NEW YORK JOB DEVELOPMENT AUTHORITY

Combined Financial Statements
and Independent Auditors' Report

March 31, 2019 and 2018

NEW YORK JOB DEVELOPMENT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

The Authority Members
New York Job Development Authority:

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of New York Job Development Authority (the "Authority"), a component unit of the State of New York, as of and for the years ended March 31, 2019 and 2018, and the related notes to combined financial statements, which collectively comprise the Authority's combined financial statements as listed in the table of contents.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the combined 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 Authority'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of New York Job Development Authority as of March 31, 2019 and 2018, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 be presented to supplement the basic combined financial statements. Such information, although not a part of the basic combined 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 combined 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 combined financial statements, and other knowledge we obtained during our audit of the basic combined 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 13, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 13, 2019

Our discussion and analysis of the New York Job Development Authority's ("JDA" or "Authority") financial performance provides an overview of the Authority's financial activities for the year ended March 31, 2019. Please read it in conjunction with the Authority's combined financial statements.

Overview

During the year ended March 31, 2019, the Authority continued its mission to spur job growth and capital investment in New York State by using the authority granted to it and by leveraging State-guaranteed bonds to support low interest loans to manufacturers and other targeted industries throughout New York State. The loan program provides financing to encourage the growth of manufacturing and other private sector business in the State without requiring appropriation of taxpayers' funds.

Since 1995, the Authority has done business as Empire State Development ("ESD") and has been administratively consolidated with the New York State Urban Development Corporation ("UDC"). The Authority experienced financial difficulties in the mid-1990's. As a result, from 1997 through March 31, 2004 the Authority received an annual operating contribution from UDC, also doing business as ESD, to assist in meeting its legal obligations. No assistance was required in the years ended March 31, 2019 and 2018 and no assistance is expected to be required in the next fiscal year.

As a result of improvements in collections of the reserved loans in the loan portfolio, the absorption of personnel costs by UDC, and the consolidation of the net position of New York Liberty Development Corporation ("NYLDC"), Brooklyn Arena Local Development Corporation ("BALDC") and New York Transportation Development Corporation ("NYTDC"), the Authority had a restricted net position balance of $121.9 million and $113.6 million at March 31, 2019 and 2018, respectively. NYLDC was created in 2002 to provide a vehicle for the State to issue Liberty Bonds in the wake of the terrorist attacks of September 11, 2001. BALDC was created in November 2008 to finance certain components of the Atlantic Yards Land Use Improvement and Civic Project. NYTDC was created in 2015 for the public purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, and lessening the burdens of government of the State of New York and the New York Job Development Authority.

In October 2003, the Authority created the Empire State Local Development Corporation ("ESLDC") which has state-wide jurisdiction to carry out various economic development initiatives through the use of pass through grants received from outside sources.

In June 2010, the Authority created the Canal Side Local Development Corporation ("CSLDC") and filed the certificate of incorporation in February 2012. CSLDC was created to help facilitate the financing of the Canal Side Land Use Improvement Project in Buffalo.

Summarized Statements

A summary of the Authority's financial information as of March 31, 2019 and 2018 is as follows:

Summary of Combined Statements of Net Position

	2019	2018
Assets		
Cash and equivalents, restricted cash and temporary investments	$ 127,696,014	122,586,783
Loans receivable, net	27,308,344	26,098,949
Financing leases, net	1,586,607	2,265,106
Accrued interest receivable	104,719	131,367
Total assets	156,695,684	151,082,205
Liabilities		
Due to New York State Urban Development Corporation	26,913,586	26,543,902
Accounts payable and accrued expenses	124,543	118,926
Total liabilities	27,038,129	26,662,828
Deferred inflows of resources - unearned income	7,738,831	10,800,647
Net position - restricted	$ 121,918,724	113,618,730

Summary of Combined Statements of Revenue,
Expenses and Changes in Net Position

	2019	2018
Operating revenue:		
Loan interest	$ 1,547,663	1,481,171
Grant income	3,236,702	470,273
Bond and note fee income	4,075,243	-
Other revenue	1,234,607	894,025
Total operating revenue	10,094,215	2,845,469
Operating expenses:		
Interest, principally bonds	-	152,990
Provision for loss on loans receivable, loan guarantees and financing leases	354,287	765,827
Credit and bond related fees	59,255	58,515
General and administrative	241,595	277,231
Grant expense	3,236,702	470,273
Total operating expenses	3,891,839	1,724,836
Operating income	6,202,376	1,120,633
Nonoperating revenue	2,477,429	1,157,773
Nonoperating expenses	(379,811)	(205,212)
Nonoperating revenue, net	2,097,618	952,561
Change in net position	8,299,994	2,073,194
Net position - restricted at beginning of year	113,618,730	111,545,536
Net position - restricted at end of year	$ 121,918,724	113,618,730

Liquidity

The Authority's cash and equivalents, restricted cash and temporary investments totaled approximately $127.7 million and $122.6 million at March 31, 2019 and 2018, respectively. The $5.1 million increase is primarily due to $5.5 million in loan and lease principal and interest collections and $4.1 million in bond fees, offset by $4.5 million in loan disbursements.

