

JEFFERSON COUNTY INDUSTRIAL
DEVELOPMENT AGENCY
A COMPONENT UNIT OF JEFFERSON COUNTY

FINANCIAL STATEMENTS

September 30, 2015

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BOWERS & COMPANY
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Jefferson County Industrial Development Agency

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, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Jefferson County Industrial Development Agency, as of September 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4-15) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015, 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 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* in considering Jefferson County Industrial Development Agency's internal control over financial reporting and compliance.

Bowers & Company

Watertown, New York
December 1, 2015

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2015

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, 2015. 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 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, and provides Administrative Services to JCIDA. The Organization was started October 1, 2009.

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.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2015

BASIC FINANCIAL STATEMENTS - Continued

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

Supplemental Information

In addition to the basic financial statements and accompanying notes, this report presents Supplemental Schedules SS-1 through SS-6 on pages 34 - 39, which are presented for purposes of additional analysis only.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2015

FINANCIAL ANALYSIS

Statement of Net Position

JCIDA and its component units' 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 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 bad loans of \$208,664, at September 30, 2015 were \$2,493,060.

Unrestricted loans receivable, net of the allowance for bad loans of \$250,000, at September 30, 2015 were \$1,638,734.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2015

FINANCIAL ANALYSIS- Continued

Statement of Net Position- continued

JCIDA and its component units' major liabilities consist of operating payables, deferred revenues, and interest payments due to HUD. 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.

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

Net position includes capital assets, net of depreciation and related debt of \$1,689,639, unrestricted balance of \$4,753,121 and restricted funds as follows:

Revolving Loan Funds	\$	4,365,513
Microenterprise Loan Funds		474,518
City Loan Funds		249,759
	\$	<u>5,089,790</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, which is leased to Convergys), and various furniture and fixtures. During FYE 9/30/15, JCIDA purchased another 54 acres adjacent to the Watertown International Airport. This land will be used to develop an Airport Industrial Park..

	Capital Assets	
	2014	2015
Land and improvements	\$ 541,692	\$ 671,778
Work in Process	72,765	28,244
Equipment	219,220	287,482
Building	1,418,227	1,681,552
Total Capital Assets	<u>2,251,904</u>	<u>2,669,056</u>
Less: Accumulated Depreciation	847,266	979,417
Total Capital Assets, Net of Depreciation	<u>\$ 1,404,638</u>	<u>\$ 1,689,639</u>

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2015

FINANCIAL ANALYSIS - Continued

Statement of Net Position

	Years Ended September 30,	
	2014	2015
Assets		
Cash and cash equivalents	\$ 5,619,179	\$ 5,938,169
Loans receivable - net of allowance	4,460,134	4,131,794
Notes receivable, current	1,192	1,313
Notes receivable, non-current	27,779	26,362
Other receivables	367,807	84,785
Capital assets, net of depreciation	1,374,638	1,689,639
Other assets	4,420	5,111
Total Assets	<u>11,855,149</u>	<u>11,877,173</u>
Deferred Outflows of Resources	<u>51,632</u>	<u>63,333</u>
Liabilities		
Current liabilities	101,928	123,281
Long-term liabilities	207,939	206,522
Total Liabilities	<u>309,867</u>	<u>329,803</u>
Deferred Inflows of Resources	<u>51,632</u>	<u>78,153</u>
Net Position		
Net investment in capital assets	1,374,638	1,689,639
Restricted	5,618,525	5,089,790
Unrestricted	<u>4,552,119</u>	<u>4,753,121</u>
Total Net Position	<u>\$ 11,545,282</u>	<u>\$ 11,532,550</u>

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

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2015

FINANCIAL ANALYSIS - Continued

Statement of Revenues, Expenses, and Changes in Net Position

	For Years Ended September 30	
	2014	2015
Operating Revenues		
Bond Issue and Administrative Fees	\$ 573,969	\$ 480,778
Interest on Loans Receivable	171,215	189,277
Airport Development	352,709	-
Jefferson County Support	496,884	406,006
Community Development Agreement	315,923	315,923
Other Operating Revenues	57,732	48,617
Total Operating Revenue	<u>1,968,432</u>	<u>1,440,601</u>
Operating Expenses		
Program Expense	867	201
General and Administrative	1,045,992	1,064,186
Bad Debt Expense/Allowance Adjustment	502,239	272,821
Depreciation	79,982	132,151
Total Operating Expenses	<u>1,629,080</u>	<u>1,469,359</u>
Income (Loss) from Operations	<u>339,352</u>	<u>(28,758)</u>
Nonoperating Revenues (expense)	<u>2,148</u>	<u>16,026</u>
Changes in Net Assets	341,500	(12,732)
Net Position, Beginning of Year	11,203,782	11,545,282
Net Position, End of Year	<u>\$ 11,545,282</u>	<u>\$ 11,532,550</u>

