

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

FINANCIAL STATEMENTS
December 31, 2025

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

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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, 2025, 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, 2025, 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 5-18 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 an opinion on the financial statements that collectively comprise Jefferson County Industrial Development Agency's basic financial statements. The accompanying supplementary schedules, SS1 – SS6 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 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 23, 2026, on our consideration of Jefferson County Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jefferson County Industrial Development Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson County Industrial Development Agency's internal control over financial reporting and compliance.

Bowers & Company CPAs, PLLC

Watertown, New York
February 23, 2026

MANAGEMENT’S DISCUSSION AND ANALYSIS

December 31, 2025

The following is a discussion and analysis of Jefferson County Industrial Development Agency (the Agency) for the year ended December 31, 2025. 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.

A third component unit, Deferiet Redevelopment Corporation (DRC), was established during the year ended December 31, 2024 to foster the creation, retention and expansion of jobs and economic opportunities for the benefit of the County of Jefferson, New York and local economies. To date DRC has no financial activity, and is therefore, not included in the discussion and analysis or financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2025

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.

MANAGEMENT’S DISCUSSION AND ANALYSIS

December 31, 2025

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 \$856,816 at December 31, 2025 were \$881,282.

Unrestricted loans receivable, net of the allowance for credit losses of \$7,500 at December 31, 2025 were \$87,187.

Lease activity for the year ended December 31, 2025 was as follows:

	January 1, 2025	Additions	Reductions	December 31, 2025
Right of Use Asset - Operating Lease	\$ 247,523	\$ -	\$ 43,837	\$ 203,686
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	January 1, 2025	Additions	Reductions	December 31, 2025
Operating Lease Liability	\$ 220,078	\$ -	\$ 44,142	\$ 175,936
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2025

FINANCIAL ANALYSIS - Continued

Statement of Net Position - Continued

The Agency and its component units' major liabilities consist of operating payables and unearned revenues.

Net position includes capital assets, net of depreciation and related debt of \$5,398,474, unrestricted balance of \$2,289,299 and restricted funds as follows:

Revolving Loan Funds	\$ 3,437,585
Microenterprise Loan Funds	211,217
City Loan Funds	292,221
Total Restricted Net Position	<u>\$ 3,941,023</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 is being used to develop an Airport Industrial Park, which is recorded as land and improvements and infrastructure as of December 31, 2025 to represent the sewer line work completed and ready for use.

	2024	2025
Land and Improvements	\$ 1,274,094	\$ 1,274,094
Work in Progress	1,644,305	244,974
Infrastructure	-	1,484,852
Equipment	98,664	98,664
Building	4,101,021	4,101,021
Total Capital Assets	<u>7,118,084</u>	<u>7,203,605</u>
Less: Accumulated Depreciation	<u>1,522,350</u>	<u>1,652,721</u>
Total Capital Assets, Net	<u>\$ 5,595,734</u>	<u>\$ 5,550,884</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2025

FINANCIAL ANALYSIS - Continued

Condensed Statement of Net Position

	2024	2025	Change (2024 - 2025)
ASSETS			
Cash	\$ 7,089,082	\$ 4,886,842	-31.07%
Loans Receivable, Net	1,454,592	968,469	-33.42%
Grants Receivable	500,000	868,362	73.67%
Other Receivables	112,598	145,070	28.84%
Capital Assets, Net	5,595,734	5,550,884	-0.80%
Right of Use Asset - Operating Lease	247,523	203,686	-17.71%
Other Assets	25,103	21,152	-15.74%
TOTAL ASSETS	<u>\$ 15,024,632</u>	<u>\$ 12,644,465</u>	-15.84%
LIABILITIES			
Current Liabilities	\$ 2,563,217	\$ 703,976	-72.54%
Long-Term Liabilities	350,290	311,693	-11.02%
TOTAL LIABILITIES	<u>\$ 2,913,507</u>	<u>\$ 1,015,669</u>	-65.14%
NET POSITION			
Net Investment in Capital Assets	\$ 5,443,019	\$ 5,398,474	-0.82%
Restricted	4,197,993	3,941,023	-6.12%
Unrestricted	2,470,113	2,289,299	-7.32%
TOTAL NET POSITION	<u>\$ 12,111,125</u>	<u>\$ 11,628,796</u>	-3.98%

Refer to the Statement of Net Position in the 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, 2025

FINANCIAL ANALYSIS - Continued

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

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

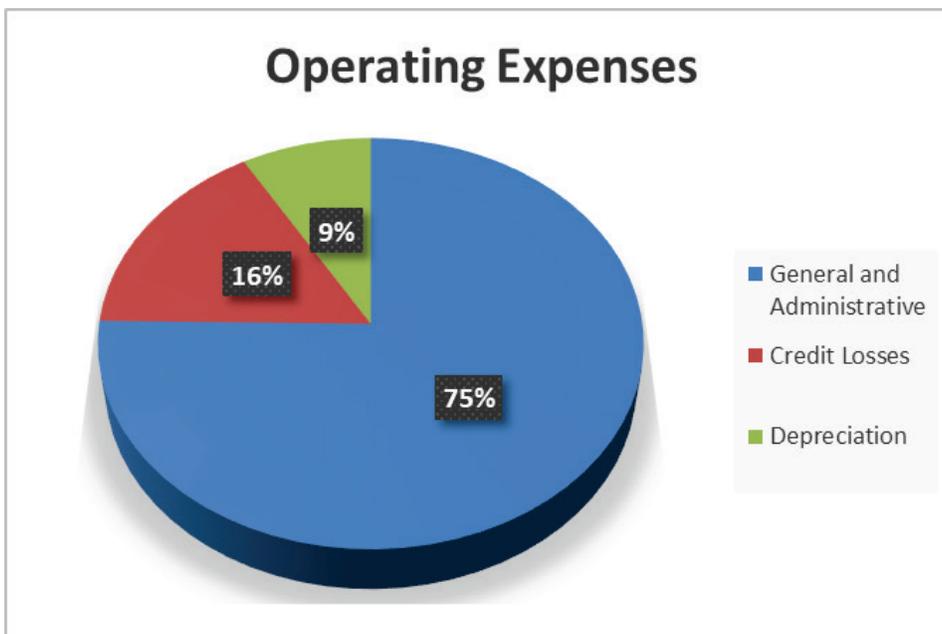
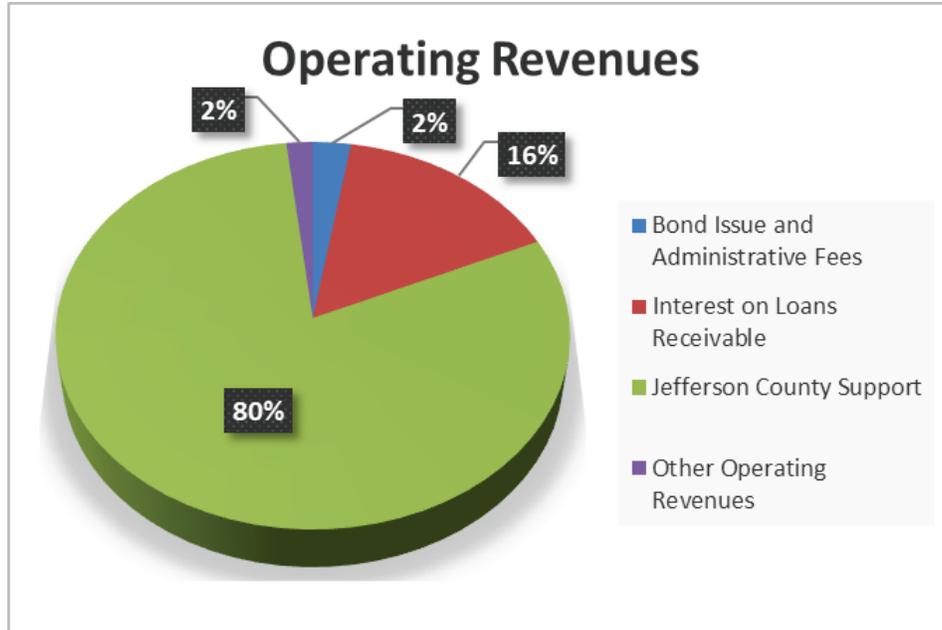
	2024	2025	Change (2024 - 2025)
Operating Revenues			
Bond Issue and Administrative Fees	\$ 129,156	\$ 15,624	-87.90%
Interest on Loans Receivable	72,539	93,326	28.66%
Jefferson County Support	667,000	478,000	-28.34%
Other Operating Revenues	17,369	10,750	-38.11%
Total Operating Revenue	<u>886,064</u>	<u>597,700</u>	-32.54%
Operating Expenses			
General and Administrative	1,130,629	1,161,642	2.74%
Credit Losses	386,134	251,816	-34.79%
Depreciation	138,820	130,371	-6.09%
Total Operating Expenses	<u>1,655,583</u>	<u>1,543,829</u>	-6.75%
Net Loss from Operations	<u>(769,519)</u>	<u>(946,129)</u>	22.95%
Non-Operating Revenues (Expenses)	<u>537,069</u>	<u>463,800</u>	-13.64%
CHANGE IN NET POSITION	(232,450)	(482,329)	107.50%
NET POSITION, BEGINNING OF YEAR	<u>12,343,575</u>	<u>12,111,125</u>	-1.88%
NET POSITION, END OF YEAR	<u>\$ 12,111,125</u>	<u>\$ 11,628,796</u>	-3.98%