The Authority's loans receivable balance totaled $27.3 million and $26.1 million at March 31, 2019 and 2018, respectively. The $1.2 million increase is primarily due to the issuance of $4.5 million in new loans offset by decreases of $3.1 million in principal loan collections and $0.2 million in loan loss reserves.

Approximately 47% of the combined net position balance results from the bond issuance fees earned by NYLDC over the last several years.

Cash generated from operations exceeded the Authority's operating requirements for the year ended March 31, 2019 by approximately $6.0 million, primarily due to the receipt of $4.1 million in bond issuance fees, $1.3 million of loan and lease interest income, and $0.9 million of contractual and program-related fees, offset by $0.2 million of general and administrative expenses and $0.1 million in bond related expenses.

Change in Net Position

The change in net position for the fiscal year ended March 31, 2019 was $8.3 million compared with $2.0 million in fiscal 2018. The $6.3 million increase is primarily due to a $4.1 million increase in bond and note fee income, $1.3 million of investment income and $0.3 million of other revenue related to recoveries against loan loss reserves, offset by reductions of $0.4 million in provision for loss on loans receivable, loan guarantees and financing leases and $0.2 million in bond interest expense.

Revenue

Operating revenue was approximately $10.1 million in fiscal 2019 compared to $2.8 million in fiscal 2018. The $7.3 million increase is primarily due to a $4.1 million increase in bond and note fee income, $2.8 million in grant income and a combined $0.4 million in loan interest and other revenue.

Loan interest increased by approximately $0.1 million due to the issuance of $4.5 million in new loans.

Grant income through ESLDC increased by $2.8 million as more projects were funded than in the previous fiscal year.

Bond and note fee income increased by approximately $4.1 million reflecting the $4.1 million fee earned on the issuance of bonds for the Delta Air Lines, Inc.-LaGuardia Airport Terminals C&D Redevelopment Project. There were no bond issuances in fiscal year 2018.

Other revenue increased by approximately $0.3 million due to an increase of $0.6 million in contractual related fees offset by a decrease of $0.3 million in recoveries against loan loss reserves.

Nonoperating revenue related to Investment income, including change in fair value increased by $1.3 million due to an increase in investment income as a result of slightly higher investment rates throughout the year.

Operating Expenses

Operating expenses for the fiscal year ended March 31, 2019 were $3.9 million compared to $1.7 million in the fiscal year ended March 31, 2018. The $2.2 million increase is primarily due to an increase of $2.8 million in grant expenses for ESLDC, offset by a decrease of $0.4 million in the provision for loss on loans receivable, loan guarantees and financing leases and $0.2 million in credit and bond related fees, bond interest expense, and general and administrative expenses.

Grant expense represents immediate disbursement of funds received from the Port Authority, which is an ESLDC pass through. There is no effect on net income.

In fiscal year 2019, ten new loans closed totaling $4.5 million. Eight loans totaling $2.1 million were issued from the JDA Agriculture Loan Fund Program. The program was created to select lenders who are authorized to make loans to New York State agribusiness firms that are looking to expand, but have limited capital access opportunities aside from providing their own capital contributions. A $1.8 million loan was issued to Sullivan County Fabrication, Inc. to take out a portion of a machinery and equipment loan to be provided by the vendor. The total cost of the project is $3.2 million. A $0.6 million loan was issued to Ronnybrook Farm Dairy Inc. to take out an interest-only loan provided by Salisbury Bank for the acquisition of machinery and equipment. The total cost of the project is $1.6 million.

There were approximately $23.4 million in additional loans approved, but not closed.

The Authority's financial position remains strong. UDC has provided no assistance since the fiscal year ended March 31, 2004.

In the coming fiscal year, no events are anticipated that would have a significant negative effect on the financial position of the Authority. It is expected that the continued marketing of the various JDA programs throughout the State will provide additional financing opportunities to businesses.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the New York Job Development Authority's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Chief Financial Officer, New York Job Development Authority d/b/a Empire State Development, 633 Third Avenue, New York, New York 10017.