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

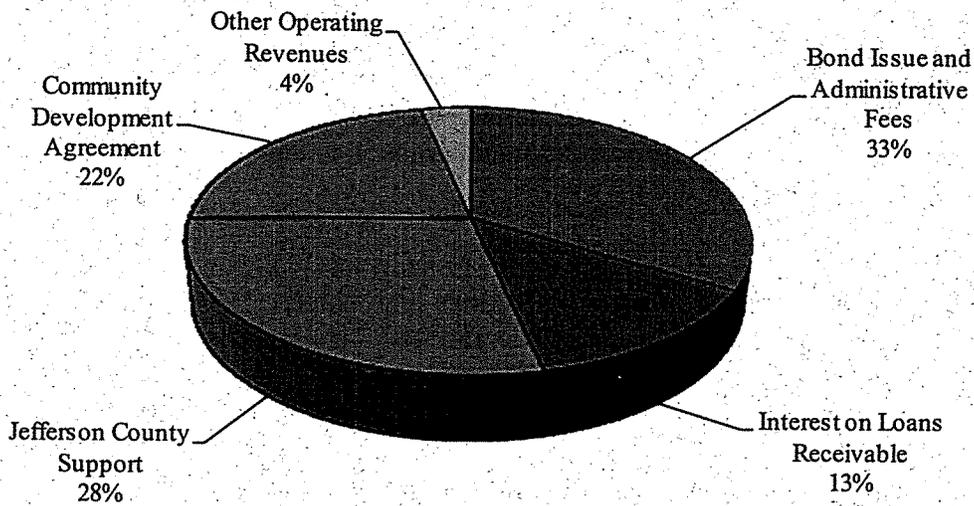
JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT DISCUSSION AND ANALYSIS
September 30, 2015

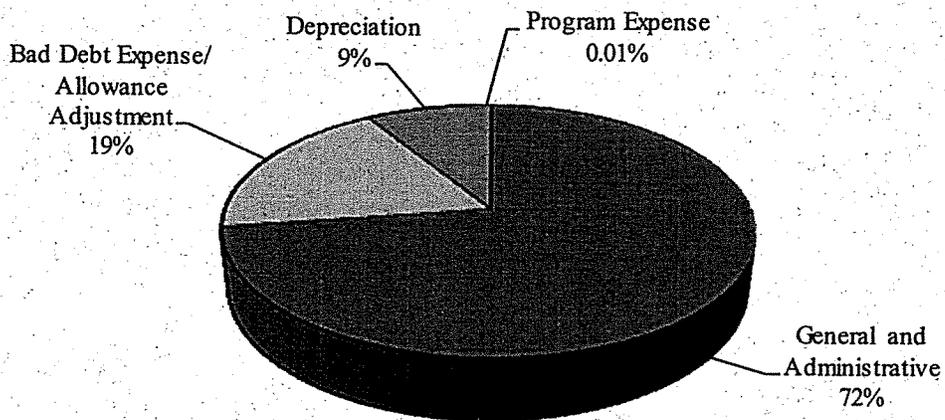
FINANCIAL ANALYSIS - Continued

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

Revenues



Expenses



JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2015

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 (33%), Support from Jefferson county (28%) and interest earned on loan program receivables (13%). Revenue from Bond Issuance and Administrative Fees totaled \$480,778, a decrease of 16% from the previous year. Support from Jefferson County decreased 18% from the previous year for a total \$406,006. Interest earned on the loan programs during this fiscal period was \$189,277 an increase of 11% over the previous year. Other revenue is generated through grants for the various projects the JCIDA is administering.

Operating expenses typically relate to the various projects the JCIDA is working on (other grant projects). The main operating expense is Salaries and Wages, \$689,077, an increase of 7% over the prior year. The next largest expense is the Bad Debt Expense/Allowance Adjustment, 272,821, a decrease of 46% from the prior year. The large decrease in Bad Debt Expense/Allowance Adjustment is due to the change in the method used to determine bad debts.

The major revenue and expense items for year ended September 30, 2015 relate to normal program operations.

The JCIDA and component units' decrease in net position for 2015 was \$12,732. Total Net Position at year-end was \$11,532,550. Refer to the Statement of Revenues, Expenses, and Changes in Net Position in the combined financial statements for more detail.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2015

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.

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 these lease payments collected by the JCIDA from Stream. The loan and lease are both 10 years. The loan is secured by a first mortgage on the building and a \$1,413,381 irrevocable letter of credit from Stream. Further, Stream will guarantee 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, 2013, the loan was paid in full. As of October 1, 2014, JCIDA negotiated a five year extension of the lease, and provided \$500,000 in capital additions to the building, enabling Stream to expand its workforce up to 1000. During the year ended September 30, 2014 Stream was sold to Convergys. Convergys has assumed the lease.

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, 2015. Included in long-term liabilities for the year ended September 30, 2015 is \$180,160 due to New York State for this project.

In October of 2011, as the result of a PILOT agreement with Fort Drum Mountain Homes LLC, for Phase III of the housing expansion project, JCIDA is to receive a PILOT fee of \$315,000 per year for five years ; final payment is due 10/1/2015.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2015

OVERVIEW OF THE YEAR'S PROJECTS - Continued

Projects Completed During the Year Ended September 30, 2015

Clayton Harbor Hotel, Clayton, NY - 95,000 Square Foot Hotel - Project Cost \$13,000,000. PILOT provided.

SunCap/FedEx package distribution center - 63,000 square feet - Project cost \$7,500,000. PILOT provided.

Lawler Realty/Millcreek Housing - 90 residential units - Project cost \$15,000,000. PILOT provided.

Morgan Watertown Townhomes, LLC - 394 residential housing units - Project cost \$55,000,000. PILOT provided.

COR Watertown, LLC - 296 residential housing units - project cost \$37,000,000. PILOT provided.

Renovation of the historical Woolworth Building started October 2013, developing 11,000 square feet of commercial space and 50 residential housing units in downtown Watertown. Project cost \$16,000,000. PILOT Provided.