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2025

FINANCIAL ANALYSIS - Continued

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2025

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 \$93,326. 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 the Industrial Park projects). The main operating expense is the Administrative Services Contract. However, the services were provided in-kind for 2025 and the Agency was not required to reimburse the JCLDC.

The major operating revenue and expense items for the year ended December 31, 2025 relate to normal program operations.

The Agency is developing a business complex adjacent to the Watertown International Airport with a modified budget amount of \$2,281,401. During the years ended December 31, 2025 and 2024, the Agency recognized \$451,943 and \$500,000 of non-operating grant revenues related to the project, respectively. See details in Note 12.

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, which has been extended through December 31, 2026. 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. An additional \$292,000 was recognized as grant revenues and expenditures during the year ended December 31, 2024. \$916,000 was recognized as grant revenues and expenditures during the year ended December 31, 2025, see details in Note 12.

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, which has been extended through December 31, 2026. The grants are to be used for tourism enhancement, local food production, small business, food processing, and expansion of childcare services. \$111,722 and \$1,131,255 were recognized as grant income and expense in the JCLDC financial statements for the years ended December 31, 2025 and 2024, respectively, and the remaining unspent funds of \$558,664 and \$640,344 are included in unearned revenue at December 31, 2025 and 2024, respectively. See details in Note 12.

MANAGEMENT’S DISCUSSION AND ANALYSIS

December 31, 2025

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 had been extended through December 31, 2025.

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). The project had been delayed throughout 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 was completed during 2024. The turn lane construction can begin and will be completed by first quarter of 2026. Once completed, the Agency will transfer ownership of the turn lane to NYSDOT.

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 and then another \$292,000 in 2024 of ARPA funds to the Town of Hounsfield to assist with the project’s design phase. The remaining \$916,000 of ARPA funds was provided to the Town of Hounsfield during the year ended December 31, 2025.

MANAGEMENT’S DISCUSSION AND ANALYSIS

December 31, 2025

OVERVIEW OF THE AGENCY’S PROJECTS - Continued

American Rescue Program Act (ARPA) - Continued:

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 for local foods resiliency initiative, expansion of childcare services, rental property deferred maintenance, and small business productivity improvements and incumbent worker training.

As of December 31, 2025, 98% of the funding had been committed, with 87% dispersed. Administration of these funds will continue through 2026.

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 81% of Round 2 funds were committed as of December 31, 2025, with 80% dispersed. Funds will continue to be administered through 2026.

The Agency provides a monthly report to the County treasurer on the status and use of the above ARPA funds.

Business Complex at Watertown International Airport:

The JCIDA is developing a business complex adjacent to the Watertown International Airport.

The Agency’s activity is focused primarily on providing roadway access and water/wastewater services to the site. The engineering design is complete and has been approved by NYS Dept. of Transportation and NYS Dept. of Health. Construction began during 2024 and was completed before the end of 2025. 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. JCIDA project costs are now estimated at \$2,000,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2025

OVERVIEW OF THE AGENCY'S PROJECTS - Continued

Business Complex at Watertown International Airport - Continued:

Funding for the estimated \$2,000,000 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. All eligible costs have been incurred as of December 31, 2024 and the grant was recognized during 2024. The grant contract was extended and expires September 30, 2025.

With the reduction in project scope and budget, NYS Empire State Development (ESD) has reduced its funding proportionately to **\$360,430**, down from its original \$1,121,000. Funds will be disbursed upon submission of the reimbursement request in 2026. The completion of the project and expenditures were all incurred as of December 31, 2025, therefore, the grant revenue was recognized during the year ended December 31, 2025 and is an outstanding grant receivable at year-end.

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 had accrued \$392,651 of grants receivable and revenue. During the year ended December 31, 2025, additional costs were incurred and submitted, and a total of \$91,513 recognized as grant revenue. The grant contract had been extended and will now expire May 1, 2026.

An estimated **\$529,729** of in-kind labor and equipment was provided by Jefferson County to construct the roadway access into the Business Complex.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2025

BUDGETARY HIGHLIGHTS

This budgetary comparison is presented for the Jefferson County Industrial Development Agency and excludes component units.

	Budget	Actual	Variance
Revenue			
Administrative Fees	\$ 12,000	\$ 4,998	\$ (7,002)
Loan Program Fees	67,000	51,938	(15,062)
Interest Income	3,000	100	(2,900)
Late Payment Penalty	300	2,630	2,330
Other Revenue	500	8,120	7,620
PILOT Fees	594,433	-	(594,433)
Interest from Loan Receivable	79,987	89,636	9,649
Grant Income	-	1,367,943	1,367,943
	<u>757,220</u>	<u>1,525,365</u>	<u>768,145</u>
Expenses			
Administrative Service Fees	453,399	-	(453,399)
Office Expense	2,000	2,030	30
Insurance Expense	27,000	30,016	3,016
Professional Fees	40,600	101,860	61,260
Corporate Park	2,500	2,987	487
Project	65,300	52,062	(13,238)
Depreciation	139,296	119,896	(19,400)
Grant Expense	-	916,000	916,000
Credit Losses	-	251,816	251,816
Miscellaneous Expenses	12,138	11,975	(163)
	<u>742,233</u>	<u>1,488,642</u>	<u>746,409</u>
Change in Net Position	<u><u>\$ 14,987</u></u>	<u><u>\$ 36,723</u></u>	<u><u>\$ (21,736)</u></u>

As seen above, grant income and expense were not budgeted for in 2025. Grant income was generated from contracts for the Airport Park Project and Federal ARPA Grants. Grant expense of \$916,000 represents sending of Federal ARPA Grants to subrecipients. Use of grant funds related to the Airport Park Project were capitalized as infrastructure and not reported as grant expense in the current year. See Notes to financial statements for additional information.