COMBINED FINANCIAL STATEMENTS

NEW YORK JOB DEVELOPMENT AUTHORITY
Combined Statements of Net Position
March 31, 2019 and 2018

Assets	2019	2018
Cash and equivalents	$ 1,812,134	3,608,407
Cash and equivalents - restricted	87,926	87,926
Temporary investments in marketable securities	125,795,954	118,890,450
Accrued interest receivable	104,719	131,367
Loans receivable, net of allowance of $2,003,727 in 2019 and $1,865,369 in 2018	27,308,344	26,098,949
Financing leases, net of allowance of $226,649 in 2019 and $310,946 in 2018	1,586,607	2,265,106
Total assets	156,695,684	151,082,205
Liabilities		
Due to New York State Urban Development Corporation	26,913,586	26,543,902
Accounts payable and accrued expenses	124,543	118,926
Total liabilities	27,038,129	26,662,828
Commitments and contingencies (notes 9 and 10)		
Deferred inflows of resources - unearned income	7,738,831	10,800,647
Net position - restricted	$ 121,918,724	113,618,730

See accompanying notes to combined financial statements.

NEW YORK JOB DEVELOPMENT AUTHORITY
Combined Statements of Revenue, Expenses and Changes in Net Position
Years ended March 31, 2019 and 2018

	2019	2018
Operating revenue:		
Loan interest	$ 1,547,663	1,481,171
Grant income	3,236,702	470,273
Bond and note fee income	4,075,243	-
Other revenue	1,234,607	894,025
Total operating revenue	10,094,215	2,845,469
Operating expenses:		
Interest, principally bonds	-	152,990
Provision for loss on loans receivable, loan guarantees and financing leases	354,287	765,827
Credit and bond related fees	59,255	58,515
General and administrative	241,595	277,231
Grant expense	3,236,702	470,273
Total operating expenses	3,891,839	1,724,836
Operating income	6,202,376	1,120,633
Nonoperating revenue (expenses):		
Investment income, including change in fair value	2,477,429	1,157,773
Interest expense - New York State Urban Development Corporation	(379,811)	(205,212)
Nonoperating revenue, net	2,097,618	952,561
Change in net position	8,299,994	2,073,194
Net position - restricted at beginning of year	113,618,730	111,545,536
Net position - restricted at end of year	$ 121,918,724	113,618,730

See accompanying notes to combined financial statements.

NEW YORK JOB DEVELOPMENT AUTHORITY
Combined Statements of Cash Flows
Years ended March 31, 2019 and 2018

		2019	2018
Cash flows from operating activities:			
Cash received from interest on loans and financing leases	$	1,283,400	1,152,003
Cash received from bond and related fees		4,075,243	-
Other operating cash receipts		934,382	299,582
Interest paid on bonds payable		-	(166,898)
Cash paid for related bond expenses		(59,255)	(58,515)
Cash paid for general and administrative expenses		(244,687)	(279,285)
Cash paid for NYLDC operating expenses		(252)	-
Cash paid for BALDC operating expenses		(583)	-
Cash paid for NYTDC operating expenses		(583)	(2,546)
Net cash provided by operating activities		5,987,665	944,341
Cash flows from noncapital financing activities - special purpose bond retirements		-	(3,085,000)
Cash flows from investing activities:			
Proceeds from sale of temporary investments in marketable securities		234,776,773	350,610,584
Purchase of temporary investments in marketable securities		(241,127,862)	(348,943,739)
Interest on investments		2,097,900	1,029,670
Loan disbursements		(4,528,207)	(10,102,670)
Principal collected on loans receivable		3,180,453	2,695,781
Principal collected on financing leases		1,053,707	1,009,388
Reduction of Port Authority appropriation for grant disbursements		(3,236,702)	(470,273)
Net cash used in investing activities		(7,783,938)	(4,171,259)
Net increase (decrease) in cash and equivalents		(1,796,273)	(6,311,918)
Cash and equivalents at beginning of year		3,608,407	9,920,325
Cash and equivalents at end of year	$	1,812,134	3,608,407

(Continued)

See accompanying notes to combined financial statements.

NEW YORK JOB DEVELOPMENT AUTHORITY

Combined Statements of Cash Flows, Continued

		2019	2018
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	6,202,376	1,120,633
Adjustments to reconcile operating income to net cash provided by operating activities:			
Provision for loss on loans receivable, loan guarantees and financing leases		54,062	171,384
Operating expenses paid by UDC		(10,127)	8,254
Amortization - deferred lease premiums		(290,911)	(244,455)
Changes in:			
Accrued interest receivable		26,648	(84,713)
Accounts payable and accrued expenses		5,617	(26,762)
Net cash provided by operating activities	$	5,987,665	944,341

See accompanying notes to combined financial statements.

