

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

FINANCIAL STATEMENTS

December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Report on the Audit of the Financial Statements

Opinion

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 December 31, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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 December 31, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jefferson County Industrial Development Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jefferson County Industrial Development Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Jefferson County Industrial Development Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jefferson County Industrial Development Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

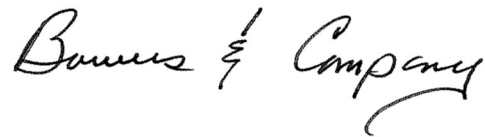
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-17 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jefferson County Industrial Development Agency's basic financial statements. The accompanying supplementary schedules, SS1 – SS6, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, and schedule of expenditures of federal awards 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 February 27, 2024, 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 dark ink and is positioned to the right of the date and location text.

Watertown, New York
February 27, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

The following is a discussion and analysis of Jefferson County Industrial Development Agency (the Agency) for the year ended December 31, 2023. This section is a summary of the Agency's financial activities based on currently known facts, decisions, or conditions. 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 audited financial 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.

Recently Adopted Accounting Pronouncements

Effective January 1, 2023, the Agency adopted ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Agency adopted this new guidance utilizing the modified retrospective transition method. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by the Agency that are subject to ASU 2016-13 include loans receivable. The adoption of this ASU did not have a material impact on the Agency's financial statements but did change how the allowance for credit losses is determined.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

BASIC FINANCIAL STATEMENTS

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

The statement of net position presents information on all the Agency's assets, liabilities, and net position. Net position, the difference between the Agency's assets 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 SS1 through SS6, which are presented for purposes of additional analysis only.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

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 credit losses of \$225,000 at December 31, 2023 were \$1,347,323.

Unrestricted loans receivable, net of the allowance for credit losses of \$50,000 at December 31, 2023 were \$202,287.

Lease activity for the year ended 12/31/23 was as follows:

	1/1/2023	Additions	Reductions	12/31/2023
Right of Use Asset - Operating Lease	<u>\$ 175,454</u>	<u>\$ -</u>	<u>\$ 23,743</u>	<u>\$ 151,711</u>
	1/1/2023	Additions	Reductions	12/31/2023
Operating Lease Liability	<u>\$ 203,436</u>	<u>\$ -</u>	<u>\$ 1,358</u>	<u>\$ 202,078</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

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.

Net position includes capital assets, net of depreciation and related debt of \$4,500,289, unrestricted balance of \$3,191,528 and restricted funds as follows:

Revolving Loan Funds	\$ 4,109,139
Microenterprise Loan Funds	190,660
City Loan Funds	287,870
Total Restricted Funds	<u>\$ 4,587,669</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.

	2022	2023
Land and Improvements	\$ 1,274,094	\$ 1,274,094
Work in Progress	587,992	642,917
Equipment	96,314	96,314
Building	4,101,021	4,101,021
Total Capital Assets	<u>6,059,421</u>	<u>6,114,346</u>
Less: Accumulated Depreciation	1,233,103	1,383,530
Total Capital Assets, Net	<u>\$ 4,826,318</u>	<u>\$ 4,730,816</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

FINANCIAL ANALYSIS - Continued

Condensed Statement of Net Position

	2022	2023
ASSETS		
Cash	\$ 9,550,019	\$ 9,062,374
Loans Receivable, Net	1,537,908	1,549,610
Notes Receivable	17,519	17,519
Grants Receivable	1,152,295	392,651
Other Receivables	29,716	74,791
Capital Assets, Net	4,826,318	4,730,816
Right of Use Asset - Operating Lease	175,454	151,711
Other Assets	18,712	22,478
	<hr/>	<hr/>
TOTAL ASSETS	\$ 17,307,941	\$ 16,001,950
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LIABILITIES		
Current Liabilities	\$ 3,981,762	\$ 3,333,105
Long-Term Liabilities	399,757	389,359
	<hr/>	<hr/>
TOTAL LIABILITIES	\$ 4,381,519	\$ 3,722,464
	<hr/>	<hr/>
NET POSITION		
Net Investment in Capital Assets	\$ 4,618,176	\$ 4,500,289
Restricted	4,734,717	4,587,669
Unrestricted	3,573,529	3,191,528
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TOTAL NET POSITION	\$ 12,926,422	\$ 12,279,486
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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

December 31, 2023

FINANCIAL ANALYSIS - Continued

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

	15 Months Ended 12/31/2022	12 Months Ended 12/31/2023
Operating Revenues		
Bond Issue and Administrative Fees	\$ 1,105,718	\$ 349,004
Interest on Loans Receivable	65,385	50,796
Jefferson County Support	517,650	425,550
Community Development Agreement	3,000	-
Other Operating Revenues	162,539	106,620
Total Operating Revenue	<u>1,854,292</u>	<u>931,970</u>
Operating Expenses		
Project	2,057	-
General and Administrative	1,505,012	1,245,707
Credit Loss	222,108	184,218
Depreciation	98,106	150,427
Total Operating Expenses	<u>1,827,283</u>	<u>1,580,352</u>
Net Income (Loss) from Operations	<u>27,009</u>	<u>(648,382)</u>
Non-Operating Revenues (Expenses)	<u>1,428,261</u>	<u>1,446</u>
CHANGE IN NET POSITION	1,455,270	(646,936)
NET POSITION, BEGINNING OF PERIOD	<u>11,471,152</u>	<u>12,926,422</u>
NET POSITION, END OF PERIOD	<u>\$ 12,926,422</u>	<u>\$ 12,279,486</u>

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

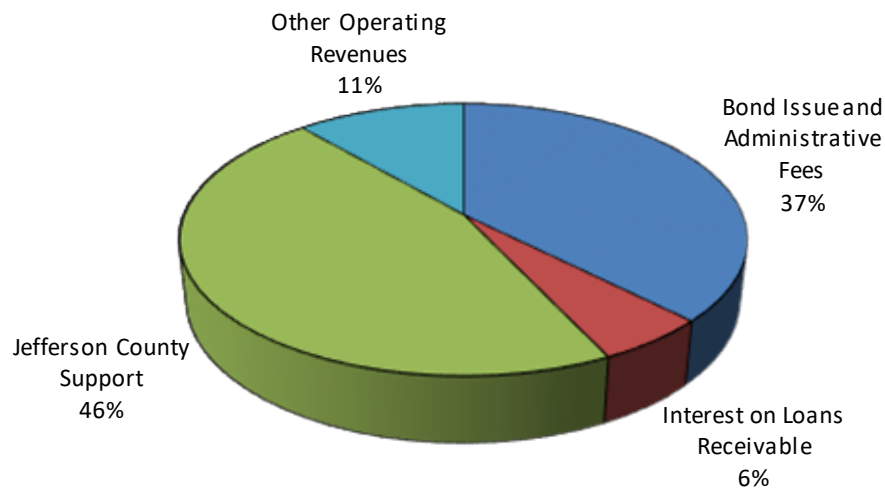
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