MANAGEMENT’S DISCUSSION AND ANALYSIS

December 31, 2025

BUDGETARY HIGHLIGHTS - Continued

As seen on the previous page, revenue from PILOT fees was budgeted for at \$594,433, whereas there were no actual revenues recognized in 2025 due to the Agency not having any new PILOT agreements during the year. Due to the reduction in revenue sources, the administrative service fee expense which was budgeted for at \$453,399 was waived by the Jefferson County Local Development Corporation due to inability to pay for the services of shared staff between the two related party agencies.

Credit losses expense relates to the loans receivable and managements calculation for probable uncollectible amounts through a provision for credit losses based on their assessment of the current status of individual accounts, which flows through the statement of revenues, expenses, and changes in net position as credit losses expense. The expense of \$251,816 represents the increase in required provision for expected credit losses, with the largest increase related to the RLF loan program. See Note 3 for additional information.

ECONOMIC FACTORS AND FUTURE OUTLOOK

The Business Complex at Watertown International Airport now offers approximately 87 acres of development-ready land. The Agency continues to invest in infrastructure improvements to enhance the site’s marketability, with the goal of attracting a single large-scale employer or subdividing the property to accommodate multiple smaller businesses in a traditional corporate park setting. In addition, the Agency is actively collaborating with adjacent landowners to expand the total acreage available for development. The recent completion of a new bridge over the Black River in Brownville, New York, along with continued growth at the airport, further strengthens the commercial appeal and strategic value of the Business Complex. These combined efforts underscore the Agency’s ongoing commitment to attracting new business investment to the region.

There has been a noticeable slowdown in proposals for community-scale solar projects (5 MW or less) and the associated PILOT applications. However, the New York State Office of Renewable Energy Siting (ORES) has permitted three utility-scale solar projects of 100 MW or greater within Jefferson County, with additional approvals anticipated in the coming year. While the JCIDA has not yet received formal PILOT applications for these large-scale projects, it is anticipated that such requests will be forthcoming. Because these projects fall outside the Agency’s Uniform Tax Exemption Policy, they will require extensive negotiations among developers and the affected taxing jurisdictions.

MANAGEMENT’S DISCUSSION AND ANALYSIS

December 31, 2025

ECONOMIC FACTORS AND FUTURE OUTLOOK - Continued

The Micron semiconductor manufacturing project in Clay, New York—located approximately 55 miles south of Jefferson County—presents a significant regional economic opportunity. This \$100 billion investment is expected to generate up to 10,000 jobs and draw workers from across the region. The Agency is working closely with Strategic Development Specialists in Syracuse, New York, to leverage Jefferson County’s proximity to the project, positioning the county to benefit from supply chain development, tourism growth, and expanded housing demand.

The Agency also continues to prioritize the recruitment of additional food processing businesses, with particular emphasis on dairy processing. Jefferson County currently hosts three major dairy processing operations, and the region’s strong raw milk supply indicates significant potential for further growth and expansion within this sector.

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

STATEMENT OF NET POSITION

December 31, 2025

ASSETS	
CURRENT ASSETS	
Cash	\$ 2,503,264
Loans Receivable, Net	87,187
Other Receivables	127,136
Prepaid Expense	21,152
Grants Receivable	868,362
Total Current Assets	<u>3,607,101</u>
RESTRICTED ASSETS	
Cash	2,383,578
Other Receivables	17,934
Loans Receivable, Net	881,282
Total Restricted Assets	<u>3,282,794</u>
NONCURRENT ASSETS	
Capital Assets, Net	5,550,884
Right of Use Asset - Operating Lease	203,686
Total Noncurrent Assets	<u>5,754,570</u>
TOTAL ASSETS	<u>\$ 12,644,465</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	\$ 46,757
Grants Payable	10,000
Unearned Revenue	558,664
Current Portion of Operating Lease Liability	44,403
Other Current Liabilities	42,563
Total Current Liabilities	<u>702,387</u>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	
Interest Payable - HUD	1,589
Total Current Liabilities Payable From Restricted Assets	<u>1,589</u>
NONCURRENT LIABILITIES	
Long-Term Debt	180,160
Operating Lease Liability, Net	131,533
Total Noncurrent Liabilities	<u>311,693</u>
TOTAL LIABILITIES	<u>\$ 1,015,669</u>
NET POSITION	
Net Investment in Capital Assets	\$ 5,398,474
Restricted	3,941,023
Unrestricted	2,289,299
TOTAL NET POSITION	<u>\$ 11,628,796</u>

See notes to audited basic financial statements.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended December 31, 2025

REVENUES

OPERATING REVENUES

Administrative Fees	\$ 15,624
Jefferson County Support	478,000
Interest from Loans Receivable	93,326
Other Operating Revenues	10,750
Total Operating Revenues	<u>597,700</u>

EXPENSES

OPERATING EXPENSES

Salaries and Benefits	702,904
Credit Losses	251,816
Office	42,531
Advertising and Promotion	56,761
Professional Fees	201,119
Operating Lease Expense	49,643
Occupancy	13,026
Travel, Training and Conferences	22,049
Insurance	30,016
Depreciation	130,371
Other Operating Expenses	43,593
Total Operating Expenses	<u>1,543,829</u>
Net Operating Loss	<u>(946,129)</u>

NON-OPERATING REVENUES (EXPENSES)

Grant Income	1,479,665
Grant Expense	(1,027,722)
Interest Income	3,315
Miscellaneous Income	8,542
Total Non-Operating Revenues (Expenses)	<u>463,800</u>

CHANGE IN NET POSITION	(482,329)
NET POSITION, BEGINNING OF YEAR	<u>12,111,125</u>
NET POSITION, END OF YEAR	<u>\$ 11,628,796</u>

See notes to audited basic financial statements.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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

STATEMENT OF CASH FLOWS

Year Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Principal Loan Collections	\$ 234,307
Cash Received from Jefferson County	508,000
Cash Received from Bond Issue and Administrative Fees	17,045
Cash Received from Interest on Loans Receivable	93,326
Cash Received from Other Operating Sources	10,750
Cash Received from Interest on Revolving Loan Funds	(16,359)
Cash Payments to HUD for Interest on Revolving Loan Funds	(1,547)
Cash Payments for Salaries and Benefits	(723,781)
Cash Payments for Supplies of Goods and Services	(477,232)
Net Cash Used In Operating Activities	<u>(355,491)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Nonoperating Grants Received	30,042
Nonoperating Grants Paid	(1,068,955)
PILOT Payments Received for Other Governments	1,562,661
PILOT Payments Transferred to Other Governments	(1,560,117)
Net Cash Used In Noncapital Financing Activities	<u>(1,036,369)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital Grants Received	83,581
Additions to Capital Assets	(905,818)
Net Cash Used in Capital and Related Financing Activities	<u>(822,237)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Cash Received from Interest and Other Sources	11,857
Net Cash Provided by Investing Activities	<u>11,857</u>

Net Decrease in Cash	(2,202,240)
Cash, Beginning of Year	<u>7,089,082</u>
Cash, End of Year	<u>\$ 4,886,842</u>

See notes to audited basic financial statements.

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

STATEMENT OF CASH FLOWS - CONTINUED

Year Ended December 31, 2025

**RECONCILIATION OF NET OPERATING LOSS
TO NET CASH USED IN OPERATING ACTIVITIES**

Net Operating Loss	\$ (946,129)
Adjustments to Reconcile Net Operating Loss to Net Cash Used In Operating Activities:	
Depreciation Expense	130,371
Credit Losses Expense	251,816
Noncash Lease Expense	43,837
Decrease in:	
Loans Receivable	234,307
Other Receivables	(32,472)
Prepaid Asset	3,951
Increase (Decrease) in:	
Accounts Payable	20,135
Interest Payable	11
Operating Lease Liability	(44,142)
Other Liabilities	(17,176)
	<hr/>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (355,491)</u>

See notes to audited basic financial statements.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

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), Jefferson County Civic Facility Corporation (JCCFDC), and Deferiet Redevelopment Corporation (DRC) are financially accountable to the Agency and are considered component units of the Agency.