Note 1 - Corporate Background and Activities

(a) General

New York Job Development Authority (the "Authority" or "JDA"), doing business as Empire State Development ("ESD"), is a public benefit corporation organized and existing under the laws of the State of New York (the "State"). The Authority's mission is to spur job growth and capital investment in New York State by using authority granted to it and by leveraging State-guaranteed bonds to support low interest loans to manufacturers and other targeted industries throughout New York State. As a public benefit corporation, the Authority is tax-exempt. The Authority is a component unit of the State and, as such, its combined financial statements are included in the State's general purpose financial statements.

(b) Activities

The principal activity of the Authority is providing business and industry loans, described in the New York Job Development Authority Act as "Special Purpose Loans." All such loans are made to entities with operations in the State and are provided for real estate acquisition, construction, rehabilitation or improvement or machinery and equipment. The Authority requires security for the loans with the underlying assets and other available collateral.

The Authority finances these activities through recycled loan proceeds and the issuance of State guaranteed bonds and notes (the "Bonds") limited by the Constitution of the State and applicable legislation to an aggregate principal amount of $900 million outstanding at any time. To date, enabling legislation allows an aggregate principal amount of $750 million to be outstanding at any time.

The guarantee of the Bonds by the State is authorized by the New York Job Development Authority Act, as amended by Section 1813 of Title 7 Article 8 of the Public Authorities Law and Section 8 Article X of the Constitution of New York State. Under these provisions, if the Authority fails to pay when due, the principal or interest on the Bonds, or, if sued by any holder of the Bonds, the State Comptroller must set apart from the first revenues thereafter received from any source, applicable to the General Fund of the State, a sum sufficient to pay such principal and interest, and shall so apply the monies thus set apart. Effectively, the State is subrogated to the rights of the bondholders. The net position of the fund is considered restricted.

The Authority has the power to create local development corporations under Section 1804 of the New York Job Development Authority Act and Section 1411 of the New York Not-for-Profit Corporation Law. The Authority has created five Local Development Corporations: New York Liberty Development Corporation ("NYLDC"), Empire State Local Development Corporation ("ESLDC"), Brooklyn Arena Local Development Corporation ("BALDC"), Canal Side Local Development Corporation ("CSLDC"), and New York Transportation Development Corporation ("NYTDC").

Note 1 - Corporate Background and Activities, Continued

(b) Activities, Continued

The Authority substantially controls the operations of the Local Development Corporations. Under Governmental Accounting Standard Board ("GASB") Statement No. 39 - "The Financial Reporting Entity," NYLDC, ESLDC, BALDC, CSLDC and NYTDC are considered blended component units of the Authority, and their assets, liabilities, and results of operations are combined with the operations of the Authority for financial reporting purposes.

Note 2 - Summary of Significant Accounting Policies

(a) Basis of Accounting

The Authority is an enterprise fund that follows the economic resource measurement focus and the accrual basis of accounting.

The Authority complies with all applicable pronouncements of GASB as well as with authoritative pronouncements applicable to non-governmental entities (e.g. Financial Accounting Standards Board Statements) that do not conflict with GASB pronouncements.

The Authority's combined financial statements are presented consistent with enterprises whose principal activities are considered a financing enterprise.

(b) Use of Estimates

The preparation of combined financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

(c) Cash and Equivalents

Cash and equivalents include cash deposits with banks and highly liquid temporary investments with original or remaining maturities of 90 days or less.

(d) Investment Securities

Investment securities consist of temporary investments of available cash and debt service reserve funds in marketable securities. Investment securities are reported at fair value in the combined statements of net position, and investment income, including changes in fair value, is reported as nonoperating revenue in the combined statements of revenue, expenses and changes in net position.

Note 2 - Summary of Significant Accounting Policies, Continued

(d) Investment Securities, Continued

The fair value of investment securities, which include United States Government and Federal Agency obligations, and obligations of state and local governments is generally based on quoted market prices. Interest earning investment instruments, including time deposits and repurchase agreements with maturities of one year or less, are reported at amortized cost. Investment income also includes realized gains and losses from disposition of investments on a specific identification basis. Collateral for these investments is held in the Authority's name by financial institutions as custodians. Investment securities that are not required by bond indentures to be held by independent trustees are maintained and held by the New York State Department of Taxation and Finance.

(e) Loans and Financing Leases Receivable

Loans and financing leases are generally reported at their principal amounts outstanding, net of allowances for possible credit losses. The Authority lends funds for the acquisition of land and buildings which are generally repayable over 15 to 20 years. Loans to fund machinery and equipment are generally repayable over 7 to 10 years. Generally, all loans represent second mortgages or other subordinated positions. Interest revenue on loans and financing leases is credited to interest income based on loan principal amounts outstanding at appropriate interest rates. Interest is not accrued on loans which are delinquent three or more months and which management considers uncollectible. In addition, the Authority provides financing leases for property previously acquired in foreclosure. Financing leases generally require repayment over periods ranging from 1 to 20 years.

