

NEW YORK JOB DEVELOPMENT AUTHORITY

Combined Financial Statements  
and Independent Auditors' Report

March 31, 2023 and 2022

NEW YORK JOB DEVELOPMENT AUTHORITY

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## INDEPENDENT AUDITORS' REPORT

The Authority Members  
New York Job Development Authority:

### Report on the Audit of the Combined Financial Statements

#### Opinion

We have audited the accompanying combined financial statements of the 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, 2023 and 2022, and the related notes to combined financial statements, which collectively comprise the Authority's basic combined financial statements as listed in the table of contents.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of March 31, 2023 and 2022, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of Management for the Combined Financial Statements

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

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

## Auditors' Responsibilities for the Audit of the Combined Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic combined financial statements. Such information is the responsibility of management and, 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, 2023 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 Authority's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York  
June 13, 2023

NEW YORK JOB DEVELOPMENT AUTHORITY  
Management's Discussion and Analysis  
March 31, 2023 and 2022

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 fiscal years ended March 31, 2023 and 2022. Please read it in conjunction with the Authority's combined financial statements.

**Overview**

During the fiscal year ended March 31, 2023, the Authority continued its mission to spur job growth and capital investment in New York State (the "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 the 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") d/b/a Empire State Development. The Authority had a restricted net position balance of \$175.0 million and \$146.9 million at March 31, 2023 and 2022, respectively. The 2023 and 2022 net position of JDA is a result of improved collections of the reserved loans in the loan portfolio, the absorption of personnel costs by UDC, and the consolidation of the net position of the New York Liberty Development Corporation ("NYLDC"), Brooklyn Arena Local Development Corporation ("BALDC") and New York Transportation Development Corporation ("NYTDC").

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 to relieve and reduce unemployment, to promote and provide for additional and maximum employment, to improve, better and maintain job opportunities, and to lessen the burdens of government in the State.

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.

NEW YORK JOB DEVELOPMENT AUTHORITY  
Management's Discussion and Analysis, Continued

Summarized Statements

The following is a summary of the Authority's financial information as of and for the years ended March 31, 2023, 2022 and 2021:

Summary of Combined Statements of Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Assets</b>			
Cash and equivalents, restricted cash and temporary investments	\$ 189,165,473	160,512,018	149,355,701
Accrued interest receivable	42,858	42,180	47,930
Prepaid insurance	2,070	23,803	-
Loans receivable, net	19,828,788	19,383,812	21,079,418
Financing arrangements, net	<u>-</u>	<u>287,125</u>	<u>596,674</u>
Total assets	<u>209,039,189</u>	<u>180,248,938</u>	<u>171,079,723</u>
<b>Liabilities</b>			
Due to New York State Urban Development Corporation	27,878,395	27,399,380	27,407,107
Accounts payable and accrued expenses	<u>90,057</u>	<u>89,557</u>	<u>589,128</u>
Total liabilities	<u>27,968,452</u>	<u>27,488,937</u>	<u>27,996,235</u>
<b>Deferred inflows of resources</b> - unearned income	<u>6,045,138</u>	<u>5,903,188</u>	<u>5,901,668</u>
<b>Net position</b> - restricted	\$ <u>175,025,599</u>	<u>146,856,813</u>	<u>137,181,820</u>

NEW YORK JOB DEVELOPMENT AUTHORITY  
Management's Discussion and Analysis, Continued

