

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY  
STATE OF COLO. 10  
SEPTEMBER 30, 2011

JEFFERSON COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY  
=====

REPORT ON AUDITED FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION

SEPTEMBER 30, 2011

30	Combining Statement of Fund Balances - JIDA and Component Unit
31	Combining Statement of Fund Revenue, Expenses, and Changes in Net Assets - JIDA and Component Unit
32	Statement of Fund Revenue, Expenses, and Changes in Net Assets
33	Statement of Fund Revenue, Expenses, and Changes in Net Assets
34-35	Financial Statements of Other Funds for Financial Reporting and in Conformity with Other Funds Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY

=====

TABLE OF CONTENTS  
SEPTEMBER 30, 2011

=====

---

	<b><u>PAGE(S)</u></b>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-12
<b>Basic Financial Statements:</b>	
<b>Statement</b>	
<b><u>Number</u></b>	
1 Combined Statement of Net Assets	13
2 Combined Statement of Revenues, Expenses, and Changes in Net Assets	14
3 Statement of Cash Flows	15
Notes to Financial Statements	16-29
<b>Supplemental Schedules and Additional Information:</b>	
<b><u>Schedule</u></b>	
SS-1 Combining Statement of Fund Net Assets - JCIDA and Component Unit	30
SS-2 Combining Statement of Fund Revenues, Expenses, and Changes in Net Assets - JCIDA and Component Unit	31
SS-3 Statement of Fund Net Assets	32
SS-4 Statement of Fund Revenues, Expenses, and Changes in Net Assets	33
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	34-35

---

# POULSEN & PODVIN, CPA, P.C.

Certified Public Accountants

145 Clinton St.

Watertown NY 13601

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Jefferson County Industrial Development Agency ("the **Agency**"), a component unit of Jefferson County, as of and for the year ended September 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jefferson County Industrial Development Agency as of September 30, 2011, and the respective changes in its financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2011, on our consideration of the 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-12) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Jefferson County Industrial Development Agency taken as a whole. The supplemental schedules SS-1 through SS-4, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Poulsen & Podvin, CPA, P.C.*

November 29, 2011

## **JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

### **Management's Discussion and Analysis**

As financial management of the Jefferson County Industrial Development Agency (JCIDA) (the "Agency"), we offer readers of these financial statements this narrative overview and analysis of these financial statements of the JCIDA for the fiscal year ended September 30, 2011. 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 statement as a whole.

#### **Overview of Financial Statements**

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

The Jefferson County Local Development Corporation (JCLDC) was started to develop and cultivate a strong economic environment, which supports businesses and nurtures growth and new investment in the County. The Organization was started October 1, 2009. The financial activity of the Organization is combined with the financial activity of Jefferson County Industrial Development Agency since both Organizations shared the same Board.

#### **Basic Financial Statements:**

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

The *statement of net assets* presents information on all the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating. Net assets increase when revenues exceed expenses. Increases to assets without corresponding increases to liabilities, will result in increased net assets, which indicates an improved financial position.

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

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**Other information** – In addition to the basic financial statements and accompanying notes, this report presents Supplemental Schedules SS-1 through SS-4 on pages 30 - 33, which are presented for purposes of additional analysis only.

**Financial Analysis:**

***Statement of Net Assets***

JCIDA's assets consist primarily of cash and cash equivalents, loans, grants and capital lease receivables, and capital assets. The restricted cash and cash equivalent accounts consist of prepaid PILOT monies, and funds held for lending from the three 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.
- ◆ **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.
- ◆ **City Loan Program**—this program is designed for projects located in the City of Watertown.

Loan program net receivables at September 30, 2011 was \$3,231,614.

### Capital Assets

Capital assets are comprised primarily of land (approximately 91 acres used for an industrial park) and a building at City Center Plaza, Arsenal Street, Watertown, New York, which is leased to Stream International, Inc.

### Capital Assets

	Years Ended September 30,	
	2010	2011
Land and improvements	\$ 525,701	\$ 639,814
Building	<u>816,183</u>	<u>822,803</u>
Total Capital Assets	<u>1,341,884</u>	<u>1,462,617</u>
Less: Accumulated depreciation:		
Building	<u>423,087</u>	<u>523,433</u>
Total accumulated depreciation	<u>423,087</u>	<u>523,433</u>
Total Capital Assets, Net of Depreciation	<u>\$ 918,797</u>	<u>\$ 939,184</u>

JCIDA's major liabilities consist of operating payables and payments due to taxing jurisdictions from PILOT payments. Additionally, various notes payable were incurred for costs associated with the purchase and improvements to the Stream building, and improvements to the Industrial Park land, see page 10 for additional details.

Net assets include capital assets, net of depreciation and related debt of \$789,184, unrestricted fund of \$3,389,427. and restricted loan funds as follows:

Revolving Loan Funds	\$ 4,736,736
Microenterprise Loan Funds	611,922
City Loan Funds	<u>245,439</u>
	<u>\$ 5,594,097</u>

**Jefferson County Industrial Development Agency  
Net Assets**

	<b>Years Ended September 30,</b>	
	<b>2010</b>	<b>2011</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,192,227	\$ 5,483,511
Loans receivable	4,368,718	3,533,666
Capital lease receivable, current	887,841	915,437
Capital lease receivable, non current	1,938,921	1,023,241
Other receivables	165,574	126,112
Capital assets, net of depreciation	918,797	939,184
Other assets		
Total Assets	<u>13,472,078</u>	<u>12,021,151</u>
<b>Liabilities</b>		
Current liabilities	1,564,461	1,004,985
Long-term liabilities	2,150,976	1,234,458
Total Liabilities	<u>3,715,437</u>	<u>2,239,443</u>
<b>Net Assets</b>		
Invested in capital assets net of related debt	891,021	789,184
Restricted	5,983,730	5,594,097
Unrestricted	2,881,890	3,398,427
Total Net Assets	<u>\$ 9,756,641</u>	<u>\$ 9,781,708</u>

Refer to the Statement of Nets Assets in the basic financial statements (page 13) for more detail.

**Statement of Revenues, Expenses, and Changes in Nets Assets**

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 and late charges earned on the loan programs during this fiscal period was \$172,443. Other revenue is generated through grants for the various projects the JCIDA is administering. Grant income consisted of government grants passed through JCIDA.

Operating expenses typically relate to the various projects the JCIDA is working on (other grant projects). The main operating expense is the salary and benefit expense. The JCJDC is the lead economic development marketing agency for Jefferson County. The JCIDA provides staffing to the JCJDC in order for the JCJDC to carry out its mission. The JCIDA also provides staff, under Administrative Service Agreements, to other Economic Development Agencies in Jefferson County.

The major revenue and expense items for year ended September 30, 2011 relate to normal program operations.

