

**COUNTY OF OSWEGO
INDUSTRIAL DEVELOPMENT AGENCY**

FINANCIAL STATEMENTS

July 31, 2019 and 2018



grossman st. amour
CERTIFIED PUBLIC ACCOUNTANTS PLLC

INDEPENDENT AUDITOR'S REPORT

Agency Members
County of Oswego Industrial Development Agency
Oswego, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Oswego Industrial Development Agency (the Agency), a component unit of the County of Oswego, as of and for the years ended July 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free of material misstatement.

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



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the County of Oswego Industrial Development Agency as of July 31, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Agency's basic financial statements. The Schedules of Supplementary Information (Schedule of Bonds Issued – A Limited Obligation of the Agency, on page 19, and the Schedule of Straight Leases, on pages 20-24) are presented for purposes of additional analysis and are not a required part of the financial statements, but are supplementary information required by New York State.

These Schedules of Supplementary Information are the responsibility of management and have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2019, on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Agency's internal control over financial reporting and compliance.

Gussman St. Amour CPAs

Syracuse, New York
October 29, 2019

**COUNTY OF OSWEGO
INDUSTRIAL DEVELOPMENT AGENCY**

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COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Management's Discussion and Analysis
July 31, 2019

The following is a discussion and analysis of the County of Oswego Industrial Development Agency's (the Agency), a component unit of the County of Oswego, financial performance for the fiscal year ended July 31, 2019. This section is a summary of the Agency's financial activities based on currently known facts, decisions or conditions. It is also based on the Agency financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Agency's financial statements, which immediately follow this section.

Financial Highlights

- The Agency's assets exceeded its liabilities and deferred inflows of resources by \$18,473,753 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities and deferred inflows of resources by \$18,552,828.
- Total net position is comprised of the following:
 - 1) Cash of \$11,007,443, of which \$8,078,228 is restricted to funding loans, leases and approved economic development projects.
 - 2) Loans receivable, net of related allowance, of \$7,961,738.
 - 3) Net position of \$13,904,005 is restricted by constraints imposed from outside the Agency such as the County of Oswego, grantors, laws, or regulations.
 - 4) Net investment in capital assets of \$1,391,911, which represents capital assets reduced by outstanding balances of any related debt obligations.
 - 5) Unrestricted net position of \$3,177,837 represents the portion available now or as loans are repaid to maintain the Agency's economic development operations including future loans. Unrestricted cash totals \$2,929,215.
- At the end of the current fiscal year, unrestricted net position for the Agency was \$3,177,837 or about three times total expenditures and three times total revenues.
- During the fiscal year, the Agency issued 11 new loans receivable under the IDA Economic Development Fund program, Intermediary Relending Program (IRP) and Micro Enterprise Loan (MEP) programs totaling \$1,358,627. Of these loans, \$486,377 relate to HUD or MEP loans and are required to be deferred over the repayment term of the loans.
- Total liabilities of the Agency decreased by \$673,529 to \$588,330 during the fiscal year due to the payoff of a mortgage.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Agency's basic financial statements. The basic financial statements include: (1) Agency financial statements, (2) notes to the financial statements. The Agency also includes in this report additional information to supplement the basic financial statements.

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Management's Discussion and Analysis
July 31, 2019

Agency Financial Statements

The Agency's annual report includes the Agency financial statements. These statements provide both long-term and short-term information about the Agency's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting.

The first of these Agency statements is the Statement of Net Position. This is the Agency statement of financial position presenting information that includes all of the Agency's assets and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency as a whole is improving or deteriorating. Evaluation of the overall health of the Agency may extend to other non-financial factors in addition to the financial information provided in this report.

