JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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

FINANCIAL STATEMENTS

September 30, 2021

Table of Contents

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

BOWERS & COMPANY
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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, 2021, 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, 2021, 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 supplementary schedules, SS1 – SS6, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules, SS1 – SS6, 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 supplementary schedules, SS1 – SS6, 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 23, 2021, 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.

Bowers & Company

Watertown, New York
November 23, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2021

The following is a discussion and analysis of Jefferson County Industrial Development Agency (the Agency) for the fiscal year ended September 30, 2021. 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.

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 supplementary information as described below. The financial statements of the Agency report information about the Agency using accrual accounting. 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.

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. JCLDC issues separate aduited finanical statements which may be obtained from the Agency.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

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 *financial 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 may 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.

Supplementary Information

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

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, 2021 were $772,528.

Unrestricted loans receivable at September 30, 2021 were $757,703. All loans were deemed collectible and no allowance was necessary at year-end.

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

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 $2,369,711 unrestricted balance of $4,283,664 and restricted funds as follows:

Revolving Loan Funds	$ 4,256,663
Microenterprise Loan Funds	274,947
City Loan Funds	286,167
Total Restricted Funds	$ 4,817,777

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.

	2020	2021
Land and Improvements	$ 1,094,321	$ 1,147,516
Work in Progress	195,345	880,131
Equipment	188,803	89,803
Building	1,738,690	1,567,415
Total Capital Assets	3,217,159	3,684,865
Less: Accumulated Depreciation	1,540,257	1,134,994
Total Capital Assets, Net	$ 1,676,902	$ 2,549,871

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

FINANCIAL ANALYSIS - Continued

Condensed Statement of Net Position

	September 30, 2020	September 30, 2021
ASSETS		
Cash	$ 7,756,172	$ 7,837,564
Loans Receivable, Net	1,377,252	1,530,231
Notes Receivable, Current	1,896	2,249
Notes Receivable, Non-Current	18,023	15,629
Other Receivables	13,829	283,739
Capital Assets, Net	1,676,902	2,549,871
Other Assets	8,284	8,284
TOTAL ASSETS	$ 10,852,358	$ 12,227,567
DEFERRED OUTFLOWS OF RESOURCES	$ 64,670	$ 8,946
LIABILITIES		
Current Liabilities	$ 140,734	$ 548,289
Long-Term Liabilities	198,183	198,038
TOTAL LIABILITIES	$ 338,917	$ 746,327
DEFERRED INFLOWS OF RESOURCES	$ 64,670	$ 19,034
NET POSITION		
Net Investment in Capital Assets	$ 1,496,742	$ 2,369,711
Restricted	4,796,546	4,817,777
Unrestricted	4,220,153	4,283,664
TOTAL NET POSITION	$ 10,513,441	$ 11,471,152

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

FINANCIAL ANALYSIS - Continued

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

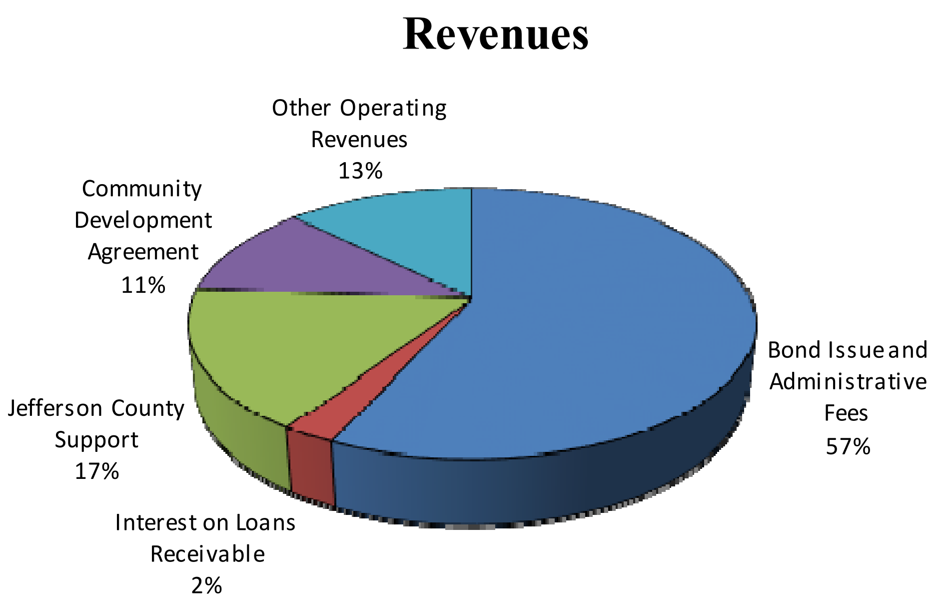
	For Years Ended September 30	
	2020	**2021**
Operating Revenues		
Bond Issue and Administrative Fees	$ 443,160	$ 1,413,305
Interest on Loans Receivable	68,612	63,917
Jefferson County Support	414,120	414,120
Community Development Agreement	279,427	279,427
Other Operating Revenues	2,060	315,360
Total Operating Revenue	1,207,379	2,486,129
Operating Expenses		
Project	209,317	139,382
General and Administrative	1,373,188	1,288,525
Bad Debt Expense/Recovery	(36,131)	(21,805)
Depreciation	99,690	84,902
Total Operating Expenses	1,646,064	1,491,004
Net Income (Loss) from Operations	(438,685)	995,125
Non-Operating Revenues (Expenses)	122,057	(37,414)
CHANGE IN NET POSITION	(316,628)	957,711
NET POSITION, BEGINNING OF YEAR	10,830,069	10,513,441
NET POSITION, END OF YEAR	$ 10,513,441	$ 11,471,152

