Less: Accumulated Depreciation	<u>1,440,567</u>	<u>1,540,257</u>
Total Capital Assets, Net	<u>\$ 1,691,507</u>	<u>\$ 1,676,902</u>

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2020

FINANCIAL ANALYSIS - Continued

Condensed Statement of Net Position

	September 30,	
	2019	2020
ASSETS		
Cash	\$ 8,050,972	\$ 7,756,172
Loans Receivable, Net	1,504,186	1,377,252
Notes Receivable, Current	1,880	1,896
Notes Receivable, Non-Current	19,905	18,023
Other Receivables	11,910	13,829
Capital Assets, Net	1,691,507	1,676,902
Other Assets	2,695	8,284
TOTAL ASSETS	<u>\$ 11,283,055</u>	<u>\$ 10,852,358</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 387,646</u>	<u>\$ 64,670</u>
LIABILITIES		
Current Liabilities	\$ 208,665	\$ 140,734
Long-Term Liabilities	200,065	198,183
TOTAL LIABILITIES	<u>\$ 408,730</u>	<u>\$ 338,917</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ 431,902</u>	<u>\$ 64,670</u>
NET POSITION		
Net Investment in Capital Assets	\$ 1,511,347	\$ 1,496,742
Restricted	4,787,280	4,796,546
Unrestricted	4,531,442	4,220,153
TOTAL NET POSITION	<u>\$ 10,830,069</u>	<u>\$ 10,513,441</u>

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

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2020

FINANCIAL ANALYSIS - Continued

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

	For Years Ended September 30	
	2019	2020
Operating Revenues		
Bond Issue and Administrative Fees	\$ 241,330	\$ 443,160
Interest on Loans Receivable	93,061	68,612
Jefferson County Support	414,120	414,120
Community Development Agreement	279,427	279,427
Other Operating Revenues	45,065	2,060
Total Operating Revenue	1,073,003	1,207,379
Operating Expenses		
Project	139,814	209,317
General and Administrative	1,113,855	1,373,188
Bad Debt Expense/Allowance Adjustment	165,087	(36,131)
Depreciation	114,389	99,690
Total Operating Expenses	1,533,145	1,646,064
Net Loss from Operations	(460,142)	(438,685)
Non-Operating Revenues	164,704	122,057
CHANGE IN NET POSITION	(295,438)	(316,628)
NET POSITION, BEGINNING OF YEAR	11,125,507	10,830,069
NET POSITION, END OF YEAR	\$ 10,830,069	\$ 10,513,441

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

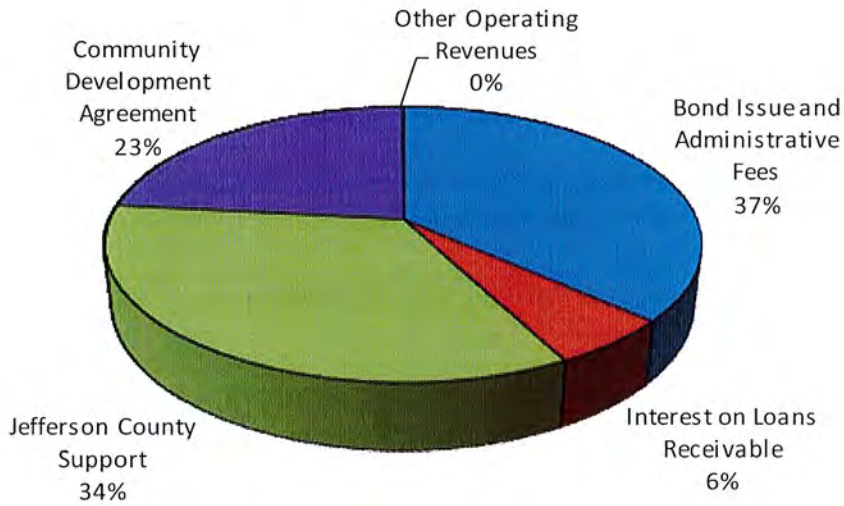
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2020

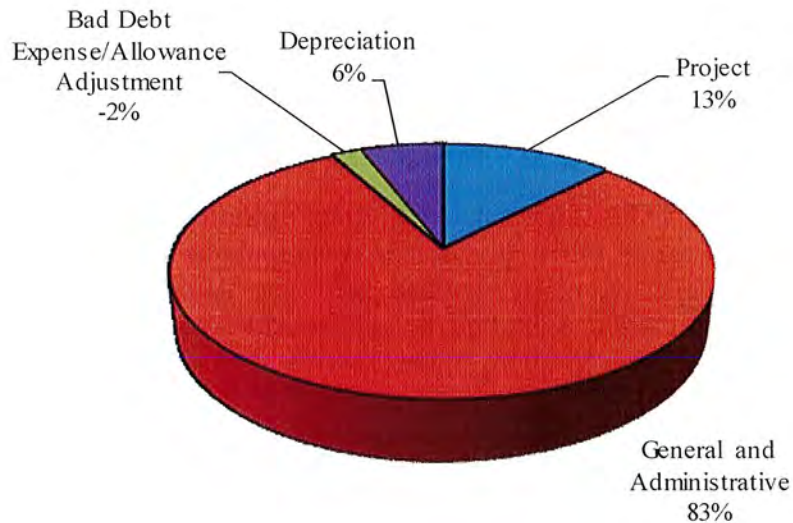
FINANCIAL ANALYSIS - Continued

Statement of Revenues, Expenses, and Changes in Net Position – Continued

Revenues



Expenses



JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2020

FINANCIAL ANALYSIS - Continued

Statement of Revenues, Expenses, and Changes in Net Position - Continued

The Agency's main revenue comes from fees generated through the issuance of PILOTs, underwriting and loan administrative fees, and interest earned on loan program receivables. Interest earned on the loan programs during this fiscal period was \$68,612. Other revenue is generated through grants for the various projects the Agency is administering. Grant income consisted of government grants passed through the Agency.

Operating expenses typically relate to the various projects the Agency is working on (other grant projects). The main operating expense is the Administrative Services Contract .

The major revenue and expense items for year ended September 30, 2020 relate to normal program operations.

The Agency's decrease in net position for 2020 was \$316,628; which was less than originally budgeted. Total Net Position at year-end was \$10,513,441. Refer to the statement of revenues, expenses, and changes in net position in the combined financial statements for more detail.

OVERVIEW OF THE AGENCY'S PROJECTS

146 Arsenal

In 2002, the Agency, along with state and local entities, successfully recruited Stream International, Inc. ("Stream"), a subsidiary of Solectron, to bring an outgoing call center to Jefferson County. The company created over 800 new jobs. The incentive package was over \$16,000,000 in grants, tax credits, and reduced energy costs.