Blended Component Units

The JCLDC, JCCFDC, and DRC 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, 2025

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

Blended Component Units – Continued

During 2024, the DRC was created to relieve and reduce unemployment, promote and provide for additional and maximum employment, improve and maintain job opportunities, and lessen the burden of government and act in the public interest. The financial activity of the DRC will be combined with the financial activity of the Agency since their respective Boards are substantially the same and due to the nature of their relationship. For the year ended December 31, 2025, there has not been any financial activity to date.

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.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

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

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

These classifications are defined as follows:

Net Investment in Capital Assets - consists of net capital assets and 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 is deemed to be available for general use by the Agency.

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, 2025.

Statement of Cash Flows

There were no noncash investing and financing activities for the year ended December 31, 2025.

Cash paid for amounts included in operating lease liabilities were \$49,948 for the year ended December 31, 2025.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

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

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 judgment 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.

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.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

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

Capital Assets

Capital assets are reported at actual cost or estimated historical cost. Donated assets are reported at estimated fair market value at the time received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital assets accounts), depreciation methods, and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Furniture & Equipment	\$5,000	Straight-line	5-10
Infrastructure	5,000	Straight-line	50
Building	5,000	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.

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.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

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

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.

Date of Management’s Review

The Agency has evaluated subsequent events through February 23, 2026, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued, and determined 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.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

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

Continued

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>\$ 3,955,306</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.

NOTE 3 – LOANS RECEIVABLE, NET

At December 31, 2025 loans receivable, net of the allowance for credit losses, consisted of the following:

Unrestricted:

JCLDC:

Revolving Loan Fund Program	\$ 86,413
Covid-19 Emergency Loan Program, Net	774
Clayton Loan Program, Net	-

Restricted:

Revolving Loan Program, Net	571,748
Microenterprise Loan Program, Net	76,952
City Loan Program, Net	232,582
Total Loans Receivable, Net	<u>\$ 968,469</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, 2025

NOTE 3 - LOANS RECEIVABLE, NET - Continued

JCLDC Revolving Loan Fund Program

The JCLDC has established a loan program to make loans for economic development purposes to qualified applicants. This function was established to enhance JCLDC's ability to stimulate economic development in the County area and help spur job creation and retention in the area. At December 31, 2025, there has been no allowance for credit losses established based on management's judgment.

The following is a schedule of the outstanding loans receivable under the JCLDC Revolving Loan Fund program at December 31, 2025:

Clayton Island Tours	\$ 3,993
Clayton Yacht Club	13,321
North Branch Farms	7,168
WICLDC	<u>61,931</u>
Total JCLDC Revolving Loan Fund Program	<u>\$ 86,413</u>

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. During the year ended December 31, 2025, \$27,500 of loans were forgiven and reduced the allowance for credit losses. Two loans remain outstanding as of December 31, 2025. The allowance of \$3,464 at December 31, 2025 is based on prior collection history with customers, loan forgiveness provisions, 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.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 3 - LOANS RECEIVABLE, NET - Continued

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%. Two loans remain outstanding as of December 31, 2025. The allowance of \$4,036 at December 31, 2025 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.

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 \$836,977 at December 31, 2025 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.

The following is a schedule of the Agency's outstanding Revolving Loan Fund receivable at December 31, 2025:

Marzano Excavating	\$ 109,506
LCO Destiny, LLC	207,046
Three Mile Bay Ventures, LLC	242,173
Convall Energy, LLC	850,000
Total	<u>1,408,725</u>
Less - Allowance for Credit Losses	<u>(836,977)</u>
Total Revolving Loans Receivable, Net	<u>\$ 571,748</u>

The revolving loan fund has an additional \$17,934 recognized as other receivables for past due loan interest and late fees and has deemed the balance 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, 2025

NOTE 3 - LOANS RECEIVABLE, NET - Continued

Microenterprise Loan Program

The Microenterprise Loan Program was established to provide small businesses with loans to stimulate small business activity through start-up and expansion projects which create and retain job opportunities principally for low to moderate income residents. The Agency has established an allowance for credit losses in order to provide a fair presentation of its loans receivable. The allowance of \$8,003 at December 31, 2025 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.

The following is a schedule of the Agency's outstanding Microenterprise Loan Program receivable at December 31, 2025:

Clayton Island Tours, LLC	\$ 20,158
Colleen's Cherry Tree Inn	18,734
Drouin Distribution LTD	16,464
Painfull Acres	5,458
Pink Kettle	8,963
Taste of Design	5,736
Willowbrook Enterprise	9,442
Total	<u>84,955</u>
Less - Allowance for Credit Losses	<u>(8,003)</u>
Total Microenterprise Loans Receivable, Net	<u>\$ 76,952</u>

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. The allowance of \$11,836 at December 31, 2025 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.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 3 - LOANS RECEIVABLE, NET - Continued

City Loan Program – Continued

The following is a schedule of the Agency's outstanding City Loan Program receivable at December 31, 2025:

Hale's Bus Garage, LLC	\$ 244,418
Total	244,418
Less - Allowance for Credit Losses	(11,836)
Total City Loan Receivables, Net	<u>\$ 232,582</u>

Allowance for Credit Losses

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

Balance - January 1, 2025	\$ 570,000
Provision for Credit Losses	266,977
Credit Loss	-
Balance - December 31, 2025	<u>\$ 836,977</u>

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

Balance - January 1, 2025	\$ 35,000
Provision for Credit Losses (Recovery)	(26,997)
Credit Loss	-
Balance - December 31, 2025	<u>\$ 8,003</u>

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

Balance - January 1, 2025	\$ -
Provision for Credit Losses	11,836
Credit Loss	-
Balance - December 31, 2025	<u>\$ 11,836</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, 2025

NOTE 3 - LOANS RECEIVABLE, NET – Continued

Allowance for Credit Losses – Continued

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

Balance - January 1, 2025	\$	35,000
Provision for Credit Losses		-
COVID-19 Emergency Loan Forgiveness		(27,500)
		(27,500)
Balance - December 31, 2025	\$	7,500

For the year ended December 31, 2025, credit losses expense was \$251,816 and consisted of provisions for credit losses (recovery) on loans receivable.

Other

The aging of loans receivable portfolio by classes as of December 31, 2025 is summarized as follows:

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Current	Total Loans Receivable
Revolving Loan Fund					
Loans Receivable	\$ -	\$ -	\$ 1,299,219	\$ 109,506	\$ 1,408,725
Microenterprise					
Loans Receivable	5,458	-	33,433	46,064	84,955
City Loan Program					
Loans Receivable	-	-	-	244,418	244,418
JCLDC					
RLF Loans Receivable	-	-	-	86,413	86,413
Covid-19 Emergency Loans Receivable	-	-	-	4,810	4,810
Clayton Loans Receivable	-	-	3,464	-	3,464
	\$ 5,458	\$ -	\$ 1,336,116	\$ 491,211	\$ 1,832,785
Total	\$ 5,458	\$ -	\$ 1,336,116	\$ 491,211	\$ 1,832,785

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 4 – GRANTS RECEIVABLE

Grant receivable represent amounts due from the following grant agencies related to the business complex project at Watertown International Airport as of December 31, 2025:

Northern Border Regional Commission	\$ 500,000
NYS Empire State Development	360,430
DASNY	7,932
Total Grants Receivable	<u>\$ 868,362</u>

NOTE 5 – UNEARNED REVENUES

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 provisions. During the year ended December 31, 2025, \$30,042 was returned from an awardee and increased unearned revenue. Unearned revenue at December 31, 2025 consisted of \$558,664 of COVID-19 Coronavirus State and Local Fiscal Recovery Funds.