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenue:			
Loan interest	\$ 721,737	677,691	536,210
Grant income	-	-	714,962
Bond fee income	23,342,551	8,802,535	11,861,058
Other revenue	<u>844,315</u>	<u>561,734</u>	<u>527,192</u>
Total operating revenue	<u>24,908,603</u>	<u>10,041,960</u>	<u>13,639,422</u>
Operating expenses:			
Provision for loss on loans receivable, loan guarantees and financing arrangements	175,466	141,473	3,992,757
Credit and bond related fees	60,000	60,000	60,000
General and administrative	128,005	98,059	193,374
Grant expense	<u>-</u>	<u>-</u>	<u>714,962</u>
Total operating expenses	<u>363,471</u>	<u>299,532</u>	<u>4,961,093</u>
Operating income	<u>24,545,132</u>	<u>9,742,428</u>	<u>8,678,329</u>
Non-operating revenue (expenses):			
Investment income	4,102,065	114,408	465,214
Unrealized loss in fair value of investments	(3,770)	(162,890)	(300,659)
Interest expense	<u>(474,641)</u>	<u>(18,953)</u>	<u>(100,671)</u>
Non-operating revenue (expenses), net	<u>3,623,654</u>	<u>(67,435)</u>	<u>63,884</u>
Change in net position	28,168,786	9,674,993	8,742,213
Net position - restricted at beginning of year	<u>146,856,813</u>	<u>137,181,820</u>	<u>128,439,607</u>
Net position - restricted at end of year	\$ <u>175,025,599</u>	<u>146,856,813</u>	<u>137,181,820</u>



NEW YORK JOB DEVELOPMENT AUTHORITY  
Management's Discussion and Analysis, Continued

**Liquidity**

**Fiscal Year Ended March 31, 2023**

The Authority's Cash and equivalents, restricted cash and temporary investments totaled approximately \$189.2 million and \$160.5 million at March 31, 2023 and 2022, respectively. The \$28.7 million increase is primarily due to the following:

- Bond fee income of \$23.3 million related to NYTDC bond and other debt issuances of approximately \$8,388.9 million;
- Loan and financing arrangements principal and interest collections of \$2.7 million;
- Bond administration and application fee receipts of \$0.6 million; and
- Interest on investments of \$4.4 million.

These increases are offset by \$2.2 million of new loan disbursements and \$0.1 million in general and administrative expenses.

The Authority's Loans receivable, net balance totaled \$19.8 million and \$19.4 million at March 31, 2023 and 2022, respectively. The \$0.4 million increase is primarily due to \$2.2 million of new loans issued offset by loan principal collections totaling \$1.7 million and an increase in the allowance of \$0.1 million.

Cash generated from operations exceeded the Authority's operating requirements for the year ended March 31, 2023 by approximately \$24.5 million, primarily due to receipt of the following:

- Bond fee income of \$23.3 million related to NYTDC bond and other debt issuances;
- Loan and financing arrangements interest income of \$0.7 million; and
- Other operating cash receipts of \$0.6 million related to contractual and program related fees.

These receipts are offset by \$0.1 million in cash paid for general and administrative expenses.

**Fiscal Year Ended March 31, 2022**

The Authority's Cash and equivalents, restricted cash and temporary investments totaled approximately \$160.5 million and \$149.3 million at March 31, 2022 and 2021, respectively. The \$11.2 million increase is primarily due to the following:

- Bond fee income of \$8.8 million related to NYTDC bond issuances of approximately \$2,483.3 million;
- Loan and financing arrangements principal and interest collections of \$4.5 million;
- Bond administration and application fee receipts of \$0.3 million; and
- Interest on investments of \$0.1 million.

These increases are offset by \$1.8 million of new loan disbursements, \$0.5 million reduction in grant funding from the Port Authority of New York and New Jersey and \$0.2 million in general and administrative expenses.

NEW YORK JOB DEVELOPMENT AUTHORITY  
Management's Discussion and Analysis, Continued

The Authority's Loans receivable, net balance totaled \$19.4 million and \$21.1 million at March 31, 2022 and 2021, respectively. The \$1.7 million decrease is primarily due to loan collections totaling \$3.5 million offset by \$1.8 million of new loans.

Cash generated from operations exceeded the Authority's operating requirements for the year ended March 31, 2022 by approximately \$9.5 million, primarily due to receipt of the following:

- Bond fee income of \$8.8 million;
- Loan and financing arrangements interest income of \$0.6 million; and
- Other revenue of \$0.3 million related to contractual and program related fees.

These receipts are offset by a \$0.2 million reduction in general and administrative expenses.

**Change in Net Position**

**Fiscal Year Ended March 31, 2023**

The change in net position for the fiscal year ended March 31, 2023 was \$28.2 million compared with \$9.7 million in fiscal 2022. The \$18.5 million increase is primarily due to the following increases:

- Bond fee income of \$14.5 million related to NYTDC bond and other debt issuances;
- Investment income, including change in fair value of \$4.0 million;
- Other revenue of \$0.3 million;
- Loan interest of \$0.1 million.