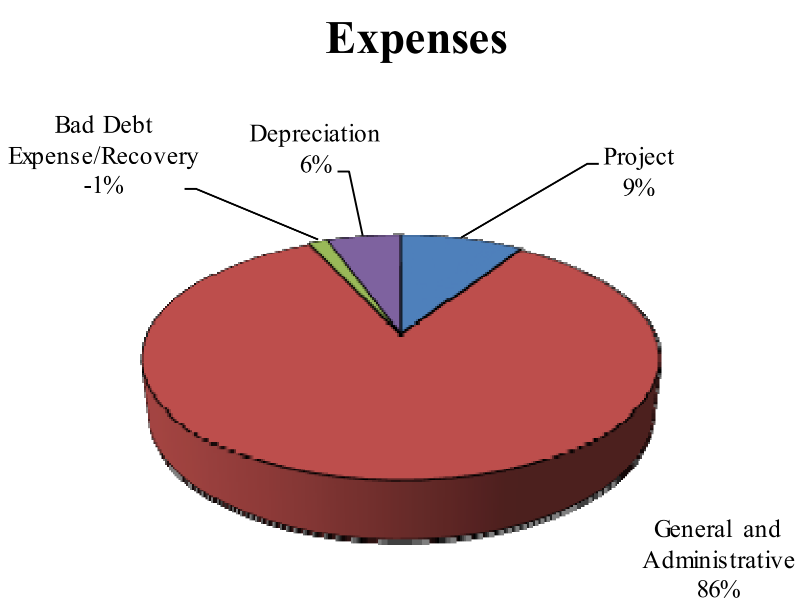
Refer to the Statement of Revenues, Expenses, and Changes in Net Position in the combined financial statements for more detail.

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

FINANCIAL ANALYSIS - Continued

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





MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

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 $63,917. Other revenue is generated through grants for the various projects the Agency is administering.

Operating expenses typically relate to the various projects the Agency is working on (such as 146 Arsenal and the Industrial Park projects). The main operating expense is the Administrative Services Contract.

The major revenue and expense items for year ended September 30, 2021 relate to normal program operations.

The Agency's increase in net position for 2021 was $957,711. Total Net Position at year-end was $11,471,152. 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 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

OVERVIEW OF THE AGENCY'S PROJECTS - Continued

146 Arsenal - Continued

In 2020, the YMCA agreed to lease the building. During their due diligence PCBs were discovered and the building is currently going through a two million plus dollar remediation program which is expected to be completed in late 2021 or early 2022. After completion, the YMCA will lease the building and start an $18,000,000 Renovation program. To assist with this project, JCIDA was awarded a $9,000,000 federal grant through the Defense Community Infrastructure Pilot Program. The YMCA has been designated as a sub-recipient. Renovations are expected to start in 2022.

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. Long-term liabilities for the year ended September 30, 2021 is $180,160 due to New York State for this project. This grant has been extended through 2023, with the balance of the funds to be used to construct a turn lane into the Industrial Park.

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. The final payment on Phase 5 has been received and the project is finished.

Projects Completed During the Year Ended September 30, 2021

During the fiscal year ended September 30, 2021, we continued work to prepare the Airport Business Park and received Shovel Ready designation by NYS. Shovel ready designation has been received and we have signed a land development agreement with two large developers to construct factories for producing solar panels and renewable energy products.

At this time, we have four solar arrays operational and approximately ten more pending. The Agency's involvement is primarily providing PILOTS.

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

OVERVIEW OF THE AGENCY'S PROJECTS - Continued

Projects Completed During the Year Ended September 30, 2021 - Continued

Three microenterprise loans were awarded to assist small business development.

One RLF loan in the amount of $250,000 was awarded.