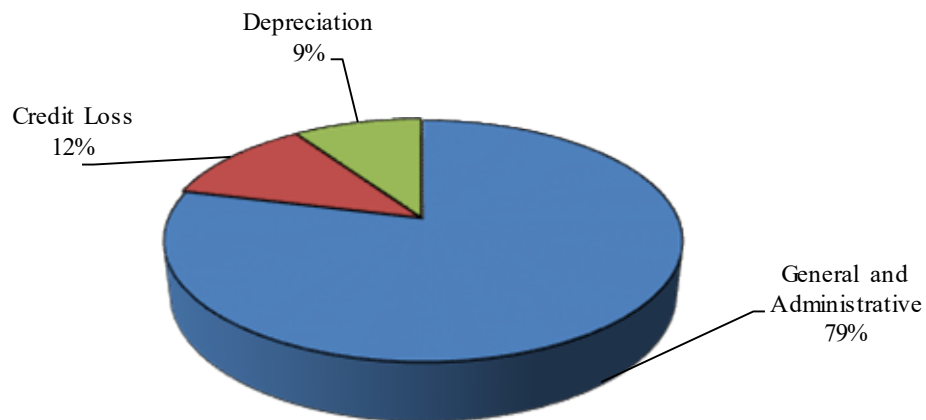
FINANCIAL ANALYSIS - Continued

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

Operating Revenues



Operating Expenses



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

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

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 \$50,796. 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 operating revenue and expense items for the year ended December 31, 2023 relate to normal program operations.

In an agreement dated May 5, 2022, the Agency was a subrecipient of United States Coronavirus State and Local Fiscal Recovery Funds (ARPA grant) in an amount of \$4,559,000 from Jefferson County, for a grant period through December 31, 2024. Of this amount, \$2,059,000 was passed through from the Agency to JCLDC during the year ended December 31, 2022 and recognized as grant revenue and expenditures. An additional \$1,292,000 was recognized as grant revenue and expenditures during the year ended December 31, 2022 related to remediation at 146 Arsenal Street and sewer service to the airport business park. \$1,208,000 remains in unearned revenue as of December 31, 2022 and December 31, 2023, see details in Note 6.

In an agreement dated September 25, 2023, the JCLDC was a subrecipient of United States Coronavirus State and Local Fiscal Recovery Funds (ARPA Grant) in an amount of \$1,380,000 from the County of Jefferson, for a grant period through December 31, 2024. The grants are to be used for tourism enhancement, local food production, small business, food processing, and expansion of childcare services. \$913,436 was recognized as grant income and expense in the JCLDC financial statements for the year ended December 31, 2023 and the remaining unspent funds of \$1,771,600 are included in unearned revenue at December 31, 2023.

In a grant award dated September 17, 2020, the Agency was awarded a \$9,000,000 construction grant for the YMCA Community and Aquatics Center. The total project cost is estimated at \$27,800,000. The nonfederal share of \$18,362,000 is reported by the Watertown Family YMCA. The grant period has been extended until November 30, 2024. For the year ended December 31, 2023, the Agency recognized \$3,341,567 in grant revenue and grant expense that has been passed through to the Watertown Family YMCA. As of December 31, 2023, all grant funds have been received and dispersed to the Watertown Family YMCA.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

OVERVIEW OF THE AGENCY'S PROJECTS

Below is a description of various special projects undertaken or to yet be undertaken by the JCIDA.

Corporate Park Turn Lane – Industrial Access Program:

In 2004, the Agency was awarded a \$948,500 grant/loan from the Industrial Access Program by the State of New York. A portion of this money was used to build a road to expand the Jefferson County Corporate Park, which was completed in the first quarter of 2005. The Agency will repay 40% of the grant, or \$379,400, within 5 years after the project is complete and approved by New York State. This grant has been extended through December 31, 2024, with the balance of the funds to be used to construct a turn lane into the Industrial Park.

The agency has NYS Dept. of Transportation approval to construct a west-bound, right hand turn lane into the Jefferson County Corporate Park on Outer Coffeen Street (NYS Route 12F) that it intends to be completed in 2024. The project had been delayed through all of 2022 and into 2023 while waiting for National Grid to first relocate its underground natural gas lines. After that work was completed, the Town of Watertown had to relocate a water main. The water line project is underway and expected to wrap up by April 2024. The turn lane construction can then begin and will be completed by Fall 2024. Once completed, the Agency will transfer ownership of the turn lane to NYSDOT.

YMCA Project at 146 Arsenal Street:

After the JCIDA completed a \$2.6 million PCB remediation project of the former call center in March 2022 at 146 Arsenal Street, the YMCA began a \$27.8 million renovation effort to convert the building into a new Community and Aquatics Center. To assist with this project, JCIDA was awarded a \$9,000,000 federal grant through the Defense Community Infrastructure Pilot Program. The YMCA had been designated as a subrecipient. The project was completed in November 2023. Although the last of the grant amount had been drawn down in 2023, reporting continued into 2024.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

OVERVIEW OF THE AGENCY'S PROJECTS - Continued

American Rescue Program Act (ARPA):

In its 2022 fiscal year budget, the County of Jefferson allocated \$4,559,000 in ARPA funding to the JCIDA to support several programs to assist in local economic recovery. \$1,000,000 was retained directly by the JCIDA to help offset the cost of PCB remediation project at 146 Arsenal Street (completed in March 2022). \$1.5 million was allocated to the Town of Hounsfield sewer project which will serve the Watertown International Airport and the JCIDA's business complex, which sits adjacent to the airport. In 2022, the JCIDA provided an initial \$292,000 of the ARPA funds to the Town of Hounsfield to assist with the design phase of the project. The remaining \$1,208,000 is still held by the JCIDA and will be provided to the Town for additional design and construction in 2024.

The JCIDA entered into a subrecipient agreement with its sister agency—the Jefferson County Local Development Corporation (JCLDC)—to administer \$2,059,000 of the ARPA funds as noted below:

Local foods resiliency initiative	\$ 400,000
Expansion of childcare services	809,000
Rental property deferred maintenance	425,000
Small business productivity improvement and incumbent worker training	<u>425,000</u>
	\$ 2,059,000

As of December 31, 2023, 98% of the funding had been committed, with 60% dispersed. Administration of these funds will continue through 2024. The Agency provides a monthly report to the County treasurer on the expenditure of the above ARPA funds.

In 2023, the JCLDC directly received \$1,380,000 in Round 2 ARPA funds directly from the County, allocated as follows:

Local foods resiliency initiative	\$ 600,000
Expansion of childcare services	100,000
Small business productivity improvement	180,000
Tourism product enhancement & diversification	<u>500,000</u>
	\$ 1,380,000

Approximately 50% of Round 2 funds were awarded in 2023, although only 10% of the funds were dispersed. Funds will continue to be administered through 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

OVERVIEW OF THE AGENCY'S PROJECTS - Continued

Business Complex at Watertown International:

The JCIDA is developing a business complex adjacent to the Watertown International Airport. Convalt Energy intends to build a 315,000 sq. ft. solar panel manufacturing facility (and additional buildings) on the 88-acre site. A Land Development Agreement (LDA) outlines the conditions upon which the JCIDA will transfer ownership of the property to Convalt Energy, which includes the requirements to have all necessary permits and approvals in place and to secure the permanent financing necessary to construct the facility.