These increases in revenue are offset by a \$0.4 million increase in Interest expense.

**Fiscal Year Ended March 31, 2022**

The change in net position for the fiscal year ended March 31, 2022 was \$9.7 million compared with \$8.7 million in fiscal 2021. The \$1.0 million increase is primarily due to a \$0.2 million increase in Loan interest.

This increase is offset by the following decreases:

- Bond fee income of \$3.0 million;
- Non-operating revenue, including change in fair value, of \$0.2 million;
- Provision for loss on receivable, loan guarantees and financing arrangements of \$3.9 million;
- General and administrative expenses of \$0.1 million.

**Revenue**

**Fiscal Year Ended March 31, 2023**

Operating revenue was approximately \$24.9 million in fiscal 2023 compared to \$10.0 million in fiscal 2022. The \$14.9 million increase is primarily due to increases in Bond fee income of \$14.5 million related to NYTDC bond and other debt issuances, Other revenue of \$0.3 and Loan interest of \$0.1 million.

NEW YORK JOB DEVELOPMENT AUTHORITY  
Management's Discussion and Analysis, Continued

Loan interest increased by approximately \$0.1 million due to principal loan collections of \$2.0 million offset by the issuance of \$2.2 million in new loans.

Grant income through ESLDC remained consistent as no projects were funded in the current fiscal year.

Bond fee income increased by approximately \$14.5 million due to an increase in NYTDC bond and other debt issuances during the fiscal year.

Other revenue increased by approximately \$0.3 million, primarily due to an increase in application and commitment fees.

Non-operating revenue from investment income increased by \$3.7 million due to higher interest rates on investments throughout the year.

Fiscal Year Ended March 31, 2022

Operating revenue was approximately \$10.0 million in fiscal 2022 compared to \$13.6 million in fiscal 2021. The \$3.6 million decrease is primarily due to decreases in Bond fee income of \$3.0 million and Grant income of \$0.7 million offset by an increase in Loan interest of \$0.1 million.

Loan interest increased by approximately \$0.1 million due to principal loan collections of \$3.5 million offset by the issuance of \$1.8 million in new loans, as well as, additional loan deferrals related to COVID-19.

Grant income through ESLDC decreased by \$0.7 million as no projects were funded in the current fiscal year.

Bond fee income decreased by approximately \$3.0 million due to a decrease in NYTDC bond issuances during the fiscal year.

Other revenue increased by approximately \$0.03 million, primarily due to a increase in application and commitment fees.

Non-operating revenue from investment income decreased by \$0.2 million due to lower interest rates on investments throughout the year.

NEW YORK JOB DEVELOPMENT AUTHORITY  
Management's Discussion and Analysis, Continued

**Expenses**

**Fiscal Year Ended March 31, 2023**

Operating expenses were \$0.4 million for the fiscal year ended March 31, 2023, compared to \$0.3 million for the fiscal year ended March 31, 2022. The \$0.1 million increase is primarily due to increases in the Provision for loss on loans receivable, loan guarantees and financing arrangements and general and administrative expenses.

During the fiscal year, \$2.2 million of new loans were issued through the JDA Agriculture Loan Fund Program. This program was created to select lenders authorized to make loans to State agribusiness firms with limited access to capital, aside from their own capital contributions. There were no loans approved, but not closed.

**Fiscal Year Ended March 31, 2022**

Operating expenses were \$0.3 million for the fiscal year ended March 31, 2022, compared to \$5.0 million in the fiscal year ended March 31, 2021. The \$4.7 million decrease is primarily due to decreases of \$3.9 million in the Provision for loss on loans receivable, loan guarantees and financing arrangements due to the write-off of a loan in fiscal 2021, \$0.7 in Grant expense for ESLDC and \$0.1 in General and administrative expense.

Grant expense represents the immediate disbursement of funds passed through ESLDC as received from the Port Authority. Grant expense decreased by \$0.7 million as no projects were funded during the fiscal year.