NOTE 6 – RESTRICTED ASSETS

Restricted cash, which is invested in interest-bearing and non-interest bearing accounts, consisted of the following at December 31, 2025:

Revolving Loan Fund	\$ 2,184,959
Microenterprise Loan Fund	137,370
City Loan Fund	59,643
PILOT Funds	1,606
Total Restricted Cash	<u>\$ 2,383,578</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, 2025 balances for each of the restricted loan programs.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 7 – 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, 2025 the Agency held approximately 21 acres in total at \$209,995, which approximates a cost of \$10,118 per acre.

The Agency purchased additional land during the year ended September 30, 2007 to establish another Industrial Park. The Agency purchased additional land during the years ended September 30, 2014 and 2015, which established the AirPark. The Agency has incurred additional costs for environmental costs and improvements increasing the overall value of the land to \$884,326 as of December 31, 2025. The parcels of land total approximately 101 acres at an average cost of \$8,744 per acre.

The Agency purchased 146 Arsenal Street, which is 0.48 acres, and the value of the land carries at \$126,578.

The Agency maintains an easement on a land parcel at the entrance to the Jefferson County Industrial Park located off Coffeen Street, which is carried at a value of \$53,195.

NOTE 8 – CAPITAL ASSETS, NET

Capital assets, net at December 31, 2025 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	1,644,305	85,521	(1,484,852)	244,974
Total Nondepreciable Assets	<u>2,918,399</u>	<u>85,521</u>	<u>(1,484,852)</u>	<u>1,519,068</u>
Capital Assets That Are Depreciated:				
Infrastructure	-	1,484,852	-	1,484,852
Equipment	98,664	-	-	98,664
Building	4,101,021	-	-	4,101,021
Total Depreciable Assets	<u>4,199,685</u>	<u>1,484,852</u>	<u>-</u>	<u>5,684,537</u>
Less: Accumulated Depreciation	<u>1,522,350</u>	<u>130,371</u>	<u>-</u>	<u>1,652,721</u>
Total Depreciated Assets, Net	<u>2,677,335</u>	<u>1,354,481</u>	<u>-</u>	<u>4,031,816</u>
Capital Assets, Net	<u>\$ 5,595,734</u>	<u>\$ 1,440,002</u>	<u>\$ (1,484,852)</u>	<u>\$ 5,550,884</u>

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 9 – 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 other receivables in the accompanying statement of net position. PILOT monies receivable for the year ended December 31, 2025 are \$7,888.

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 other current liabilities in the accompanying statement of net position. PILOT amounts due to the taxing jurisdictions for the year ended December 31, 2025 are \$9,484.

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

NOTE 10 – LONG-TERM DEBT

The following notes payable were in effect at December 31, 2025:

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, 2025: \$ 180,160

Summary of changes in long-term debt:

	January 1, 2025	Additions	Reductions	December 31, 2025
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, 2025

NOTE 10 – LONG-TERM DEBT - Continued

The future principal payments on the notes payable as of December 31, 2025 are summarized as follows:

Year Ending December 31	Principal	Interest	Total
2026	\$ -	\$ -	\$ -
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
Thereafter	<u>180,160</u>	<u>-</u>	<u>180,160</u>
	<u><u>\$ 180,160</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 180,160</u></u>

NOTE 11 – OPERATING LEASES

JCLDC leases office space from Watertown Industrial Center LDC, a related party, under a 10-year lease agreement. As of December 31, 2025, the right of use asset - operating lease and operating lease liability related to this agreement were \$203,686 and \$175,936, respectively. The weighted average remaining lease term of this agreement is 4.33 years and the weighted average discount rate was 3.0%. The operating lease expense for the year ended December 31, 2025 was \$49,643.

	January 1, 2025	Additions	Reductions	December 31, 2025
Right of Use Asset - Operating Lease	<u>\$ 247,523</u>	<u>\$ -</u>	<u>\$ 43,837</u>	<u>\$ 203,686</u>
Operating Lease Liability	<u>\$ 220,078</u>	<u>\$ -</u>	<u>\$ 44,142</u>	<u>\$ 175,936</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, 2025

NOTE 11 – OPERATING LEASES - Continued

Future minimum lease payments under non-cancellable leases as of December 31, 2025 are as follows:

Year Ended December 31	Principal	Interest	Total
2026	\$ 38,597	\$ 4,642	\$ 43,239
2027	39,771	3,468	43,239
2028	40,981	2,258	43,239
2029	42,227	1,012	43,239
Thereafter	<u>14,360</u>	<u>55</u>	<u>14,415</u>
	<u>\$ 175,936</u>	<u>\$ 11,435</u>	<u>\$ 187,371</u>

NOTE 12 – 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, which has been extended through December 31, 2026. 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. Additional amounts of \$1,292,000 and \$292,000 were recognized as grant revenue and expenditures during the prior years ended December 31, 2022 and December 31, 2024, respectively, related to remediation at 146 Arsenal Street and sewer service to the airport business park.

For the year ended December 31, 2025, the Agency recognized the final \$916,000 in grant revenues and grant expenses.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 12 – ARPA GRANT REVENUE - Continued

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, which has been extended through December 31, 2026. 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, 2025, the JCLDC recognized \$111,722 in grant revenues and grant expenses. The unspent grant proceeds received in the amount of \$558,664 are reported as unearned revenue at December 31, 2025, see details in Note 5.

NOTE 13 – BUSINESS COMPLEX GRANT REVENUE

The Agency is developing a business complex adjacent to Watertown International Airport. As of December 31, 2025, the project has been modified to a budget of \$2,281,401 with multiple grants and awards to fund project costs.

In a grant award dated July 2, 2018, the Agency was awarded a Federal grant for \$500,000 to be used for the construction phase of the project. During the year ended December 31, 2024, the Agency recognized \$500,000 of grant income for the first and final reimbursement submitted for expenses incurred through 2024. The grant remains outstanding as grants receivable as of December 31, 2025, but is deemed fully collectible by management.

NYS Empire State Development awarded a grant contract for a revised amount of \$360,430 to be used for construction of the project, which was recognized as revenue during the year ended December 31, 2025. The grant remains outstanding as grant receivable as of December 31, 2025, but is deemed fully collectible by management.

Dormitory Authority of the State of New York issued an extension on a grant award through May 1, 2026, of which \$91,513 was recognized as revenue during the year ended December 31, 2025. Grant receivable at December 31, 2025 is \$7,932 and is deemed fully collectible by management.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 14 – 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.

Federal and State Grant Programs

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

As of December 31, 2025, in the opinion of the Agency management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the Agency.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 15 – 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 \$453,399 for the year ended December 31, 2025. The fee is recalculated annually based on the JCLDC's budget. During the year ended December 31, 2025, the Agency was not required to reimburse JCLDC for administrative support services. Therefore, for the year ended December 31, 2025, the Agency and JCLDC recognized administrative service agreement expenses and administrative fee revenues of \$-0-, respectively. During the year ended December 31, 2025, the JCLDC Board of Directors approved to write off the outstanding December 2024 fee for administrative support services in the amount of \$59,475, which is presented as a direct increase to net position for the Agency and a direct decrease to net assets for JCLDC on SS2, Combining Schedule of Revenues, Expenses, and Changes in Net Position.