BUDGETARY HIGHLIGHTS

For the year ended September 30, 2015 the most significant impact on revenue is due to the fact that we had no significant projects requesting a PILOT., Airport development has not started due to infrastructure issues, however, JCIDA has acquired several vacant parcels for future development.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2015

BUDGETARY HIGHLIGHTS - Continued

	Budget	Actual	Variation
Revenue			
Administrative Fees	\$ 9,900	\$ 212,821	\$ 202,921
PILOT Fees	672,000	62,437	(609,563)
Loan Program Fees	74,482	74,611	129
Interest Income	4,000	4,085	85
Late Payment Penalty	1,668	3,163	1,495
Convergys Maintenance fee	31,500	35,938	4,438
Other operating Revenue	15,000	3,595	(11,405)
Community Develop Agreement	315,923	315,923	-
Interest from Loan Receivable	116,084	119,813	3,729
Convergys Interest/Grants	-	200,000	200,000
Total Revenue	\$ 1,240,557	\$ 1,032,386	\$ (208,171)
Expenses			
Administrative Service Fees	\$ 810,985	\$ 810,984	\$ 1
Office Expense	500	1,992	(1,492)
Consultants	6,000	525	5,475
Insurance Expense	5,200	17,171	(11,971)
Legal Expenses	17,500	14,069	3,431
Professional Fees	9,000	9,000	-
Convergys Building Maintenance	22,000	32,089	(10,089)
Corporate Park	26,000	8,551	17,449
Program Expenses	69,391	68,820	571
City/County Parking Lot	-	20,000	(20,000)
Depreciation	114,000	112,887	1,113
Bad Debt Expense	-	229,527	(229,527)
Other Grants	-	180	(180)
Miscellaneous Expenses	500	10,701	(10,201)
Total Expense	\$ 1,081,076	\$ 1,336,496	\$ (255,420)
Net Income	\$ 159,481	\$ (304,110)	\$ 463,591

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT DISCUSSION AND ANALYSIS

September 30, 2015

ECONOMIC FACTORS AND FUTURE OUTLOOK

During fiscal year 10/1/15 through 9/30/16 we anticipate participating in major improvements at the Watertown Airport, and further development of the Airport Industrial Park. JCIDA currently owns 93.87 acres at the airport.

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

REQUESTS FOR INFORMATION

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

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

AUDITED BASIC FINANCIAL STATEMENTS

COMBINED STATEMENT OF NET POSITION

September 30, 2015

ASSETS		
<i>Current Assets:</i>		
Cash and Cash Equivalents		\$ 3,337,639
Loans Receivable - Net of Allowance		1,638,734
Other Receivables		84,785
Prepaid Expense		5,111
Notes Receivable - Current Portion		1,313
Total Current Assets		<u>5,067,582</u>
<i>Restricted Assets:</i>		
Cash and Cash Equivalents		2,600,530
Loans Receivable - Net of Allowance		2,493,060
Total Restricted Assets		<u>5,093,590</u>
<i>Noncurrent Assets:</i>		
Notes Receivable - Less Current Portion		26,362
Capital Assets, Net		1,689,639
Total Noncurrent Assets		<u>1,716,001</u>
TOTAL ASSETS		<u>\$ 11,877,173</u>
DEFERRED OUTFLOWS OF RESOURCES		
PILOT Monies Receivable		\$ <u>63,333</u>
LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable		\$ 38,870
Due to Grantor		34,000
Note Payable - Current Portion		1,313
Other Current Liabilities		45,298
Total Current Liabilities		<u>119,481</u>
<i>Current Liabilities Payable From Restricted Assets:</i>		
Interest Payable - HUD		3,800
Total Current Liabilities Payable From Restricted Assets		<u>3,800</u>
<i>Noncurrent Liabilities:</i>		
Note Payable - Less Current Portion		26,362
Long-term Debt - Less Current Portion		180,160
Total Noncurrent Liabilities		<u>206,522</u>
TOTAL LIABILITIES		<u>\$ 329,803</u>
DEFERRED INFLOWS OF RESOURCES		
Due To Other Governments		\$ <u>78,153</u>
NET POSITION		
Net Investment in Capital Assets		\$ 1,689,639
Restricted for:		
Other Legal Restrictions		5,089,790
Unrestricted		4,753,121
TOTAL NET POSITION		<u>\$ 11,532,550</u>

See notes to audited basic financial statements.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended September 30, 2015

REVENUES:

Operating Revenues:

Bond Issue and Administrative Fees	\$ 480,778
Jefferson County Support	406,006
Interest from Loans Receivable	189,277
Community Development Agreement	315,923
Lease Income	25,921
Other Operating Revenues	22,696
Total Operating Revenues	<u>1,440,601</u>

EXPENSES:

Operating Expenses:

Program Expense	201
Salaries and Wages	689,077
Bad Debt Expense/Allowance Adjustment	272,821
Legal Fees	14,069
Office Expense	106,175
Advertising and Promotion	91,312
Professional Fees	18,594
Insurance Expense	59,330
Depreciation Expense	132,151
Other Operating Expenses	85,629
Total Operating Expenses	<u>1,469,359</u>
Operating (Loss)	<u>(28,758)</u>

NON-OPERATING REVENUES (EXPENSES):

Interest Income	7,282
Grant Income	49,581
Grant Expenditures	(40,837)
Total Non-Operating Revenues (Expenses)	<u>16,026</u>
Decrease in Net Position	(12,732)
Net Position-Beginning of Year	<u>11,545,282</u>
Net Position-End of Year	<u>\$ 11,532,550</u>

See notes to audited basic financial statements.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINED STATEMENT OF CASH FLOWS