During the fiscal year, \$1.8 million of new loans were issued through the JDA Agriculture Loan Fund Program. This program was created to select lenders authorized to make loans to State agribusiness firms with limited access to capital, aside from their own capital contributions. There were also approximately \$4.1 million in loans approved, but not closed.

**Request for Information**

This financial report is designed to provide a general overview of 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, 2023 and 2022

<b>Assets</b>	<u>2023</u>	<u>2022</u>
Cash and equivalents	\$ 3,884,586	4,861,942
Cash and equivalents - restricted	57,057	57,057
Temporary investments in marketable securities	185,223,830	155,593,019
Accrued interest receivable	42,858	42,180
Prepaid insurance	2,070	23,803
Loans receivable, net of allowance of \$1,608,309 in 2023 and \$1,523,262 in 2022	19,828,788	19,383,812
Financing arrangements, net of allowance of \$44,648 in 2022	<u>-</u>	<u>287,125</u>
Total assets	<u>209,039,189</u>	<u>180,248,938</u>
 <b>Liabilities</b>		
Due to New York State Urban Development Corporation	27,878,395	27,399,380
Accounts payable and accrued expenses	<u>90,057</u>	<u>89,557</u>
Total liabilities	<u>27,968,452</u>	<u>27,488,937</u>
<b>Deferred inflows of resources</b> - unearned income	<u>6,045,138</u>	<u>5,903,188</u>
Commitments and contingencies (notes 9 and 10)	<u>                    </u>	<u>                    </u>
<b>Net position</b> - restricted	<u>\$ 175,025,599</u>	<u>146,856,813</u>

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating revenue:		
Loan interest	\$ 721,737	677,691
Bond fee income	23,342,551	8,802,535
Other revenue	<u>844,315</u>	<u>561,734</u>
Total operating revenue	<u>24,908,603</u>	<u>10,041,960</u>
Operating expenses:		
Provision for loss on loans receivable, loan guarantees and financing arrangements	175,466	141,473
Credit and bond related fees	60,000	60,000
General and administrative	<u>128,005</u>	<u>98,059</u>
Total operating expenses	<u>363,471</u>	<u>299,532</u>
Operating income	<u>24,545,132</u>	<u>9,742,428</u>
Non-operating revenue (expenses):		
Investment income	4,102,065	114,408
Unrealized loss in fair value of investments	(3,770)	(162,890)
Interest expense - New York State Urban Development Corporation	<u>(474,641)</u>	<u>(18,953)</u>
Non-operating revenue (expenses), net	<u>3,623,654</u>	<u>(67,435)</u>
Change in net position	28,168,786	9,674,993
Net position - restricted at beginning of year	<u>146,856,813</u>	<u>137,181,820</u>
Net position - restricted at end of year	<u>\$ 175,025,599</u>	<u>146,856,813</u>

See accompanying notes to combined financial statements.

NEW YORK JOB DEVELOPMENT AUTHORITY  
 Combined Statements of Cash Flows  
 Years ended March 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash received from interest on loans and financing arrangements	\$ 652,028	610,370
Cash received from bond and related fees	23,342,551	8,802,535
Other operating cash receipts	709,247	358,069
Cash paid for related bond expenses	(60,000)	(60,000)
Cash paid for general and administrative expenses	(96,635)	(159,300)
Cash paid for NYLDC operating expenses	-	(12,105)
Cash paid for NYTDC operating expenses	<u>(4,763)</u>	<u>(511)</u>
Net cash provided by operating activities	<u>24,542,428</u>	<u>9,539,058</u>
Cash flows from investing activities:		
Proceeds from sale of temporary investments in marketable securities	317,441,110	365,731,935
Purchase of temporary investments in marketable securities	(344,771,790)	(379,583,186)
Interest on investments	1,940,114	112,765
Loan disbursements	(2,193,333)	(1,779,999)
Principal collected on loans receivable	1,663,310	3,504,526
Principal collected on financing arrangements	400,805	415,890
Reduction of Port Authority appropriation for grant disbursements	<u>-</u>	<u>(500,000)</u>
Net cash used in investing activities	<u>(25,519,784)</u>	<u>(12,098,069)</u>
Net change in cash and equivalents	(977,356)	(2,559,011)
Cash and equivalents at beginning of year	<u>4,861,942</u>	<u>7,420,953</u>
Cash and equivalents at end of year	<u>\$ 3,884,586</u>	<u>4,861,942</u>

(Continued)

See accompanying notes to combined financial statements.