The second Agency statement is the Statement of Revenues, Expenditures and Changes in Net Position, which reports how the Agency's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

An important purpose of the design of the Statement of Revenues, Expenditures and Changes in Net Position is to show the financial reliance of the Agency's distinct activities or functions on revenues. Both Agency financial statements show business-type activities that are intended to recover all, or a significant portion, of their costs through user fees and charges. Business-type activities include loans, bonds, and economic development. The Agency's financial reporting includes the Agency only, a component unit of the County of Oswego. The Agency is a legally separate organization managed by seven members. The Agency financial statements are presented on pages 8 to 9 of this report.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the Agency and fund financial statements. The notes to the financial statements begin on page 11 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain New York State required supplementary information concerning the Agency's issuance of bonds, a limited obligation of the Agency and straight leases. This information begins on page 19.

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Management's Discussion and Analysis
July 31, 2019

Financial Analysis of the Agency

The Agency's net position at fiscal year-end is \$18,473,753. This is a \$79,075 decrease from last year's net position of \$18,552,828. Of this year-end total, \$3,177,837 is unrestricted indicating availability for continuing Agency service requirements. Restricted net position consists of \$13,904,005 for economic development loans and leases to the business community funded with federal grants, county authorized pilot funding and loan repayments and lease payments. The following table provides a summary of the Agency's net position:

	2019	2018	Percent Change
Cash and other assets	\$ 12,399,354	\$ 13,113,162	-5.4%
Loans receivable	7,961,738	7,668,054	3.8%
Total assets	<u>\$ 20,361,092</u>	<u>\$ 20,781,216</u>	<u>-2.0%</u>
Liabilities	\$ 588,330	\$ 1,261,859	-53.4%
Deferred inflows of resources	1,299,009	966,529	34.4%
Total liabilities and deferred inflows of resources	<u>1,887,339</u>	<u>2,228,388</u>	<u>-15.3%</u>
Net position			
Net investment in capital assets	1,391,911	1,544,433	-9.9%
Restricted	13,904,005	13,961,341	-0.4%
Unrestricted	3,177,837	3,047,054	4.3%
Total net position	<u>\$ 18,473,753</u>	<u>\$ 18,552,828</u>	<u>-0.4%</u>

The Agency realizes benefits from loan repayments and administrative fees for company project assistance.

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Management's Discussion and Analysis
July 31, 2019

Financial Analysis of the Agency (continued)

The following table provides a summary of the Agency's changes in net position:

	2019	Percent of Total	2018	Percent of Total
Revenues				
Charges for services	\$ 509,374	48.6%	\$ 247,076	28.6%
Rent income	14,428	1.4%	37,920	4.4%
Interest - loans	149,304	14.3%	146,540	16.9%
Interest - savings	16,308	1.6%	1,825	0.2%
Payments in lieu of taxes	203,615	19.4%	207,002	23.9%
Grant revenue	-	0.0%	79,000	9.1%
Loan repayments	153,896	14.7%	137,107	15.8%
Other revenues	349	0.0%	8,722	1.0%
Total revenues	<u>1,047,274</u>	<u>100.0%</u>	<u>865,192</u>	<u>100.0%</u>
Expenses				
Administration	411,324	36.5%	391,986	63.3%
Professional fees	94,481	8.4%	169,275	27.3%
Building insurance	28,738	2.6%	36,761	5.9%
Depreciation expense	13,854	1.2%	9,896	1.6%
Grant and development	23,331	2.1%	6,182	1.0%
Loan issuance expense	486,377	43.2%	5,000	0.8%
Bad debt expense	33,357	3.0%	-	0.0%
Loss on sale of asset	33,750	3.0%	-	0.0%
Other expenses	1,137	0.1%	-	0.0%
Total expenses	<u>1,126,349</u>	<u>100.0%</u>	<u>619,100</u>	<u>100.0%</u>
Change in net position	(79,075)		246,092	
Beginning net position	<u>18,552,828</u>		<u>18,306,736</u>	
Ending net position	<u>\$ 18,473,753</u>		<u>\$ 18,552,828</u>	

The total ending net position of the Agency shows a decrease of \$79,075 over the prior year. This decrease is primarily the result of the events and programs of the Agency issuing loans for economic development within the community.