(f) Allowance for Possible Credit Losses and Estimated Loan Losses

The allowance for possible credit losses provides for risks of losses inherent in the credit extension process. The Authority maintains this allowance on a specific and general basis at levels considered adequate to meet present and future losses on loans and financing leases. This evaluation encompasses business and economic conditions, the character, quality and performance of the portfolios, availability of collateral and the risks inherent in these loans. Accordingly, these estimates could change in the near term.

(g) Foreclosed Properties

The Authority may hold title to properties acquired in satisfaction of loans, including in-substance foreclosures. Such amounts, if any, are carried at the lower of cost or estimated fair market value.

(h) Grant Revenue and Expense

ESLDC administers certain grant funds from various sources. These grants are awarded for specifically designated projects and are distributed directly to the projects. ESLDC records revenue upon disbursement of the grants to grantees. Grant advances not disbursed to grantees are recorded as unearned income.

NYLDC recognizes grant expense upon the disbursement of grants to grantees.

Note 2 - Summary of Significant Accounting Policies, Continued

(i) Subsequent Events

The Authority has evaluated subsequent events through the date of the report which is the date the combined financial statements were available to be issued.

Note 3 - Local Development Corporations

(a) New York Liberty Development Corporation

In August 2002, at the request of the Governor, the Authority caused the creation of New York State Liberty Development Corporation ("NYLDC"). NYLDC was created as a conduit for the issuance of qualified New York Liberty Bonds ("Liberty Bonds") and such other non-federally tax-exempt obligations as may be appropriate. Bond proceeds are used to finance private projects primarily in the New York Liberty Zone located in lower Manhattan. NYLDC receives fees in connection with each bond or note issuance. In certain instances, the bond issuance fees earned are shared with other entities. The summarized statements of net position of NYLDC as of March 31, 2019 and 2018 are as follows:

	2019	2018
Cash and equivalents	$ 137,673	131,827
Temporary investments in marketable securities	52,781,979	51,629,915
Net position	$ 52,919,652	51,761,742

The summarized statements of revenue, expenses and changes in net position of NYLDC for the years ended March 31, 2019 and 2018 are as follows:

	2019	2018
Investment income	$ 1,158,162	539,060
Operating expenses	(252)	-
Changes in net position	$ 1,157,910	539,060

NYLDC did not issue Liberty Bonds or notes during the years ended March 31, 2019 and 2018.

Since inception, NYLDC has issued an aggregate of approximately $6.16 billion of Liberty Bonds (at face amount of approximately $5.96 billion), $338 million of Recovery Zone Bonds, and $730 million of taxable notes excluding remarketing and refunding bonds on behalf of project owners. As of March 31, 2019, the total outstanding conduit debt amounted to approximately $6.12 billion. Liberty Bonds, Recovery Zone Bonds, and taxable notes are not the obligation of NYLDC, the Authority, or the State. Repayment of the bonds and notes is the obligation of respective project owners.

Note 3 - Local Development Corporations, Continued

(b) Empire State Local Development Corporation

In October 2003, the Authority caused the creation of Empire State Local Development Corporation ("ESLDC"). ESLDC has state-wide jurisdiction and was created to carry out various economic development initiatives through the use of pass through grants received from outside sources. The summarized statements of net position of ESLDC as of March 31, 2019 and 2018 is as follows:

	2019	2018
Cash and equivalents	$ 243,827	70,541
Temporary investments in marketable securities	7,495,004	10,730,106
Deferred inflows of resources - unearned revenue	(7,738,831)	(10,800,647)
Net position	$ -	-

The deferred inflows of resources - unearned revenue represents grant funds received from the Port Authority of New York and New Jersey ("the Port Authority") under its Transportation, Economic Development and Infrastructure Renewal ("TEDIR") projects program that have not yet been disbursed to the designated grantees. The projects included in this grant program are approved by the Port Authority in accordance with TEDIR program requirements and payments are processed through JDA. In general, these projects have a long life span.

The summarized statements of revenue, expenses and changes in net position of ESLDC for the years ended March 31, 2019 and 2018 is as follows:

	2019	2018
Grant revenue	$ 3,236,702	470,273
Grant expenses	(3,236,702)	(470,273)
Change in net position	$ -	-

(c) Brooklyn Arena Local Development Corporation

In November 2008, the Authority caused the creation of Brooklyn Arena Local Development Corporation ("BALDC"). BALDC has state-wide jurisdiction and was created as a conduit for the issuance of both taxable and tax-exempt bonds to finance the construction and related cost of the Barclays Center Project.