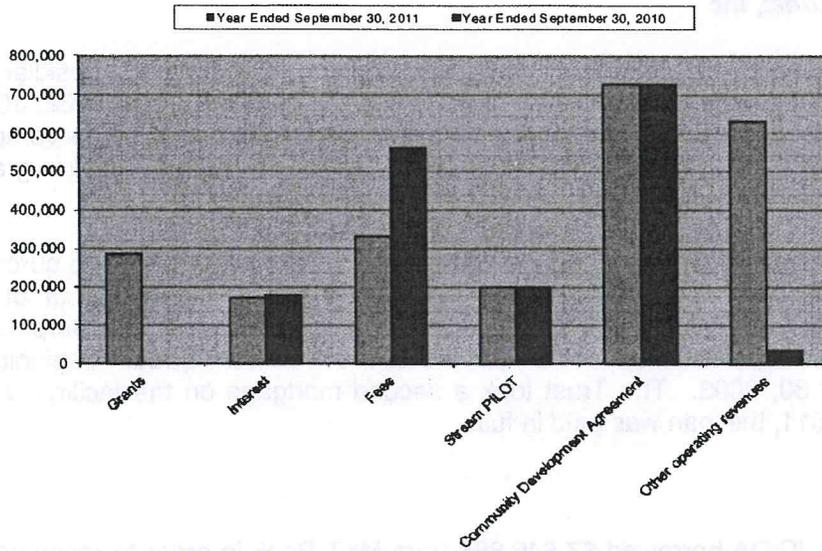
The JCIDA's net asset increase (excess revenue) for 2011 was \$25,067, which was lower than originally budgeted. Total Net Assets at year-end was \$9,781,708. Refer to Budgetary Highlights on page 11 for more details.

**Jefferson County Industrial Development Agency  
Revenues, Expenses, and Changes in Net Assets**

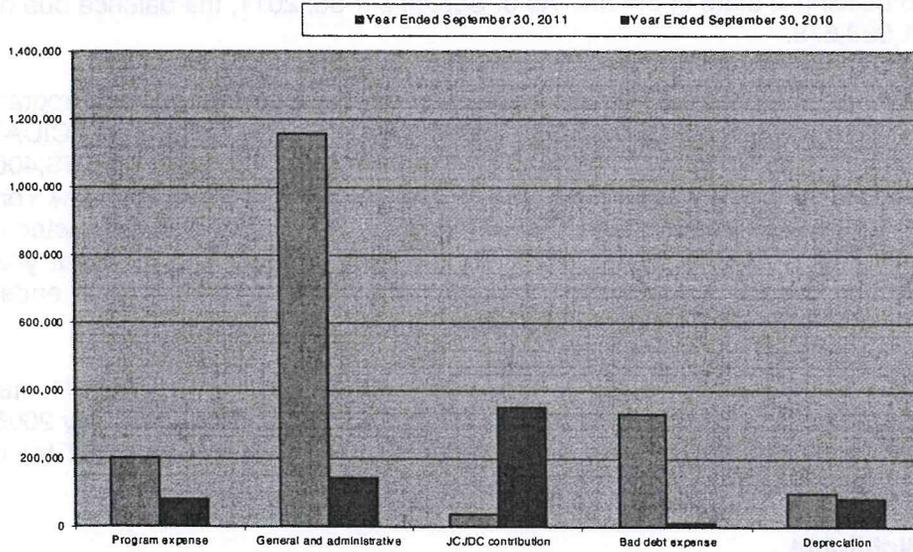
	<b>For Years Ended September 30</b>	
	<b>2010</b>	<b>2011</b>
Operating Revenues		
Bond issue and administrative fees	\$ 563,851	\$ 332,089
Interest on loans receivable	179,328	170,737
Grant income	-	286,553
Stream PILOT	200,000	200,000
Community Development Agreement	725,916	725,915
Other operating revenues	34,714	631,626
Total Operating Revenue	<u>1,703,809</u>	<u>2,346,920</u>
Operating Expenses		
Program expense	81,597	201,553
General and administrative	144,734	1,158,597
JCJDC contribution	350,000	37,080
Bad debt expense/allowance adjustment	12,479	332,111
Depreciation	84,455	100,346
Total Operating Expenses	<u>673,265</u>	<u>1,829,687</u>
Income from Operations	<u>1,030,544</u>	<u>517,233</u>
Nonoperating Revenues (expense)	<u>(626,507)</u>	<u>(492,166)</u>
Changes in Net Assets	404,037	25,067
Net Assets, beginning of year	<u>9,352,604</u>	<u>9,756,641</u>
Net Assets, end of year	<u>\$ 9,756,641</u>	<u>\$ 9,781,708</u>

Refer to the Statement of Revenues, Expenses, and Changes in Net Assets in the basic financial statements (page 14) for more detail.

### Operating Revenue



### Operating Expenses



## **Overview of the Year's Projects**

### ***Stream International, Inc***

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

Also, JCIDA borrowed \$500,000 during the year ended September 30, 2002 to purchase the Woolworth building in downtown Watertown so Stream can operate out of this facility. The money was borrowed from the Watertown Local Development Corporation (Trust), and will be repaid through PILOT payments received from Stream beginning in fiscal September 30, 2003. The Trust took a second mortgage on the facility. As of September 30, 2011, the loan was paid in full.

### ***Additionally***

During 2003, the JCIDA borrowed \$7,649,885 from M&T Bank in order to renovate the Woolworth building for Stream. This loan will be repaid through lease payments collected by the JCIDA from Stream. The loan and lease are both 10 years. This loan is secured by a first mortgage on the building and a \$969,339 irrevocable letter of credit from Stream. Further, Stream will guaranty the lease, and the Local Development Corporation of the City of Watertown (Trust) is a guarantor of the loan. The JCIDA board felt the risks associated with this deal was worth recruiting a 700-seat call center to a community that has double-digit unemployment. Stream is a reputable company, and the renovated building is state of the art. As of September 30, 2011, the balance due on this loan is \$1,938,678.

The JCIDA was also awarded a \$948,500 grant/loan from the Industrial Access Program by the State of New York. This money was used to build a road to expand the JCIDA's current Industrial Park by 96 acres. The JCIDA will repay 40% of the grant or \$379,400. This will be due within 5 years after the project is complete and approved by New York State, and the funds will come from the sale of the land. The project was completed in the first quarter 2005, however, it has not been approved by New York State at year ended September 30, 2011. Included in long-term liabilities for the year ended September 30, 2011 is \$180,160 due to New York State for this project.

In May of 2005, as the result of a PILOT agreement with Fort Drum Mountain Homes LLC, JCIDA is to receive a PILOT fee of \$125,000 for four years commencing May 2005. A Phase II agreement was entered into June 1, 2008, JCIDA will receive a PILOT fee of \$100,902 for 2008 through June 1, 2012.