September 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from bond issue and administrative fees	\$ 763,560
Cash received from Jefferson County	406,006
Cash received from interest on loans receivable	189,277
Cash received from late payment penalties	3,163
Cash received from loans	1,036,923
Cash received from lease income	25,921
Cash received from Community Development Agreement	315,923
Cash received from maintenance reserve	26,025
Cash received from interest on revolving loan funds	3,205
Cash received from other operating sources	3,595
Cash payments to HUD for interest on revolving loan funds	(2,830)
Cash payments for salary	(689,077)
Cash payments for supplies of goods and services	(365,025)
Issuance of new loans	(981,403)
Cash payments for projects	(201)
Net cash provided by operating activities	<u>735,062</u>

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

Grants paid in excess of grants received	8,978
PILOT payments received in excess of amount paid	14,820
Net cash provided by noncapital financing activities	<u>23,798</u>

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

Additions to capital assets	(447,152)
Net cash (used) by capital and related financing activities	<u>\$ (447,152)</u>

See notes to audited basic financial statements.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINED STATEMENT OF CASH FLOWS - CONTINUED

September 30, 2015

CASH FLOWS FROM INVESTING ACTIVITIES

Cash received from interest	\$ 7,282
Net cash provided by investing activities	<u>7,282</u>
 Net increase in cash	 318,990
 Cash and cash equivalents, beginning of year	 <u>5,619,179</u>
Cash and cash equivalents, end of year	<u>\$ 5,938,169</u>

RECONCILIATION TO STATEMENT OF NET POSITION

Cash and cash equivalents	\$ 3,337,639
Restricted cash and cash equivalents	<u>2,600,530</u>
Total cash and cash equivalents	<u>\$ 5,938,169</u>

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

Operating loss	\$ (28,758)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	132,151
Bad debt expense/allowance adjustment	272,821
(Increase) decrease in:	
Loans receivable	55,519
Other receivables	282,782
Prepaid expense	(691)
Increase (decrease) in:	
Accounts payable	(6,965)
Interest payable	376
Other liabilities	27,827
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 735,062</u>

See notes to audited basic financial statements.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2015

NOTE 1 – ORGANIZATION AND 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 their respective Boards are substantially the same and due to the nature of their relationship.

The Jefferson County Civic Facility Development Corporation (JCCFDC) was started 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 approved by the Jefferson County Board of Legislators on April 5, 2011. The financial activity of the Organization is combined with the financial activity of Jefferson County Industrial Development Agency since both Organizations share 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.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2015

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

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

The Agency's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. In accordance with GASB Statement No. 62, the Agency's proprietary funds follow all FASB statements issued prior to November 30, 1989 until subsequently amended, superseded or rescinded. The Agency also applies all FASB statements issued after November 30, 1989 that are developed for business enterprises, unless those statements conflict with or contradict a GASB statement.

The Agency's basic financial statements are presented in conformance with the provisions of GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments".

Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets—This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position components as the unspent proceeds.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2015

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

Restricted—This component of net position consists of constraints placed on net position through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted—This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets”.

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
Furniture & Equipment	5 - 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 and Jefferson County Civic Facility Corporation are financially accountable to Jefferson County Industrial Development Agency and are considered component units 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.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2015

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

Revenues and Expenses

Revenues and expenses are distinguished between operating and non-operating items. Operating revenues generally result from providing services in connection with the Agency's principal ongoing operations. The principal operating revenues of the Agency are fees and interest revenue for administering bond issuances 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 non-operating revenues and expenses.

Deferred Outflows/Inflows of Resources

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

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

Tax-Exempt Status

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

Date of Management's Review

Management has evaluated subsequent events through December 1, 2015, the date which the financial statements were available to be issued.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2015

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	2,707,056

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, 2015 loans receivable consisted of the following:

Unrestricted:	
Loans - Board Designated	\$ 1,638,734
Restricted:	
Revolving Loan Program	2,134,520
Microenterprise Loan Program	258,130
City Loan Program	100,410
Total	<u>\$ 4,131,794</u>

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2015

NOTE 3 - LOANS RECEIVABLE - Continued

Loans – Board Designated

The JCLDC has established a loan program to make loans for economic development purposed to qualified applicants. This function was established to enhance JCLDC's ability to stimulate economic development in the Jefferson County area and help spur job creation and retention in the area. The allowance of \$250,000 at September 30, 2015 was based on the LDC's best estimate.

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 \$160,664 at September 30, 2015 was based on the Agency's historical average percentage of accounts written off over the last three years and management's judgment.

Microenterprise Loan Program

The microenterprise loan program was established to provide small businesses with loans to stimulate small business activity through start-up and expansion projects which create and retain job opportunities principally for low to moderate income residents. The Agency has established a reserve for bad loans in order to provide a more fair presentation of its loans receivable. The allowance of \$48,000 at September 30, 2015 was based on the Agency's historical average percentage of accounts written off over the last three years and management's judgment.