The summarized statements of net position of BALDC at March 31, 2019 and 2018 is as follows:

	2019	2018
Cash and equivalents	$ 41,856	82,605
Temporary investments in marketable securities	2,868,387	2,116,484
Net position	$ 2,910,243	2,199,089

Note 3 - Local Development Corporations, Continued

(c) Brooklyn Arena Local Development Corporation, Continued

The summarized statements of revenue, expenses and changes in net position of BALDC for the years ended March 31, 2019 and 2018 is as follows:

	2019	2018
Interest income	$ 61,737	19,777
Other revenue	650,000	-
Operating expenses	(583)	-
Change in net position	$ 711,154	19,777

BALDC did not issue bonds during the year ended March 31, 2019.

As of March 31, 2019, the total of outstanding BALDC bonds ("Bonds") is $742 million. The Bonds are special limited obligations payable solely from and secured by the payments-in-lieu-of taxes (PILOT) made by the Barclays Center Project developer. As noted below, since BALDC has assigned its obligations to the trust account that services the Bonds, BALDC treats the Bonds as conduit debt.

Additionally, BALDC acts as landlord through a long-term lease agreement with the developer of the Barclays Center Arena, Arena Co. BALDC's obligations as landlord include maintaining fiduciary responsibility for a trust account, funded with annual PILOT payments made by the tenant, Arena Co., and used to pay all debt service costs in relation to the conduit debt issued by BALDC, as well as certain operating and maintenance costs of the Arena. However, BALDC has assigned all of its rights and obligations with respect to the trust account to the PILOT Bond Trustee and retains no rights in any amounts held in trust and no obligation to fund any amounts to the trust account and is further indemnified from any such obligation. The transactions of the trust account are not considered to be transactions of BALDC, and are not recorded in BALDC's financial statements.

Rental payments for the Arena do not support or secure the Bonds. Rental payments received by BALDC are assigned to ESD as the landlord of the Arena ground lease.

(d) Canal Side Local Development Corporation

In June 2010, the Authority authorized the creation of Canal Side Local Development Corporation ("CSLDC") and the certificate of incorporation was filed in February 2012. CSLDC was created to help facilitate the financing of the Canal Side Land Use Improvement Project in Buffalo. There was no activity during the years ended March 31, 2019 and 2018.

(e) New York Transportation Development Corporation

In August 2015, the Authority authorized the creation of New York Transportation Development Corporation ("NYTDC") and the certificate of incorporation was filed in October 2015. NYTDC was formed for the public purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, and lessening the burdens of government of the State of New York and the New York Job Development Authority. It will undertake its public purpose by issuing tax-exempt bonds for transportation and any other purposes or objectives described above (the "Bonds")

Note 3 - Local Development Corporations, Continued

(e) New York Transportation Development Corporation, Continued

and in the case of certain tax-exempt bonds, shall obtain the approval of the Governor of the State of New York to the extent required by applicable federal tax law; by issuing such other non-federally tax-exempt obligations as may be appropriate (the "Obligations"); and by exercising all or any part of such public functions and doing any work related to or in connection with the issuance of the Bonds or Obligations, and engaging in all other lawful business purposes.

The summarized statements of net position of NYTDC at March 31, 2019 and 2018 is as follows:

	2019	2018
Cash and equivalents	$ 189,400	29,791
Temporary investments in marketable securities	12,986,153	8,601,224
Net position	$ 13,175,553	8,631,015

The summarized statements of revenue, expenses and changes in net position of NYTDC for the years ended March 31, 2019 and 2018 is as follows:

	2019	2018
Bond and note fee income	$ 4,075,243	-
Interest income	277,878	87,430
Other revenue	192,000	150,500
Operating expenses	(583)	(2,342)
Change in net position	$ 4,544,538	235,588

In April 2018, NYTDC issued Special Facilities Revenue Bonds, Series 2018 (Delta Air Lines, Inc.- LaGuardia Airport Terminals C&D Redevelopment Project) in the aggregate face amount of $1.38 billion (at an issue price of $1.52 billion) (the "Series 2018 Bonds") (i) to finance a portion of the costs relating to a construction project to be undertaken by Delta at LaGuardia Airport in Queens, New York, consisting of the demolition of the existing Terminals C and D at LaGuardia Airport , the design and construction of new terminal facilities to be leased by Delta at LaGuardia Airport , and the design and construction of certain other facilities at LaGuardia Airport that will not be leased to Delta , and (ii) to pay certain costs of issuance related to the Series 2018 Bonds.

NYTDC did not issue bonds during the fiscal year ended March 31, 2018.

As of March 31, 2019, the total outstanding conduit debt is approximately $4.67 billion. NYTDC bonds are not the obligation of NYTDC, the Authority or the State. Repayment of the bonds is the obligation of the respective project borrower.