During fiscal year ended 2019, the presence of six large loan applications drove administrative fees up over the prior year. This increase of \$247,076 is reflected in charges for services.

In February 2019, the Agency sold 120 St. Paul Street for \$750,000. The proceeds were used to repay the associated mortgage and the Agency recognized a loss on the sale of the building of \$33,750.

During fiscal year ended 2019, the Agency issued 7 loans under the HUD and Micro Enterprise programs which increased loan issuance costs over the prior year, where only 1 loan was issued. The increase of \$481,377 is reflected in loan issuance expense.

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Management's Discussion and Analysis
July 31, 2019

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the Agency's finances, comply with finance-related laws and regulations, and demonstrate the Agency's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the County of Oswego Industrial Development Agency, 44 West Bridge Street, Oswego, NY 13126.

L. Michael Treadwell
Chief Executive Officer

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Statements of Net Position

ASSETS	July 31,	
	2019	2018
Current assets:		
Cash - unrestricted	\$ 2,929,215	\$ 2,697,799
Cash - restricted	8,078,228	8,181,948
Loans receivable	1,155,359	1,076,115
Accounts receivable	-	49,000
Total current assets	12,162,802	12,004,862
Other assets:		
Loans receivable- long term	6,924,776	6,710,336
Allowance for uncollectible loans receivable	(118,397)	(118,397)
	6,806,379	6,591,939
Project assets, net	1,391,911	2,184,415
	\$ 20,361,092	\$ 20,781,216
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET ASSETS		
Current liabilities:		
Current portion of loan payable	\$ 19,022	\$ 18,850
Current portion of mortgage payable	-	30,000
Due to other agencies	118,167	98,409
Accounts payable and other liabilities	5,405	39,876
Total current liabilities	142,594	187,135
Non-current liabilities:		
Loan payable	445,736	464,742
Mortgage payable	-	609,982
Total liabilities	588,330	1,261,859
Deferred inflows of resources	1,299,009	966,529
Net position:		
Net investment in capital assets	1,391,911	1,544,433
Restricted - cash	8,078,228	8,181,948
Restricted - loans receivable	5,825,777	5,779,393
Unrestricted	3,177,837	3,047,054
Total net position	18,473,753	18,552,828
	\$ 20,361,092	\$ 20,781,216

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Statements of Revenues, Expenditures and Changes in Net Position

	For the years ended July 31,	
	2019	2018
REVENUES		
Administration and application fees	\$ 509,374	\$ 247,076
Interest on savings	16,308	1,825
Interest on loans	134,948	132,820
Payments in lieu of taxes	203,615	207,002
Rent income	14,428	37,920
Grant revenue	-	79,000
Other revenues	349	8,722
Federal funds - loan repayments		
Principal	153,896	137,107
Interest	14,356	13,720
Total revenues	<u>1,047,274</u>	<u>865,192</u>
EXPENDITURES		
Administration:		
Administration fee	357,500	316,250
Dues	550	400
Professional fees	94,481	169,275
Miscellaneous	53,274	75,336
Grant and development expenses	23,331	6,182
Building insurance	28,738	36,761
Depreciation expense	13,854	9,896
Loan issuance expense	486,377	5,000
Bad debt expense	33,357	-
Loss on sale of asset	33,750	-
Other expenses	1,137	-
Total expenditures	<u>1,126,349</u>	<u>619,100</u>
Change in net position	(79,075)	246,092
Net position, beginning of year	<u>18,552,828</u>	<u>18,306,736</u>
Net position, end of year	<u>\$ 18,473,753</u>	<u>\$ 18,552,828</u>