NEW YORK JOB DEVELOPMENT AUTHORITY  
Combined Statements of Cash Flows, Continued

	<u>2023</u>	<u>2022</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 24,545,132	9,742,428
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for loss on loans receivable, loan guarantees and financing arrangements	40,399	(62,192)
Operating expenses paid by UDC	4,374	(50,483)
Amortization - deferred lease premiums	(69,032)	(73,071)
Changes in:		
Accrued interest receivable	(678)	5,750
Prepaid insurance	21,733	(23,803)
Accounts payable and accrued expenses	500	429
	\$ 24,542,428	9,539,058
Net cash provided by operating activities	\$ 24,542,428	9,539,058

See accompanying notes to combined financial statements.

NEW YORK JOB DEVELOPMENT AUTHORITY  
Notes to Combined Financial Statements  
March 31, 2023 and 2022

**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 the 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 the 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 the 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”).

NEW YORK JOB DEVELOPMENT AUTHORITY  
Notes to Combined Financial Statements, Continued

**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 non-operating revenue in the combined statements of revenue, expenses and changes in net position.

NEW YORK JOB DEVELOPMENT AUTHORITY  
Notes to Combined Financial Statements, Continued

**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 Arrangements Receivable**

Loans and financing arrangements 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 arrangements 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 arrangements for property previously acquired in foreclosure. Financing arrangements 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.

NEW YORK JOB DEVELOPMENT AUTHORITY  
Notes to Combined Financial Statements, Continued

**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, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Cash and equivalents	\$ 38,048	76,881
Temporary investments in marketable securities	<u>66,354,422</u>	<u>64,842,721</u>
Net position	\$ <u>66,392,470</u>	<u>64,919,602</u>

The summarized statements of revenue, expenses and changes in net position of NYLDC for the years ended March 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Bond fee income	\$ -	8,077,235
Investment income (loss)	1,472,868	(49,884)
Other revenue	-	75,000
Operating expenses	<u>-</u>	<u>(12,105)</u>
Changes in net position	\$ <u>1,472,868</u>	<u>8,090,246</u>

NYLDC did not issue Liberty Bonds or notes during the year ended March 31, 2023.

In March 2022, NYLDC issued \$457.5 million in Liberty Revenue Refunding Bonds \$449.2 million Series 2022A (7 World Trade Center Project) (Green Bonds) (Tax-Exempt) and \$8.3 million Series 2022B (7 World Trade Center Project) (Green Bonds), Class 1 (Federally Taxable), (collectively, “the Series 2022AB Bonds”). The proceeds of the Series 2022AB Bonds were used to refund in whole on March 15, 2022 all of the New York Liberty Development Corporation Liberty Revenue Refunding Bonds, Series 2012 (7 World Trade Center Project) outstanding in the principal amount of \$450,290,000.

NEW YORK JOB DEVELOPMENT AUTHORITY  
Notes to Combined Financial Statements, Continued