Note 4 - Cash and Equivalents

Demand deposits are secured by surety bonds and collateral held by a bank or trust company as custodians. Securities are either delivered or registered by book entry in UDC's name with bond trustees or custodian banks.

Note 4 - Cash and Equivalents, Continued

At March 31, 2019 and 2018, cash held in demand and custodial deposits, as well as cash equivalents were collateralized by the depository, generally with obligations of the United States, its agencies, or New York State obligations with a remaining maturity when purchased of 90 days or less, as follows:

		2019		2018	
		Carrying amount	Bank balance	Carrying amount	Bank balance
Insured (FDIC)	$	337,926	337,926	337,926	337,926
Uninsured - collateral held by custodian in UDC's name		1,562,134	1,562,134	3,358,407	3,358,407
Total cash and cash equivalents	$	1,900,060	1,900,060	3,696,333	3,696,333

Note 5 - Investments

Authorization for investments is governed by written internal investment guidelines, statutes, State guidelines and bond resolutions. Permitted investments include:

- Obligations of the United States Treasury, agencies and instrumentalities;
- Direct obligations of the State of New York, its political subdivisions, and public authorities;
- Bonds and other obligations of governmental authorities, political subdivisions, Federal Agencies, Government Sponsored Enterprises ("GSE's") or public authorities of the State or of the United States of America, which are securities in which the Corporation lawfully may invest pursuant to applicable statutes, regulations and bond resolutions including but not limited to Federal National Mortgage Association ("FNMA"), Federal Farm Credit Bank ("FFCB"), Federal Home Loan Bank ("FHLB"), Federal Home Loan Mortgage Corporation ("FHLMC - Freddie Mac"), and Student Loan Marketing Association ("SLMA - Sallie Mae");
- Repurchase agreements with financial institutions authorized to do business in New York State which are listed as primary government securities dealers by New York's Federal Reserve Bank and which are collateralized by U.S. Government securities;
- Commercial paper issued by domestic banks, corporations and financial companies rated "A-1" or better by Standard & Poor's Corporation or "P-1" or better by Moody's Investors Services, Inc.;
- Certificates of deposit of banks or trust companies authorized to do business in the State;
- Units, shares or interest in a mutual fund or money market fund of regulated investment companies that meet specified criteria; and
- Real property.

Note 5 - Investments, Continued

Temporary and debt service reserve fund investments, reported at fair value, at March 31, 2019 and 2018 consist of the following:

	2019		2018	
	Cost	Fair value	Cost	Fair value
U.S. Government and Federal Agency obligations	$ 124,836,420	125,795,954	111,826,527	112,128,679
Commercial paper	-	-	6,761,771	6,761,771
	$ 124,836,420	125,795,954	118,588,298	118,890,450

Fair Value Measurements

Generally accepted accounting principles established a framework that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under generally accepted accounting principles are as follows:

- Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities that the Authority has the ability to access.
- Level 2 - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable directly, or indirectly.
- Level 3 - Valuations are based on inputs that are unobservable and significant to overall fair value measurement.

The Authority holds financial instruments with quoted prices in active markets for identical assets (level 1) of $125,795,954 and $118,890,450 at March 31, 2019 and 2018, respectively.

Note 6 - Loans and Financing Leases Receivable

Future payments due on loans receivable for each of the next five years and thereafter as of March 341, 2019 were as follows:

2020	$ 1,972,310
2021	1,916,691
2022	2,538,569
2023	2,516,869
2024	2,580,736
Thereafter	17,786,896
	29,312,071
Less:	
Allowance for estimated loan losses	(2,003,727)
Total	$ 27,308,344

Minimum lease payments to be received under financing lease agreements for each of the next five years and thereafter as of March 31, 2019 were as follows:

2020	$ 1,026,827
2021	375,703
2022	375,704
2023	207,130
	1,985,364
Less:	
Portion attributable to interest	(172,108)
Allowance for possible credit losses	(226,649)
Total	$ 1,586,607

Note 7 - Allowances for Possible Credit Losses and Estimated Loan Losses

The estimated allowances for possible credit and loan losses are based primarily on a continuing evaluation of the portfolios, and of current economic conditions and such other factors which management believes require consideration in estimating future risks. Additions to the allowances are made by charges to expense. Reductions of the allowances are reported as other revenue. A summary of loan loss allowance activity for year ended March 31, 2019, with comparative totals for the year ended March 31, 2018, is as follows:

Note 7 - Allowances for Possible Credit Losses and Estimated Loan Losses, Continued