BUDGETARY HIGHLIGHTS

For the year ended September 30, 2021, JCIDA granted four PILOT Agreements for four separate 5 MW Solar projects. The Agency generates significant revenues through fees associated with these agreements. Road construction has begun at the business complex at the Watertown International Airport. Design is currently underway for sewer and water infrastructure. The entire project has gone through extensive environmental review and was designated as Shovel Ready during last year.

It is also noted that for the year ended September 30, 2021, JCLDC administrative support services fee was $662,665.

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 $6,454,800. 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. We expect to start this project during 2022 in conjunction with the development of the park.

NYS Empire State Development Grant, $1,121,000. Reimbursable at project completion. This 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, 2021, engineering work took place on the site. Road construction has started, and work covered by the various grants will start as the developer completes his planning.

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

BUDGETARY HIGHLIGHTS - Continued

	Budget	Actual	Variation
Revenue			
Administrative Fees	$ 6,000	$ 45,252	$ 39,252
Community Development Agreement	279,427	279,427	-
Loan Program Fees	69,561	37,558	(32,003)
Interest Income	3,500	2,131	(1,369)
Late Payment Penalty	100	362	262
Other Operating Revenue	1,500	252,438	250,938
PILOT Fees	914,174	1,364,759	450,585
Interest from Loan Receivable	40,000	36,558	(3,442)
YMCA Income	-	59,903	59,903
Credits on Easement	-	2,657	2,657
Total Revenue	**$ 1,314,262**	**$ 2,081,045**	**$ 766,783**
Expenses			
Administrative Service Fees	$ 662,665	$ 662,665	$ -
Office Expense	141,714	149,365	(7,651)
Consultants	-	1,500	(1,500)
Insurance Expense	37,000	48,168	(11,168)
Legal Expenses	18,000	80,996	(62,996)
Professional Fees	11,800	10,700	1,100
146 Arsenal Building Maintenance	67,200	111,040	(43,840)
Corporate Park	2,700	2,812	(112)
Project	69,591	37,598	31,993
City/County Parking Lot	20,000	20,000	-
Depreciation	36,000	68,526	(32,526)
Bad Debt Expense/ Adjustment	220,642	(21,805)	242,447
Miscellaneous Expenses	26,950	37,382	(10,432)
Loss on Disposal of Assets	-	111,575	(111,575)
Total Expenses	**$ 1,314,262**	**$ 1,320,522**	**$ (6,260)**
Change in Net Position	**$ -**	**$ 760,523**	**$ (760,523)**

MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

ECONOMIC FACTORS AND FUTURE OUTLOOK

During fiscal year 10/1/2021 through 9/30/2022 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.

JCIDA has signed a Land Development Agreement with a Developer to develop the 101 acres. The Agency expects to begin construction of sewer and water infastructure in mid -2022.The developer plans to begin construction of a 300,000 square foot manufacturing facility in early 2022.

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 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.

COMBINED STATEMENT OF NET POSITION
September 30, 2021

ASSETS		
CURRENT ASSETS		
Cash	$	5,205,992
Loans Receivable, Net		757,703
Other Receivables		283,739
Prepaid Expense		8,284
Note Receivable, Current Portion		2,249
Total Current Assets		6,257,967
RESTRICTED ASSETS		
Cash		2,631,572
Loans Receivable, Net		772,528
Total Restricted Assets		3,404,100
NONCURRENT ASSETS		
Note Receivable, Less Current Portion		15,629
Capital Assets, Net		2,549,871
Total Noncurrent Assets		2,565,500
TOTAL ASSETS	$	12,227,567
DEFERRED OUTFLOWS OF RESOURCES		
PILOT Monies Receivable	$	8,946
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	$	435,785
Unearned Revenue		34,680
Other Current Liabilities		76,032
Total Current Liabilities		546,497
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Interest Payable - HUD		1,792
Total Current Liabilities Payable From Restricted Assets		1,792
NONCURRENT LIABILITIES		
Unearned Revenue		17,878
Long-Term Debt		180,160
Total Noncurrent Liabilities		198,038
TOTAL LIABILITIES	$	746,327
DEFERRED INFLOWS OF RESOURCES		
Due To Other Governments - PILOTS	$	19,034
NET POSITION		
Net Investment in Capital Assets	$	2,369,711
Restricted		4,817,777
Unrestricted		4,283,664
TOTAL NET POSITION	$	11,471,152