### **Budgetary Highlights**

For the year ended 9/30/11 the most significant impact on revenue is an increase in Community Development Funds due to the Phase II. The sale of land to the CFM project ultimately resulted in a default by CFM, and a recovery of the land by JCIDA. On the expense side, Airport development has not started due to infrastructure issues. The NYS Assessment was refunded by the State during the year; however, we are not certain if a new assessment will take place in the future.

	Budget	Actual	Variation
<b>Revenue</b>			
Application Fees	\$ 15,000	\$ 6,504	\$ (8,496)
PILOT Fees	173,902	128,902	(45,000)
Administrative Fees	196,434	196,434	0
Loan Program Fees	62,000	57,742	(4,258)
Grant Income	0	286,553	286,553
Land Sales	97,213	(20,887)	(118,100)
Interest Income	3,000	6,372	3,372
Late Payment Penalty	2,500	1,706	(794)
Stream Maintenance fee	11,500	36,077	24,577
Other operating Revenue	500	1,024	524
Community Develop Agreement	725,916	725,915	(1)
Interest from Loan Receivable	137,632	160,683	23,051
Stream Interest/Grants	90,000	73,345	(16,655)
Stream PILOT Income	200,000	200,000	0
NYS Admin Svc Assessment	0	74,639	74,639
Management Fees	560,517	518,179	(42,338)
<b>Total Revenue</b>	<b>2,276,114</b>	<b>2,453,188</b>	<b>177,074</b>
<b>Expenses</b>			
Salary Expense	1,072,418	1,015,775	(56,643)
Office Expense	1,400	1,557	157
Office Overhead	35,523	35,523	0
Travel/Meals/Promotion	1,000	830	(170)
Board Functions	300	350	50
Consultants	7,500	1,500	(6,000)
Insurance Expense	9,691	9,445	(246)
Legal Expenses	14,000	105,498	91,498
Professional Fees	10,800	9,900	(900)
Stream Building Maintenance	0	24,578	24,578
Corporate Park	9,000	6,651	(2,349)
Fee Expense	1,000	1,678	678
Program Expenses	54,000	207,831	153,831
City/County Parking Lot	20,000	18,734	(1,266)
Building Depreciation	95,623	100,346	4,723
Interest Expense	91,150	74,363	(16,787)
Bad Debt Expense	0	332,111	332,111
Other Grants	0	279,932	279,932
Miscellaneous Expenses	2,800	10,121	7,321
<b>Total Expense</b>	<b>1,426,205</b>	<b>2,236,723</b>	<b>810,518</b>
<b>Net Income</b>	<b>\$ 849,909</b>	<b>\$ 216,465</b>	<b>\$ (633,444)</b>

### Economic Factors and Future Outlook

During fiscal year 10/1/11 through 9/30/12 we anticipate participating in major improvements at the Watertown Airport, further development of the Industrial Park with the possibility of a major paper manufacturer reopening a mill, and completion of several loans pending at year end.

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

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY

=====

COMBINED STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2011

---

**ASSETS:**

*Current Assets:*

Cash and cash equivalents	\$ 3,257,105
Loans receivable	270,084
Other receivables	118,612
Capital lease receivable - current portion (Note 13)	915,437
Notes receivable - current portion (Note 4)	911
Total Current Assets	<u>4,562,149</u>

*Restricted Assets:*

Cash and cash equivalents (Note 8)	2,226,406
PILOT monies receivable	7,500
Loans receivable - net of allowance of \$64,698 (Note 4)	<u>3,231,614</u>
Total Restricted Assets	<u>5,465,520</u>

*Noncurrent Assets:*

Notes receivable - less current portion (Note 4)	31,057
Capital lease receivable - less current portion (Note 13)	1,023,241
Capital assets (Note 10)	939,184
Total Noncurrent Assets	<u>1,993,482</u>

Total Assets \$ 12,021,151

The accompanying notes are an integral part of these financial statements.

---

**LIABILITIES:***Current Liabilities:*

Accounts payable	\$ 68,384
Deferred revenue - current portion (Note 4)	911
Long-term debt - current portion (Note 12)	915,437
Other current liabilities	6,504
Total Current Liabilities	<u>991,236</u>

*Current Liabilities Payable From Restricted Assets:*

Interest payable - HUD	6,249
Due to other governments (Note 9)	7,500
Total Current Liabilities Payable From Restricted Assets	<u>13,749</u>

*Noncurrent Liabilities:*

Deferred revenue - less current portion (Note 4)	31,057
Long-term debt - less current portion (Note 12)	1,203,401
Total Noncurrent Liabilities	<u>1,234,458</u>

Total Liabilities	<u>2,239,443</u>
-------------------	------------------

**NET ASSETS:**

Investment in capital assets, net of related debt	789,184
Restricted for: (expendable)	
Revolving loan program	4,736,736
Microenterprise loan program	611,922
City loan program	245,439
Total restricted net assets	<u>5,594,097</u>
Unrestricted	<u>3,398,427</u>
Total Net Assets	<u>\$ 9,781,708</u>

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY

=====

COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET ASSETS  
FOR YEAR ENDED SEPTEMBER 30, 2011

**REVENUES***Operating Revenues*

Bond issue and administrative fees	\$ 332,089
Interest from loans receivable	170,737
Stream PILOT	200,000
Community Development Agreement	725,915
Management fee income	518,179
NYS Section 2975-A assessment fee refund	74,639
Other operating revenues	<u>38,808</u>
Total Operating Revenues	<u>2,060,367</u>

**EXPENSES***Operating Expenses*

Program expense	201,553
Bad debt expense/allowance adjustment	332,111
Salary expense	1,015,775
Legal fees	109,344
JCJDC contribution	37,080
Professional fees	9,900
Insurance expense	9,445
Depreciation expense	100,346
Other operating expenses	<u>14,133</u>
Total Operating Expenses	<u>1,829,687</u>

Operating Income 230,680

**NON-OPERATING REVENUES (EXPENSES)**

Interest income	9,671
Grant income	286,553
Grant expended	(479,932)
Capital lease interest	73,345
Gain on sale of capital assets	(20,887)
Interest expense	<u>(74,363)</u>
Total Non-Operating Revenues (Expenses)	<u>(205,613)</u>

Increase in Net Assets 25,067

Net Assets--beginning of year 9,756,641

Net Assets--end of year \$ 9,781,708

The accompanying notes are an integral part of these financial statements.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY

STATEMENT OF CASH FLOWS  
FOR YEAR ENDED SEPTEMBER 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from bond issue and administrative fees	\$ 332,089
Cash received from interest on loans receivable	170,737
Cash received from late payment penalties	1,706
Cash received from loans	602,310
Cash received from Stream PILOT	200,000
Cash received from Community Development Agreement	725,915
Cash received from maintenance reserve	28,592
Cash received from interest on revolving loan funds	6,321
Cash received from other operating sources	25
Cash received for management fee	518,179
Cash payments to HUD for interest on revolving loan funds	(7,548)
Cash payments for salary	(1,015,775)
Cash payments for JCJDC contribution	(37,080)
Cash payments for supplies of goods and services	(98,947)
Issuance of new loans	(367,400)
Cash payments for projects	(51,553)
Net cash provided by operating activities	<u>1,007,571</u>

CASH FLOWS FROM NONCAPITAL

FINANCING ACTIVITIES

PILOT payments paid in excess of amount received	(3,769)
Grants paid in excess of grants received	(701,774)
Net cash used by noncapital financing activities	<u>(705,543)</u>

CASH FLOWS FROM CAPITAL AND RELATED

FINANCING ACTIVITIES

Additions to capital assets	(6,621)
Cash payments for interest	(1,018)
Sale of capital assets	15,000
Payments for capital debt	(27,776)
Net cash used by capital and related financing activities	<u>\$ (20,415)</u>

---

**CASH FLOWS FROM INVESTING ACTIVITIES**

Cash received from interest	\$ 9,671
Net cash provided by investing activities	<u>9,671</u>
Net increase in cash	291,284

Cash and cash equivalents, beginning of year	5,192,227
Cash and cash equivalents, end of year	<u>\$ 5,483,511</u>

**RECONCILIATION TO STATEMENT OF NET ASSETS**

Cash and cash equivalents	\$ 3,257,105
Restricted cash and cash equivalents	2,226,406
Total cash and cash equivalents	<u>\$ 5,483,511</u>

**RECONCILIATION OF OPERATING INCOME TO NET****CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 230,680
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	100,346
Land received for loan receivable	(150,000)
Bad debt expense/allowance adjustment	332,111
(Increase) decrease in:	
Loans receivable	534,909
Other receivables	22,624
Increase (decrease) in:	
Accounts payable	29,218
Interest payable	(1,227)
Other liabilities	(91,090)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,007,571</u>

**Noncash capital and financing activities:**

Decrease of capital lease receivable and related long-term debt	<u>\$888,084</u>
---	------------------

The accompanying notes are an integral part of these financial statements.

---

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY

---

---

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

---

**Note 1 – Summary of Significant Accounting Policies:**

***Organization Description***

The Jefferson County Industrial Development Agency (**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 Jefferson County. The Agency is exempt from federal, state and local income taxes. The Agency, although established by Jefferson County, is a separate entity and operates independently of Jefferson County. The U. S. Department of Housing and Urban Development (**HUD**) is the cognizant agency.

The Jefferson County Local Development Corporation (JCLDC) was started to develop and cultivate a strong economic environment, which supports businesses and nurtures growth and new investment in the County. The Organization was started October 1, 2009. The financial activity of the Organization is combined with the financial activity of Jefferson County Industrial Development Agency since both Organizations shared the same Board.

***Measurement Focus, Basis of Accounting and Financial Statements Presentation***

The Agency's combined financial statements are reported using the economic resources measurement's focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. For the fiscal year ended September 30, 2002, the Agency adopted GASB Statement No. 34. GASB Statement No. 34 mandates Government-wide financial statements of net assets and activities, which are represented on the measurement and accrual basis of accounting. It also requires that certain fixed assets be recorded at cost less accumulated depreciation.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities that Use Proprietary Fund Accounting*, the Agency has adopted the option to apply only those Financial Accounting Standards Board (FASB) statements and interpretations issued before November 30, 1989 that do not conflict with or contradict GASB pronouncements. Only GASB pronouncements issued after this date will be followed.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

**Capital Assets and Depreciation**

Capital assets acquired by the Agency are recorded at cost. For financial reporting purposes, the cost of capital assets is depreciated over the estimated useful lives as follows:

	Years
Equipment	5 to 10
Building	10

Repairs and maintenance are charged to expense, as incurred. Expenditures, which substantially increase the useful lives of the respective assets, are capitalized and depreciated over their useful lives. When an asset is sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

**Reporting Entity**

As defined by GASB Statement No. 39, *Determining Whether Certain Organizations are Components Units*, the Agency is financially accountable to Jefferson County and is considered a component unit of Jefferson County. Jefferson County Local Development Corporation is financially accountable to Jefferson County Industrial Development Agency and is considered a component unit of Jefferson County Industrial Development Agency.

**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.

**Revenues and Expenses**

Revenues and expenses are distinguished between operating and nonoperating 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 issuance and PILOT's 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 nonoperating revenues and expenses.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

**Date of Management's Review**

Management has evaluated subsequent events through November 29, 2011, the date which the financial statements were available to be issued.

**Note 2 – Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risks:**

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency's investments policies are included in their *Investment Policy Guidelines and Procedures*. The Agency's monies must be deposited in banks or trust companies located within the State or obligations of the U.S. Treasury and U.S. Agencies. Collateral is required for demand and time deposits and certificates of deposit not covered by insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and School Districts.

The Agency's aggregate bank balances (disclosed in the financial statements) included balances not covered by depository insurance at year-end, are collateralized as follows:

Uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the Agency's name	4,697,603

Deposits at year-end were fully collateralized.

The Agency does not typically purchase investments, and is not exposed to any material interest rate risk.

The Agency does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

**Note 3 – Loans Receivable:**

At September 30, 2011 loans receivable consisted of the following:

Revolving Loan Program	\$ 2,681,848
Microenterprise Loan Program	488,340
City Loan Program	<u>61,426</u>
Total	<u>\$ 3,231,614</u>

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

**Revolving Loan Program**

The Agency has established a revolving loan 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 a reserve for bad loans in order to provide a more fair presentation of its loans receivable. The allowance of \$54,732 at September 30, 2011 was based on the Agency's best estimate.

The following is a schedule of the outstanding loans receivable at September 30, 2011:

Alteri's Bakery, Inc.	\$ 47,183
Benchmark Family Services	120,121
CITEC	17,518
Peter S. Curtis - consolidated	103,055
J. Scott Corporation	226,461
Knowlton Specialty Papers	6,411
Knowlton Specialty Papers	175,502
LCO Destiny LLC	206,774
Metro Paper Industries	188,984
MLR, LLC	101,933
MLR, LLC	220,771
Morris Hatchery	154,699
North Country Children's Clinic	149,775
North Country Children's Clinic	63,823
North American Tapes, LLC	98,992
North American Tapes, LLC	134,844
Riverview Plaza, LLC	71,842
Roth Industries, Inc.	209,063
Roth Industries, Inc.	6,668
Roth Industries, Inc.	53,599
Taylor Concrete Products, Inc.	35,457
The Franklin Factory Group	61,991
YMCA	181,114
YMCA	100,000
Total	<u>2,736,580</u>
Less - Allowance for Bad Loans	<u>(54,732)</u>
Total Revolving Loans Receivable	<u>\$ 2,681,848</u>

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY

=====

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

---

**Microenterprise Loan Program**

The microenterprise loan program was established to provide small businesses with loans not to exceed \$40,000 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 a reserve for bad loans in order to provide a more fair presentation of its loans receivable. The allowance of \$9,966 for September 30, 2011 was based on the Agency's best estimate.