On February 6, 2025, JCLDC loaned the Agency \$1,500,000 to fund the sewer expansion at the Business Complex at the Watertown International Airport. The loan bears no interest or maturity date and may be called by the Board of Directors of JCLDC. As of December 31, 2025, the outstanding balance due to JCLDC was \$1,500,000 and is eliminated during consolidation at SS1, Combining Schedule of 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 11 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, 2025 the balance remaining on this loan was \$61,931.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 16 – 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 17 – PENSION PLAN

On August 1, 2013, Jefferson County Local Development Corporation established a 401K Profit Sharing Pension Plan. The Plan is administered by Paychex with RBC Wealth Management as the Fiscal Advisor. 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, 2025, JCLDC made contributions in the amount of \$45,489.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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

SUPPLEMENTARY INFORMATION

SS1 COMBINING SCHEDULE OF NET POSITION

December 31, 2025

ASSETS	JCIDA	Component Units	Eliminations	TOTAL
Current Assets:				
Cash	\$ 693,784	\$ 1,809,480	\$ -	\$ 2,503,264
Loans Receivable, Net	-	87,187	-	87,187
Other Receivables	119,386	7,750	-	127,136
Prepaid Expense	21,152	-	-	21,152
Due from JCIDA	-	1,500,000	(1,500,000)	-
Grants Receivable	868,362	-	-	868,362
Total Current Assets	<u>1,702,684</u>	<u>3,404,417</u>	<u>(1,500,000)</u>	<u>3,607,101</u>
Restricted Assets:				
Cash	2,383,578	-	-	2,383,578
Other Receivables	17,934	-	-	17,934
Loans Receivable, Net	1,581,282	-	(700,000)	881,282
Total Restricted Assets	<u>3,982,794</u>	<u>-</u>	<u>(700,000)</u>	<u>3,282,794</u>
Noncurrent Assets:				
Capital Assets, Net	5,504,439	46,445	-	5,550,884
Right of Use Asset - Operating Lease	-	203,686	-	203,686
Total Noncurrent Assets	<u>5,504,439</u>	<u>250,131</u>	<u>-</u>	<u>5,754,570</u>
TOTAL ASSETS	<u>\$ 11,189,917</u>	<u>\$ 3,654,548</u>	<u>\$ (2,200,000)</u>	<u>\$ 12,644,465</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 38,576	\$ 8,181	\$ -	\$ 46,757
Due to JCLDC	1,500,000	-	(1,500,000)	-
Grants Payable	-	10,000	-	10,000
Unearned Revenue	-	558,664	-	558,664
Current Portion of Operating Lease Liability	-	44,403	-	44,403
Other Current Liabilities	20,484	22,079	-	42,563
Total Current Liabilities	<u>1,559,060</u>	<u>643,327</u>	<u>(1,500,000)</u>	<u>702,387</u>
Current Liabilities Payable From Restricted Assets:				
Interest Payable - HUD	1,589	-	-	1,589
Noncurrent Liabilities:				
Long-Term Debt	880,160	-	(700,000)	180,160
Operating Lease Liability, Net	-	131,533	-	131,533
Total Noncurrent Liabilities	<u>880,160</u>	<u>131,533</u>	<u>(700,000)</u>	<u>311,693</u>
TOTAL LIABILITIES	<u>\$ 2,440,809</u>	<u>\$ 774,860</u>	<u>\$ (2,200,000)</u>	<u>\$ 1,015,669</u>
NET POSITION				
Net Investment in Capital Assets	\$ 5,324,279	\$ 74,195	\$ -	\$ 5,398,474
Restricted for:				
Revolving Loan Program	3,437,585	-	-	3,437,585
Microenterprise Loan Program	211,217	-	-	211,217
City Loan Program	292,221	-	-	292,221
Total Restricted Net Position	<u>3,941,023</u>	<u>-</u>	<u>-</u>	<u>3,941,023</u>
Unrestricted	(516,194)	2,805,493	-	2,289,299
TOTAL NET POSITION	<u>\$ 8,749,108</u>	<u>\$ 2,879,688</u>	<u>\$ -</u>	<u>\$ 11,628,796</u>

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

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

SS2 COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended December 31, 2025

	JCIDA	Component Units	Eliminations	Total
REVENUES				
Operating Revenues:				
Administrative Fees*	\$ 56,936	\$ 10,750	\$ (52,062)	\$ 15,624
Jefferson County Support	-	478,000	-	478,000
Interest from Loans Receivable	89,636	3,690	-	93,326
Other Operating Revenues	10,750	-	-	10,750
Total Operating Revenues	<u>157,322</u>	<u>492,440</u>	<u>(52,062)</u>	<u>597,700</u>
EXPENSES				
Operating Expenses:				
Project*	52,062	-	(52,062)	-
Salaries and Benefits	-	702,904	-	702,904
Credit Losses*	251,816	-	-	251,816
Office	2,030	40,501	-	42,531
Advertising and Promotion	-	56,761	-	56,761
Professional Fees	101,860	99,259	-	201,119
Operating Lease Expense	-	49,643	-	49,643
Occupancy	-	13,026	-	13,026
Travel, Training and Conferences	-	22,049	-	22,049
Insurance	30,016	-	-	30,016
Depreciation	119,896	10,475	-	130,371
Other Operating Expenses	14,962	28,631	-	43,593
Total Operating Expenses	<u>572,642</u>	<u>1,023,249</u>	<u>(52,062)</u>	<u>1,543,829</u>
Net Operating Income (Loss)	<u>(415,320)</u>	<u>(530,809)</u>	<u>-</u>	<u>(946,129)</u>
NON-OPERATING REVENUES (EXPENSES)				
Grant Income	1,367,943	111,722	-	1,479,665
Grant Expense	(916,000)	(111,722)	-	(1,027,722)
Interest Income	100	3,215	-	3,315
Miscellaneous Income	-	8,542	-	8,542
Total Non-Operating Revenues (Expenses)	<u>452,043</u>	<u>11,757</u>	<u>-</u>	<u>463,800</u>
CHANGE IN NET POSITION	36,723	(519,052)	-	(482,329)
NET POSITION, BEGINNING OF YEAR	8,652,910	3,458,215	-	12,111,125
ADMINISTRATIVE FEE FORGIVENESS	59,475	(59,475)	-	-
NET POSITION, END OF YEAR	<u>\$ 8,749,108</u>	<u>\$ 2,879,688</u>	<u>\$ -</u>	<u>\$ 11,628,796</u>

* Amounts reported in the Combined Schedule 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 SCHEDULE OF NET POSITION – COMPONENT UNITS

December 31, 2025

ASSETS			
	JCLDC	JCCFDC	TOTAL
CURRENT ASSETS			
Cash	\$ 1,776,504	\$ 32,976	\$ 1,809,480
Loans Receivable, Net	87,187	-	87,187
Other Receivables	-	7,750	7,750
Due from JCIDA	1,500,000	-	1,500,000
Total Current Assets	<u>3,363,691</u>	<u>40,726</u>	<u>3,404,417</u>
CAPITAL ASSETS, NET	46,445	-	46,445
RIGHT OF USE ASSET - OPERATING LEASE	<u>203,686</u>	<u>-</u>	<u>203,686</u>
TOTAL ASSETS	<u>\$ 3,613,822</u>	<u>\$ 40,726</u>	<u>\$ 3,654,548</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	\$ 8,181	\$ -	\$ 8,181
Grants Payable	10,000	-	10,000
Accrued Expenses	22,079	-	22,079
Current Portion of Operating Lease Liability	44,403	-	44,403
Unearned Revenue	558,664	-	558,664
Total Current Liabilities	<u>643,327</u>	<u>-</u>	<u>643,327</u>
LONG-TERM LIABILITIES			
Operating Lease Liability, Net	<u>131,533</u>	<u>-</u>	<u>131,533</u>
TOTAL LIABILITIES	<u>\$ 774,860</u>	<u>\$ -</u>	<u>\$ 774,860</u>
NET POSITION			
Unrestricted:			
Undesignated	<u>\$ 2,838,962</u>	<u>\$ 40,726</u>	<u>\$ 2,879,688</u>
TOTAL NET POSITION	<u>\$ 2,838,962</u>	<u>\$ 40,726</u>	<u>\$ 2,879,688</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 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – COMPONENT UNITS