In 2003, the Agency borrowed \$7,649,885 from M&T Bank in order to renovate the Woolworth building to house the new call center. This 10-year loan was repaid in full through lease payments collected by the Agency from Stream. In October 2014, the Agency negotiated a five-year extension of the lease, and provided \$500,000 in capital additions to the building, enabling continued growth of the call center. In 2016, Stream was sold to Convergys who assumed the current lease, which expired September 30, 2018. The lease was renewed by Convergys, effective October 1, 2018, for an additional three-year period under the same terms and conditions. Effective September 30, 2019, Convergys (Concentrix) cancelled the lease and discontinued business in Watertown, NY. The building remained vacant during year ended 2020. The Agency is currently in negotiations with two potential tenants for the building.

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2020

OVERVIEW OF THE AGENCY'S PROJECTS - Continued

Industrial Access Program

The Agency was also awarded a \$948,500 grant/loan from the Industrial Access Program by the State of New York. This money was used to build a road to expand the Agency's current Industrial Park by 96 acres. The Agency will repay 40% of the grant or \$379,400. This will be due within 5 years after the project is complete and approved by New York State, and the funds will come from the sale of the land. The project was completed in the first quarter 2005, however, it has not been approved by New York State as of the year ended September 30, 2020. Long-term liabilities for the year ended September 30, 2020 is \$180,160 due to New York State for this project.

Community Development Agreement

On September 1, 2016 the Agency entered into Amendment #5 to the Community Development Agreement for the renovation and revitalization of housing on Fort Drum. This project is in excess of \$74,000,000. The agreement grants the developer, Fort Drum Mountain Homes, relief from sales tax. This agreement is Phase 5 of a 50 year agreement, and provides for payment of a Community Development Fee of \$279,427 per year; the fee is shared between the County and the Agency on a 50% basis. The first payment was made January 11, 2017 and continues through January 2021.

Projects Completed During the Year Ended September 30, 2020

During the fiscal year ended September 30, 2020, we continued work to prepare the Airport Business Park and received Shovel Ready designation by NYS.

We have provided a developer with assistance in developing an Agricultural Park. Two new occupants have been secured and buildings are currently under construction.

We are providing ongoing assistance in the development of a Microgrid and other alternative energy systems, with the main focus being solar farms.

One Microenterprise Loan was given to assist small business development.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2020

BUDGETARY HIGHLIGHTS

For the year ended September 30, 2020, JCIDA granted four PILOT Agreements for four separate 5 MW Solar projects. The Agency generates significant revenues through fees associated with these agreements. In addition to this, the airport development project has not started due to infrastructure issues, however, the Agency has acquired several vacant parcels for future development. The entire project has gone through extensive environmental review and was designated as Shovel Ready during last year. We are anticipating more Solar PILOT Agreements to be granted during the next fiscal year.

It is also noted that for the year ended September 30, 2020, JCLDC administrative support services fee was \$600,377.

On August 4, 2017, the Agency was awarded a Northern Border Regional Commission (NBRC) Grant. This grant is for construction of water mains, wastewater lines, and road work necessary to establish a new business park adjacent to the Watertown International Airport. The total estimated cost of this project is \$7,250,700. The NBRC Grant is for \$500,000 to be awarded when costs for the project have been incurred. This money will be used to cover a portion of professional fees on the project.

NYS Empire State Development Grant, \$1,121,000. Reimbursable at project completion. Covers engineering services, site prep, access road, wastewater lines, electric and gas utilities and communication cable.

US Economic Development Administration, \$703,000. Quarterly Reimbursement for site prep, water and waste water lines and communication cable.

DASNY Municipal Facilities Grant \$500,000. Reimbursable at project completion. Funding for engineering and site prep.

During the year ended September 30, 2020, engineering work took place on the site.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2020

BUDGETARY HIGHLIGHTS - Continued

	Budget	Actual	Variation
Revenue			
Administrative Fees	\$ 7,200	\$ 8,520	\$ 1,320
Community Development Agreement	279,427	279,427	-
Loan Program Fees	69,561	68,590	(971)
Interest Income	2,500	3,130	630
Late Payment Penalty	700	99	(601)
Grant Income	-	-	-
Other Operating Revenue	2,000	1,961	(39)
PILOT Fees	518,017	360,550	(157,467)
JCCFDC Transfer	-	-	-
Interest from Loan Receivable	68,200	41,291	(26,909)
Total Revenue	\$ 947,605	\$ 763,568	\$ (184,037)
Expenses			
Administrative Service Fees	\$ 601,627	\$ 600,377	\$ 1,250
Office Expense	140,714	140,819	(105)
Consultants	1,000	6,280	(5,280)
Insurance Expense	37,400	45,493	(8,093)
Legal Expenses	17,000	13,671	3,329
Professional Fees	11,800	10,375	1,425
146 Arsenal Building Maintenance	25,000	208,635	(183,635)
Corporate Park	3,000	2,714	286
Project	69,591	69,918	(327)
City/County Parking Lot	20,000	20,000	-
Depreciation	78,773	77,875	898
Bad Debt Expense/ Adjustment	-	(36,131)	36,131
Miscellaneous Expenses	500	41,181	(40,681)
Total Expenses	\$ 1,006,405	\$ 1,201,207	\$ (194,802)
Change in Net Position	\$ (58,800)	\$ (437,639)	\$ 378,839

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2020

ECONOMIC FACTORS AND FUTURE OUTLOOK

During fiscal year 10/1/2020 through 9/30/2021 we anticipate completing major improvements at the Watertown Airport, and further development of the Airport Industrial Park. The Agency currently owns 101 acres at the Airport. The Agency has received a number of Grants for the development of the park. Those Grants are detailed on Page 12.

We will also be devoting significant resources to addressing shortages in work force and renewable energy. All of our efforts in these areas will be in cooperation with other agencies.

During the fiscal year ended 9/30/2016, JCLDC received a grant to study the feasibility of a MicroGrid. The study concluded it is a feasible project, and we are currently working with a private developer to develop a MicroGrid.