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended September 30, 2021

REVENUES	
OPERATING REVENUES	
Administrative Fees	$ 1,413,305
Jefferson County Support	414,120
Interest from Loans Receivable	63,917
Community Development Agreement	279,427
Other Operating Revenues	315,360
Total Operating Revenues	2,486,129
EXPENSES	
OPERATING EXPENSES	
Project	139,382
Salaries and Benefits	773,112
Bad Debt (Recovery)	(21,805)
Legal Fees	77,996
Office	35,337
Advertising and Promotion	60,266
Professional Fees	22,846
Rent	73,694
Travel, Training and Conferences	9,122
Insurance	48,168
Depreciation	84,902
Other Operating Expenses	187,984
Total Operating Expenses	1,491,004
Net Operating Income	995,125
NON-OPERATING REVENUES (EXPENSES)	
Grant Income	28,556
Loss on Disposal of Capital Assets	(111,575)
Interest Income	3,596
Miscellaneous Income	42,009
Total Non-Operating Revenues (Expenses)	(37,414)
CHANGE IN NET POSITION	957,711
NET POSITION, BEGINNING OF YEAR	10,513,441
NET POSITION, END OF YEAR	$ 11,471,152

COMBINED STATEMENT OF CASH FLOWS
Year Ended September 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Principal Loan Collections	$ 429,026
Cash Received from Jefferson County	414,120
Cash Received from Bond Issue and Administrative Fees	1,143,395
Cash Received from Community Development Agreement	279,427
Cash Received from Interest on Loans Receivable	63,917
Cash Received from Other Operating Sources	315,360
Cash Received from Interest on Revolving Loan Funds	1,774
Cash Payments to HUD for Interest on Revolving Loan Funds	(4,098)
Cash Payments for Salaries and Benefits	(773,112)
Cash Payments for Supplies of Goods and Services	(103,039)
Cash Payments for Projects	(139,382)
Cash Payments for Loans Originations	(560,200)
Net Cash Provided by Operating Activities	1,067,188
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Nonoperating Grants Received	27,956
Transfer of PILOT Monies	10,088
Net Cash Provided by Noncapital Financing Activities	38,044
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to Capital Assets	(1,069,445)
Net Cash Used in Capital and Related Financing Activities	(1,069,445)
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash Received from Interest and Other Sources	45,605
Net Cash Provided by Investing Activities	45,605
Net Increase in Cash	81,392
Cash, Beginning of Year	7,756,172
Cash, End of Year	$ 7,837,564

COMBINED STATEMENT OF CASH FLOWS - CONTINUED
Year Ended September 30, 2021

RECONCILIATION TO THE STATEMENT OF NET POSITION	
Cash	$ 5,205,992
Restricted Cash	2,631,572
Total Cash	$ 7,837,564
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Operating Income	$ 995,125
Adjustments to Reconcile Change in Net Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	84,902
Bad Debt Expense (Recovery)	(21,805)
(Increase) Decrease in:	
Loans Receivable	(131,174)
Other Receivables	(269,910)
Increase (Decrease) in:	
Accounts Payable	421,505
Interest Payable	(2,320)
Other Liabilities	(9,135)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,067,188

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
September 30, 2021

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.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
September 30, 2021

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). 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.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
September 30, 2021

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, 2021.

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.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
September 30, 2021

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, 2021, 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
Equipment	$1,000	Straight-line	5-10
Building	1,000	Straight-line	10

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 assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
September 30, 2021

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 until then. The Agency had one item that qualifies for reporting in this category. It is the PILOT monies receivable. See Note 8 PILOT Program for further information.

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 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. See Note 8 PILOT Program for further information.

Date of Management's Review

The Agency has evaluated events and transactions that occurred between September 30, 2021 and November 23, 2021, which is the date the financial statements were available to be issued, and has determined that there are no additional adjustments and/or disclosures necessary.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
September 30, 2021

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 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.	$ 7,158,081

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, NET

At September 30, 2021 loans receivable, net of the allowance for loan losses, consisted of the following:

Unrestricted:	
JCLDC Revolving Loan Fund Program	$ 514,505
Covid-19 Emergency Loan Program	233,198
Clayton Loan Program	10,000
Restricted:	
Revolving Loan Program, Net	521,547
Microenterprise Loan Program, Net	171,583
City Loan Program	79,398
Total Loans Receivable, Net	$ 1,530,231

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
September 30, 2021

NOTE 3 - LOANS RECEIVABLE, NET - 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, 2021, 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, 2021, 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.

JCLDC Clayton Loan Program

During the year ended September 30, 2021, the JCLDC established a Clayton Loan Program in order to assist businesses in Clayton, New York affected by high waters on the St. Lawrence River and ongoing construction in the downtown area. Two loans were distributed for $5,000 each. The loan terms call for 12 months of interest only payments, followed by 60 months of principal and interest payments, at an interest rate of 3.00%.

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, 2021 was based on the Agency's historical average percentage of accounts written off over the last three years and management's judgement.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
September 30, 2021

NOTE 3 - LOANS RECEIVABLE, NET - Continued

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, 2021 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, 2021, there has been no allowance for loan losses established based on management's judgment.