City Loan Program

The City Loan Program was established to provide working capital for local businesses and create a revolving loan fund, which will be used to provide loans for the support of economic development in the City of Watertown. At September 30, 2015, there has been no reserve for bad loans established based on management's judgment.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2015

NOTE 3 - LOANS RECEIVABLE - Continued

The following is a schedule of the outstanding loans receivable at September 30, 2015:

Loans - Board Designated:

ADYM Associates, Inc.	\$ 195,876
Current Applications #1	38,512
Current Applications #2	165,521
Florelle Tissue Corp.	250,000
Hi-Lite Markings	325,873
LCO Destiny LLC	600,000
The Lodge at Ives Hill	149,531
WICLDC	163,421
Total	<u>1,888,734</u>
Less - Allowance for Bad Loans	(250,000)
Total Revolving Loans Receivable	<u>\$ 1,638,734</u>

Revolving Loan Program:

Benchmark Family Services	\$ 212,921
Carthage Specialty Papers	196,120
Days Inn	55,434
HiLite Markings	109,351
HiLite Markings	400,000
LCO Destiny LLC	140,935
Meadowbrook Terrace	209,758
Metro Paper Industries	73,503
MLR, LLC	60,063
MLR, LLC	173,193
North American Tapes, LLC	119,418
North American Tapes, LLC	110,917
Riverview Plaza, LLC	44,682
Roth Industries, Inc.	164,850
Wright Bros. LLC	224,039
Total	<u>2,295,184</u>
Less - Allowance for Bad Loans	(160,664)
Total Revolving Loans Receivable	<u>\$ 2,134,520</u>

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2015

NOTE 3 - LOANS RECEIVABLE - Continued

Microenterprise Loan Program:

Better Health Chiropractic	\$ 4,978
BICC Brothers of NNY	23,228
Louise Psarras-Bly	10,932
Hero's Haven	5,899
The Hops Spot	2,623
Imprints of NNY	57
Little Sisters Inn at Herrings	37,006
Lyric Enterprises	18,639
Medical Gas Technologies	38,821
Mr. Rick's Bakery	37,632
RC Spot LLC	33,094
RC Spot LLC	27,326
ROBO Spray	2,835
Sackets Harbor Trading Co.	15,867
Staic On The Seaway	10,290
SUP Sackets Harbor	7,845
Taste of Design	29,058
Total	<u>306,130</u>
Less - Allowance for Bad Loans	(48,000)
Total Microenterprise Loans Receivable	<u>\$ 258,130</u>

City Loan Program

Current Applications	<u>\$ 100,410</u>
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JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2015

NOTE 4 – NOTES RECEIVABLE/UNEARNED REVENUE

Notes receivable/Unearned revenue consisted of the following at September 30, 2015:

Note due from Kenneth Rogers - monthly payments of \$314.91, including interest at 9%, due 12/1/27	\$ 27,675
Less - current portion	<u>(1,313)</u>
Non-current portion	<u>\$ 26,362</u>

This note was written-off in a 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, 2015 the Agency held approximately 21 acres at an approximate cost of \$13,003 per acre. The Agency purchased additional land during the year ended September 30, 2007 to establish another Industrial Park. The additional land is approximately 34 acres at a cost of \$739 per acre. During the year ended September 30, 2014, the Agency purchased three parcels of land. One parcel is approximately 44 acres at a cost of \$2,693 per acre. A second parcel is approximately 10 acres at a cost of \$2,194 per acre. A third parcel is approximately 12.1 acres at a cost of \$23,134 per acre. In 2015, the Agency purchased a parcel of land which is approximately 7.3 acres at a cost of \$2,317 per acre. See Capital Assets – Note 9 for details.

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.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2015

NOTE 6 – COMMITMENTS AND CONTINGENCIES - Continued

Industrial Revenue Bond and Note Transactions

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

The Agency does not record an asset or liability resulting from completed bond and note issuances in its accounts since the Agency's primary function is to arrange the financing relationship between the borrowers and the bondholders and funds arising from these arrangements are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes.

Loan Commitments

At September 30, 2015, the Agency had no commitments for loans that have not been completed as of year-end.

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.

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 disallowances are expected as a result of these audits, however, these programs are subject to further examination by the grantors. Expenditures, which may be disallowed by the granting agencies, cannot be determined at this time. The Agency expects such amounts, if any, to be immaterial.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2015

NOTE 6 – COMMITMENTS AND CONTINGENCIES - Continued

Federal and State Grant Programs - Continued

As of September 30, 2015, 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 – RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash, which is invested in interest-bearing accounts, consisted of the following at September 30, 2015:

Revolving Loan Fund	\$ 2,234,771
Microenterprise Loan Fund	216,406
City Loan Fund	149,353
	<hr/>
	\$ 2,600,530
	<hr/>

NOTE 8 – 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, 2015 are \$78,153.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2015

NOTE 9 – CAPITAL ASSETS

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance
Non-Depreciable Assets:				
Land and improvements	\$ 541,692	\$ 130,086	\$ -	\$ 671,778
Work in Process	42,765	274,178	(288,699)	28,244
Depreciable Assets:				
Equipment	219,220	68,262	-	287,482
Building	1,418,227	263,325	-	1,681,552
Total Capital Assets	2,221,904	735,851	(288,699)	2,669,056
Less - accumulated depreciation	847,266	132,151	-	979,417
Total Capital Assets - Net of Depreciation	\$ 1,374,638	\$ 603,700	\$ (288,699)	\$ 1,689,639

NOTE 10 – LONG-TERM DEBT

The following notes payable were in effect at September 30, 2015:

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, 2015:

	<u>\$ 180,160</u>
	180,160
Less - Current Portion	-
Long-Term Portion	<u>\$ 180,160</u>

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2015

NOTE 10 – LONG-TERM DEBT- Continued

The future principal payments on the notes payable as of September 30, 2015 are summarized as follows:

Year Ending September 30	Principal	Interest	Total
2016	\$ -	\$ -	\$ -
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	180,160	-	180,160
	<u>\$ 180,160</u>	<u>\$ -</u>	<u>\$ 180,160</u>

Summary of changes in long-term debt:

	10/1/14	Additions	Reductions	9/30/15
Notes payable	<u>\$ 180,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,160</u>

NOTE 11 – RELATED PARTY AGREEMENTS AND TRANSACTIONS

The Agency has a renewable agreement with Jefferson County Local Development Corporation (JCLDC) to provide professional staffing and administrative support services. The amount paid for the service agreement for the year ended September 30, 2015 was \$810,984. The fee revenue and expense are eliminated during consolidation at SS2, Combining Statement of Fund Revenues, Expenses, and Changes in Net Position.