**Note 3 - Local Development Corporations, Continued**

**(a) New York Liberty Development Corporation, Continued**

In December 2021, NYLDC issued \$638.8 million in Liberty Revenue Refunding Bonds, Series 1WTC-2021 (Secured by Port Authority Consolidated Bonds). The proceeds of the Series 1WTC-2021 Bonds were used by the Issuer to purchase the Port Authority of New York and New Jersey's (the Port Authority) Consolidated Bonds, Two Hundred Twenty-Eighth Series A in the principal amount of \$70,000,000, Consolidated Bonds, Two Hundred Twenty-Eighth Series B in the principal amount of \$175,000,000, Consolidated Bonds, Two Hundred Twenty-Eighth Series C in the principal amount of \$160,000,000 and Consolidated Bonds, Two Hundred Twenty-Eighth Series D in the principal amount of \$233,805,000 (collectively, the "2021 Consolidated Bonds"). The 2021 Consolidated Bonds are direct and general obligations of the Port Authority pledging the full faith and credit of the Port Authority for the payment of principal thereof and interest thereon. The Port Authority used the proceeds of the 2021 Consolidated Bonds, together with other available monies, to redeem its Consolidated Bonds, One Hundred Seventieth Series in the principal amount of \$672,480,000 (the "2011 Consolidated Bonds"), which were purchased by the Issuer with the proceeds of the Issuer's Liberty Revenue Bonds, Series 1WTC-2011 (secured by Port Authority Consolidated Bonds) (the "Series 1WTC-2011 Bonds"). The amounts received by the Issuer from the redemption of the 2011 Consolidated Bonds were used to refund, and effect the defeasance and redemption of, the Issuer's outstanding Series 1WTC-2011 Bonds.

In September 2021, NYLDC issued \$1,236.9 million in Liberty Revenue Refunding Bonds (4 World Trade Center Project) \$1,225.5 million Series 2021A (Tax-Exempt) (Green Bonds) and \$11.4 million Series 2021B (Federally Taxable) (Green Bonds) (the "Series 2021 Tower 4 Bonds"). The proceeds of the Series 2021 Tower 4 Bonds will be loaned by the Issuer to 4 World Trade Center LLC, a Delaware limited liability company, pursuant to a Tower 4 Loan Agreement, dated as of September 1, 2021 for the purpose of defeasing and redeeming all of the Issuer's outstanding Liberty Revenue Bonds, Series 2011 (4 World Trade Center Project), issued in the original aggregate principal amount of \$1,225,520,000.

Since inception, NYLDC has issued an aggregate of approximately \$9.1 billion of Liberty Bonds (at face amount of approximately \$8.9 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, 2023, the total outstanding conduit debt amounted to approximately \$6.1 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.

NEW YORK JOB DEVELOPMENT AUTHORITY  
Notes to Combined Financial Statements, Continued

**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, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Cash and equivalents	\$ 122,677	119,201
Temporary investments in marketable securities	5,922,461	5,783,987
Deferred inflows of resources - unearned revenue	<u>(6,045,138)</u>	<u>(5,903,188)</u>
Net position	\$ <u>          -</u>	<u>          -</u>

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, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Grant revenue	\$ <u>          -</u>	<u>          -</u>
Grant expenses	<u>          -</u>	<u>          -</u>
Change in net position	\$ <u>          -</u>	<u>          -</u>

**(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, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Cash and equivalents	\$ 312,824	303,824
Temporary investments in marketable securities	<u>2,740,324</u>	<u>2,672,478</u>
Net position	\$ <u>3,053,148</u>	<u>2,976,302</u>

NEW YORK JOB DEVELOPMENT AUTHORITY  
Notes to Combined Financial Statements, Continued

**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, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Interest income (loss)	\$ 76,846	(2,873)
Other revenue	-	-
Operating expenses	<u>-</u>	<u>-</u>
Change in net position	\$ <u>76,846</u>	<u>(2,873)</u>

BALDC did not issue bonds during the years ended March 31, 2023 and 2022.

As of March 31, 2023, the total of outstanding BALDC bonds (“Bonds”) is \$503.9 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”). 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, 2023 and 2022.



NEW YORK JOB DEVELOPMENT AUTHORITY  
Notes to Combined Financial Statements, Continued

**Note 3 - Local Development Corporations, Continued**

**(e) New York Transportation Development Corporation**

In August 2015, the Authority authorized the creation of New York Transportation Development Corporation (“NYTDC”). 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 and the Authority. It will undertake its public purpose by issuing tax-exempt bonds for transportation and any other purposes or objectives described above (the “Bonds”) 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, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Cash and equivalents	\$ 64,137	1,320,582
Temporary investments in marketable securities	<u>51,787,051</u>	<u>25,541,055</u>
Net position	\$ <u>51,851,188</u>	<u>26,861,637</u>