Loans receivable at September 30, 2011 are as follows:

Edw. F. Albro d/b/a Snug Harbor Marina	\$ 12,998
BDJKR Properties, LLC	12,453
BDJKR Properties, LLC	12,000
Jamie Bliven d/b/a Duck Stop	27,888
Louise Psarras-Bly	17,858
Café Mira	34,952
Carthage Family Chiropratic	17,252
Children 1st Daycare	33,654
Creative Touch Images	17,314
DePauville Mini Mart	25,603
Fort Drum Storage	29,518
Allen Gonya	10,799
The Hops Spot	27,500
Imprints of NNY	13,923
Jessies Pet Spa	2,702
Lyric Enterprises	33,015
Lyric Enterprises	8,762
Daniel McAloon	30,831
Rent-A-Zone	3,133
ROBO Spray	14,818
Sackets Harbor Trading Co.	25,476
South Jeff Community Action Corp.	30,000
Taste of Design	35,332
Triple B&A, LLC	20,525
Total	<u>498,306</u>
Less - Allowance for Bad Loans	<u>(9,966)</u>
Total Microenterprise Loans Receivable	<u>\$ 488,340</u>

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY

=====

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

=====

**City Loan Program**

The City Loan Program was established to provide working capital for Knowlton Technologies LLC and the subsequent creation of a revolving loan fund, which will be used to provide loans for the support of economic development in the City of Watertown.

Loan receivable at September 30, 2011 is as follows:

Knowlton Technologies LLC	<u>\$ 61,426</u>
Total	<u>\$ 61,426</u>

**Note 4 – Notes Receivable/Deferred Revenue:**

Notes receivable/Deferred revenue consisted of the following at September 30, 2011:

Note due from Kenneth Rogers - monthly payments of \$314.91, including interest at 9%, due 12/1/27	\$ 31,968
Less - current portion	<u>(911)</u>
Non-current portion	<u>\$ 31,057</u>

This note was written-off in prior year. Income will be recognized as payments are received on this note.

**Note 5 – Land:**

The Agency has purchased land in order to establish an Industrial Park to encourage new businesses to settle in Jefferson County. Land was sold to various businesses throughout the years, and at September 30, 2011 the Agency holds approximately 54 acres at an approximate cost of \$11,352 per acre. The Agency purchased additional land during the year ended September 30, 2007 to establish another Industrial Park. The additional land is approximately 37 acres at a cost of \$739 per acre. See Capital Assets – Footnote #10 for details.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY

=====

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

---

**Note 6 – Commitments and Contingencies:**

***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. This activity is not reflected in the financial statements.

***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 the assets or liabilities resulting from completed bond and note issues in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond and noteholders and funds arising there from are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes.

***Loan Commitments***

At September 30, 2011, the Agency has commitments for loans to Lundy Development for \$250,000, Current Applications for \$40,000, Jai Ganesh, Inc for \$133,717, Florelle Tissue Corp. for \$700,000, Triple B&A for \$36,000, River Golf Adventures for \$40,000 and The Lodge at Ives Hill for \$166,666. These loans have not been completed as of September 30, 2011.

***Lawsuits***

The Agency is presently involved in certain matters of litigation that have arisen in the normal course of conducting Agency business. Agency management believes, based upon consultation with the Agency's Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the Agency. Additionally, Agency management believes that the Agency's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY

=====

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

**Federal and State Grant Programs**

The Agency participates in Federal and State grant programs. These programs are audited by the Agency's independent accountants in accordance with the provisions of the Federal Single Audit Act Amendments of 1996 and applicable State requirements. No cost disallowance is expected as a result of these audits, however, these programs are subject to further examination by the grantors. Expenditures, which may be disallowed, if any, by the granting agencies cannot be determined at this time. The Agency expects such amounts, if any, to be immaterial.

As of September 30, 2011, in the opinion of the Agency management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the Agency.

**Note 7 – Related Party Agreements/Transactions:**

In accordance with various agreements, the Agency has related party transactions detailed as follows as of September 30, 2011:

Related Party Organization	Accounts Receivable	Accounts Payable/ Accrued Liabilities	Unrestricted Revenues	Expenses
<b>9/30/11</b>				
JCJDC	\$ -	\$ 71	\$ 128,434	\$ 35,523
WICLDC	3,753	-	50,000	-
WLDC	7,851	-	6,000	-
JCADC	9,052	-	6,000	-
Total	<u>\$ 20,656</u>	<u>\$ 71</u>	<u>\$ 190,434</u>	<u>\$ 35,523</u>

An agreement executed yearly between the Agency and the Jefferson County Job Development Corporation (**JCJDC**) exists where the JCJDC agrees to pay the Organization for administrative/staff support. The contribution paid to the Agency was \$128,434 for the year ended September 30, 2011. The Agency also paid JCJDC \$35,523 for office expense for year ended September 30, 2011.

Another agreement executed yearly between the Agency and the Watertown Industrial Center Local Development Corporation (**WICLDC**) exists where WICLDC agrees to pay the Agency for administrative support. The contribution paid to the Agency was \$50,000 for the year ended September 30, 2011.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY

=====

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

Another agreement executed yearly between the Agency and Jefferson County Agricultural Development Corporation (**JCADC**) exists where JCADC agrees to pay for administrative support. The contribution paid to the Agency was \$6,000 for the year ended September 30, 2011.

Another agreement executed yearly between the Agency and Watertown Local Development Corporation (**WLDC**) exists where WLDC agrees to pay for administrative support. The contribution paid to the Agency was \$6,000 for the year ended September 30, 2011.