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Statements of Cash Flows

	For the years ended July 31,	
	2019	2018
Cash flows from operating activities:		
Cash received for administration/application fees	\$ 558,723	\$ 255,798
Cash received for PILOT program	223,373	305,411
Cash received for interest	165,612	148,365
Cash received for grant programs	-	30,000
Cash received for rent	14,428	37,920
Cash received for loan repayments	1,064,943	1,617,076
Cash paid for loan receivables	(1,358,627)	(740,000)
Cash paid for administration	(357,500)	(316,250)
Cash paid for grant and development expenses	(23,331)	(6,182)
Cash paid for professional fees	(94,481)	(169,275)
Cash paid for other operating expenses	(151,528)	(106,891)
Net cash provided by operating activities	<u>41,612</u>	<u>1,055,972</u>
Cash flows from investing activities:		
Purchase of property	(5,100)	-
Proceeds from the sale of building	750,000	-
Net cash provided by investing activities	<u>744,900</u>	<u>-</u>
Cash flows from financing activities:		
Cash paid for loan payable	(18,834)	(17,728)
Cash paid for mortgage	(639,982)	(30,018)
Net cash used in financing activities	<u>(658,816)</u>	<u>(47,746)</u>
Net change in cash	127,696	1,008,226
Cash, beginning of year	10,879,747	9,871,521
Cash, end of year	<u>\$ 11,007,443</u>	<u>\$ 10,879,747</u>
Reconciliation of changes in net assets to net cash provided by operating activities:		
Change in net assets	\$ (79,075)	\$ 246,092
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	13,854	9,896
Loss on sale of building	33,750	-
Bad debt expense	33,357	-
Net change in accounts receivable	49,000	(49,000)
Net change in loans receivable	(327,041)	877,076
Net change in deferred inflows of resources	332,480	(132,107)
Net change in due to other agencies	19,758	98,409
Net change in accounts payable and other liabilities	(34,471)	5,606
Net cash provided by operating activities	<u>\$ 41,612</u>	<u>\$ 1,055,972</u>

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Notes to the Financial Statements

1. Summary of Significant Accounting Policies

Nature of Operations

The County of Oswego Industrial Development Agency (the Agency) was created as a public benefit corporation by the County of Oswego under provisions of the laws of New York State for the purpose of encouraging economic growth in the County of Oswego. The Agency is exempt from federal, state and local income taxes. The Agency, although established by and as a component unit of the County of Oswego, is a separate entity and operates independently of the County of Oswego.

The Agency uses the reporting model standards required by Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—For State and Local Governments*.

Basis of Accounting

The accounts of the Agency are maintained on the accrual basis of accounting. The Agency is regulated by the Office of the State Comptroller and must maintain its records in accordance with the prescribed New York State "Uniform System of Accounts for Industrial Development Agencies."

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The Agency complies with the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements provide guidance on presenting deferred outflows, deferred inflows, and net position. Net position represents assets and deferred outflows of resources less liabilities and deferred inflows of resources. GASB requires the classification of net position into three classification, defined as follows:

Net investment in capital assets – The component of net position consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – Reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Notes to the Financial Statements

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Unrestricted net position – Reports all other net position that do not meet the definition of the above classification and are deemed to be available for general use by the Agency.

Taxes

Generally, the Agency is exempt from taxes. Section 874 of the New York State General Municipal Law authorized an exemption from real property taxation for any property acquired by an industrial development agency (IDA) or under its jurisdiction or control. To obtain such an exemption, section 412-a of the Real Property Tax Law requires the IDA to file an exemption form with the tax assessor. Qualified IDA property is entitled to an exemption from all general taxes imposed by or on behalf of a county, city, town, village or school district, but not from special ad valorem (property) levies or special assessments.

Deferred Outflows and Inflows of Resources

In the Statement of Net Position, in addition to assets, the Agency may sometimes report a separate section of deferred outflows of resources. This separate financial statement element represents consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency did not have any deferred outflows of resources at July 31, 2019 and 2018.

The Agency also records deferred inflows of resources, representing an increase in net assets that applies to future periods. The amounts recorded at July 31, 2019 and 2018 represent HUD grants received that have been subsequently loaned to local businesses and will be recognized as revenue as loan payments are made in the future.