The agency's activity is focused primarily on providing roadway access and water/wastewater services to the site. Engineering design is complete and undergoing review and approval by NYS Dept. of Transportation and NYS Dept. of Health. Construction is slated to begin by summer 2024. Total costs for developing the site were originally estimated at \$6,954,800. However, the budget has been reduced due to changes in the project scope since the agency entered into a Land Development Agreement (LDA) with Convalt Energy. For example, Convalt Energy, as the intended user of the power, is now responsible for the costs of running electrical power to the site, which will reduce the JCIDA's costs. JCIDA project costs are now estimated at \$2,079,950.

Funding for the estimated \$2,079,950 development of the site consists of several sources. Below is a description of the project funding sources.

A **\$500,000** grant has been awarded by the Northern Border Regional Commission (NRBC). Costs for the project will be submitted and reimbursed quarterly by NRBC. No eligible costs incurred to date. Grant contract expires September 30, 2024.

With the reduction in project scope and budget, NYS Empire State Development (ESD) has reduced its funding proportionately to **\$372,311**, down from its original \$1,121,000. Funds will be disbursed upon completion of the project as evidenced by documented expenditures. Current grant contract expires December 31, 2024. Agency is planning to submit a revised budget and a request for extension.

A **\$500,000** grant has been awarded by the Dormitory Authority of the State of NY (DASNY). Funds can be reimbursed as the project progresses. As of December 31, 2023, the JCIDA was preparing its initial reimbursement request for expenses through October 2023 and has accrued \$392,651 as grants receivable. Grant contract expires June 16, 2024.

An estimated **\$790,150** of in-kind labor and equipment will be provided by Jefferson County to construct the roadway access into the Business Complex. Some site preparation work has been completed, with highway access work slated to begin in January 2024.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

BUDGETARY HIGHLIGHTS

This budgetary comparison is presented for the Jefferson County Industrial Development Agency and excludes component units. Grant income and expense were not budgeted for in 2023.

	Budget	Actual	Variation
Revenue			
Administrative Fees	\$ 15,000	\$ 59,752	\$ 44,752
Loan Program Fees	67,509	67,609	100
Interest Income	1,000	262	(738)
Late Payment Penalty	300	234	(66)
Other Revenue	-	56,382	56,382
PILOT Fees	1,200,963	281,685	(919,278)
Interest from Loan Receivable	41,000	41,853	853
YMCA Income	-	50,004	50,004
Grant Income	-	3,734,218	3,734,218
Total Revenue	1,325,772	4,291,999	2,966,227
Expenses			
Administrative Service Fees	707,275	412,577	294,698
Office Expense	5,000	4,963	37
Insurance Expense	44,727	22,565	22,162
Professional Fees	83,000	56,195	26,805
146 Arsenal Building	113,404	60,899	52,505
Corporate Park	2,000	8,115	(6,115)
Project	67,509	65,825	1,684
Depreciation	-	135,288	(135,288)
Grant Expense	-	3,341,567	(3,341,567)
Credit Losses	280,000	122,218	157,782
Miscellaneous Expenses	5,250	8,511	(3,261)
Total Expenses	1,308,165	4,238,723	(2,930,558)
Change in Net Position	\$ 17,607	\$ 53,276	\$ (35,669)

MANAGEMENT’S DISCUSSION AND ANALYSIS

December 31, 2023

ECONOMIC FACTORS AND FUTURE OUTLOOK

In Spring 2024 we expect to release bid documents for the sewer and water infrastructure necessary to serve the Business Complex at Watertown International, with construction commencing in the summer and being completed by year-end. Grant funding to support that work is detailed earlier in this report. We also expect Convalt Energy to secure its permanent financing—at which point we will convey ownership of the 88-acre site to them so they can begin construction of their 315,000 sq. ft. manufacturing facility. Concurrently, Convalt is beginning to plan for a second, larger manufacturing facility on the same site. They may approach the JCIDA with those plans and a request for assistance in late 2024, though more likely in 2025.

There seems to be a slow-down in proposals for community scale solar projects (5MW or less in size) and the PILOT applications that accompany them. However, the New York State Office of Renewable Energy Siting (ORES) has so far permitted three utility scale projects of 100MW or greater proposed for Jefferson County, and more could be approved in the coming year. The JCIDA has not yet received any formal PILOT applications for these larger utility-scale solar projects; but understands they will be forthcoming. These projects fall outside the agency’s Uniform Tax Exempt Policy and will require significant negotiations involving the developers and the affected taxing jurisdictions.

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**

December 31, 2023

ASSETS**CURRENT ASSETS**

Cash	\$ 6,521,406
Loans Receivable, Net	202,287
Other Receivables	74,791
Prepaid Expense	22,478
Grants Receivable	392,651
Total Current Assets	<u>7,213,613</u>

RESTRICTED ASSETS

Cash	2,540,968
Loans Receivable, Net	<u>1,347,323</u>
Total Restricted Assets	<u>3,888,291</u>

NONCURRENT ASSETS

Note Receivable	17,519
Capital Assets, Net	4,730,816
Right of Use Asset - Operating Lease	<u>151,711</u>
Total Noncurrent Assets	<u>4,900,046</u>

TOTAL ASSETS\$ 16,001,950**LIABILITIES****CURRENT LIABILITIES**

Accounts Payable	\$ 17,772
Grants Payable	64,800
Unearned Revenue, Current Portion	3,186,600
Current Portion of Operating Lease Liability	10,398
Other Current Liabilities	<u>52,913</u>
Total Current Liabilities	<u>3,332,483</u>

CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Interest Payable - HUD	<u>622</u>
Total Current Liabilities Payable From Restricted Assets	<u>622</u>

NONCURRENT LIABILITIES

Unearned Revenue, Net	17,519
Long-Term Debt	180,160
Operating Lease Liability, Net	<u>191,680</u>
Total Noncurrent Liabilities	<u>389,359</u>

TOTAL LIABILITIES\$ 3,722,464**NET POSITION**

Net Investment in Capital Assets	\$ 4,500,289
Restricted	4,587,669
Unrestricted	<u>3,191,528</u>
TOTAL NET POSITION	<u><u>\$ 12,279,486</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 December 31, 2023

REVENUES

OPERATING REVENUES

Administrative Fees	\$ 349,004
Jefferson County Support	425,550
Interest from Loans Receivable	50,796
Other Operating Revenues	106,620
Total Operating Revenues	<u>931,970</u>

EXPENSES

OPERATING EXPENSES

Salaries and Benefits	817,464
Credit Losses	184,218
Office	46,183
Advertising and Promotion	53,860
Professional Fees	72,472
Operating Lease Expense	29,808
Occupancy	66,775
Travel, Training and Conferences	28,978
Insurance	22,565
Depreciation	150,427
Other Operating Expenses	<u>107,602</u>
Total Operating Expenses	<u>1,580,352</u>
Net Operating Income (Loss)	<u>(648,382)</u>

NON-OPERATING REVENUES (EXPENSES)

Grant Income	4,647,654
Grant Expense	(4,655,003)
Interest Income	4,380
Miscellaneous Income	4,415
Total Non-Operating Revenues (Expenses)	<u>1,446</u>

CHANGE IN NET POSITION	(646,936)
NET POSITION, BEGINNING OF YEAR	<u>12,926,422</u>
NET POSITION, END OF YEAR	<u><u>\$ 12,279,486</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 CASH FLOWS

Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Principal Loan Collections	\$ 471,080
Cash Received from Jefferson County	426,000
Cash Received from Bond Issue and Administrative Fees	303,929
Cash Received from Interest on Loans Receivable	50,796
Cash Received from Other Operating Sources	59,247
Cash Received from Interest on Revolving Loan Funds	613
Cash Payments to HUD for Interest on Revolving Loan Funds	(1,227)
Cash Payments for Salaries and Benefits	(817,464)
Cash Payments for Supplies of Goods and Services	(406,413)
Cash Payments for Loans Originations	(660,000)
Net Cash Used In Operating Activities	<u>(573,439)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Nonoperating Grants Received	4,786,369
Nonoperating Grants Paid	(4,655,003)
PILOT Payments Received for Other Governments	1,138,743
PILOT Payments Transferred to Other Governments	(1,138,185)
Net Cash Provided by Noncapital Financing Activities	<u>131,924</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Additions to Capital Assets	<u>(54,925)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(54,925)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Cash Received from Interest and Other Sources	<u>8,795</u>
Net Cash Provided by Investing Activities	<u>8,795</u>

Net Decrease in Cash (487,645)

Cash, Beginning of Year	9,550,019
Cash, End of Year	<u>\$ 9,062,374</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 - CONTINUED

Year Ended December 31, 2023

**RECONCILIATION TO THE COMBINED STATEMENT
OF NET POSITION**

Cash	\$ 6,521,406
Restricted Cash	<u>2,540,968</u>
Total Cash	<u><u>\$ 9,062,374</u></u>

**RECONCILIATION OF NET OPERATING INCOME (LOSS)
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Net Operating Income (Loss)	\$ (648,382)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Used In Operating Activities:	
Depreciation Expense	150,427
Credit Losses Expense	184,218
Amortization of Right of Use Asset - Operating Lease	23,743
(Increase) Decrease in:	
Loans Receivable	(188,920)
Other Receivables	(52,075)
Prepaid Asset	(3,766)
Increase (Decrease) in:	
Accounts Payable	(15,451)
Interest Payable	(622)
Unearned Revenue	450
Operating Lease Liability	(1,358)
Other Liabilities	<u>(21,703)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u><u>\$ (573,439)</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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2023

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

December 31, 2023

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 right of use assets (cost less accumulated depreciation and amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of those assets.

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.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2023

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

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumption are reasonable in the circumstances; however, 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 December 31, 2023.

Statement of Cash Flows

There were no noncash investing and financing activities for the year ended December 31, 2023.

Loans Receivable and Allowance for Credit Losses

Loans receivable are stated at unpaid principal balances, less an allowance for credit losses. 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 credit losses and an adjustment to an allowance for credit losses based on its assessment of the current status of individual accounts. A considerable amount of judgement is required when determining expected credit losses. Estimates of such losses are recorded when management believes a customer, or group of customers, may not be able to meet their financial obligations due to deterioration in financial condition or credit rating. Factors relevant to the assessment include prior collection history with customers, the related aging of past due balances, projections of credit losses based on historical trends in credit quality indicators or past events, and forecasts of future economic conditions.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2023

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

Other Receivables and Grants Receivable

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. Based on management's assessment of the credit history with customers and grantors having outstanding balances and current relationships with them, the Agency has concluded that credit losses on balances outstanding at year-end will be immaterial.

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

Operating Leases

JCLDC leases office space. JCLDC determines if an arrangement is a lease at inception. Operating leases are included in right of use (ROU) asset – operating lease, current portion of operating lease liability, and long-term operating lease liability on the statement of net position.

ROU assets represent JCLDC's right to use an underlying asset for the lease term and lease liabilities represent JCLDC's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The ROU asset also includes any lease payments made and excludes lease incentives. JCLDC's lease terms may include options to extend or terminate the lease when it is reasonably certain that JCLDC will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2023

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 did not have any items that qualified for reporting in this category.

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 did not have any items that qualified for reporting in this category.

Recently Adopted Accounting Pronouncements

Effective January 1, 2023, the Agency adopted ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Agency adopted this new guidance utilizing the modified retrospective transition method. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by the Agency that are subject to ASU 2016-13 include loans receivable. The adoption of this ASU did not have a material impact on the Agency's financial statements but did change how the allowance for credit losses is determined.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2023

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

Date of Management’s Review

The Agency has evaluated events and transactions that occurred between December 31, 2023 and February 27, 2024, 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.

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 investment 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	\$ <u> - </u>
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the Agency's name.	\$ <u>8,048,087</u>

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.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 – LOANS RECEIVABLE, NET

At December 31, 2023 loans receivable, net of the allowance for credit losses, consisted of the following:

Unrestricted:

JCLDC:

Revolving Loan Fund Program	\$ 146,856
Covid-19 Emergency Loan Program, Net	49,110
Clayton Loan Program	6,321

Restricted:

Revolving Loan Program, Net	1,250,248
Microenterprise Loan Program, Net	97,075
Total Loans Receivable, Net	<u>\$ 1,549,610</u>

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 December 31, 2023, there has been no allowance for credit losses established based on management's judgment.

JCLDC Covid-19 Emergency Loan Program

During 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 credit loss expense by the JCLDC. During the year ended December 31, 2023, the JCLDC incurred \$55,000 of credit loss expense related to the COVID-19 emergency loan program by recording an allowance for credit losses of \$50,000 on the outstanding loans expected to be forgiven in future years and \$5,000 of loan forgiveness for the current year.

JCLDC Clayton Loan Program

During 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%.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - LOANS RECEIVABLE, NET - Continued

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 credit losses in order to provide a fair presentation of its loans receivable. The allowance of \$190,000 at December 31, 2023 is based on prior collection history with customers, the related aging of past due balances, projections of credit losses based on historical trends in credit quality indicators or past events, and forecasts of future economic conditions.

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 credit losses in order to provide a fair presentation of its loans receivable. The allowance of \$35,000 at December 31, 2023 was based on prior collection history with customers, the related aging of past due balances, projections of credit losses based on historical trends in credit quality indicators or past events, and forecasts of future economic conditions.

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 December 31, 2023, there are no outstanding loans and therefore, no allowance for credit losses established.