During the prior year, JCLDC received a grant from the State Education Department in the amount of \$82,028. The grant was awarded to build a records storage vault. The project was completed in November 2020.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Agency's finances. Questions concerning any of the financial information provided in this report should be addressed to the CFO of the Agency at (315) 782-5865. General information relating to the Agency can be found at its website www.jcida.com.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

AUDITED BASIC FINANCIAL STATEMENTS

COMBINED STATEMENT OF NET POSITION

September 30, 2020

ASSETS		
CURRENT ASSETS		
Cash	\$	2,837,687
Loans Receivable, Net		767,558
Other Receivables		13,829
Prepaid Expense		8,284
Note Receivable, Current Portion		1,896
Total Current Assets		<u>3,629,254</u>
RESTRICTED ASSETS		
Cash		4,918,485
Loans Receivable, Net		609,694
Total Restricted Assets		<u>5,528,179</u>
NONCURRENT ASSETS		
Note Receivable, Less Current Portion		18,023
Capital Assets, Net		1,676,902
Total Noncurrent Assets		<u>1,694,925</u>
TOTAL ASSETS	\$	<u><u>10,852,358</u></u>
DEFERRED OUTFLOWS OF RESOURCES		
PILOT Monies Receivable	\$	<u>64,670</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$	14,280
Unearned Revenue		35,280
Note Payable, Current Portion		1,896
Other Current Liabilities		85,166
Total Current Liabilities		<u>136,622</u>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Interest Payable - HUD		4,112
Total Current Liabilities Payable From Restricted Assets		<u>4,112</u>
NONCURRENT LIABILITIES		
Note Payable, Less Current Portion		18,023
Long-Term Debt, Less Current Portion		180,160
Total Noncurrent Liabilities		<u>198,183</u>
TOTAL LIABILITIES	\$	<u><u>338,917</u></u>
DEFERRED INFLOWS OF RESOURCES		
Due To Other Governments - PILOTS	\$	<u>64,670</u>
NET POSITION		
Net Investment in Capital Assets	\$	1,496,742
Restricted for:		
Other Legal Restrictions		4,796,546
Unrestricted		4,220,153
TOTAL NET POSITION	\$	<u><u>10,513,441</u></u>

See notes to audited basic financial statements.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended September 30, 2020

REVENUES

OPERATING REVENUES

Administrative Fees	\$ 443,160
Jefferson County Support	414,120
Interest from Loans Receivable	68,612
Community Development Agreement	279,427
Other Operating Revenues	2,060
Total Operating Revenues	<u>1,207,379</u>

EXPENSES

OPERATING EXPENSES

Project	209,317
Salaries and Benefits	820,100
Bad Debt (Recovery)	(36,131)
Legal Fees	13,671
Office	36,581
Advertising and Promotion	61,030
Professional Fees	19,460
Rent	73,460
Travel, Training and Conferences	17,643
Insurance	45,493
Security	87,681
Depreciation	99,690
Other Operating Expenses	198,069
Total Operating Expenses	<u>1,646,064</u>
Net Operating Loss	<u>(438,685)</u>

NON-OPERATING REVENUES

Grant Income	69,834
Interest Income	6,085
Miscellaneous Income	46,138
Total Non-Operating Revenues	<u>122,057</u>

CHANGE IN NET POSITION	(316,628)
NET POSITION, BEGINNING OF YEAR	<u>10,830,069</u>
NET POSITION, END OF YEAR	<u>\$ 10,513,441</u>

See notes to audited basic financial statements.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

COMBINED STATEMENT OF CASH FLOWS

Year Ended September 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Principal Loan Collections	\$ 703,065
Cash Received from Jefferson County	414,120
Cash Received from Bond Issue and Administrative Fees	441,241
Cash Received from Community Development Agreement	279,427
Cash Received from Interest on Loans Receivable	68,612
Cash Received from Other Operating Sources	2,060
Cash Received from Interest on Revolving Loan Funds	4,098
Cash Payments to HUD for Interest on Revolving Loan Funds	(5,562)
Cash Payments for Salaries and Benefits	(907,781)
Cash Payments for Supplies of Goods and Services	(496,465)
Cash Payments for Projects	(209,317)
Cash Payments for Loans Originations	(540,000)
Net Cash Used in Operating Activities	<u>(246,502)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Nonoperating Grants Received	28,820
Transfer of PILOT Monies	(44,256)
Net Cash Used in Noncapital Financing Activities	<u>(15,436)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Additions to Capital Assets	(85,085)
Net Cash Used in Capital and Related Financing Activities	<u>(85,085)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Cash Received from Interest and Other Sources	52,223
Net Cash Provided by Investing Activities	<u>52,223</u>

Net Decrease in Cash (294,800)

Cash, Beginning of Year 8,050,972

Cash, End of Year \$ 7,756,172

See notes to audited basic financial statements.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

COMBINED STATEMENT OF CASH FLOWS - CONTINUED

Year Ended September 30, 2020

RECONCILIATION TO THE STATEMENT OF NET POSITION

Cash	\$ 2,837,687
Restricted Cash	4,918,485
Total Cash	<u>\$ 7,756,172</u>

**RECONCILIATION OF CHANGE IN NET POSITION TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Net Operating Loss	\$ (438,685)
Adjustments to Reconcile Change in Net Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation Expense	99,690
Bad Debt Expense (Recovery)	(36,131)
(Increase) Decrease in:	
Loans Receivable	163,065
Other Receivables	(1,919)
Prepaid Expenses	(5,589)
Increase (Decrease) in:	
Accounts Payable	(18,589)
Interest Payable	(1,462)
Other Liabilities	(6,882)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (246,502)</u>

See notes to audited basic financial statements.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2020

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Description

The Jefferson County Industrial Development Agency (the Agency) is a public benefit corporation, which was created by Article 18A of the General Municipal Law to actively promote, attract, encourage and develop economically sound commerce and industry for the purpose of preventing unemployment and economic deterioration in the County of Jefferson, New York (the County). The Agency is exempt from federal, state, and local income taxes. The Agency, although established by the County, is a separate entity and operates independently of the County. The U.S. Department of Housing and Urban Development (HUD) is the cognizant agency.

Reporting Entity

As defined by Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Components Units*, the Agency is financially accountable to the County and is considered a component unit of the County. Jefferson County Local Development Corporation (JCLDC) and Jefferson County Civic Facility Corporation (JCCFDC) are financially accountable to the Agency and are considered component units of the Agency.

Blended Component Units

The JCLDC and JCCFDC are component units of the Agency. The JCLDC issues separate audited financial statements. Copies of reports may be obtained from the Agency.

The JCLDC was created to develop and cultivate a strong economic environment, which supports businesses and nurtures growth and new investment in the County. The JCLDC was formed October 1, 2009. The financial activity of the JCLDC is combined with the financial activity of the Agency since their respective Boards are substantially the same and due to the nature of their relationship.

The JCCFDC was created to perform essential governmental functions including activities associated with job creation, and promotion of community and economic activities within and around the County, and issue certain bonds on behalf of the County. The JCCFDC was approved by the Jefferson County Board of Legislators on April 5, 2011. The financial activity of the JCCFDC is combined with the financial activity of the Agency since their respective Boards are substantially the same and due to the nature of their relationship.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2020

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis of Accounting and Financial Statements Presentation

The Agency's financial statements are reported using the economic resources measurement 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.