**Note 8 – Restricted Cash and Cash Equivalents:**

Restricted cash, which is invested in interest-bearing accounts, consisted of the following at September 30, 2011:

Revolving Loan Fund	\$ 1,918,442
Microenterprise Loan Fund	123,905
City Loan Fund	<u>184,059</u>
	<u>\$ 2,226,406</u>

**Note 9 – Due to Other Governments:**

Due to other governments are PILOT amounts due to the taxing jurisdictions. Future PILOT payments for the year ended September 30, 2011 are \$7,500.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY

=====

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

**Note 10 – Capital Assets:**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Non-Depreciable Assets:</b>				
Land and improvements	\$ 525,701	\$ 150,000	\$ (35,887)	\$ 639,814
<b>Depreciable Assets:</b>				
Equipment	92,058	6,620	-	98,678
Building	<u>724,125</u>	<u>-</u>	<u>-</u>	<u>724,125</u>
<b>Total Capital Assets</b>	<b>1,341,884</b>	<b>156,620</b>	<b>(35,887)</b>	<b>1,462,617</b>
Less - accumulated depreciation	<u>423,087</u>	<u>100,346</u>	<u>-</u>	<u>523,433</u>
<b>Total Capital Assets - Net of Depreciation</b>	<b><u>\$ 918,797</u></b>	<b><u>\$ 56,274</u></b>	<b><u>\$ (35,887)</u></b>	<b><u>\$ 939,184</u></b>

**Note 11 – Line-of-Credit Available:**

The Agency has a \$200,000 line-of-credit with HSBC Bank USA available until terminated by either party. Advances on the line-of-credit, which bears interest at the Bank's prime rate minus 1%, are uncollateralized. At September 30, 2011, the Agency had drawn \$-0- on the line-of-credit.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY

=====

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

**Note 12 – Long-Term Debt:**

The following notes payable were in effect at September 30, 2011:

M&T Bank - secured by \$969,339 standby letter-of-credit, first lien on Stream building and contents, guaranty of the Local Development Corporation of the City of Watertown - due in monthly installments of \$80,106 including interest at 2.989% at September 30, 2011 - loan has 25 months remaining with a variable interest rate	\$ 1,938,678
New York State Department of Transportation - grant repayment of 40% of Industrial Access project - payments to start one year from project completion - project is not completed at September 30, 2011	<u>180,160</u>
	2,118,838
Less - Current Portion	<u>(915,437)</u>
Long-Term Portion	<u><u>\$ 1,203,401</u></u>

The future principal payments on the notes payable as of September 30, 2011 are summarized as follows:

Year Ending September 30	Principal	Interest	Total
2012	\$ 915,437	\$ 45,832	\$ 961,269
2013	943,341	17,928	961,269
2014	79,900	-	79,900
2015	-	-	-
2016	-	-	-
2017	<u>180,160</u>	<u>-</u>	<u>180,160</u>
	<u><u>\$ 2,118,838</u></u>	<u><u>\$ 63,760</u></u>	<u><u>\$ 2,182,598</u></u>

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY

=====

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

Summary of changes in long-term debt:

	10/1/10	Additions	Reductions	9/30/11
Notes payable	<u>\$ 3,034,698</u>	<u>\$ -</u>	<u>\$ (915,860)</u>	<u>\$ 2,118,838</u>

**Note 13 – Capital Lease Receivable:**

The Agency has entered into a lease agreement with Stream New York, Inc. to lease a facility and to advance working capital to Stream New York, Inc. A loan from M&T Bank was used to finance the project (see Note 12). Principal payments will be based on a ten year amortization period and interest will be variable. Monthly lease payments will be computed to equal the monthly debt service requirements for the M&T loan. Stream New York, Inc. has the option to purchase the facility at any time for the remaining balance of the related loan. The lease is recorded as a capital lease because Stream New York, Inc. is the owner of the property for tax purposes and will own the facility outright at the completion of the lease.

Future minimum capital lease payments to be received from Stream New York, Inc. are as follows:

**Year Ending  
September 30**

2012	\$ 915,437
2013	943,341
2014	<u>79,900</u>
	<u>\$ 1,938,678</u>

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

**Note 14 – Leases:**

The Agency has assumed the lease for office space with Watertown Industrial Center Local Development Corporation, effective October 1, 2010. The lease term commences July 1, 2010 and terminates June 30, 2015. The lease calls for monthly base rent payments and additional rent payments of \$377.98 a month represented the Agency's share of real estate taxes, heating costs, electricity, water and maintenance. The Agency's rent expense for the year ended September 30, 2011 was \$ -0-.

Year Ending Date	Amount
2012	\$ 14,107
2013	14,179
2014	14,395
2015	<u>10,796</u>
	<u>\$ 53,477</u>

**Note 15 – Restricted Assets:**

**Loan Programs:**

The Revolving loan program, the Microenterprise loan program, and the City loan program were established with grants from U.S. Department of Housing and Urban Development. The restricted assets are used to improve economic development in Jefferson County.

**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.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY

=====

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011

---

**Note 17 – Pension Plan:**

The Organization participates in the New York State and Local Employees' Retirement System (**System**) through the County of Jefferson. This is a cost-sharing multiple public employer retirement system. Obligations of employers and employee to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (**NYSRSSL**). The System offers a wide range of plans and benefits, which are related to years of service and final average years of service and final average salary. Death and disability benefits generally vest after ten years of accredited service.

The NYSRSSL provides that all participating employees in the System are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the System. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the NYS and Local Retirement System, Gov. AE Smith State Office Building, Albany, NY 12244. The System is noncontributory except for employees who joined the Employees' Retirement System after July 27, 1976 who contribute 3% of their salary. Employees in the System more than ten years are no longer required to contribute. Employee contributions are deducted from employees' paychecks and are sent by the employer to the System.

Nearly all employees are eligible for membership. All employees employed in a full-time position, who commenced employment after June 30, 1976, are mandatory members.

The Organization is required to contribute at an actuarially determined rate. The required and actual contributions for the current year and two preceding years were:

	<b>ERS</b>
2011	\$ 68,960
2010	36,052
2009	47,378

The Organization's contribution made to the System was equal to 100% of the contributions required for the year.



JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY  
=====

COMBINING STATEMENT OF FUND NET ASSETS  
JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY AND COMPONENT UNIT  
SEPTEMBER 30, 2011