The following is a schedule of the outstanding loans receivable under the JCLDC Revolving Loan Fund program at September 30, 2021:

JCLDC Revolving Loan Fund Program	
Clayton Island Tours	$ 37,628
Clayton Yacht Club	40,000
Crescent Yacht Club	40,000
Current Applications	119,808
LCO Destiny, Inc.	85,406
North Branch Farms	41,068
WICLDC #1	107,635
WICLDC #2	42,960
Total JCLDC Revolving Loan Fund Program	514,505
Covid-19 Emergency Loan Program	233,198
Clayton Loan Program	10,000
Total JCLDC Loans	$ 757,703

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
September 30, 2021

NOTE 3 - LOANS RECEIVABLE, NET - Continued

The following is a schedule of the outstanding Revolving Loan Fund receivable at September 30, 2021:

Revolving Loan Program:		
Meadowbrook Terrace	$	44,477
MLR, LLC		88,246
RBM Manufacturing		400,000
Wright Bros. LLC		178,824
Total		711,547
Less - Allowance for Loan Losses		(190,000)
Total Revolving Loans Receivable, Net	$	521,547

The following is a schedule of the outstanding Microenterprise Loan Program receivable at September 30, 2021:

Microenterprise Loan Program:		
Colleen's Cherry Tree Inn	$	31,108
Main Street Crafts and Drafts		3,545
Painfull Acres		23,616
R.L. Gould and Son, LLC		23,088
Sarah's Barber Shop		7,571
Scrub Hub		6,722
Standard Machine and Fabrication		20,000
Taste of Design		17,014
The Sandwich Bar		3,920
Therartpy		9,804
Thousand Islands Habitat for Humanity		15,837
Willowbrook Enterprise		40,000
Total		202,225
Less - Allowance for Loan Losses		(30,642)
Total Microenterprise Loans Receivable, Net	$	171,583

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
September 30, 2021

NOTE 3 - LOANS RECEIVABLE, NET – Continued

The following is a schedule of the outstanding City Loan Program receivable at September 30, 2021:

City Loan Program		
Current Applications	$	79,398

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

Balance - October 1, 2020	$	190,000
Recovery		15,805
Bad Debt Expense/Adjustment		(15,805)
Balance - September 30, 2021	$	190,000

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

Balance - October 1, 2020	$	30,642
Recovery		6,000
Bad Debt Expense/Adjustment		(6,000)
Balance - September 30, 2021	$	30,642

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
September 30, 2021

NOTE 3 - LOANS RECEIVABLE, NET - Continued

The aging of loans receivable portfolio by classes as of September 30, 2021 is summarized as follows:

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Current	Total Loans Receivable
Revolving Loan Fund					
Loans Receivable	$ -	$ -	$ -	$ 711,547	$ 711,547
Microenterprise					
Loans Receivable	-	-	-	202,225	202,225
City Loan Program					
Loans Receivable	-	-	-	79,398	79,398
JCLDC					
RLF Loans Receivable	-	-	-	514,505	514,505
Covid-19 Emergency Loans Receivable	-	-	-	233,198	233,198
Clayton Loans Receivable	-	-	-	10,000	10,000
Total	$ -	$ -	$ -	$ 1,750,873	$ 1,750,873

NOTE 4 – NOTE RECEIVABLE/UNEARNED REVENUE

Note receivable/unearned revenue consisted of the following at September 30, 2021:

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	$ 17,878
Less - Current Portion	(2,249)
Non-Current Portion	$ 15,629

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
September 30, 2021

NOTE 5 – RESTRICTED ASSETS

Restricted cash, which is invested in interest-bearing and non-interest bearing accounts, consisted of the following at September 30, 2021:

Revolving Loan Fund	$ 1,738,630
Microenterprise Loan Fund	108,713
City Loan Fund	208,272
Capital Improvement Reserve	565,869
PILOT Cash	10,088
Total Restricted Cash	$ 2,631,572

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, 2021, the cash balance reserve is $565,869. 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.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
September 30, 2021

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, 2021 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.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
September 30, 2021

NOTE 7 – CAPITAL ASSETS, NET

Capital assets at September 30, 2021 consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets That Are Not Depreciated:				
Land and Improvements	$ 1,094,321	$ 53,195	$ -	$ 1,147,516
Work in Progress	195,345	747,915	(63,129)	880,131
Total Nondepreciable Assets	1,289,666	801,110	(63,129)	2,027,647
Capital Assets That Are Depreciated:				
Equipment	188,803	-	(99,000)	89,803
Building	1,738,690	331,464	(502,739)	1,567,415
Total Depreciable Assets	1,927,493	331,464	(601,739)	1,657,218
Less: Accumulated Depreciation	1,540,257	84,902	(490,165)	1,134,994
Total Depreciated Assets, Net	387,236	246,562	(111,574)	522,224
Capital Assets, Net	$ 1,676,902	$ 1,047,672	$ (174,703)	$ 2,549,871

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, 2021 are $8,946.