The summarized statements of revenue, expenses and changes in net position of NYTDC for the years ended March 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Bond fee income	\$ 23,342,551	725,300
Interest income (loss)	1,026,764	(24,497)
Other revenue	625,000	275,000
Operating expenses	<u>(4,764)</u>	<u>(440)</u>
Change in net position	\$ <u>24,989,551</u>	<u>975,363</u>

In November 2022, NYTDC issued Special Facilities Senior Series 2022A (Tax-Exempt) (AMT) (JFK Airport Terminal 6-7 Redevelopment Project) in the aggregate principal amount of \$435.0 million (the “Series 2022A Bonds”). The Series 2022A Bonds were issued on behalf of JFK Millennium Partners, LLC, pursuant to a Bond Purchase Agreement with RBC Capital Markets, LLC as underwriter, and to provide funds: (i) to pay costs relating to (a) the demolition of existing terminal 7 at John F. Kennedy International Airport (the “Airport”), (b) the design, construction and equipping of a new terminal to headhouse and departure and arrivals area, and (c) the design and construction of other related facilities at the Airport; (ii) to pay a portion of the interest on the Series 2022A Bonds accruing during the construction ; (iii) to fund one or more debt service reserve funds for the Series 2022A Bonds; and (iv) to pay costs of issuance related to the Series 2022A Bonds.

NEW YORK JOB DEVELOPMENT AUTHORITY  
Notes to Combined Financial Statements, Continued

**Note 3 - Local Development Corporations, Continued**

**(e) New York Transportation Development Corporation, Continued**

In June 2022, NYTDC acted as conduit issuer in relation to a loan in the principal amount of \$6,630.0 million, on behalf of JFK NTO LLC, to provide funds for financing of certain aspects of the redevelopment, construction, financing, operation and maintenance of the new terminal one passenger facility at John F. Kennedy International Airport at terminal facilities known as Terminal One, Terminal Two and Terminal Three.

In April 2022, NYTDC issued Special Facility Revenue Bonds, Series 2022 (Tax-Exempt/AMT) (Terminal 4 John F. Kennedy International Airport Project) in the aggregate principal amount of \$1,323.9 billion (the "Series 2022 Bonds"). The Series 2022 Bonds were issued on behalf of JFK International Air Terminal LLC to provide funds: (i) to finance a portion of the costs of the Terminal 4 John F. Kennedy International Airport Project, (ii) to fund the debt service reserve for the Series 2022 Bonds, (iii) to fund capitalized interest and (iv) to pay costs associated with the issuance of the Series 2022 Bonds.

In June 2021, NYTDC issued Special Facility Revenue Bonds, Series 2021 (American Airlines, Inc. John F. Kennedy International Airport Project) in the aggregate face amount of \$150.1 million (the "Series 2021 Bonds"). The Series 2021 Bonds were issued on behalf of American Airlines, Inc. to provide funds for the following purposes: (i) to finance a portion of the cost of the renovation and expansion of a passenger terminal facility known as Terminal 8 at John F. Kennedy International Airport located in Queens, New York; (ii) to defease in full the August 1 2021 maturity of the outstanding NYTDC Special Facility Revenue Refunding Bonds, series 2016 (American Airlines, Inc. John F. Kennedy International Airport Project); (iii) to defease a portion of the NYTDC Special Facility Revenue Bonds, Series 2020 (American Airlines Inc. John F. Kennedy International Airport Project) maturing on August 1, 2031; and (iv) to pay costs of the issuance related to the series 2021 Bonds.

As of March 31, 2023, the total outstanding conduit debt is approximately \$9.4 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.