	Allowances for losses on			
		Financing	Totals	
	Loans	leases	2019	2018
Beginning balances	$ 1,865,369	310,946	2,176,315	2,004,930
Net provisions (reductions)	138,358	(84,297)	54,061	171,385
Ending balances	$ 2,003,727	226,649	2,230,376	2,176,315

Note 8 - Due to New York State Urban Development Corporation

New York State Urban Development Corporation ("UDC") provides all of the management and operational oversight for the Authority. At March 31, 2019 and 2018, amounts due to UDC are primarily attributable to costs, including all payroll and related costs, allocated to or paid by UDC on behalf of the Authority for various general and administrative expenses. These costs, plus interest, approximated $0.6 million and $0.5 million during the years ended March 31, 2019 and 2018, respectively. The balance due at March 31, 2019 and 2018, excluding grant funds held by the Authority, amounted to $26.9 million and $26.5 million, respectively. The interest rate used is the annualized average weighted yield earned by UDC on its investment portfolio. The interest portion of the accumulated liability covers the last twenty-four fiscal years and amounts to approximately $8.1 million at March 31, 2019.

Note 9 - Commitments

Special Purpose Fund loans approved by the Authority, but not yet closed, approximated $23.4 million at March 31, 2019.

Note 10 - Contingencies

The Authority has been named as a defendant in legal actions arising from the operation of various economic development initiatives. In addition, defendants in mortgage loan foreclosure proceedings initiated by the Authority have asserted defenses and counter claims for damages. The Authority believes that the ultimate outcome of such litigation will not have a material adverse effect on its financial condition.

Note 11 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 83 - "Certain Asset Retirement Obligations." This Statement, issued in November 2016, addresses accounting and financial reporting for certain asset retirement obligations (AROs). Governments that have legal obligations to perform certain future asset retirement activities related to tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning April 1, 2019 for the Authority. This Statement is not expected to have a material effect on the combined financial statements of the Authority.

GASB Statement No. 84 - "Fiduciary Activities." This Statement, issued in January 2017, established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement is effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning April 1, 2019 for the Authority. This Statement is not expected to have a material effect on the combined financial statements of the Authority.

GASB Statement No. 87 - "Leases." This Statement, issued in June 2017, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019, which is the fiscal year beginning April 1, 2020 for the Authority. Management is in process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Authority.

GASB Statement No. 88 - "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement, issued in April of 2018, requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The provisions of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning April 1, 2019 for the Authority. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Authority.

Note 11 - Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 89 - "Accounting for Interest Cost Incurred before the End of a Construction Period." This Statement, issued in June 2018, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" which are superseded by this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning April 1, 2020 for the Authority. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Authority.

GASB Statement No. 90 - "Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61." This Statement, issued in August 2018, seeks to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and sets parameters as to whether a majority equity interest is to be reported as an investment or component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning April 1, 2019 for the Authority. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Authority.

GASB Statement No. 91 – "Conduit Debt Obligations." This Statement, issued in May of 2019, requires a single method be used for the reporting of conduit debt obligations. The focus of the Statement is to improve financial reporting by eliminating diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, which is the fiscal year beginning April 1, 2021 for the Authority. Management is in the process of evaluating the potential impact of this Statement on the consolidated financial statements of the Authority.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Authority Members
New York Job Development Authority:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the combined financial statements of New York Job Development Authority (the "Authority"), a component unit of the State of New York, which comprise the combined statement of net position as of March 31, 2019, and the related combined statements of revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to combined financial statements, and have issued our report thereon dated June 13, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's combined financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 13, 2019

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INDEPENDENT AUDITORS' REPORT ON INVESTMENT COMPLIANCE

The Authority Members
New York Job Development Authority:

Report on Investment Compliance

We have audited the New York Job Development Authority's (the "Authority"), a component unit of the State of New York, compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York for the year ended March 31, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York.

Auditor's Responsibility

Our responsibility is to express an opinion on investment compliance based on our audit of the compliance requirements referred to above. 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. An audit includes examining, on a test basis, evidence supporting the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on investment compliance. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Investment Compliance

In our opinion, the New York Job Development Authority complied, in all material respects, with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York for the year ended March 31, 2019.

Other

In accordance with Government Auditing Standards, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws and regulations that have a material effect on the Authority's compliance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules, and Regulations of the State of New York and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our audit to express an opinion on whether the Authority complied with the aforementioned requirements and not for the purpose of expressing an opinion on the internal control over compliance with those requirements or other matters; accordingly, we express no such opinion. The results of our tests disclosed no matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management of the Authority, the New York State Office of the State Comptroller, the New York State Division of the Budget, and the New York State Authority Budget Office and is not intended to be and should not be used by anyone other than those specified parties.

EFPR Group, CPAs, PLLC

Williamsville, New York
June 13, 2019