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, 2021 are $19,034.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
September 30, 2021

NOTE 9 – LONG-TERM DEBT

The following notes payable were in effect at September 30, 2021:

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, 2021:	$ 180,160

The future principal payments on the notes payable as of September 30, 2021 are summarized as follows:

Year Ending September 30	Principal	Interest	Total
2022	$ -	$ -	$ -
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
Thereafter	180,160	-	180,160
	$ 180,160	$ -	$ 180,160

Summary of changes in long-term debt:

	October 1, 2020	Additions	Reductions	September 30, 2021
Notes Payable	$ 180,160	$ -	$ -	$ 180,160

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
September 30, 2021

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, 2021, 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, 2021, 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.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS
September 30, 2021

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, 2021, the LDC recognized expense for a fee paid in the amount of $662,665. 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, 2021, JCLDC made contributions in the amount of $42,040.

SS1 COMBINING STATEMENT OF FUND NET POSITION

September 30, 2021

ASSETS	JCIDA	Component Units	Eliminations	TOTAL
Current Assets:				
Cash	$ 2,448,921	$ 2,757,071	$ -	$ 5,205,992
Loans Receivable, Net	-	757,703	-	757,703
Other Receivables	283,313	9,000	(8,574)	283,739
Prepaid Expense	450	7,834	-	8,284
Note Receivable, Current Portion	2,249	-	-	2,249
Total Current Assets	2,734,933	3,531,608	(8,574)	6,257,967
Restricted Assets:				
Cash	2,631,572	-	-	2,631,572
Loans Receivable, Net	2,772,528	-	(2,000,000)	772,528
Total Restricted Assets	5,404,100	-	(2,000,000)	3,404,100
Noncurrent Assets:				
Note Receivable, Less Current Portion	15,629	-	-	15,629
Capital Assets, Net	2,449,425	100,446	-	2,549,871
Total Noncurrent Assets	2,465,054	100,446	-	2,565,500
TOTAL ASSETS	$ 10,604,087	$ 3,632,054	$ (2,008,574)	$ 12,227,567
DEFERRED OUTFLOWS OF RESOURCES				
PILOT Monies Receivable	$ 8,946	$ -	$ -	$ 8,946
LIABILITIES				
Current Liabilities:				
Accounts Payable	$ 439,875	$ 4,484	$ (8,574)	$ 435,785
Unearned Revenue	-	34,680	-	34,680
Other Current Liabilities	51,373	24,659	-	76,032
Total Current Liabilities	491,248	63,823	(8,574)	546,497
Current Liabilities Payable From Restricted Assets:				
Interest Payable - HUD	1,792	-	-	1,792
Noncurrent Liabilities:				
Unearned Revenue	17,878	-	-	17,878
Long-Term Debt	2,180,160	-	(2,000,000)	180,160
Total Noncurrent Liabilities	2,198,038	-	(2,000,000)	198,038
TOTAL LIABILITIES	$ 2,691,078	$ 63,823	$ (2,008,574)	$ 746,327
DEFERRED INFLOWS OF RESOURCES				
Due to Other Governments - PILOTS	$ 19,034	$ -	$ -	$ 19,034
NET POSITION				
Net Investment in Capital Assets	$ 2,269,265	$ 100,446	$ -	$ 2,369,711
Restricted for:				
Revolving Loan Program	4,256,663	-	-	4,256,663
Microenterprise Loan Program	274,947	-	-	274,947
City Loan Program	286,167	-	-	286,167
Total Restricted Net Position	4,817,777	-	-	4,817,777
Unrestricted	815,879	3,467,785	-	4,283,664
TOTAL NET POSITION	$ 7,902,921	$ 3,568,231	$ -	$ 11,471,152