The Agency received \$352,709 from JCLDC during the year ended September 30, 2014 to be restricted towards the purchase of property and other expenses related to development of the Airport Corporate Park. As of September 30, 2015, all of the restricted funds have been expended by the Agency in accordance with the restrictions.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

September 30, 2015

NOTE 12 – 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.

Capital Improvement Reserve

The JCIDA, as a term to a lease agreement with Convergys, has established a Capital Improvement reserve. Annual payments of \$200,000 are made by the Company to fund the reserve. As of September 15, 2015, the reserve is approximately \$1,200,000. These funds are considered committed by the Board.

NOTE 13 – 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 14 – PENSION PLAN

On August 1, 2013, Jefferson County Local Development Corporation established a 401K Profit Sharing Pension Plan. The Plan is administered by RBC Wealth Management. The employer contribution was set at 4% of the employees' annual salary. All full time employees are covered by the Plan. For the years ended September 30, 2015 and 2014, JCLDC made contributions in the amount of \$84,835 and \$4,065 respectively. Included in the 2015 contribution, is a one-time profit sharing contribution of \$44,306 for the plan year 2014.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SUPPLEMENTAL SCHEDULES AND ADDITIONAL INFORMATION

SS1 COMBINING STATEMENT OF FUND NET POSITION

September 30, 2015

ASSETS	JCIDA	Component Units	Eliminations	TOTAL
<i>Current Assets:</i>				
Cash and Cash Equivalents	\$ 595,967	\$ 2,741,672	-	\$ 3,337,639
Loans Receivable-Net of Allowance	-	1,638,734	-	1,638,734
Other Receivables	42,294	42,491	-	84,785
Prepaid Expense	2,006	3,105	-	5,111
Notes Receivable - Current Portion	1,313	-	-	1,313
Total Current Assets	<u>641,580</u>	<u>4,426,002</u>	<u>-</u>	<u>5,067,582</u>
<i>Restricted Assets:</i>				
Cash and Cash Equivalents	2,600,530	-	-	2,600,530
Loans Receivable-Net of Allowance	2,493,060	-	-	2,493,060
Total Restricted Assets	<u>5,093,590</u>	<u>-</u>	<u>-</u>	<u>5,093,590</u>
<i>Noncurrent Assets:</i>				
Notes receivable - Less Current Portion	26,362	-	-	26,362
Capital Assets , Net	1,548,943	140,696	-	1,689,639
Total Noncurrent Assets	<u>1,575,305</u>	<u>140,696</u>	<u>-</u>	<u>1,716,001</u>
Total Assets	<u>\$ 7,310,475</u>	<u>\$ 4,566,698</u>	<u>\$ -</u>	<u>\$ 11,877,173</u>
DEFERRED OUTFLOWS OF RESOURCES				
PILOT Monies Receivable	\$ 63,333	\$ -	\$ -	\$ 63,333
LIABILITIES				
<i>Current Liabilities:</i>				
Accounts Payable	\$ 12,361	\$ 26,509	\$ -	\$ 38,870
Due to Grantor	-	34,000	-	34,000
Note Payable - Current Portion	1,313	-	-	1,313
Other Current Liabilities	15,316	29,982	-	45,298
Total Current Liabilities	<u>28,990</u>	<u>90,491</u>	<u>-</u>	<u>119,481</u>
<i>Current Liabilities Payable From Restricted Assets:</i>				
Interest Payable - HUD	3,800	-	-	3,800
Total Current Liabilities Payable From Restricted Assets	<u>3,800</u>	<u>-</u>	<u>-</u>	<u>3,800</u>
<i>Noncurrent Liabilities:</i>				
Note Payable - Less Current Portion	26,362	-	-	26,362
Long-term Debt - Less Current Portion	180,160	-	-	180,160
Total Noncurrent Liabilities	<u>206,522</u>	<u>-</u>	<u>-</u>	<u>206,522</u>
Total Liabilities	<u>\$ 239,312</u>	<u>\$ 90,491</u>	<u>\$ -</u>	<u>\$ 329,803</u>
DEFERRED INFLOWS OF RESOURCES				
Due to Other Governments	\$ 78,153	\$ -	\$ -	\$ 78,153
NET POSITION				
Net Investment in Capital Assets	\$ 1,548,943	\$ 140,696	\$ -	\$ 1,689,639
Restricted for:				
Revolving Loan Program	4,365,513	-	-	4,365,513
Microenterprise Loan Program	474,518	-	-	474,518
City Loan Program	249,759	-	-	249,759
Total Restricted Net Position	<u>5,089,790</u>	<u>-</u>	<u>-</u>	<u>5,089,790</u>
Unrestricted	417,610	4,335,511	-	4,753,121
Total Net Position	<u>\$ 7,056,343</u>	<u>\$ 4,476,207</u>	<u>\$ -</u>	<u>\$ 11,532,550</u>

See paragraph on supplementary schedules included in auditors' report.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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