Year Ended December 31, 2025

	JCLDC	JCCFDC	TOTAL
REVENUES			
Operating Revenues:			
Administrative Fees	\$ -	\$ 10,750	\$ 10,750
Jefferson County Support	478,000	-	478,000
Interest from Loans Receivable	3,690	-	3,690
Total Operating Revenues	<u>481,690</u>	<u>10,750</u>	<u>492,440</u>
EXPENSES			
Salaries and Benefits	702,904	-	702,904
Advertising and Promotion	56,761	-	56,761
Occupancy	13,026	-	13,026
Office	40,501	-	40,501
Operating Lease Expense	49,643	-	49,643
Professional Fees	98,259	1,000	99,259
Travel, Training and Conferences	22,049	-	22,049
Depreciation	10,475	-	10,475
Other Operating Expenses	28,631	-	28,631
Total Operating Expenses	<u>1,022,249</u>	<u>1,000</u>	<u>1,023,249</u>
Net Operating Income (Loss)	<u>(540,559)</u>	<u>9,750</u>	<u>(530,809)</u>
NON-OPERATING REVENUES (EXPENSES)			
Grant Income	111,722	-	111,722
Grant Expense	(111,722)	-	(111,722)
Interest Income	3,215	-	3,215
Miscellaneous Income	8,542	-	8,542
Total Non-Operating Revenues (Expenses)	<u>11,757</u>	<u>-</u>	<u>11,757</u>
CHANGE IN NET POSITION	(528,802)	9,750	(519,052)
NET POSITION, BEGINNING OF YEAR	3,427,239	30,976	3,458,215
ADMINISTRATIVE FEE FORGIVENESS	<u>(59,475)</u>	<u>-</u>	<u>(59,475)</u>
NET POSITION, END OF YEAR	<u>\$ 2,838,962</u>	<u>\$ 40,726</u>	<u>\$ 2,879,688</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 SCHEDULE OF FUND NET POSITION

December 31, 2025

ASSETS	GENERAL	REVOLVING LOAN PROGRAM	MICRO- ENTERPRISE LOAN PROGRAM	CITY LOAN PROGRAM	TOTAL
Current Assets:					
Cash	\$ 693,784	\$ -	\$ -	\$ -	\$ 693,784
Other Receivables	119,386	-	-	-	119,386
Prepaid Expense	21,152	-	-	-	21,152
Grants Receivable	868,362	-	-	-	868,362
Total Current Assets	1,702,684	-	-	-	1,702,684
Restricted Assets:					
Cash	1,606	2,184,959	137,370	59,643	2,383,578
Other Receivables	-	17,934	-	-	17,934
Loans Receivable, Net	-	1,271,748	76,952	232,582	1,581,282
Total Restricted Assets	1,606	3,474,641	214,322	292,225	3,982,794
Noncurrent Assets:					
Capital Assets, Net	5,504,439	-	-	-	5,504,439
Total Noncurrent Assets	5,504,439	-	-	-	5,504,439
TOTAL ASSETS	\$ 7,208,729	\$ 3,474,641	\$ 214,322	\$ 292,225	\$ 11,189,917
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ -	\$ 35,481	\$ 3,095	\$ -	\$ 38,576
Due to JCLDC	1,500,000	-	-	-	1,500,000
Other Current Liabilities	20,484	-	-	-	20,484
Total Current Liabilities	1,520,484	35,481	3,095	-	1,559,060
Current Liabilities Payable From Restricted Assets:					
Interest Payable - HUD	-	1,575	10	4	1,589
Total Current Liabilities Payable From Restricted Assets	-	1,575	10	4	1,589
Noncurrent Liabilities:					
Long-Term Debt	880,160	-	-	-	880,160
Total Noncurrent Liabilities	880,160	-	-	-	880,160
TOTAL LIABILITIES	\$ 2,400,644	\$ 37,056	\$ 3,105	\$ 4	\$ 2,440,809
NET POSITION					
Net Investment in Capital Assets	\$ 5,324,279	\$ -	\$ -	\$ -	\$ 5,324,279
Restricted for:					
Revolving Loan Program	-	3,437,585	-	-	3,437,585
Microenterprise Loan Program	-	-	211,217	-	211,217
City Loan Program	-	-	-	292,221	292,221
Total Restricted Net Position	-	3,437,585	211,217	292,221	3,941,023
Unrestricted:					
Unrestricted	(516,194)	-	-	-	(516,194)
Total Unrestricted Net Position	(516,194)	-	-	-	(516,194)
TOTAL NET POSITION	\$ 4,808,085	\$ 3,437,585	\$ 211,217	\$ 292,221	\$ 8,749,108

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 SCHEDULE OF FUND REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended December 31, 2025

	GENERAL	REVOLVING LOAN PROGRAM	MICRO- ENTERPRISE LOAN PROGRAM	CITY LOAN PROGRAM	TOTAL
REVENUES					
Operating Revenues:					
Administrative Fees	\$ 56,936	\$ -	\$ -	\$ -	\$ 56,936
Interest from Loans Receivable	-	69,375	5,324	14,937	89,636
Other Operating Revenues	8,120	2,630	-	-	10,750
Total Operating Revenues	<u>65,056</u>	<u>72,005</u>	<u>5,324</u>	<u>14,937</u>	<u>157,322</u>
EXPENSES					
Operating Expenses:					
Project	-	44,133	7,929	-	52,062
Credit Losses (Recovery)	-	266,977	(26,997)	11,836	251,816
Office	2,030	-	-	-	2,030
Professional Fees	56,502	45,358	-	-	101,860
Insurance	30,016	-	-	-	30,016
Depreciation	119,896	-	-	-	119,896
Other Operating Expenses	14,962	-	-	-	14,962
Total Operating Expenses	<u>223,406</u>	<u>356,468</u>	<u>(19,068)</u>	<u>11,836</u>	<u>572,642</u>
Net Operating Income (Loss)	<u>(158,350)</u>	<u>(284,463)</u>	<u>24,392</u>	<u>3,101</u>	<u>(415,320)</u>
NON-OPERATING REVENUES (EXPENSES)					
Grant Income	1,367,943	-	-	-	1,367,943
Grant Expense	(916,000)	-	-	-	(916,000)
Interest Income	100	-	-	-	100
Total Non-Operating Revenues (Expenses)	<u>452,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>452,043</u>
CHANGE IN NET POSITION	293,693	(284,463)	24,392	3,101	36,723
NET POSITION, BEGINNING OF YEAR	4,454,917	3,722,048	186,825	289,120	8,652,910
ADMINISTRATIVE FEE FORGIVENESS	59,475	-	-	-	59,475
NET POSITION, END OF YEAR	<u>\$ 4,808,085</u>	<u>\$ 3,437,585</u>	<u>\$ 211,217</u>	<u>\$ 292,221</u>	<u>\$ 8,749,108</u>

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



BOWERS & COMPANY CPAS, PLLC

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, 2025, 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 23, 2026.

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.