2. PILOT Economic Development Funds

The Agency administers a revolving economic development loan fund pursuant to contractual requirements with the County of Oswego and certain federal agencies, offering low and no interest loans and lease financing to area businesses and tax-exempt organizations. The loan rates are approved by the governing board after giving consideration to the enhancement of the local economic environment. Revenue recognition on these loans/leases is limited to the receipt of interest. However, repayment of loans of federal funds is recognized as the receipt of federal funds in the accompanying Statement of Revenues, Expenditures and Changes in Net Position.

3. Industrial Development Revenue Bond and Note Transactions

Certain industrial development revenue bonds and notes issued by the Agency are secured by property which is leased to companies and is retired by lease payments. The bonds and notes are not general obligations of the Agency, County or the State. The Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts since its primary function is to arrange the financing between the borrowing companies and bond and note holders.

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Notes to the Financial Statements

3. Industrial Development Revenue Bond and Note Transactions (continued)

Funds arising from these transactions are controlled by trustees or banks, acting as fiscal agents. For providing this service, the Agency receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes. At July 31, 2019, the cumulative original issue value of bonds aggregated \$275,120,246 and the outstanding balance was \$15,773,913.

The Agency takes title to, or a leasehold interest in, the property as security interest and retains such title until the bonds are paid in full. When real property is involved, a Payment in Lieu of Taxes Agreement is also executed. The Agency has limited liability on bonds issued. The Agency is liable for repayment of bonds solely to the extent of payments received from project occupants and its interest in the property financed.

4. Investments

The Agency's investment policies are governed by State statutes. In addition, the Agency has its own written investment policy. Agency monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The Secretary/Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposits at 105% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

5. Cash and Cash Equivalents

The Agency considers all short-term investments purchased with a maturity of three months or less to be cash equivalents. At various times during the year, the Agency's cash and cash equivalent balances may exceed the insured limits of the Federal Deposit Insurance Corporation.

6. Allowance for Uncollectible Loans Receivable

Management evaluates the allowance for uncollectible loans annually based on review of delinquent outstanding loans along with other known client factors to estimate uncollectible amounts. Based on management's evaluation, the allowance was determined to be approximately \$118,000 at July 31, 2019 and 2018.

7. Commitments and Contingencies

The Agency occupies space for its operations and has an agreement with Operation Oswego County, Inc. (OOC) to provide professional services to the Agency for an administrative support fee, which is determined annually. During fiscal years 2019 and 2018, administrative support fees were \$357,500 and \$316,250, respectively.

Over the period of several years, the Agency has also made interest-free loans to OOC as a conduit to benefit economic development projects which loans are repaid solely from monies received from third party project occupants. Loans receivable from OOC were approximately \$1,285,000 and \$1,470,000 at July 31, 2019 and 2018, respectively.

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Notes to the Financial Statements

7. Commitments and Contingencies (continued)

In addition, the Chief Executive Officer of the Agency serves as the Executive Director of OOC.

The Agency oversees several lending programs with funds from various Federal, State and private sources. These funds and the associated loans are subject to restrictive compliance requirements. The Agency is subject to Federal and State audit and inspection to determine compliance with contract requirements. At July 31, 2019, the Agency had approved funding applications of approximately \$4,329,250.

8. Restricted Cash

The segregation of cash is a contractual requirement, except for the designated funds. The Agency maintains separate cash accounts for federal funds, payment in lieu of taxes (PILOT) revolving economic development funds, micro enterprise revolving loan funds, intermediary relending program (IRP) funds and designated grant funds, as follows:

	2019	2018
HUD Funds	\$ 917,669	\$ 1,179,563
PILOT Economic Development Funds	6,479,081	6,202,477
Micro Enterprise	296,871	379,132
Intermediary Relending Programs	384,607	420,776
	\$ 8,078,228	\$ 8,181,948

Approved PILOT financing commitments at July 31, 2019 of approximately \$4,154,000 reduce the available restricted cash balance in the PILOT funds to approximately \$2,325,000.