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 - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of those assets.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2020

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Restricted Net Position - reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - reports the balance of net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the Agency.

Estimates

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

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Agency considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Agency reported no cash equivalents for the year ended September 30, 2020.

Loans Receivable and Allowance for Loan Losses

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 amounts through a provision for bad debt expense and an adjustment to an allowance for loan losses based on its assessment of the current status of individual accounts. It is the Agency's policy to charge off uncollectible loans receivable when management determines the receivable will not be collected.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2020

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Other Receivables

Other receivables at year-end consist of grants receivable and accounts receivable. Grants receivable represent amounts that have been billed under grant agreements but not collected as of the date of the financial statements. Grants receivable are stated at the amount management expects to be collected from the outstanding balance. As of September 30, 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.

Capital Assets

Capital assets are reported at actual cost or estimated historical cost. Donated assets are reported at estimated fair market value at the time received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital assets accounts), depreciation methods, and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Furniture & Equipment	\$1,000	Straight-line	5-10
Building	1,000	Straight-line	10

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2020

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenues and Expenses

Revenues 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 program expenses under operating expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency had one item that qualifies for reporting in this category. It is the PILOT monies receivable.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. The Agency had one item that qualifies for reporting in this category. It is the Due to Other Governments, which represent PILOT payments due.

Tax-Exempt Status

The Agency is exempt from taxation under the Internal Revenue Code of 1986. All required filings are handled through the County. Management has determined that the Agency does not have any uncertain tax positions.

Date of Management’s Review

Management has evaluated subsequent events through November 25, 2020, the date which the financial statements were available to be issued. Management has determined such events have occurred as described in Note 14.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2020

NOTE 2 – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency's investments policies are included in their *Investment Policy Guidelines and Procedures*. The Agency's monies must be deposited in 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 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. The Agency's aggregate bank balances (disclosed in the financial statements) included balances not covered by depository insurance at year-end, are collateralized as follows:

Uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the Agency's name.	\$ 6,812,956

Deposits at year-end were fully collateralized.

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 a foreign currency and is not exposed to foreign currency risk.

NOTE 3 – LOANS RECEIVABLE

At September 30, 2020 loans receivable, net of the allowance for loan losses, consisted of the following:

Unrestricted:

JCLDC Revolving Loan Fund Program	\$ 487,710
Covid-19 Emergency Loan Program	279,848

Restricted:

Revolving Loan Program	378,754
Microenterprise Loan Program	147,269
City Loan Program	83,671
Total Loans Receivable, Net	\$ 1,377,252

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2020

NOTE 3 - LOANS RECEIVABLE - Continued

JCLDC Revolving Loan Fund Program

The JCLDC has established a loan program to make loans for economic development purposes to qualified applicants. This function was established to enhance JCLDC's ability to stimulate economic development in the County area and help spur job creation and retention in the area. At September 30, 2020, there has been no allowance for doubtful accounts established based on management's judgment.

JCLDC Covid-19 Emergency Loan Program

During the year ended September 30, 2020, the JCLDC disbursed 30 Covid-19 Emergency loans, 28 of which were for \$10,000 each, and two participation loans for \$5,000 each. The loan terms call for 13 monthly interest only payments followed by 60 monthly principal and interest payments, at an interest rate of 3.00%. Once the loan is paid down to a balance of \$2,500, the remaining balance is forgiven and recorded as loan forgiveness expense by the JCLDC.

Revolving Loan Fund Program

The Agency has established a Revolving Loan Fund Program offering low interest loans to area businesses. The loans are approved by the governing board after giving consideration to the major criteria, i.e., enhancement of the economic environment. Revenue recognition on these loans is limited to the receipt of interest. The Agency has established an allowance for loan losses in order to provide a fair presentation of its loans receivable. The allowance of \$190,000 at September 30, 2020 was based on the Agency's historical average percentage of accounts written off over the last three years and management's judgment.

Microenterprise Loan Program

The Microenterprise Loan Program was established to provide small businesses with loans to stimulate small business activity through start-up and expansion projects which create and retain job opportunities principally for low to moderate income residents. The Agency has established an allowance for loan losses in order to provide a fair presentation of its loans receivable. The allowance of \$30,642 at September 30, 2020 was based on the Agency's historical average percentage of accounts written off over the last three years and management's judgment.

City Loan Program

The City Loan Program was established to provide working capital for local businesses and create a revolving loan fund, which will be used to provide loans for the support of economic development in the City of Watertown. At September 30, 2020, there has been no allowance for loan losses established based on management's judgment.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2020

NOTE 3 - LOANS RECEIVABLE - Continued

The following is a schedule of the outstanding loans receivable under the JCLDC Revolving Loan Fund program at September 30, 2020:

JCLDC Revolving Loan Fund Program

Clayton Island Tours	\$ 40,000
Current Applications	128,971
LCO Destiny, Inc.	88,674
North Branch Farms	48,437
WICLDC #1	117,536
WICLDC #2	<u>64,092</u>
Total JCLDC Revolving Loan Fund Program	487,710
Covid-19 Emergency Loan Program	<u>279,848</u>
Total JCLDC Loans	<u><u>\$ 767,558</u></u>

The following is a schedule of the outstanding Revolving Loan Fund receivable at September 30, 2020:

Revolving Loan Program:

Meadowbrook Terrace	\$ 75,946
MLR, LLC	103,938
RBM Manufacturing	200,000
Wright Bros. LLC	<u>188,870</u>
Total	568,754
Less - Allowance for Loan Losses	<u>(190,000)</u>
Total Revolving Loans Receivable, Net	<u><u>\$ 378,754</u></u>

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2020

NOTE 3 - LOANS RECEIVABLE - Continued

The following is a schedule of the outstanding Microenterprise Loan Program receivable at September 30, 2020:

Microenterprise Loan Program:

Colleen's Cherry Tree Inn	\$ 34,951
Main Street Crafts and Drafts	4,946
Painful Acres	29,070
R.L. Gould and Son, LLC	31,348
Sackets Harbor Trading Co.	528
Sarah's Barber Shop	9,407
Scrub Hub	10,814
Serve-Pro	4,967
Taste of Design	19,229
The Sandwich Bar	8,115
Thousand Islands Habitat for Humanity	24,536
Total	<u>177,911</u>
Less - Allowance for Loan Losses	<u>(30,642)</u>
Total Microenterprise Loans Receivable, Net	<u><u>\$ 147,269</u></u>

The following is a schedule of the outstanding City Loan Program receivable at September 30, 2020:

City Loan Program

Current Applications	<u><u>\$ 83,671</u></u>
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JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2020