Bowers & Company CPAs, PLLC

Watertown, New York
February 23, 2026

To Management and the Board of Directors of
Jefferson County Industrial Development Agency

In planning and performing our audit of the financial statements of Jefferson County Industrial Development Agency as of and for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United States of America, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiencies. The following summarizes our comments and suggestions regarding the matters.

Lending Policy and Allowance for Credit Losses

During the current year, the Agency amended the Lending Collection Policy and Procedures specific to the valuation reserve, section 15. The policy expanded upon requirements under Financial Accounting Standards Board (FASB) ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, which changed the method for recognizing credit impairments of financial assets and expanded the information organizations are required to consider when estimating credit losses, such as future economic expectations. During our testing, we noted that the allowance for credit losses approved by the Board of Directors for the year ended December 31, 2025 was not supported by updated documentation for the assumptions and loss rate factors applied to each internal risk rating classification, including current and future economic expectations as of December 2025.

Also, the standard has provided additional practical expedient and accounting policy election for estimating credit losses, for fiscal years beginning after December 15, 2025. The practical expedient would allow the Agency to assume current conditions as of the fiscal year end do not change for the remaining life of the current receivables. Therefore, the Organization will not need to develop reasonable and supportable forecasts of future economic events. There is also an accounting policy election to consider cash collection activity after the fiscal year end date when estimating expected credit losses on current receivables and would have to be elected by the Agency.

It was also noted that the lending policy does not include any information or define when loans convert to nonaccrual status, which would define when a loan would stop accruing interest due to default payment terms. Historically, there has not been a consistent process or timeline for this status determination and when interest revenues would be recognized.

Recommendation

We recommend that the Agency review the lending policy in the current year and make required updates to be in compliance with the FASB accounting standard regarding the measurement of credit losses, apply the practical expedient, and adopt the accounting policy election effective for the 2026 fiscal year. The policy should be expanded to define nonaccrual status and the process and procedures relating to accruing interest on loans and the applicable recognition process for interest income on loans. An enhanced policy would allow management and the board to have a defined policy for the allowance calculations as well as the required processes and procedures for issuing and collecting on loans through payoffs and required instances that may occur such as default or late payments.

Information Technology Controls

During our review of Agency IT controls and cybersecurity as part of the audit process with a questionnaire completed by the outsourced provider, it was found that the Agency has never conducted a risk assessment and is lacking certain controls over Agency assets and data. Certain areas that pose additional risks are no process for training employees on handling private information and utilizing encryption or secure file transfers, no training on cybersecurity, and not having a documented disaster recovery plan. It was also found that there is not a formal review process of user access for certain IT programs such as the accounting software, or a process to monitor who has access to certain programs and ensure proper limitations or rights are granted.

Recommendation

We recommend the Agency work with the outsourced provider to prioritize implementing a structured, risk-based technology governance framework to strengthen cybersecurity, data management, and overall IT reliability. Management should begin with a comprehensive IT risk assessment and then establish formal policies for security, privacy, data retention, and access controls, supported by regular monitoring and employee training to mitigate cyber threats and fraud risks. The Agency should also develop a strategic data management and backup plan, ensure compliance with privacy and confidentiality requirements, and implement basic intrusion detection and incident response procedures. By incrementally adopting these practices and leveraging cost-effective cloud and emerging technologies, the Agency could significantly improve controls over its IT environment, protect sensitive data, and enhance operational resiliency.

Budgeting Procedures

The Agency adopts an annual budget at the beginning of each year based on projected expenditures and certain recurring revenue sources. In recent years, actual expenditures have exceeded expected recurring revenues; however, the budgets were balanced through the inclusion of anticipated PILOT/Sale-Leaseback revenues that were not reasonably expected to be realized within the fiscal year. As a result, the budgets have incorporated overly optimistic assumptions and unattainable revenue targets, contributing to recurring operating deficits for the Agency.

Recommendation

Management should enhance its budget development and monitoring processes to ensure that adopted budgets are based on reasonable, supportable assumptions and revenues that are likely to be realized within the fiscal year. Specifically, the Agency should (1) align revenue projections with historical performance and executed agreements, (2) distinguish recurring operating revenues from nonrecurring or uncertain sources such as PILOT/Sale-Leaseback proceeds, and (3) implement periodic budget-to-actual monitoring with timely adjustments when variances arise. Additionally, the Agency should consider adopting a formal policy requiring documentation and review of key budget assumptions by the governing board to promote more sustainable financial planning and reduce the risk of recurring operating deficits.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and suggestions with various Agency personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of the matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board of Directors, oversight agencies, and others within the Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Bowers & Company CPAs, PLLC".

Watertown, New York

February 23, 2026

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SECTION 2925(3)(F)
OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW**

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

We have audited, 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, the financial statements of Jefferson County Industrial Development Agency (the Agency), which comprise the combined statement of net position as of December 31, 2025, and the related combined statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated February 23, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that the Agency failed to comply with the Agency's Investment Policy, The New York State Comptroller's Investment Guidelines, and Section 2925(3)(F) of the NYS Public Authorities Law during the year ended December 31, 2025. However, our audit was not directed primarily toward obtaining knowledge of noncompliance with such investment guidelines. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Agency's noncompliance with the above rules and regulations.

This report is intended solely for the information and use of management of the Agency, the Board of Directors, and the Office of the State Comptroller of the State of New York. It is not intended to be, and should not be, used by anyone other than these specified parties.

Bowers & Company CPAs, PLLC

Watertown, New York
February 23, 2026

February 23, 2026

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

We have audited the financial statements of the business type activities of Jefferson County Industrial Development Agency for the year ended December 31, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 12, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Jefferson County Industrial Development Agency are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2025. We noted no transactions entered into by Jefferson County Industrial Development Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

Management's estimate of whether an allowance for credit losses is necessary is based on an analysis of the collectability of the loan portfolio at year-end. We evaluated the current loan portfolio and assumptions used by management to determine the adequacy of the allowance for credit losses and whether it is reasonable in relation to the financial statements taken as a whole.

To the Board of Directors
Jefferson County Industrial Development Agency
February 23, 2026
Page 2

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 23, 2026.

Management Consultations with Other Independent Accountants

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

To the Board of Directors
Jefferson County Industrial Development Agency
February 23, 2026
Page 3

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Restriction on Use

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

Very truly yours,

Bowen & Company CPAs, PLLC

Attached Material Misstatements:

Adjusting Journal Entries JE # 5			
To reverse client entry for DASNY grant which was a receivable and revenue on 2023 financial statements, collected in February 2024			
127205	Grants Receivable DASNY	392,651.00	
409703	Airport Grants		392,651.00
Total		392,651.00	392,651.00
Adjusting Journal Entries JE # 6			
To correct reporting on NBRC grant receivable, was 2024 revenue, remains in receivable at 12/31/25			
409703	Airport Grants	500,000.00	
127205	Grants Receivable DASNY		500,000.00
Total		500,000.00	500,000.00
Adjusting Journal Entries JE # 8			
To place into service Airport Infrastructure related to Sewer Line			
171017	Airport Property - Infrastructure	1,484,852.00	
171015	WIP Airport		1,484,852.00
Total		1,484,852.00	1,484,852.00
Adjusting Journal Entries JE # 9			
To adjust allowance for credit losses as of 12.31.25			
127503	Allow. for Credit Losses -MICRO	26,997.00	
717502	Credit Losses Expense - RLF	266,977.00	
717505	Credit Losses - City Loan Fund	11,836.00	
127502	Allowance for Credit Losses -RLF		266,977.00
127504	Allow for Credit Losses - City Loans		11,836.00
717503	Credit Losses Expense - MICRO		26,997.00
Total		305,810.00	305,810.00