The following is a schedule of the outstanding loans receivable under the JCLDC Revolving Loan Fund program at December 31, 2023:

JCLDC Revolving Loan Fund Program

Clayton Island Tours	\$ 8,149
Clayton Yacht Club	29,912
North Branch Farms	23,660
WICLDC	<u>85,135</u>
Total JCLDC Revolving Loan Fund Program	<u><u>\$ 146,856</u></u>

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - LOANS RECEIVABLE, NET - Continued

The following is a schedule of the outstanding Revolving Loan Fund receivable at December 31, 2023:

Revolving Loan Program:

Marzano Excavating	\$ 120,000
LCO Destiny, LLC	220,248
Three Mile Bay Ventures, LLC	250,000
Convall Energy, LLC	850,000
Total	<u>1,440,248</u>
Less - Allowance for Credit Losses	<u>(190,000)</u>
Total Revolving Loans Receivable, Net	<u><u>\$ 1,250,248</u></u>

The following is a schedule of the outstanding Microenterprise Loan Program receivable at December 31, 2023:

Microenterprise Loan Program:

Clayton Island Tours, LLC	\$ 35,332
Colleen's Cherry Tree Inn	21,703
Painfull Acres	10,800
R.L. Gould and Son, LLC	5,166
Pink Kettle	16,814
Taste of Design	11,586
Therartpy	5,533
Willowbrook Enterprise	25,141
Total	<u>132,075</u>
Less - Allowance for Credit Losses	<u>(35,000)</u>
Total Microenterprise Loans Receivable, Net	<u><u>\$ 97,075</u></u>

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - LOANS RECEIVABLE, NET – Continued

Activity in the revolving loan fund allowance for credit losses is as follows:

Balance - January 1, 2023	\$ 190,000
Provision for Credit Losses	132,998
Recovery	29,584
Credit Loss	<u>(162,582)</u>
Balance - December 31, 2023	<u><u>\$ 190,000</u></u>

Activity in the microenterprise loan program allowance for credit losses is as follows:

Balance - January 1, 2023	\$ 52,647
Provision for Credit Losses	(10,780)
Credit Loss	<u>(6,867)</u>
Balance - December 31, 2023	<u><u>\$ 35,000</u></u>

Activity in the JCLDC allowance for credit losses is as follows:

Balance - January 1, 2023	\$ -
Provision for Credit Losses	55,000
COVID-19 Emergency Loan Forgiveness	<u>(5,000)</u>
Balance - December 31, 2023	<u><u>\$ 50,000</u></u>

For the year ended December 31, 2023, credit losses expense was \$184,218 and included \$187,998 of provision for credit losses on loans receivable less \$10,780 of loan recoveries, plus \$7,000 loss on other receivables deemed uncollectible.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 3 - LOANS RECEIVABLE, NET – Continued

The aging of loans receivable portfolio by classes as of December 31, 2023 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	\$ -	\$ -	\$ -	\$ 1,440,248	\$ 1,440,248
Microenterprise					
Loans Receivable	-	11,586	-	120,489	132,075
JCLDC					
RLF Loans Receivable	-	-	-	146,856	146,856
Covid-19 Emergency					
Loans Receivable	-	-	-	99,110	99,110
Clayton Loans					
Receivable	-	-	-	6,321	6,321
Total	<u>\$ -</u>	<u>\$ 11,586</u>	<u>\$ -</u>	<u>\$ 1,813,024</u>	<u>\$ 1,824,610</u>

NOTE 4 – GRANTS RECEIVABLE

The agency reported grants receivable of \$392,651 at December 31, 2023. The receivable represents the amount due from DASNY related to the business complex project at Watertown International Airport and is deemed fully collectible.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 5 – NOTE RECEIVABLE

Note receivable/unearned revenue consisted of the following at December 31, 2023:

Note due from Kenneth Rogers - monthly payments of \$314.91, including interest at 9%, due 12/1/27	\$ 17,519
Less - Current Portion	-
Non-Current Portion	<u>\$ 17,519</u>

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

NOTE 6 – UNEARNED REVENUES

Unearned revenue from grants and contracts totaled \$3,186,600 at December 31, 2023. The amounts received in excess of amounts spent on reimbursable costs is reported as unearned revenue. These amounts will be recognized as revenue when the Agency and JCLDC incur expenditures in compliance with specific grant and contract provisions.

Unearned revenue from notes receivable which are not available or earned totaled \$17,519 at December 31, 2023. These amounts will be recognized as revenue when the Agency receives the funds. See Note 5 for additional details.

Unearned revenue consists of the following at December 31, 2023:

ARPA Grant	\$ 2,979,600
Jefferson County Marketing Grant	<u>207,000</u>
Total Unearned Revenue, Current Portion	3,186,600
Note Receivable - Rogers	<u>17,519</u>
Total Unearned Revenue	<u>\$ 3,204,119</u>

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 7 – RESTRICTED ASSETS

Restricted cash, which is invested in interest-bearing and non-interest bearing accounts, consisted of the following at December 31, 2023:

Revolving Loan Fund	\$ 2,159,504
Microenterprise Loan Fund	93,587
City Loan Fund	<u>287,877</u>
 Total Restricted Cash	 <u><u>\$ 2,540,968</u></u>

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 December 31, 2023 balances for each of the restricted loan programs.

NOTE 8 – 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 December 31, 2023 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 30 acres at a cost of \$839 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 71 acres at an average cost of \$4,360 per acre. The total land purchased was \$334,662. The Agency has incurred additional environmental costs and improvements of \$549,664. Construction in progress costs are \$397,942. At December 31, 2023, the total cost of airport property is \$1,282,268 for the 101.14 acres at a cost of \$12,678 per acre. See Note 9 for details.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 9 – CAPITAL ASSETS, NET

Capital assets, net at December 31, 2023 consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets That Are Not Depreciated:				
Land and Improvements	\$ 1,274,094	\$ -	\$ -	\$ 1,274,094
Work in Progress	587,992	54,925	-	642,917
Total Nondepreciable Assets	1,862,086	54,925	-	1,917,011
Capital Assets That Are Depreciated:				
Equipment	96,314	-	-	96,314
Building	4,101,021	-	-	4,101,021
Total Depreciable Assets	4,197,335	-	-	4,197,335
Less: Accumulated Depreciation	1,233,103	150,427	-	1,383,530
Total Depreciated Assets, Net	2,964,232	(150,427)	-	2,813,805
Capital Assets, Net	\$ 4,826,318	\$ (95,502)	\$ -	\$ 4,730,816

NOTE 10 – 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 December 31, 2023 are \$-0-.

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 December 31, 2023 are \$-0-.

The Agency reports no revenues or expenses related to PILOT programs as amounts are only passed-through the Agency as seen on the Combined Statement of Cash Flows.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 11 – LONG-TERM DEBT

The following notes payable were in effect at December 31, 2023:

New York State Department of Transportation - grant repayment
of 40% of Industrial Access project - payments to start five years
from project completion - project is partially completed and
extended as of December 31, 2023:

\$ 180,160

The future principal payments on the notes payable as of December 31, 2023 are summarized as follows:

Year Ending December 31	Principal	Interest	Total
2024	\$ -	\$ -	\$ -
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
Thereafter	<u>180,160</u>	<u>-</u>	<u>180,160</u>
	<u>\$ 180,160</u>	<u>\$ -</u>	<u>\$ 180,160</u>

Summary of changes in long-term debt:

	January 1, 2023	Additions	Reductions	December 31, 2023
Notes Payable	<u>\$ 180,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,160</u>

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 12 – OPERATING LEASES

JCLDC leases office space from Watertown Industrial Center LDC, a related party, under a 10-year lease agreement. As of December 31, 2023, the right of use asset - operating lease and operating lease liability related to this agreement were \$151,711 and \$202,078, respectively. The weighted average remaining lease term of this agreement is 5.75 years and the weighted average discount rate was 3%. The operating lease expense for the year ended December 31, 2023 was \$29,808.