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

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

Year Ended September 30, 2021

	JCIDA	Component Units	Eliminations	Total
REVENUES				
Operating Revenues:				
Administrative Fees*	$ 1,444,569	$ 669,165	$ (700,429)	$ 1,413,305
Jefferson County Support	-	414,120	-	414,120
Interest from Loans Receivable	36,558	27,359	-	63,917
Community Development Agreement	279,427	-	-	279,427
Other Operating Revenues	315,360	-	-	315,360
Total Operating Revenues	2,075,914	1,110,644	(700,429)	2,486,129
EXPENSES				
Operating Expenses:				
Project*	177,146	-	(37,764)	139,382
Salaries and Benefits	34,147	738,965	-	773,112
Bad Debt (Recovery)	(21,805)	-	-	(21,805)
Legal Fees	77,996	-	-	77,996
Office	2,098	33,239	-	35,337
Advertising and Promotion	-	60,266	-	60,266
Administrative Service Agreement*	662,665	-	(662,665)	-
Professional Fees	12,200	10,646	-	22,846
Rent	-	73,694	-	73,694
Travel, Training and Conferences	-	9,122	-	9,122
Insurance	48,168	-	-	48,168
Depreciation	68,526	16,376	-	84,902
Other Operating Expenses	144,806	43,178	-	187,984
Total Operating Expenses	1,205,947	985,486	(700,429)	1,491,004
Net Operating Income	869,967	125,158	-	995,125
NON-OPERATING REVENUES (EXPENSES)				
Grant Income	-	28,556	-	28,556
Loss on Disposal of Capital Assets	(111,575)	-	-	(111,575)
Interest Income	2,131	1,465	-	3,596
Miscellaneous Income	-	42,009	-	42,009
Total Non-Operating Revenues (Expenses)	(109,444)	72,030	-	(37,414)
CHANGE IN NET POSITION	760,523	197,188	-	957,711
NET POSITION, BEGINNING OF YEAR	7,142,398	3,371,043	-	10,513,441
NET POSITION, END OF YEAR	$ 7,902,921	$ 3,568,231	$ -	$ 11,471,152

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

SS3 STATEMENT OF FUND NET POSITION – COMPONENT UNITS
September 30, 2021

ASSETS

	JCLDC	JCCFDC	TOTAL
CURRENT ASSETS			
Cash	$ 2,735,754	$ 21,317	$ 2,757,071
Loans Receivable	757,703	-	757,703
Other Receivables	7,500	1,500	9,000
Prepaid Expenses	7,834	-	7,834
Total Current Assets	3,508,791	22,817	3,531,608
CAPITAL ASSETS, NET	100,446	-	100,446
TOTAL ASSETS	$ 3,609,237	$ 22,817	$ 3,632,054

LIABILITIES AND NET POSITION

	JCLDC	JCCFDC	TOTAL
LIABILITIES			
Accounts Payable	$ 4,484	$ -	$ 4,484
Accrued Expenses	24,659	-	24,659
Unearned Revenue	34,680	-	34,680
Total Liabilities	63,823	-	63,823
NET POSITION			
Unrestricted:			
Undesignated	3,545,414	22,817	3,568,231
TOTAL LIABILITIES AND NET POSITION	$ 3,609,237	$ 22,817	$ 3,632,054

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

Year Ended September 30, 2021

	JCLDC	JCCFDC	TOTAL
REVENUES			
Operating Revenues:			
Administrative Fees	$ 662,665	$ 6,500	$ 669,165
Jefferson County Support	414,120	-	414,120
Interest from Loans Receivable	27,359	-	27,359
Total Operating Revenues	1,104,144	6,500	1,110,644
EXPENSES			
Salaries and Benefits	738,965	-	738,965
Office	33,239	-	33,239
Advertising and Promotion	60,266	-	60,266
Professional Fees	10,646	-	10,646
Rent	73,694	-	73,694
Travel, Training and Conferences	9,122	-	9,122
Depreciation	16,376	-	16,376
Other Operating Expenses	43,178	-	43,178
Total Operating Expenses	985,486	-	985,486
Net Operating Income	118,658	6,500	125,158
NON-OPERATING REVENUES			
Grant Income	28,556	-	28,556
Interest Income	1,465	-	1,465
Miscellaneous Income	42,009	-	42,009
Total Non-Operating Revenues	72,030	-	72,030
CHANGE IN NET POSITION	190,688	6,500	197,188
NET POSITION, BEGINNING OF YEAR	3,354,726	16,317	3,371,043
NET POSITION, END OF YEAR	$ 3,545,414	$ 22,817	$ 3,568,231