Year Ended September 30, 2015

	JCIDA	Component Units	Eliminations	Total
Revenues				
<i>Operating Revenues:</i>				
Bond Issue and Administrative Fees*	\$ 543,948	\$ 816,634	\$ (810,984)	\$ 549,598 *
Jefferson County Support	-	406,006	-	406,006
Interest from Loans Receivable	119,813	69,464	-	189,277
Community Development Agreement	315,923	-	-	315,923
Lease Income	25,921	-	-	25,921
Other Operating Revenues	22,696	10,500	(10,500)	22,696
Total Operating Revenues	1,028,301	1,302,604	(821,484)	1,509,421 *
Expenses				
<i>Operating Expenses:</i>				
Program Expense *	79,521	-	(10,500)	69,021 *
Salaries and Wages	-	689,077	-	689,077
Bad Debt Expense/Allowance Adjustment	229,527	43,294	-	272,821
Legal Fees	14,069	-	-	14,069
Office Expense	218	105,957	-	106,175
Advertising and Promotion	-	91,312	-	91,312
Administrative Service Agreement	810,984	-	(810,984)	-
Professional Fees	9,525	9,069	-	18,594
Insurance Expense	17,171	42,159	-	59,330
Depreciation Expense	112,887	19,264	-	132,151
Other Operating Expenses	62,414	23,215	-	85,629
Total Operating Expenses	1,336,316	1,023,347	(821,484)	1,538,179 *
Operating Income (Loss)	(308,015)	279,257	-	(28,758)
Non-Operating Revenues (Expenses)				
Grant Income	-	49,581	-	49,581
Grants Expenditures	(180)	(40,657)	-	(40,837)
Interest Income	4,085	3,197	-	7,282
Total Non-operating Revenues (Expenses)	3,905	12,121	-	16,026
Increase (Decrease) in Net Position	(304,110)	291,378	-	(12,732)
Net Position - Beginning of Year	7,360,453	4,184,829	-	11,545,282
Net Position - End of Year	<u>\$7,056,343</u>	<u>\$4,476,207</u>	<u>\$ -</u>	<u>\$ 11,532,550</u>

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

Interfund Fees	\$ 68,820
Interfund Program Expenses	\$ 68,820

See paragraph on supplementary schedules included in auditors' report.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SS3 STATEMENT OF FUND NET POSITION – COMPONENT UNITS

September 30, 2015

ASSETS:	JCLDC	JCCFDC	TOTAL
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 2,739,369	\$ 2,303	\$ 2,741,672
Loans Receivable (Net of Allowance for Bad Debt of \$250,000)	1,638,734	-	1,638,734
Other Receivables	42,491	-	42,491
Prepays	3,105	-	3,105
Total Current Assets	<u>4,423,699</u>	<u>2,303</u>	<u>4,426,002</u>
<i>Noncurrent Assets:</i>			
Capital Assets, Net	140,696	-	140,696
Total Assets	<u>\$ 4,564,395</u>	<u>\$ 2,303</u>	<u>\$ 4,566,698</u>
LIABILITIES:			
<i>Current Liabilities:</i>			
Accounts Payable	\$ 26,509	\$ -	\$ 26,509
Deferred Revenue	34,000	-	34,000
Accrued Expenses	29,982	-	29,982
Total Current Liabilities/ Total Liabilities	<u>90,491</u>	<u>-</u>	<u>90,491</u>
NET POSITION:			
Unrestricted	4,473,904	2,303	4,476,207
Total Net Position	<u>\$ 4,473,904</u>	<u>\$ 2,303</u>	<u>\$ 4,476,207</u>

See paragraph on supplementary schedules included in auditors' report.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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

Year Ended September 30, 2015

	JCLDC	JCCFDC	Total
Revenues:			
<i>Operating Revenues:</i>			
Bond Issue and Administrative Fees	\$ 815,134	\$ 1,500	\$ 816,634
Jefferson County Support	406,006	-	406,006
Interest from Loans Receivable	69,464	-	69,464
Miscellaneous	10,500	-	10,500
Total Operating Revenues	<u>1,301,104</u>	<u>1,500</u>	<u>1,302,604</u>
Expenses:			
Salary and Benefits Expense	689,077	-	689,077
Office Expense	105,957	-	105,957
Insurance Expense	42,159	-	42,159
Advertising and Promotion	91,312	-	91,312
Professional Fees	9,069	-	9,069
Bad Debt Expense	43,294	-	43,294
Depreciation Expense	19,264	-	19,264
Other Operating Expenses	22,840	375	23,215
Total Operating Expenses	<u>1,022,972</u>	<u>375</u>	<u>1,023,347</u>
Operating Income	<u>278,132</u>	<u>1,125</u>	<u>279,257</u>
Non-Operating Revenues (Expenses):			
Grant Income	49,581	-	49,581
Grant Expenditures	(40,657)	-	(40,657)
Interest Income	3,196	1	3,197
Total Non-Operating Revenues	<u>12,120</u>	<u>1</u>	<u>12,121</u>
Increase in Net Assets	290,252	1,126	291,378
Net Position - Beginning of Year	<u>4,183,652</u>	<u>1,177</u>	<u>4,184,829</u>
Net Position - End of Year	<u>\$ 4,473,904</u>	<u>\$ 2,303</u>	<u>\$ 4,476,207</u>

See paragraph on supplementary schedules included in auditors' report.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SS5 STATEMENT OF FUND NET POSITION