	1/1/2023	Additions	Reductions	12/31/2023
Right of Use Asset - Operating Lease	<u>\$ 175,454</u>	<u>\$ -</u>	<u>\$ 23,743</u>	<u>\$ 151,711</u>

	1/1/2023	Additions	Reductions	12/31/2023
Operating Lease Liability	<u>\$ 203,436</u>	<u>\$ -</u>	<u>\$ 1,358</u>	<u>\$ 202,078</u>

Future minimum lease payments under non-cancellable leases as of December 31, 2023 are as follows:

Year Ended December 31	Principal	Interest	Total
2024	\$ 10,398	\$ 5,980	\$ 16,378
2025	38,118	5,121	43,239
2026	39,277	3,962	43,239
2027	40,473	2,766	43,239
2028	41,703	1,536	43,239
Thereafter	<u>32,109</u>	<u>321</u>	<u>32,430</u>
	<u>\$ 202,078</u>	<u>\$ 19,686</u>	<u>\$ 221,764</u>

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 13 – ARPA GRANT REVENUE

In an agreement dated May 5, 2022, the Agency was a subrecipient of United States Coronavirus State and Local Fiscal Recovery Funds (ARPA grant) in an amount of \$4,559,000 from Jefferson County, for a grant period through December 31, 2024. Of this amount, \$2,059,000 was passed through from the Agency to JCLDC during the prior year ended December 31, 2022 and recognized as grant revenue and expenditures. An additional \$1,292,000 was recognized as grant revenue and expenditures during the prior year ended December 31, 2022 related to remediation at 146 Arsenal Street and sewer service to the airport business park. \$1,208,000 remains in unearned revenue as of December 31, 2023, see details in Note 6.

In an agreement dated September 25, 2023, the JCLDC was a subrecipient of United States Coronavirus State and Local Fiscal Recovery Funds (ARPA grant) in an amount of \$1,380,000 from the County of Jefferson, for a grant period through December 31, 2024. The grant funds are to be used for the following programs:

- (1) Tourism Enhancement
- (2) Local Food Production
- (3) Small Business
- (4) Food Processing
- (5) Expansion of Childcare Services

For the year ended December 31, 2023, the JCLDC recognized \$913,436 in grant revenues and grant expense. The unspent grant proceeds received in the amount of \$1,771,600 are reported as unearned revenue at December 31, 2023.

NOTE 14 – COMMUNITY INVESTMENT GRANT REVENUE

In a grant award dated September 17, 2020, the Agency was awarded a \$9,000,000 construction grant for the YMCA Community and Aquatics Center. The total project cost is estimated at \$27,632,000. The nonfederal share of \$18,362,000 is reported by the Watertown Family YMCA. The grant period has been extended until November 30, 2024. For the year ended December 31, 2023, the Agency recognized \$3,341,567 in grant revenue and grant expense that has been passed through to the Watertown Family YMCA. As of December 31, 2023, all grant funds have been received and dispersed to the Watertown Family YMCA.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 15 – BUSINESS COMPLEX GRANT REVENUE

The Agency is developing a business complex adjacent to the Watertown International Airport. The project has been modified to a budget of \$2,079,950 with multiple grants and awards to fund project costs.

In a grant award dated September 21, 2018, the Agency was awarded a State and Municipal Facilities Program grant for \$500,000 to be used for the construction phase of the project. For the year ended December 31, 2023, the Agency has recognized \$392,651 of grant income for the first reimbursement submitted for expenses incurred from 2019 through 2023.

NOTE 16 – 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 December 31, 2023, 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.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 16 – COMMITMENTS AND CONTINGENCIES – Continued

Federal and State Grant Programs – Continued

As of December 31, 2023, 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.

NOTE 17 – RELATED PARTY AGREEMENTS AND TRANSACTIONS

The Agency has a renewable agreement with the JCLDC to receive professional staffing and administrative support services. The amount charged to the Agency by the JCLDC was \$707,275 for the year ended December 31, 2023. The fee is recalculated annually based on the JCLDC's budget. During the year ended December 31, 2023, five months of in-kind services were provided, and the JCLDC waived \$294,698 of the fee. Therefore, for the year ended December 31, 2023, the Agency recognized administrative service agreement expenses of \$412,577 and the JCLDC recognized administrative fee revenues of \$412,577. 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.

JCLDC

The JCLDC rents office space from Watertown Industrial Center Local Development Corp under a 10-year lease agreement. See Note 12 for further details.

On December 1, 2010, the JCLDC loaned Watertown Industrial Center Local Development Corporation \$200,000 for roof replacement expenses. The loan matures on January 1, 2031. As of December 31, 2023 the balance remaining on this loan was \$85,135.

On September 10, 2018, the JCLDC loaned Watertown Industrial Center Local Development Corporation \$98,082 for renovations to the northeast corner of Building A at the Watertown Center for Business and Industry which will provide an additional 33,432 square feet for the current tenant. The loan matured on October 1, 2023 with all loan payments received as scheduled.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 18 – 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 19 – 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 6% of the employees' annual salary. All full-time employees are covered by the Plan. For the year ended December 31, 2023, JCLDC made contributions in the amount of \$48,890.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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

SUPPLEMENTARY INFORMATION

SS1 COMBINING STATEMENT OF NET POSITION

December 31, 2023

ASSETS	JCIDA	Component Units	Eliminations	TOTAL
Current Assets:				
Cash	\$ 1,647,183	\$ 4,874,223	\$ -	\$ 6,521,406
Loans Receivable, Net	-	202,287	-	202,287
Other Receivables	71,541	3,250	-	74,791
Prepaid Expense	19,765	2,713	-	22,478
Grants Receivable	392,651	-	-	392,651
Total Current Assets	2,131,140	5,082,473	-	7,213,613
Restricted Assets:				
Cash	2,540,968	-	-	2,540,968
Loans Receivable, Net	2,047,323	-	(700,000)	1,347,323
Total Restricted Assets	4,588,291	-	(700,000)	3,888,291
Noncurrent Assets:				
Note Receivable	17,519	-	-	17,519
Capital Assets, Net	4,660,715	70,101	-	4,730,816
Right of Use Asset - Operating Lease	-	151,711	-	151,711
Total Noncurrent Assets	4,678,234	221,812	-	4,900,046
TOTAL ASSETS	\$ 11,397,665	\$ 5,304,285	\$ (700,000)	\$ 16,001,950
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 8,049	\$ 9,723	\$ -	\$ 17,772
Grants Payable	-	64,800	-	64,800
Unearned Revenue, Current Portion	1,208,000	1,978,600	-	3,186,600
Current Portion of Operating Lease Liability	-	10,398	-	10,398
Other Current Liabilities	11,482	41,431	-	52,913
Total Current Liabilities	1,227,531	2,104,952	-	3,332,483
Current Liabilities Payable From Restricted Assets:				
Interest Payable - HUD	622	-	-	622
Noncurrent Liabilities:				
Unearned Revenue, Net	17,519	-	-	17,519
Long-Term Debt	880,160	-	(700,000)	180,160
Operating Lease Liability, Net	-	191,680	-	191,680
Total Noncurrent Liabilities	897,679	191,680	(700,000)	389,359
TOTAL LIABILITIES	\$ 2,125,832	\$ 2,296,632	\$ (700,000)	\$ 3,722,464
NET POSITION				
Net Investment in Capital Assets	\$ 4,480,555	\$ 19,734	\$ -	\$ 4,500,289
Restricted for:				
Revolving Loan Program	4,109,139	-	-	4,109,139
Microenterprise Loan Program	190,660	-	-	190,660
City Loan Program	287,870	-	-	287,870
Total Restricted Net Position	4,587,669	-	-	4,587,669
Unrestricted	203,609	2,987,919	-	3,191,528
TOTAL NET POSITION	\$ 9,271,833	\$ 3,007,653	\$ -	\$ 12,279,486