NOTE 3 - LOANS RECEIVABLE - Continued

Activity in the Revolving Loan Fund Allowance for Loan Losses is as follows:

Balance - October 1, 2019	\$ 275,325
Recovery	15,468
Bad Debt Expense/Adjustment	<u>(100,793)</u>
Balance - September 30, 2020	<u>\$ 190,000</u>

Activity in the Microenterprise Loan Program Allowance for Loan Losses is as follows:

Balance - October 1, 2019	\$ 30,642
Recovery	<u>-</u>
Balance - September 30, 2020	<u>\$ 30,642</u>

The aging of loans receivable portfolio by classes as of September 30, 2020 is summarized as follows:

	<u>30-59 Days Past Due</u>	<u>60-89 Days Past Due</u>	<u>Greater Than 90 Days</u>	<u>Current</u>	<u>Total Loans Receivable</u>
Revolving Loan Fund					
Loans Receivable	\$ -	\$ -	\$ -	\$ 568,754	\$ 568,754
Microenterprise					
Loans Receivable	528	-		177,383	177,911
City Loan Program					
Loans Receivable	-	-	-	83,671	83,671
JCLDC					
RLF Loans Receivable	-	-	-	487,710	487,710
Covid-19 Emergency Loans Receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>279,848</u>	<u>279,848</u>
Total	<u>\$ 528</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,597,366</u>	<u>\$ 1,597,894</u>

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2020

NOTE 4 – NOTE RECEIVABLE/NOTE PAYABLE

Note receivable/note payable consisted of the following at September 30, 2020:

Income will be recognized as payments are received on this note.

Note due from Kenneth Rogers - monthly payments of \$314.91,
including interest at 9%, due 12/1/27

	\$	19,919
Less - Current Portion		(1,896)
Non-Current Portion	\$	<u>18,023</u>

NOTE 5 – RESTRICTED ASSETS

Restricted cash, which is invested in interest-bearing and non-interest bearing accounts, consisted of the following at September 30, 2020:

Revolving Loan Fund	\$	3,861,705
Microenterprise Loan Fund		129,687
City Loan Fund		199,572
Capital Improvement Reserve		<u>727,521</u>
Total Restricted Cash	\$	<u>4,918,485</u>

Capital Improvement Reserve

The Agency, as a term to a lease agreement with Convergys (the Company), has established a Capital Improvement Reserve. Annual payments of \$200,000 are made by the Company to fund the reserve through September 30, 2019. As of September 30, 2020, the cash balance reserve is \$727,521. These funds are considered restricted by the Board.

The Company has ceased operations and vacated the building as of September 30, 2020. Due to the termination of the lease, expenses related to the building will become a temporary obligation of the Agency. The Agency's Board of Directors approved releasing restrictions from the Capital Improvement Reserve so monies can be used to continue operations of the building to include, but not restricted to, capital set-asides.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2020

NOTE 5 – RESTRICTED ASSETS - Continued

Loan Programs

In addition to restricted cash, the Agency has three loan programs in which the loan receivable balances are also considered restricted as of year-end. The Revolving Loan Program, the Microenterprise Loan Program, and the City Loan Program were established with grants from the U.S. Department of Housing and Urban Development and are reported as restricted assets. The restricted assets are used to improve economic development in the County. Refer to Note 3 for the year-end balances for each of the restricted loan programs.

NOTE 6 – LAND

The Agency has purchased land in order to establish an Industrial Park to encourage new businesses to settle in the County. Land was sold to various businesses throughout the years, and at September 30, 2020 the Agency held approximately 21 acres at an approximate cost of \$13,003 per acre. The Agency purchased additional land during the year ended September 30, 2007 to establish another Industrial Park. The additional land is approximately 34 acres at a cost of \$739 per acre. The Agency purchased additional land during the years ended September 30, 2014 and 2015 to establish an AirPark . The parcels of land are approximately 73 acres at a cost of \$32,965 per acre. See Capital Assets – Note 7 for details.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2020

NOTE 7 – CAPITAL ASSETS

Capital assets at September 30, 2020 consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets That Are Not Depreciated:				
Land and Improvements	\$ 1,094,321	\$ -	\$ -	\$ 1,094,321
Work in Progress	110,260	85,085	-	195,345
Total Nondepreciable Assets	<u>1,204,581</u>	<u>85,085</u>	<u>-</u>	<u>1,289,666</u>
Capital Assets That Are Depreciated:				
Equipment	188,803	-	-	188,803
Building	1,738,690	-	-	1,738,690
Total Depreciable Assets	<u>1,927,493</u>	<u>-</u>	<u>-</u>	<u>1,927,493</u>
Less: Accumulated Depreciation	<u>1,440,567</u>	<u>99,690</u>	<u>-</u>	<u>1,540,257</u>
Total Depreciated Assets, Net	<u>486,926</u>	<u>(99,690)</u>	<u>-</u>	<u>387,236</u>
Capital Assets, Net	<u>\$ 1,691,507</u>	<u>\$ (14,605)</u>	<u>\$ -</u>	<u>\$ 1,676,902</u>

NOTE 8 – PILOT PROGRAM

The Agency is also a party to agreements allowing a payment in lieu of tax (PILOT) for certain properties. The Agency invoices and collects these taxes and then issues its own check to pay the taxing jurisdiction. Amounts billed by the Agency and not received as of year-end are reported as deferred outflows of resources in the accompanying statement of net position. PILOT monies receivable for the year ended September 30, 2020 are \$64,670.

PILOT monies received through year-end but not yet paid out to taxing jurisdictions and PILOT monies receivable at year-end that represent future PILOT payments are reported as deferred inflows of resources in the accompanying statement of net position. Due to other governments are PILOT amounts due to the taxing jurisdictions. Future PILOT payments for the year ended September 30, 2020 are \$64,670.

The Agency reports no revenues or expenses related to PILOT programs as amounts are only passed-through the Agency.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2020

NOTE 9 – LONG-TERM DEBT

The following notes payable were in effect at September 30, 2020:

New York State Department of Transportation - grant repayment of 40% of Industrial Access project - payments to start one year from project completion - project is completed, but not yet approved, at September 30, 2020:

\$ 180,160

The future principal payments on the notes payable as of September 30, 2020 are summarized as follows:

Year Ending September 30	Principal	Interest	Total
2021	\$ -	\$ -	\$ -
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
Thereafter	<u>180,160</u>	<u>-</u>	<u>180,160</u>
	<u><u>\$ 180,160</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 180,160</u></u>

Summary of changes in long-term debt:

	October 1, 2019	Additions	Reductions	September 30, 2020
Notes Payable	<u>\$ 180,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,160</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2020

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Industrial Revenue Bond and Note Transactions

Certain industrial development revenue bonds and notes issued by the Agency are secured by property, which is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the Agency or the State.