At March 31, 2023 and 2022, 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:

NEW YORK JOB DEVELOPMENT AUTHORITY  
Notes to Combined Financial Statements, Continued

**Note 4 - Cash and Equivalents, Continued**

	<u>2023</u>		<u>2022</u>	
	<u>Carrying amount</u>	<u>Bank balance</u>	<u>Carrying amount</u>	<u>Bank balance</u>
Insured (FDIC)	\$ 500,000	500,000	500,000	500,000
Uninsured - collateral held by custodian in UDC's name	<u>3,441,643</u>	<u>3,441,643</u>	<u>4,418,999</u>	<u>4,418,999</u>
Total cash and cash equivalents	\$ <u>3,941,643</u>	<u>3,941,643</u>	<u>4,918,999</u>	<u>4,918,999</u>

**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.

Temporary and debt service reserve fund investments, reported at fair value, at March 31, 2023 and 2022 consist of the following:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
U.S. Government and Federal Agency obligations	\$ <u>183,009,535</u>	<u>185,223,830</u>	<u>155,678,198</u>	<u>155,593,019</u>

NEW YORK JOB DEVELOPMENT AUTHORITY  
Notes to Combined Financial Statements, Continued

**Note 5 - Investments, Continued**

**Fair Value Measurements**

Accounting principles generally accepted in the United States of America 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 \$185,223,830 and \$155,593,019 at March 31, 2023 and 2022, respectively.

**Note 6 - Loans Receivable**

Future payments due on loans receivable for each of the next five years and thereafter as of March 31, 2023 were as follows:

2024	\$ 1,720,390
2025	1,716,491
2026	1,668,241
2027	1,307,102
2028	930,230
Thereafter	<u>14,094,643</u>
Total	21,437,097
Less - allowance for estimated loan losses	<u>(1,608,309)</u>
Net	\$ <u>19,828,788</u>

All financing arrangements receivable, other than loans, have ended as of March 31, 2023.

NEW YORK JOB DEVELOPMENT AUTHORITY  
Notes to Combined Financial Statements, Continued

**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, 2023, with comparative totals for the year ended March 31, 2022, is as follows:

	Allowances for losses on			
	<u>Loans</u>	<u>Financing arrangements</u>	<u>Totals</u>	
			<u>2023</u>	<u>2022</u>
Beginning balances	\$ 1,523,262	44,648	1,567,910	1,630,102
Net provisions (reductions)	<u>85,047</u>	<u>(44,648)</u>	<u>40,399</u>	<u>(62,192)</u>
Ending balances	\$ <u>1,608,309</u>	<u>-</u>	<u>1,608,309</u>	<u>1,567,910</u>

**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, 2023 and 2022, 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 \$0.09 million during the years ended March 31, 2023 and 2022, respectively. The balance due at March 31, 2023 and 2022, excluding grant funds held by the Authority, amounted to \$27.9 million and \$27.4 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-eight fiscal years and amounts to approximately \$9.1 million at March 31, 2023.

**Note 9 - Commitments**

There were no Special Purpose Fund loans approved by the Authority, but not yet closed at March 31, 2023.

NEW YORK JOB DEVELOPMENT AUTHORITY  
Notes to Combined Financial Statements, Continued

**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. 94 - "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." This Statement, issued in March 2020, addresses issues related to public-private and public-public partnerships (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, which is the fiscal year beginning April 1, 2023 for the Authority. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the combined financial statements of the Authority.

GASB Statement No. 99 - "Omnibus 2022." This Statement, issued in April 2022, enhances the comparability in accounting and financial reporting and improved the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for various periods through fiscal years beginning after June 15, 2023. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the combined financial statements of the Authority.

GASB Statement No. 101 - "Compensated Absences." This Statement, issued in June 2022, updates the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023, which is the fiscal year beginning April 1, 2024 for the Authority. Management is in the process of evaluating the potential impact of implementation of this Statement on the combined financial statements of the Authority.

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, as of and for the year ended March 31, 2023, and the related notes to combined financial statements, and have issued our report thereon dated June 13, 2023.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

#### Report on 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 combined financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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, 2023



## INDEPENDENT AUDITORS' REPORT ON INVESTMENT COMPLIANCE

The Authority Members  
New York Job Development Authority:

### Report on Investment Program Compliance

### Opinion 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, 2023.

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, 2023.

### Basis for Opinion Investment Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Investment Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on investment compliance. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

### Responsibilities of Management for Investment Compliance

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 Responsibilities for the Audit of Investment Compliance

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

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

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

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

## Report on Internal Control over Compliance

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

in internal control over investment compliance that is less severe than a material weakness in internal control over investment compliance, yet important enough to merit attention by those charged with governance.

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

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

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, 2023