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 REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended December 31, 2023

	JCIDA	Component Units	Eliminations	Total
REVENUES				
Operating Revenues:				
Administrative Fees*	\$ 406,046	\$ 421,327	\$ (478,369)	\$ 349,004
Jefferson County Support	-	425,550	-	425,550
Interest from Loans Receivable	41,853	8,943	-	50,796
Other Operating Revenues	106,620	-	-	106,620
Total Operating Revenues	<u>554,519</u>	<u>855,820</u>	<u>(478,369)</u>	<u>931,970</u>
EXPENSES				
Operating Expenses:				
Project*	65,792	-	(65,792)	-
Salaries and Benefits	-	817,464	-	817,464
Credit Losses	122,218	62,000	-	184,218
Office	4,963	41,220	-	46,183
Advertising and Promotion	-	53,860	-	53,860
Administrative Service Agreement*	412,577	-	(412,577)	-
Professional Fees	53,195	19,277	-	72,472
Operating Lease Expense	-	29,808	-	29,808
Occupancy	-	66,775	-	66,775
Travel, Training and Conferences	-	28,978	-	28,978
Insurance	22,565	-	-	22,565
Depreciation	135,288	15,139	-	150,427
Other Operating Expenses	77,558	30,044	-	107,602
Total Operating Expenses	<u>894,156</u>	<u>1,164,565</u>	<u>(478,369)</u>	<u>1,580,352</u>
Net Operating Income (Loss)	<u>(339,637)</u>	<u>(308,745)</u>	<u>-</u>	<u>(648,382)</u>
NON-OPERATING REVENUES (EXPENSES)				
Grant Income	3,734,218	913,436	-	4,647,654
Grant Expense	(3,341,567)	(1,313,436)	-	(4,655,003)
Interest Income	262	4,118	-	4,380
Miscellaneous Income	-	4,415	-	4,415
Total Non-Operating Revenues (Expenses)	<u>392,913</u>	<u>(391,467)</u>	<u>-</u>	<u>1,446</u>
CHANGE IN NET POSITION	53,276	(700,212)	-	(646,936)
NET POSITION, BEGINNING OF YEAR	<u>9,218,557</u>	<u>3,707,865</u>	<u>-</u>	<u>12,926,422</u>
NET POSITION, END OF YEAR	<u>\$ 9,271,833</u>	<u>\$ 3,007,653</u>	<u>\$ -</u>	<u>\$ 12,279,486</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 NET POSITION – COMPONENT UNITS

December 31, 2023

ASSETS

	JCLDC	JCCFDC	TOTAL
CURRENT ASSETS			
Cash	\$ 4,856,237	\$ 17,986	\$ 4,874,223
Loans Receivable, Net	202,287	-	202,287
Other Receivables	-	3,250	3,250
Prepaid Expenses	2,713	-	2,713
Total Current Assets	<u>5,061,237</u>	<u>21,236</u>	<u>5,082,473</u>
CAPITAL ASSETS, NET	70,101	-	70,101
RIGHT OF USE ASSET - OPERATING LEASE	<u>151,711</u>	<u>-</u>	<u>151,711</u>
TOTAL ASSETS	<u>\$ 5,283,049</u>	<u>\$ 21,236</u>	<u>\$ 5,304,285</u>

LIABILITIES

CURRENT LIABILITIES			
Accounts Payable	\$ 9,723	\$ -	\$ 9,723
Grants Payable	64,800	-	64,800
Accrued Expenses	41,431	-	41,431
Current Portion of Operating Lease Liability	10,398	-	10,398
Unearned Revenue	<u>1,978,600</u>	<u>-</u>	<u>1,978,600</u>
Total Current Liabilities	2,104,952	-	2,104,952
LONG-TERM LIABILITIES			
Operating Lease Liability, Net	<u>191,680</u>	<u>-</u>	<u>191,680</u>
TOTAL LIABILITIES	<u>\$ 2,296,632</u>	<u>\$ -</u>	<u>\$ 2,296,632</u>

NET POSITION

Unrestricted:			
Undesignated	<u>\$ 2,986,417</u>	<u>\$ 21,236</u>	<u>\$ 3,007,653</u>
TOTAL NET POSITION	<u>\$ 2,986,417</u>	<u>\$ 21,236</u>	<u>\$ 3,007,653</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

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

Year Ended December 31, 2023

	JCLDC	JCCFDC	TOTAL
REVENUES			
Operating Revenues:			
Administrative Fees	\$ 412,577	\$ 8,750	\$ 421,327
Jefferson County Support	425,550	-	425,550
Interest from Loans Receivable	8,943	-	8,943
Total Operating Revenues	<u>847,070</u>	<u>8,750</u>	<u>855,820</u>
EXPENSES			
Salaries and Benefits	817,464	-	817,464
Advertising and Promotion	53,860	-	53,860
Occupancy	66,775	-	66,775
Office	41,220	-	41,220
Operating Lease Expense	29,808	-	29,808
Professional Fees	19,277	-	19,277
Travel, Training and Conferences	28,978	-	28,978
Credit Losses	62,000	-	62,000
Depreciation	15,139	-	15,139
Other Operating Expenses	30,044	-	30,044
Total Operating Expenses	<u>1,164,565</u>	<u>-</u>	<u>1,164,565</u>
Net Operating Income (Loss)	<u>(317,495)</u>	<u>8,750</u>	<u>(308,745)</u>
NON-OPERATING REVENUES (EXPENSES)			
Grant Income	913,436	-	913,436
Grant Expense	(1,313,436)	-	(1,313,436)
Interest Income	4,118	-	4,118
Miscellaneous Income	4,415	-	4,415
Total Non-Operating Revenues (Expenses)	<u>(391,467)</u>	<u>-</u>	<u>(391,467)</u>
CHANGE IN NET POSITION	(708,962)	8,750	(700,212)
NET POSITION, BEGINNING OF YEAR	<u>3,695,379</u>	<u>12,486</u>	<u>3,707,865</u>
NET POSITION, END OF YEAR	<u>\$ 2,986,417</u>	<u>\$ 21,236</u>	<u>\$ 3,007,653</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