The Agency does not record an asset or liability resulting from completed bond and note issuances in its accounts since the Agency's primary function is to arrange the financing relationship between the borrowers and the bondholders and funds arising from these arrangements 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 and notes.

Loan Commitments

At September 30, 2020, the Agency had no commitments for loans that have not been completed as of year-end.

Federal and State Grant Programs

The Agency participates in Federal and State grant programs. These programs are audited in accordance with the provisions of applicable Federal and State requirements. No cost disallowances are expected as a result of these audits, however, these programs are subject to further examination by the grantors. Expenditures, which may be disallowed by the granting agencies, cannot be determined at this time. The Agency expects such amounts, if any, to be immaterial.

As of September 30, 2020, in the opinion of the Agency management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the Agency.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2020

**NOTE 11 – RELATED PARTY AGREEMENTS AND
TRANSACTIONS**

The Agency has a renewable agreement with the JCLDC to provide professional staffing and administrative support services. For the year ended September 30, 2020, the LDC recognized expense for a fee paid in the amount of \$600,377. The Agency recognized the fee as revenue for the services provided under the agreement. The recognized revenue and expense for services are eliminated during consolidation at SS2, Combining Statement of Fund Revenues, Expenses, and Changes in Net Position.

Jefferson County Civic Facility Development issues certain bonds on the Agency's behalf that the Agency is not permitted to issue. JCCFDC transfers one percent on any bonds issued up to \$10 million, and .25% on any bonds issued above \$10 million.

NOTE 12 – RISK MANAGEMENT

The Agency has the responsibility for making and carrying out decisions that will minimize the adverse effects of accidental losses that involve the Agency's assets. Accordingly, commercial insurance coverage is obtained to include general liability, property and casualty, and certain other risks. The amounts of settlements during each of the past three fiscal years have not exceeded insurance coverage.

NOTE 13 – PENSION PLAN

On August 1, 2013, Jefferson County Local Development Corporation established a 401K Profit Sharing Pension Plan. The Plan is administered by RBC Wealth Management. The employer contribution is set at 4% of the employees' annual salary. All full-time employees are covered by the Plan. For the year ended September 30, 2020, JCLDC made contributions in the amount of \$45,953.

NOTE 14 – SUBSEQUENT EVENTS

In recent months, the COVID-19 outbreak in the United States has resulted in business disruption. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the Organization expects this matter to negatively impact its operating results and financial condition, the related financial impact and duration cannot be reasonably estimated at this time.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

SUPPLEMENTAL SCHEDULES AND ADDITIONAL INFORMATION

SS1 COMBINING STATEMENT OF FUND NET POSITION

September 30, 2020

ASSETS	JCIDA	Component Units	Eliminations	TOTAL
Current Assets:				
Cash	\$ 270,095	\$ 2,567,592	\$ -	\$ 2,837,687
Loans Receivable, Net	-	767,558	-	767,558
Other Receivables	-	13,829	-	13,829
Prepaid Expense	450	7,834	-	8,284
Note Receivable, Current Portion	1,896	-	-	1,896
Total Current Assets	<u>272,441</u>	<u>3,356,813</u>	<u>-</u>	<u>3,629,254</u>
Restricted Assets:				
Cash	4,918,485	-	-	4,918,485
Loans Receivable, Net	609,694	-	-	609,694
Total Restricted Assets	<u>5,528,179</u>	<u>-</u>	<u>-</u>	<u>5,528,179</u>
Noncurrent Assets:				
Note Receivable, Less Current Portion	18,023	-	-	18,023
Capital Assets, Net	1,587,236	89,666	-	1,676,902
Total Noncurrent Assets	<u>1,605,259</u>	<u>89,666</u>	<u>-</u>	<u>1,694,925</u>
TOTAL ASSETS	<u>\$ 7,405,879</u>	<u>\$ 3,446,479</u>	<u>\$ -</u>	<u>\$ 10,852,358</u>
DEFERRED OUTFLOWS OF RESOURCES				
PILOT Monies Receivable	<u>\$ 64,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,670</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 7,917	\$ 6,363	\$ -	\$ 14,280
Unearned Revenue	-	35,280	-	35,280
Note Payable, Current Portion	1,896	-	-	1,896
Other Current Liabilities	51,373	33,793	-	85,166
Total Current Liabilities	<u>61,186</u>	<u>75,436</u>	<u>-</u>	<u>136,622</u>
Current Liabilities Payable From Restricted Assets:				
Interest Payable - HUD	<u>4,112</u>	<u>-</u>	<u>-</u>	<u>4,112</u>
Noncurrent Liabilities:				
Note Payable, Less Current Portion	18,023	-	-	18,023
Long-Term Debt, Less Current Portion	180,160	-	-	180,160
Total Noncurrent Liabilities	<u>198,183</u>	<u>-</u>	<u>-</u>	<u>198,183</u>
TOTAL LIABILITIES	<u>\$ 263,481</u>	<u>\$ 75,436</u>	<u>\$ -</u>	<u>\$ 338,917</u>
DEFERRED INFLOWS OF RESOURCES				
Due to Other Governments - PILOTS	<u>\$ 64,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,670</u>
NET POSITION				
Net Investment in Capital Assets	\$ 1,407,076	\$ 89,666	\$ -	\$ 1,496,742
Restricted for:				
Revolving Loan Program	4,236,361	-	-	4,236,361
Microenterprise Loan Program	276,947	-	-	276,947
City Loan Program	283,238	-	-	283,238
Total Restricted Net Position	<u>4,796,546</u>	<u>-</u>	<u>-</u>	<u>4,796,546</u>
Unrestricted	<u>938,776</u>	<u>3,281,377</u>	<u>-</u>	<u>4,220,153</u>
TOTAL NET POSITION	<u>\$ 7,142,398</u>	<u>\$ 3,371,043</u>	<u>\$ -</u>	<u>\$ 10,513,441</u>

See paragraph on supplementary schedules included in auditor's report.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

SS2 COMBINING STATEMENT OF FUND REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended September 30, 2020