SS5 STATEMENT OF FUND NET POSITION
September 30, 2021

ASSETS	GENERAL	REVOLVING LOAN PROGRAM	MICRO-ENTERPRISE LOAN PROGRAM	CITY LOAN PROGRAM	TOTAL
Current Assets:					
Cash	$ 2,448,921	$ -	$ -	$ -	$ 2,448,921
Other Receivables	283,313	-	-	-	283,313
Prepaid Expense	450	-	-	-	450
Notes Receivable, Current Portion	2,249	-	-	-	2,249
Total Current Assets	2,734,933	-	-	-	2,734,933
Restricted Assets:					
Cash	575,957	1,738,630	108,713	208,272	2,631,572
Loans Receivable, Net	-	2,521,547	171,583	79,398	2,772,528
Total Restricted Assets	575,957	4,260,177	280,296	287,670	5,404,100
Noncurrent Assets:					
Notes Receivable, Less Current Portion	15,629	-	-	-	15,629
Capital Assets, Net	2,449,425	-	-	-	2,449,425
Total Noncurrent Assets	2,465,054	-	-	-	2,465,054
TOTAL ASSETS	$ 5,775,944	$ 4,260,177	$ 280,296	$ 287,670	$ 10,604,087
DEFERRED OUTFLOWS OF RESOURCES					
PILOT Monies Receivable	$ 8,946	$ -	$ -	$ -	$ 8,946
LIABILITIES					
Current Liabilities:					
Accounts Payable	$ 431,301	$ 1,740	$ 5,336	$ 1,498	$ 439,875
Other Current Liabilities	51,373	-	-	-	51,373
Total Current Liabilities	482,674	1,740	5,336	1,498	491,248
Current Liabilities Payable From Restricted Assets:					
Interest Payable - HUD	-	1,774	13	5	1,792
Total Current Liabilities Payable From Restricted Assets	-	1,774	13	5	1,792
Noncurrent Liabilities:					
Unearned Revenue	17,878	-	-	-	17,878
Long-Term Debt, Less Current Portion	2,180,160	-	-	-	2,180,160
Total Noncurrent Liabilities	2,198,038	-	-	-	2,198,038
TOTAL LIABILITIES	$ 2,680,712	$ 3,514	$ 5,349	$ 1,503	$ 2,691,078
DEFERRED INFLOWS OF RESOURCES					
Due to Other Governments - PILOTS	$ 19,034	$ -	$ -	$ -	$ 19,034
NET POSITION					
Net Investment in Capital Assets	$ 2,269,265	$ -	$ -	$ -	$ 2,269,265
Restricted for:					
Revolving Loan Program	-	4,256,663	-	-	4,256,663
Microenterprise Loan Program	-	-	274,947	-	274,947
City Loan Program	-	-	-	286,167	286,167
Total Restricted Net Position	-	4,256,663	274,947	286,167	4,817,777
Unrestricted:					
Capital Improvement Reserve	565,869	-	-	-	565,869
Unrestricted	250,010	-	-	-	250,010
Total Unrestricted Net Position	815,879	-	-	-	815,879
TOTAL NET POSITION	$ 3,085,144	$ 4,256,663	$ 274,947	$ 286,167	$ 7,902,921

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

SS6 STATEMENT OF FUND REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended September 30, 2021

	GENERAL	REVOLVING LOAN PROGRAM	MICRO-ENTERPRISE LOAN PROGRAM	CITY LOAN PROGRAM	TOTAL
REVENUES					
Operating Revenues:					
Administrative Fees	$ 1,444,569	$ -	$ -	$ -	$ 1,444,569
Interest from Loans Receivable	-	24,239	7,892	4,427	36,558
Community Development Agreement	279,427	-	-	-	279,427
Other Operating Revenues	314,998	-	362	-	315,360
Total Operating Revenues	2,038,994	24,239	8,254	4,427	2,075,914
EXPENSES					
Operating Expenses:					
Project	139,382	20,012	16,254	1,498	177,146
Bad Debt (Recovery)	-	(15,805)	(6,000)	-	(21,805)
Legal Fees	77,996	-	-	-	77,996
Office	2,098	-	-	-	2,098
Administrative Service Agreement	662,665	-	-	-	662,665
Professional Fees	12,200	-	-	-	12,200
Insurance	48,168	-	-	-	48,168
Depreciation	68,526	-	-	-	68,526
Salaries	34,147	-	-	-	34,147
Other Operating Expenses	144,806	-	-	-	144,806
Total Operating Expenses	1,189,988	4,207	10,254	1,498	1,205,947
Net Operating Income (Loss)	849,006	20,032	(2,000)	2,929	869,967
NON-OPERATING REVENUES (EXPENSES)					
Loss on Disposal of Capital Assets	(111,575)	-	-	-	(111,575)
Interest Income	2,131	-	-	-	2,131
Total Non-Operating Revenues (Expenses)	(109,444)	-	-	-	(109,444)
CHANGE IN NET POSITION	739,562	20,032	(2,000)	2,929	760,523
NET POSITION, BEGINNING OF YEAR	2,345,582	4,236,631	276,947	283,238	7,142,398
NET POSITION, END OF YEAR	$ 3,085,144	$ 4,256,663	$ 274,947	$ 286,167	$ 7,902,921

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

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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, 2021, 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 23, 2021.

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.

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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.

Bowers & Company

Watertown, New York
November 23, 2021

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2021 INVESTMENT REPORT

BOARD OF DIRECTORS
JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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

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David Zembiec, Chief Executive Officer
November 23, 2021

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November 23, 2021

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, 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 have communicated such information in our letter to you dated October 19, 2021. Professional standards also require that we communicate to you the following information related to our audit.

<u>Significant Audit Matters</u>

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 2021. 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.

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> 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 23, 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 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,

Bowers & Company