December 31, 2023

	GENERAL	REVOLVING LOAN PROGRAM	MICRO- ENTERPRISE LOAN PROGRAM	CITY LOAN PROGRAM	TOTAL
ASSETS					
Current Assets:					
Cash	\$ 1,647,183	\$ -	\$ -	\$ -	\$ 1,647,183
Other Receivables	71,541	-	-	-	71,541
Prepaid Expense	19,765	-	-	-	19,765
Grants Receivable	392,651	-	-	-	392,651
Total Current Assets	<u>2,131,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,131,140</u>
Restricted Assets:					
Cash	-	2,159,504	93,587	287,877	2,540,968
Loans Receivable, Net	-	1,950,248	97,075	-	2,047,323
Total Restricted Assets	<u>-</u>	<u>4,109,752</u>	<u>190,662</u>	<u>287,877</u>	<u>4,588,291</u>
Noncurrent Assets:					
Notes Receivable	17,519	-	-	-	17,519
Capital Assets, Net	4,660,715	-	-	-	4,660,715
Total Noncurrent Assets	<u>4,678,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,678,234</u>
TOTAL ASSETS	<u>\$ 6,809,374</u>	<u>\$ 4,109,752</u>	<u>\$ 190,662</u>	<u>\$ 287,877</u>	<u>\$ 11,397,665</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 8,049	\$ -	\$ -	\$ -	\$ 8,049
Unearned Revenue, Current Portion	1,208,000	-	-	-	1,208,000
Other Current Liabilities	11,482	-	-	-	11,482
Total Current Liabilities	<u>1,227,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,227,531</u>
Current Liabilities Payable From Restricted Assets:					
Interest Payable - HUD	-	613	2	7	622
Total Current Liabilities Payable From Restricted Assets	<u>-</u>	<u>613</u>	<u>2</u>	<u>7</u>	<u>622</u>
Noncurrent Liabilities:					
Unearned Revenue	17,519	-	-	-	17,519
Long-Term Debt	880,160	-	-	-	880,160
Total Noncurrent Liabilities	<u>897,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>897,679</u>
TOTAL LIABILITIES	<u>\$ 2,125,210</u>	<u>\$ 613</u>	<u>\$ 2</u>	<u>\$ 7</u>	<u>\$ 2,125,832</u>
NET POSITION					
Net Investment in Capital Assets	\$ 4,480,555	\$ -	\$ -	\$ -	\$ 4,480,555
Restricted for:					
Revolving Loan Program	-	4,109,139	-	-	4,109,139
Microenterprise Loan Program	-	-	190,660	-	190,660
City Loan Program	-	-	-	287,870	287,870
Total Restricted Net Position	<u>-</u>	<u>4,109,139</u>	<u>190,660</u>	<u>287,870</u>	<u>4,587,669</u>
Unrestricted:					
Unrestricted	203,609	-	-	-	203,609
Total Unrestricted Net Position	<u>203,609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,609</u>
TOTAL NET POSITION	<u>\$ 4,684,164</u>	<u>\$ 4,109,139</u>	<u>\$ 190,660</u>	<u>\$ 287,870</u>	<u>\$ 9,271,833</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 December 31, 2023

	GENERAL	REVOLVING LOAN PROGRAM	MICRO- ENTERPRISE LOAN PROGRAM	CITY LOAN PROGRAM	TOTAL
REVENUES					
Operating Revenues:					
Administrative Fees	\$ 406,046	\$ -	\$ -	\$ -	\$ 406,046
Interest from Loans Receivable	-	34,656	7,197	-	41,853
Other Operating Revenues	106,386	-	234	-	106,620
Total Operating Revenues	512,432	34,656	7,431	-	554,519
EXPENSES					
Operating Expenses:					
Project	-	43,422	22,370	-	65,792
Credit Losses (Recovery)	-	132,998	(10,780)	-	122,218
Office	4,963	-	-	-	4,963
Administrative Service Agreement	412,577	-	-	-	412,577
Professional Fees	52,070	-	1,125	-	53,195
Insurance	22,565	-	-	-	22,565
Depreciation	135,288	-	-	-	135,288
Other Operating Expenses	77,558	-	-	-	77,558
Total Operating Expenses	705,021	176,420	12,715	-	894,156
Net Operating Income (Loss)	(192,589)	(141,764)	(5,284)	-	(339,637)
NON-OPERATING REVENUES (EXPENSES)					
Grant Income	3,734,218	-	-	-	3,734,218
Grant Expense	(3,341,567)	-	-	-	(3,341,567)
Interest Income	262	-	-	-	262
Total Non-Operating Revenues (Expenses)	392,913	-	-	-	392,913
CHANGE IN NET POSITION	200,324	(141,764)	(5,284)	-	53,276
NET POSITION, BEGINNING OF YEAR	4,483,840	4,250,903	195,944	287,870	9,218,557
NET POSITION, END OF YEAR	\$ 4,684,164	\$ 4,109,139	\$ 190,660	\$ 287,870	\$ 9,271,833

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

FEDERAL AWARDS PROGRAM INFORMATION

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 December 31, 2023, 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 February 27, 2024.

Report on 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.

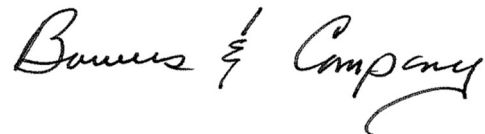
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on 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 "Bowers & Company". The signature is written in dark ink and is positioned to the right of the date and location text.

Watertown, New York
February 27, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**TO THE BOARD OF DIRECTORS
JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jefferson County Industrial Development Agency's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Jefferson County Industrial Development Agency's major federal programs for the year ended December 31, 2023. Jefferson County Industrial Development Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Jefferson County Industrial Development Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained *Government Auditing Standards*, issued by the comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Jefferson County Industrial Development Agency and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Jefferson County Industrial Development Agency compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Jefferson County Industrial Development Agency's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Jefferson County Industrial Development Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Jefferson County Industrial Development Agency's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Jefferson County Industrial Development Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Jefferson County Industrial Development Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Jefferson County Industrial Development Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

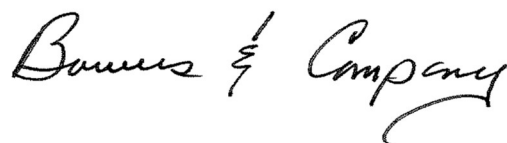
Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify and deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report 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
February 27, 2024

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2023

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through To Subrecipients	Total Federal Expenditures
U.S. Department of Defense				
Direct Award:				
Community Investment	12.600		<u>\$ 3,341,567</u>	<u>\$ 3,341,567</u>
Total Community Investment			<u>3,341,567</u>	<u>3,341,567</u>
Total U.S. Department of Defense			<u>3,341,567</u>	<u>3,341,567</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,341,567</u></u>	<u><u>\$ 3,341,567</u></u>

See paragraph on supplementary schedules included in independent auditor's report and accompanying notes to schedule of expenditures of federal awards.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Jefferson County Industrial Development Agency under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Jefferson County Industrial Development Agency, it is not intended to and does not present the financial position, changes in net position, or cash flows of Jefferson County Industrial Development Agency.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source of the data presented. The Agency has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 2023

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Jefferson County Industrial Development Agency were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements of Jefferson County Industrial Development Agency were disclosed during the audit. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Jefferson County Industrial Development Agency, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program is reported in the Independent Auditor's Report on Compliance with Requirements for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses were reported.
5. The auditor's report on compliance for the major federal award program for Jefferson County Industrial Development Agency expresses an unmodified opinion on the major federal program.
6. There were no audit findings to be reported in accordance with 2 CFR Section 200.516(a) related to the major federal program for Jefferson County Industrial Development Agency.
7. The program tested as a major federal program include:

Community Investment	12.600
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8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Jefferson County Industrial Development Agency was determined NOT to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

No findings to report.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings to report.