<b>ASSETS:</b>	<b>JCIDA</b>	<b>Component Unit JCLDC</b>	<b>Eliminations</b>	<b>TOTAL</b>
<i>Current Assets:</i>				
Cash and cash equivalents	\$ 1,094,917	\$ 2,162,188	\$ -	\$ 3,257,105
Interfund receivables *	9,810	-	-	9,810 *
Loans receivable	-	270,084	-	270,084
Other receivables	118,612	-	-	118,612
Capital lease receivable - current portion (Note 13)	915,437	-	-	915,437
Notes receivable - current portion (Note 4)	911	-	-	911
<b>Total Current Assets</b>	<u>2,139,687</u>	<u>2,432,272</u>	<u>-</u>	<u>4,571,959 *</u>
<i>Restricted Assets:</i>				
Cash and cash equivalents (Note 18)	2,226,406	-	-	2,226,406
Interfund receivables *	150,000	-	-	150,000 *
PILOT monies receivable	7,500	-	-	7,500
Loans receivable-net of allowance of \$64,698 (Note 3)	3,231,614	-	-	3,231,614
<b>Total Restricted Assets</b>	<u>5,615,520</u>	<u>-</u>	<u>-</u>	<u>5,615,520</u>
<i>Noncurrent Assets:</i>				
Notes receivable - less current portion (Note 4)	31,057	-	-	31,057
Capital lease receivable - less current portion (Note 13)	1,023,241	-	-	1,023,241
Due from JCLDC	3,140,989	-	(3,140,989)	-
Capital assets (Note 10)	939,184	-	-	939,184
<b>Total Noncurrent Assets</b>	<u>5,134,471</u>	<u>-</u>	<u>(3,140,989)</u>	<u>1,993,482</u>
<b>Total Assets</b>	<u>\$ 12,889,678</u>	<u>\$ 2,432,272</u>	<u>\$ (3,140,989)</u>	<u>\$ 12,180,961 *</u>
<b>LIABILITIES:</b>				
<i>Current Liabilities:</i>				
Accounts payable*	\$ 70,570	\$ -	\$ -	\$ 70,570 *
Interfund payables*	157,624	-	-	157,624 *
Deferred revenue - current portion (Note 5)	911	-	-	911
Long term debt - current portion (Note 15)	915,437	-	-	915,437
Other current liabilities	6,504	-	-	6,504
<b>Total Current Liabilities</b>	<u>1,151,046</u>	<u>-</u>	<u>-</u>	<u>1,151,046 *</u>
<i>Current Liabilities Payable From Restricted Assets:</i>				
Interest payable - HUD	6,249	-	-	6,249
Due to other governments (Note 12)	7,500	-	-	7,500
<b>Total Current Liabilities Payable From     Restricted Assets</b>	<u>13,749</u>	<u>-</u>	<u>-</u>	<u>13,749</u>
<i>Noncurrent Liabilities:</i>				
Deferred revenue - less current portion (Note 5)	31,057	-	-	31,057
Due to JCIDA	-	3,140,989	(3,140,989)	-
Long-term debt - less current portion (Note 15)	1,203,401	-	-	1,203,401
<b>Total Noncurrent Liabilities</b>	<u>1,234,458</u>	<u>3,140,989</u>	<u>(3,140,989)</u>	<u>1,234,458</u>
<b>Total Liabilities</b>	<u>2,399,253</u>	<u>3,140,989</u>	<u>(3,140,989)</u>	<u>2,399,253 *</u>
<b>NET ASSETS:</b>				
Investment in capital assets, net of related debt	789,184	-	-	789,184
Restricted for: (expendable)	-	-	-	-
Revolving loan program	4,736,736	-	-	4,736,736
Microenterprise loan program	611,922	-	-	611,922
City loan program	245,439	-	-	245,439
<b>Total restricted net assets</b>	<u>5,594,097</u>	<u>-</u>	<u>-</u>	<u>5,594,097</u>
Unrestricted	4,107,144	(708,717)	-	3,398,427
<b>Total Net Assets</b>	<u>\$ 10,490,425</u>	<u>\$ (708,717)</u>	<u>\$ -</u>	<u>\$ 9,781,708</u>

\* Amounts reported for the audited financial statements compared to the above statement are different because:

Interfund receivables	\$ 9,810	Interfund receivables	\$ 150,000
Interfund payables	7,624	Interfund payables	150,000
Accounts payable	2,186		

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

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY

=====

COMBINING STATEMENT OF FUND REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY AND COMPONENT UNIT  
FOR YEAR ENDED SEPTEMBER 30, 2011

	JCIDA	Component Unit JCLDC	Eliminations	Total
<b>Revenues</b>				
<i>Operating Revenues</i>				
Bond issue and administrative fees*	\$ 389,581	\$ 250	\$ -	\$ 389,831 *
Interest from loans receivable	160,683	10,054	-	170,737
Stream PILOT	200,000	-	-	200,000
Community Development Agreement	725,915	-	-	725,915
Management fee income	518,179	-	-	518,179
NYS Section 2975-A assessment fee refund	74,639	-	-	74,639
Other operating revenues	38,808	-	-	38,808
Total Operating Revenues	<u>2,107,805</u>	<u>10,304</u>	<u>-</u>	<u>2,118,109 *</u>
<b>Expenses</b>				
<i>Operating Expenses</i>				
Program expense *	259,295	-	-	259,295 *
Bad debt expense/allowance adjustment	332,111	-	-	332,111
Salary expense	1,015,775	-	-	1,015,775
Legal fees	105,498	3,846	-	109,344
JCJDC contribution	37,080	-	-	37,080
Professional fees	9,900	-	-	9,900
Insurance expense	9,445	-	-	9,445
Depreciation expense	100,346	-	-	100,346
Other operating expenses	12,978	1,155	-	14,133
Total Operating Expenses	<u>1,882,428</u>	<u>5,001</u>	<u>-</u>	<u>1,887,429 *</u>
Operating Income	<u>225,377</u>	<u>5,303</u>	<u>-</u>	<u>230,680</u>
<b>Non-Operating Revenues (Expenses):</b>				
Interest income	6,372	3,299	-	9,671
Grant income	286,553	-	-	286,553
Grant expended	(279,932)	(200,000)	-	(479,932)
Capital lease interest	73,345	-	-	73,345
Gain on sale of capital assets	(20,887)	-	-	(20,887)
Interest expense	(74,363)	-	-	(74,363)
Total Non-operating Revenues (Expenses)	<u>(8,912)</u>	<u>(196,701)</u>	<u>-</u>	<u>(205,613)</u>
Increase (decrease) in Net Assets	216,465	(191,398)	-	25,067
Net Assets - beginning of year	<u>10,273,960</u>	<u>(517,319)</u>	<u>-</u>	<u>9,756,641</u>
Net Assets - end of year	<u>\$ 10,490,425</u>	<u>\$ (708,717)</u>	<u>\$ -</u>	<u>\$ 9,781,708</u>

\* Amounts reported for the audited financial statements compared to the above statement are different because:

Interfund fees	\$ 57,742
Interfund program expenses	57,742

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

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY

STATEMENT OF FUND NET ASSETS  
SEPTEMBER 30, 2011

ASSETS:	GENERAL	REVOLVING LOAN PROGRAM
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 1,094,917	\$ -
Interfund receivables *	7,624	-
Other receivables	118,612	-
Capital lease receivable - current portion (Note 13)	915,437	-
Notes receivable - current portion (Note 4)	911	-
Total Current Assets	2,137,501	-
<i>Restricted Assets:</i>		
Cash and cash equivalents (Note 8)	-	1,918,442
Interfund receivables *	-	150,000
PILOT monies receivable	7,500	-
Loans receivable-net of allowance of \$64,698 (Note 3)	-	2,681,848
Total Restricted Assets	7,500	4,750,290
<i>Noncurrent Assets:</i>		
Notes receivable - less current portion (Note 4)	31,057	-
Capital lease receivable - less current portion (Note 13)	1,023,241	-
Due from JCLDC	3,140,989	-
Capital assets (Note 10)	939,184	-
Total Noncurrent Assets	5,134,471	-
Total Assets	\$ 7,279,472	\$ 4,750,290
<b>LIABILITIES:</b>		
<i>Current Liabilities:</i>		
Accounts payable*	\$ 68,334	\$ 2,236
Interfund payables*	150,000	5,194
Deferred revenue - current portion (Note 4)	911	-
Long term debt - current portion (Note 12)	915,437	-
Other current liabilities	6,504	-
Total Current Liabilities	1,141,186	7,430
<i>Current Liabilities Payable From Restricted Assets:</i>		
Interest payable - HUD	-	6,124
Due to other governments (Note 9)	7,500	-
Total Current Liabilities Payable From Restricted Assets	7,500	6,124
<i>Noncurrent Liabilities:</i>		
Deferred revenue - less current portion (Note 4)	31,057	-
Long-term debt - less current portion (Note 12)	1,203,401	-
Total Noncurrent Liabilities	1,234,458	-
Total Liabilities	2,383,144	13,554
<b>NET ASSETS:</b>		
Investment in capital assets, net of related debt	789,184	-
Restricted for: (expendable)		
Revolving loan program	-	4,736,736
Microenterprise loan program	-	-
City loan program	-	-
Total restricted net assets	-	4,736,736
Unrestricted	4,107,144	-
Total Net Assets	\$ 4,896,328	\$ 4,736,736

\* Amounts reported for the audited financial statements compared to the above statement are different because:

Interfund receivables	\$ 9,810	Interfund receivables	\$ 150,000
Interfund payables	7,624	Interfund payables	150,000
Accounts payable	2,186		

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

Supplemental Schedule SS-3

MICRO- ENTERPRISE LOAN PROGRAM	CITY LOAN PROGRAM	TOTAL
\$ -	\$ -	\$ 1,094,917
2,186	-	9,810 *
-	-	118,612
-	-	915,437
-	-	911
<u>2,186</u>	<u>-</u>	<u>2,139,687 *</u>
123,905	184,059	2,226,406
-	-	150,000 *
-	-	7,500
<u>488,340</u>	<u>61,426</u>	<u>3,231,614</u>
<u>612,245</u>	<u>245,485</u>	<u>5,615,520</u>
-	-	31,057
-	-	1,023,241
-	-	3,140,989
-	-	939,184
<u>-</u>	<u>-</u>	<u>5,134,471</u>
<u>\$ 614,431</u>	<u>\$ 245,485</u>	<u>\$ 12,889,678 *</u>
\$ -	\$ -	\$ 70,570 *
2,430	-	157,624 *
-	-	911
-	-	915,437
-	-	6,504
<u>2,430</u>	<u>-</u>	<u>1,151,046 *</u>
79	46	6,249
-	-	7,500
<u>79</u>	<u>46</u>	<u>13,749</u>
-	-	31,057
-	-	1,203,401
-	-	1,234,458
<u>2,509</u>	<u>46</u>	<u>2,399,253 *</u>
-	-	789,184
-	-	4,736,736
611,922	-	611,922
-	245,439	245,439
<u>611,922</u>	<u>245,439</u>	<u>5,594,097</u>
-	-	4,107,144
<u>\$ 611,922</u>	<u>\$ 245,439</u>	<u>\$ 10,490,425</u>

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
A COMPONENT UNIT OF JEFFERSON COUNTY

STATEMENT OF FUND REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR YEAR ENDED SEPTEMBER 30, 2011

	GENERAL	REVOLVING LOAN PROGRAM
<b>REVENUES</b>		
<i>Operating Revenues</i>		
Bond issue and administrative fees*	\$ 389,581	\$ -
Interest from loans receivable	-	135,940
Stream PILOT	200,000	-
Community Development Agreement	725,915	-
Management fee income	518,179	-
NYS Section 2975-A assessment fee refund	74,639	-
Other operating revenues	37,102	1,085
Total Operating Revenues	1,945,416	137,025
<b>EXPENSES</b>		
<i>Operating Expenses</i>		
Program expense *	51,464	37,681
Bad debt expense/allowance adjustment	-	259,858
Salary expense	1,015,775	-
Legal fees	94,218	11,260
Office expense	37,080	-
Professional fees	9,100	800
Insurance expense	9,445	-
Depreciation expense	100,346	-
Other operating expenses	12,978	-
Total Operating Expenses	1,330,406	309,599
Operating Income	615,010	(172,574)
<i>Non-Operating Revenues (Expenses):</i>		
Interest income	6,372	-
Grant income	286,553	-
Grant expended	(279,932)	-
Capital lease interest	73,345	-
Loss on sale of capital assets	(20,887)	-
Interest expense	(74,363)	-
Total Non-operating Revenues (Expenses)	(8,912)	-
Increase (decrease) in Net Assets	606,098	(172,574)
Net Assets - beginning of year	4,290,230	4,909,310
Net Assets - end of year	\$ 4,896,328	\$ 4,736,736

\* Amounts reported for the audited financial statements compared to the above statement are different because:

Interfund fees	\$ 57,742
Interfund program expenses	\$ 57,742

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

**Supplemental Schedule SS-4**

<b>MICRO- ENTERPRISE LOAN PROGRAM</b>	<b>CITY LOAN PROGRAM</b>	<b>TOTAL</b>
\$ -	\$ -	\$ 389,581 *
21,425	3,318	160,683
-	-	200,000
-	-	725,915
-	-	518,179
-	-	74,639
621	-	38,808
<u>22,046</u>	<u>3,318</u>	<u>2,107,805 *</u>
20,150	150,000	259,295 *
72,253	-	332,111
-	-	1,015,775
20	-	105,498
-	-	37,080
-	-	9,900
-	-	9,445
-	-	100,346
-	-	12,978
<u>92,423</u>	<u>150,000</u>	<u>1,882,428 *</u>
<u>(70,377)</u>	<u>(146,682)</u>	<u>225,377</u>
-	-	6,372
-	-	286,553
-	-	(279,932)
-	-	73,345
-	-	(20,887)
-	-	(74,363)
-	-	(8,912)
<u>(70,377)</u>	<u>(146,682)</u>	<u>216,465</u>
682,299	392,121	10,273,960
<u>\$ 611,922</u>	<u>\$ 245,439</u>	<u>\$ 10,490,425</u>