	JCIDA	Component Units	Eliminations	Total
REVENUES				
Operating Revenues:				
Administrative Fees*	\$ 437,660	\$ 605,877	\$ (600,377)	\$ 443,160
Jefferson County Support	-	414,120	-	414,120
Interest from Loans Receivable	41,291	27,321	-	68,612
Community Development Agreement	279,427	-	-	279,427
Other Operating Revenues*	2,060	-	-	2,060
Total Operating Revenues	<u>760,438</u>	<u>1,047,318</u>	<u>(600,377)</u>	<u>1,207,379</u>
EXPENSES				
Operating Expenses:				
Project *	209,317	-	-	209,317
Salaries and Benefits	31,736	788,364	-	820,100
Bad Debt (Recovery)	(36,131)	-	-	(36,131)
Legal Fees	13,671	-	-	13,671
Office	653	35,928	-	36,581
Advertising and Promotion	-	61,030	-	61,030
Administrative Service Agreement*	600,377	-	(600,377)	-
Professional Fees	10,375	9,085	-	19,460
Rent	-	73,460	-	73,460
Travel, Training and Conferences	-	17,643	-	17,643
Insurance	45,493	-	-	45,493
Security	87,681	-	-	87,681
Depreciation	77,875	21,815	-	99,690
Other Operating Expenses*	160,160	37,909	-	198,069
Total Operating Expenses	<u>1,201,207</u>	<u>1,045,234</u>	<u>(600,377)</u>	<u>1,646,064</u>
Net Operating Income (Loss)	<u>(440,769)</u>	<u>2,084</u>	<u>-</u>	<u>(438,685)</u>
NON-OPERATING REVENUES				
Grant Income	-	69,834	-	69,834
Interest Income	3,130	2,955	-	6,085
Miscellaneous Income	-	46,138	-	46,138
Total Non-Operating Revenues	<u>3,130</u>	<u>118,927</u>	<u>-</u>	<u>122,057</u>
CHANGE IN NET POSITION	(437,639)	121,011	-	(316,628)
NET POSITION, BEGINNING OF YEAR	<u>7,580,037</u>	<u>3,250,032</u>	<u>-</u>	<u>10,830,069</u>
NET POSITION, END OF YEAR	<u>\$ 7,142,398</u>	<u>\$ 3,371,043</u>	<u>\$ -</u>	<u>\$ 10,513,441</u>

* Amounts reported in the Combined Statement of Revenues, Expenses and Changes in Net Position do not include interfund fees, program expenses and administrative fees.

See paragraph on supplementary schedules included in auditor's report.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

SS3 STATEMENT OF FUND NET POSITION – COMPONENT UNITS

September 30, 2020

ASSETS

	JCLDC	JCCFDC	TOTAL
CURRENT ASSETS			
Cash	\$ 2,552,775	\$ 14,817	\$ 2,567,592
Loans Receivable	767,558	-	767,558
Other Receivables	12,329	1,500	13,829
Prepaid Expenses	7,834	-	7,834
Total Current Assets	3,340,496	16,317	3,356,813
 CAPITAL ASSETS, NET	 89,666	 -	 89,666
 TOTAL ASSETS	 \$ 3,430,162	 \$ 16,317	 \$ 3,446,479

LIABILITIES AND NET POSITION

LIABILITIES			
Accounts Payable	\$ 6,363	\$ -	\$ 6,363
Accrued Expenses	33,793	-	33,793
Unearned Revenue	35,280	-	35,280
Total Liabilities	75,436	-	75,436
 NET POSITION			
Unrestricted:			
Undesignated	3,354,726	16,317	3,371,043
 TOTAL LIABILITIES AND NET POSITION	 \$ 3,430,162	 \$ 16,317	 \$ 3,446,479

See paragraph on supplementary schedules included in auditor's report.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

**SS4 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
COMPONENT UNITS**

Year Ended September 30, 2020

	JCLDC	JCCFDC	TOTAL
REVENUES			
Operating Revenues:			
Administrative Fees	\$ 600,377	\$ 5,500	\$ 605,877
Jefferson County Support	414,120	-	414,120
Interest from Loans Receivable	27,321	-	27,321
Total Operating Revenues	<u>1,041,818</u>	<u>5,500</u>	<u>1,047,318</u>
EXPENSES			
Salaries and Benefits	788,364	-	788,364
Office	35,928	-	35,928
Advertising and Promotion	61,030	-	61,030
Professional Fees	9,085	-	9,085
Rent	73,460	-	73,460
Travel, Training and Conferences	17,643	-	17,643
Depreciation	21,815	-	21,815
Other Operating Expenses	37,909	-	37,909
Total Operating Expenses	<u>1,045,234</u>	<u>-</u>	<u>1,045,234</u>
Net Operating Income (Loss)	<u>(3,416)</u>	<u>5,500</u>	<u>2,084</u>
NON-OPERATING REVENUES			
Grant Income	69,834	-	69,834
Interest Income	2,955	-	2,955
Miscellaneous Income	46,138	-	46,138
Total Non-Operating Revenues	<u>118,927</u>	<u>-</u>	<u>118,927</u>
CHANGE IN NET POSITION	115,511	5,500	121,011
NET POSITION, BEGINNING OF YEAR	<u>3,239,215</u>	<u>10,817</u>	<u>3,250,032</u>
NET POSITION, END OF YEAR	<u>\$ 3,354,726</u>	<u>\$ 16,317</u>	<u>\$ 3,371,043</u>

See paragraph on supplementary schedules included in auditor's report.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