September 30, 2015

ASSETS	GENERAL	REVOLVING LOAN PROGRAM	MICRO- ENTERPRISE LOAN PROGRAM	CITY LOAN PROGRAM	TOTAL
<i>Current Assets:</i>					
Cash and Cash Equivalents	\$ 595,967	\$ -	\$ -	\$ -	\$ 595,967
Other Receivables	42,294	-	-	-	42,294
Prepaid Expense	2,006	-	-	-	2,006
Notes Receivable - Current Portion	1,313	-	-	-	1,313
Total Current Assets	641,580	-	-	-	641,580
<i>Restricted Assets:</i>					
Cash and Cash Equivalents	-	2,234,771	216,406	149,353	2,600,530
Loans Receivable-Net of Allowance of \$208,664	-	2,134,520	258,130	100,410	2,493,060
Total Restricted Assets	-	4,369,291	474,536	249,763	5,093,590
<i>Noncurrent Assets:</i>					
Notes Receivable -Less Current Portion	26,362	-	-	-	26,362
Capital Assets, Net	1,548,943	-	-	-	1,548,943
Total Noncurrent Assets	1,575,305	-	-	-	1,575,305
Total Assets	\$ 2,216,885	\$ 4,369,291	\$ 474,536	\$ 249,763	\$ 7,310,475
DEFERRED OUTFLOWS OF RESOURCES					
PILOT Monies Receivable	\$ 63,333	\$ -	\$ -	\$ -	\$ 63,333
LIABILITIES					
<i>Current Liabilities:</i>					
Accounts Payable	\$ 12,361	\$ -	\$ -	\$ -	\$ 12,361
Note Payable - Current Portion	1,313	-	-	-	1,313
Other Current Liabilities	15,316	-	-	-	15,316
Total Current Liabilities	28,990	-	-	-	28,990
<i>Current Liabilities Payable From Restricted Assets:</i>					
Interest Payable - HUD	-	3,778	18	4	3,800
Total Current Liabilities Payable From Restricted Assets	-	3,778	18	4	3,800
<i>Noncurrent Liabilities:</i>					
Note Payable - Less Current Portion	26,362	-	-	-	26,362
Long-term Debt - Less Current Portion	180,160	-	-	-	180,160
Total Noncurrent Liabilities	206,522	-	-	-	206,522
Total Liabilities	\$ 235,512	\$ 3,778	\$ 18	\$ 4	\$ 239,312
DEFERRED INFLOWS OF RESOURCES					
Due to Other Governments	\$ 78,153	\$ -	\$ -	\$ -	\$ 78,153
NET POSITION					
Net Investment in Capital Assets	\$ 1,548,943	\$ -	\$ -	\$ -	\$ 1,548,943
<i>Restricted for:</i>					
Revolving Loan Program	-	4,365,513	-	-	4,365,513
Microenterprise Loan Program	-	-	474,518	-	474,518
City Loan Program	-	-	-	249,759	249,759
Total Restricted Net Position	-	4,365,513	474,518	249,759	5,089,790
Unrestricted	417,610	-	-	-	417,610
Total Net Position	\$ 1,966,553	\$ 4,365,513	\$ 474,518	\$ 249,759	\$ 7,056,343

See paragraph on supplementary schedules included in auditors' report.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SS6 STATEMENT OF FUND REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 Year Ended September 30, 2015

	GENERAL	REVOLVING LOAN PROGRAM	MICRO- ENTERPRISE LOAN PROGRAM	CITY LOAN PROGRAM	TOTAL
REVENUES:					
<i>Operating Revenues:</i>					
Bond Issue and Administrative Fees*	\$ 543,948	\$ -	\$ -	\$ -	\$ 543,948
Interest from Loans Receivable	-	104,159	13,928	1,726	119,813
Community Development Agreement	315,923	-	-	-	315,923
Lease Income	25,921	-	-	-	25,921
Other Operating Revenues	19,533	1,162	2,001	-	22,696
Total Operating Revenues	<u>905,325</u>	<u>105,321</u>	<u>15,929</u>	<u>1,726</u>	<u>1,028,301</u>
EXPENSES:					
<i>Operating Expenses:</i>					
Program Expense	10,701	43,423	25,397	-	79,521
Bad Debt Expense/Allowance Adjustment	-	226,402	3,125	-	229,527
Legal Fees	13,414	300	355	-	14,069
Office Expense	218	-	-	-	218
Administrative Service Agreement	810,984	-	-	-	810,984
Professional Fees	9,525	-	-	-	9,525
Insurance Expense	17,171	-	-	-	17,171
Depreciation Expense	112,887	-	-	-	112,887
Other operating Expenses	62,414	-	-	-	62,414
Total Operating Expenses	<u>1,037,314</u>	<u>270,125</u>	<u>28,877</u>	<u>-</u>	<u>1,336,316</u>
Operating Income	<u>(131,989)</u>	<u>(164,804)</u>	<u>(12,948)</u>	<u>1,726</u>	<u>(308,015)</u>
Non-Operating Revenues (Expenses):					
Interest Income	4,085	-	-	-	4,085
Grant Expended	(180)	-	-	-	(180)
Total Non-operating Revenues (Expenses)	<u>3,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,905</u>
Increase (Decrease) in Net Position	<u>(128,084)</u>	<u>(164,804)</u>	<u>(12,948)</u>	<u>1,726</u>	<u>(304,110)</u>
Net Position - Beginning of Year	<u>2,094,637</u>	<u>4,530,317</u>	<u>487,466</u>	<u>248,033</u>	<u>7,360,453</u>
Net Position - End of year	<u>\$1,966,553</u>	<u>\$ 4,365,513</u>	<u>\$ 474,518</u>	<u>\$ 249,759</u>	<u>\$7,056,343</u>

See paragraph on supplementary schedules included in auditors' report.