SS5 STATEMENT OF FUND NET POSITION

September 30, 2020

ASSETS	GENERAL	REVOLVING LOAN PROGRAM	MICRO- ENTERPRISE LOAN PROGRAM	CITY LOAN PROGRAM	TOTAL
ASSETS					
Current Assets:					
Cash	\$ 270,095	\$ -	\$ -	\$ -	\$ 270,095
Other Receivables	-	-	-	-	-
Prepaid Expense	450	-	-	-	450
Notes Receivable, Current Portion	1,896	-	-	-	1,896
Total Current Assets	<u>272,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>272,441</u>
Restricted Assets:					
Cash	727,521	3,861,705	129,687	199,572	4,918,485
Loans Receivable, Net	-	378,754	147,269	83,671	609,694
Total Restricted Assets	<u>727,521</u>	<u>4,240,459</u>	<u>276,956</u>	<u>283,243</u>	<u>5,528,179</u>
Noncurrent Assets:					
Notes Receivable, Less Current Portion	18,023	-	-	-	18,023
Capital Assets, Net	1,587,236	-	-	-	1,587,236
Total Noncurrent Assets	<u>1,605,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,605,259</u>
TOTAL ASSETS	<u>\$ 2,605,221</u>	<u>\$ 4,240,459</u>	<u>\$ 276,956</u>	<u>\$ 283,243</u>	<u>\$ 7,405,879</u>
DEFERRED OUTFLOWS OF RESOURCES					
PILOT Monies Receivable	\$ 64,670	\$ -	\$ -	\$ -	\$ 64,670
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 7,917	\$ -	\$ -	\$ -	\$ 7,917
Note Payable, Current Portion	1,896	-	-	-	1,896
Other Current Liabilities	51,373	-	-	-	51,373
Total Current Liabilities	<u>61,186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,186</u>
Current Liabilities Payable From Restricted Assets:					
Interest Payable - HUD	-	4,098	9	5	4,112
Total Current Liabilities Payable From Restricted Assets	<u>-</u>	<u>4,098</u>	<u>9</u>	<u>5</u>	<u>4,112</u>
Noncurrent Liabilities:					
Note Payable, Less Current Portion	18,023	-	-	-	18,023
Long-Term Debt, Less Current Portion	180,160	-	-	-	180,160
Total Noncurrent Liabilities	<u>198,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,183</u>
TOTAL LIABILITIES	<u>\$ 259,369</u>	<u>\$ 4,098</u>	<u>\$ 9</u>	<u>\$ 5</u>	<u>\$ 263,481</u>
DEFERRED INFLOWS OF RESOURCES					
Due to Other Governments - PILOTS	\$ 64,670	\$ -	\$ -	\$ -	\$ 64,670
NET POSITION					
Net Investment in Capital Assets	\$ 1,407,076	\$ -	\$ -	\$ -	\$ 1,407,076
Restricted for:					
Revolving Loan Program	-	4,236,361	-	-	4,236,361
Microenterprise Loan Program	-	-	276,947	-	276,947
City Loan Program	-	-	-	283,238	283,238
Total Restricted Net Position	<u>-</u>	<u>4,236,361</u>	<u>276,947</u>	<u>283,238</u>	<u>4,796,546</u>
Unrestricted:					
Capital Improvement Reserve	727,521	-	-	-	727,521
Unrestricted	211,255	-	-	-	211,255
Total Unrestricted Net Position	<u>938,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>938,776</u>
TOTAL NET POSITION	<u>\$ 2,345,852</u>	<u>\$ 4,236,361</u>	<u>\$ 276,947</u>	<u>\$ 283,238</u>	<u>\$ 7,142,398</u>

See paragraph on supplementary schedules included in auditor's report.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF JEFFERSON, NY

SS6 STATEMENT OF FUND REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended September 30, 2020

	GENERAL	REVOLVING LOAN PROGRAM	MICRO- ENTERPRISE LOAN PROGRAM	CITY LOAN PROGRAM	TOTAL
REVENUES					
Operating Revenues:					
Administrative Fees	437,660	\$ -	\$ -	\$ -	\$ 437,660
Interest from Loans Receivable	-	25,640	9,830	5,821	41,291
Community Development Agreement	279,427	-	-	-	279,427
Other Operating Revenues	1,961	-	99	-	2,060
Total Operating Revenues	<u>719,048</u>	<u>25,640</u>	<u>9,929</u>	<u>5,821</u>	<u>760,438</u>
EXPENSES					
Operating Expenses:					
Project	141,062	43,071	25,184	-	209,317
Bad Debt (Recovery)	-	(100,793)	64,662	-	(36,131)
Legal Fees	13,671	-	-	-	13,671
Office	653	-	-	-	653
Administrative Service Agreement	600,377	-	-	-	600,377
Professional Fees	10,375	-	-	-	10,375
Insurance	45,493	-	-	-	45,493
Depreciation	77,875	-	-	-	77,875
Security	87,681	-	-	-	87,681
Salaries	31,736	-	-	-	31,736
Other Operating Expenses	160,160	-	-	-	160,160
Total Operating Expenses	<u>1,169,083</u>	<u>(57,722)</u>	<u>89,846</u>	<u>-</u>	<u>1,201,207</u>
Net Operating Income (Loss)	<u>(450,035)</u>	<u>83,362</u>	<u>(79,917)</u>	<u>5,821</u>	<u>(440,769)</u>
NON-OPERATING REVENUES					
Interest Income	3,130	-	-	-	3,130
Total Non-Operating Revenues	<u>3,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,130</u>
CHANGE IN NET POSITION	(446,905)	83,362	(79,917)	5,821	(437,639)
NET POSITION, BEGINNING OF YEAR	<u>2,792,757</u>	<u>4,152,999</u>	<u>356,864</u>	<u>277,417</u>	<u>7,580,037</u>
NET POSITION, END OF YEAR	<u>\$ 2,345,852</u>	<u>\$ 4,236,361</u>	<u>\$ 276,947</u>	<u>\$ 283,238</u>	<u>\$ 7,142,398</u>

See paragraph on supplementary schedules included in auditor's report.



**BOWERS & COMPANY
CPAs PLLC**

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**

To the Board of Directors
Jefferson County 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 Jefferson County Industrial Development Agency (the Agency), a New York Public Benefit Corporation and a discretely presented component unit of the County of Jefferson, New York, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Jefferson County Industrial Development Agency's basic financial statements, and have issued our report thereon dated November 25, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jefferson County 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jefferson County Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Jefferson County 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 a 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.

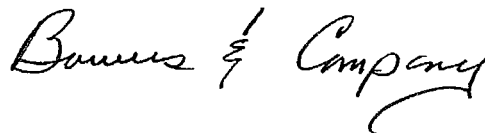
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Jefferson County Industrial Development Agency's financial statements are free from 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 or other matters 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 dark ink and is positioned to the right of the date and location text.

Watertown, New York
November 25, 2020



BOWERS & COMPANY
CPAs PLLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

2020 INVESTMENT REPORT

BOARD OF DIRECTORS
JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

The Jefferson County Industrial Development Agency had no investments to report in 2020.

Donald C. Alexander, Chief Executive Officer
November 25, 2020



BOWERS & COMPANY
CPAs PLLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

November 25, 2020

To the Board of Directors
Jefferson County Industrial Development Agency
Watertown, NY 13601

We have audited the financial statements of the governmental activities of Jefferson County Industrial Development Agency for the year ended September 30, 2020. 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 have communicated such information in our letter to you dated October 6, 2020. 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 is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Jefferson County Industrial Development Agency are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2020. We noted no transactions entered into by Jefferson County 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 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 estimates affecting the Jefferson County Industrial Development Agency's financial statements were:

Management's estimate of the depreciation is based on the straight-line method over the capital asset's useful life. We evaluated the key factors and assumptions used to develop the depreciation calculations in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for loan losses is based on the Agency's past three years average of historical bad debt experience and managements judgment. We evaluated the key factors and assumptions used to develop the allowance for loan losses and determined that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the value of administrative and staff support services provided by JCLDC is based on budget assumptions made by management and historical costs. We evaluated the key factors and assumptions used to develop the fee for administrative and staff support services in determining that it is reasonable in relation to the financial statements taken as a whole.

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 the 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 November 25, 2020.

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 Jefferson County Industrial Development Agency's 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.

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 Jefferson County 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.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,

Bauer & Company