9. Restricted Loans Receivable

The Agency, per contractual requirements, maintains revolving economic development funds in which principal and interest repayments on current financing are a source of funds for future financing to businesses. Such fund balances are, therefore, also restricted. Balances are as follows:

	2019	2018
PILOT Economic Development Funds	\$ 5,045,194	\$ 5,156,463
HUD Funds	1,181,030	991,248
Micro Enterprise Funds	157,306	105,311
IRP Loans	741,256	492,900
Total	7,124,786	6,745,922
Less deferred revenue	(1,299,009)	(966,529)
	\$ 5,825,777	\$ 5,779,393

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Notes to the Financial Statements

10. Due to Other Governments

The Agency maintains a separate savings account for Federal Funds, as indicated in Note 8. Interest earned on the Federal Funds is required to be remitted to the Department of Housing and Urban Development (HUD) shortly after December 31, each year. This is recorded in accounts payable and other liabilities and was paid in full as of July 31, 2019 and 2018.

11. PILOT Payable

The Agency acts as a conduit for the receiving and disbursing of PILOT payments. PILOT payments are remitted to the Agency and distributed to respective Agencies within 30 days of receipt. The Agency owed approximately \$118,100 and \$98,400 at July 31, 2019 and 2018, respectively.

12. Project Assets

The Agency had previously partnered with the City of Fulton and the Fulton Community Development Agency to purchase real property in the City of Fulton. The Agency's share of the \$1,000,000 purchase price was \$254,720. Title is in the name of the Agency. The property is leased under an operating lease through September 2020. Annual rent is \$14,428. Rent is adjusted upward every five years based on a Consumer Price Index formula, limited to a maximum 10% increase. The Agency's share of the annual rent is \$3,607.

In addition, the Agency previously expended \$25,000 to purchase real property for possible expansion by a developing company in the future.

The Agency previously purchased a building for \$950,000 and leased the building through December 2017. The building was placed out of service as of January 1, 2018 and sold in February 2019 at a purchase price of \$750,000. The Agency recognized a loss on the sale of the building of approximately \$38,000 in 2019.

The following is a summary of the cost and accumulated depreciation of the Agency's project assets for the years ended July 31, 2019 and 2018:

	Balance at July 31, 2018	Additions	Reductions	Balance at July 31, 2019
Capital assets at cost:				
Land	\$ 1,072,819	\$ 5,100	\$ -	\$ 1,077,919
Buildings	1,263,992	-	950,000	313,992
	<u>2,336,811</u>	<u>5,100</u>	<u>950,000</u>	<u>1,391,911</u>
Accumulated depreciation:				
Accumulated depreciation	(152,396)	-	(152,396)	-
Capital assets, net	<u>\$ 2,184,415</u>	<u>\$ 5,100</u>	<u>\$ 797,604</u>	<u>\$ 1,391,911</u>

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Notes to the Financial Statements

13. Long-Term Debt

Long-term liability balances and activity for the year are summarized below:

	Balance at July 31, 2018	Additions	Reductions	Balance at July 31, 2019	Amounts Due Within One Year
Mortgage payable	\$ 639,982	\$ -	\$ 639,982	\$ -	\$ -
Loan payable	483,592	-	18,834	464,758	19,022
Total	<u>\$ 1,123,574</u>	<u>\$ -</u>	<u>\$ 658,816</u>	<u>\$ 464,758</u>	<u>\$ 19,022</u>

The following is a summary of the maturity of long-term indebtedness at July 31, 2019:

Description	Date of Original Issue	Date of Final Maturity	Interest Rate	Outstanding Balance
Loan payable	1/11/2011	1/12/2035	1%	<u>\$ 464,758</u>

The following is a summary of the maturity of long-term indebtedness:

Year ended July 31,	Loan Payable	
	Principal	Interest
2020	\$ 19,022	\$ 4,654
2021	19,213	4,464
2022	19,405	4,272
2023	19,599	4,078
2024	19,795	3,882
2025-2029	101,983	16,400
2030-2034	107,185	11,198
2035-2039	112,652	5,730
2040-2044	45,904	699
	<u>\$ 464,758</u>	<u>\$ 55,377</u>

The Agency's loan payable is through the Intermediary Relending Program (IRP) with the United States Department of Agriculture- Rural Development for a loan not to exceed \$750,000 over a term of 30 years at 1% interest, with annual payments.

14. Tax Abatement Programs

The Industrial Development Agency Act (the "Act") of New York State sets forth the powers that the Agency can carry out. In accordance with the Act, the Agency was created to promote, develop, encourage and assist industrial, manufacturing, warehousing, commercial, research and recreation facilities to advance job opportunities, health, and economic welfare of the people of the State of New York. The Agency carries out

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Notes to the Financial Statements

14. Tax Abatement Programs (continued)

its mandate by offering financial incentives to attract, retain and expand businesses within the County of Oswego. The Agency's financial assistance can include the issuance of low interest revenue bonds and exemptions from real property tax (through the use of payment in lieu of tax (PILOT) agreements), mortgage recording tax and sales and use tax.

The Agency has instituted a Uniform Tax Exemption Policy, "UTEP", on March 1, 1999, which provides guidelines for the granting of real property, mortgage recording and sales and use tax exemptions. To be eligible for financial assistance, the recipient of the financial assistance must abide by the requirements of this policy and complete an application process as instituted by the Agency. The governing board of the Agency is required to approve all financial incentive assistance requests by recipients in accordance with the UTEP.

In accordance with the New York State General Municipal Law, the Agency has instituted a Recapture Policy that is incorporated in the UTEP, which allows for the recapture of financial incentive assistance provided to recipients for failure to comply with such Recapture Policy. New York State requires a mandatory recapture of the New York State portion of sales and use taxes for recipients for which the recipient was: a) not entitled to; b) in excess of the amounts authorized by the Agency; c) for property or services not authorized by the Agency; and/or d) for a recipient that has failed to comply with material term or condition to use the property or services in the manner required by any of the project documents between the recipient and the Agency. With respect to all other financial assistance provided to the recipient, the Agency shall have the right to suspend, discontinue, recapture or terminate financial assistance to any recipient to the extent that: a) for projects that utilized local sales and use tax exemptions, the project was not entitled to such exemptions, such exemptions were in excess of the amounts authorized by the Agency, and /or such exemptions were for property or services not authorized by the Agency; b) the recipient, upon completion of their project, fails to reach and maintain at least 60% of its employment requirements for job creation and/or retention; c) significant change in the use of the facility or significant change in business activities or project applicant or operator; d) material noncompliance with the terms of the Agency transaction documents including required annual reporting on job creation and retention, sales and use tax exemption (ST-340) and payroll.

Information relevant to the disclosure of all tax abatement programs for the fiscal year ended July 31, 2019 is as follows:

Tax abatement program	August 1, 2018- July 31, 2019
Mortgage recording tax exemption	\$ 319,148
Sales and use tax exemption	549,321
Payment in lieu of tax (PILOT)	12,067,825
Total taxes abated	\$ 12,936,294

PILOT exemptions represented 26.4% of what normal taxes would have been without a PILOT exemption.

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Notes to the Financial Statements

15. Subsequent Events

The Agency sold the land and building associated with 29 East Cayuga Street on August 9, 2019 for approximately \$650,000. At July 31, 2019, the land and building are recorded in project assets on the Statement of Net Position for approximately \$650,000. Management has evaluated subsequent events through October 29, 2019, which is the date the financial statements were available to be issued.

16. Reclassification

Certain prior year amounts have been reclassified to conform to the current year's presentation. There was no cumulative effect of the change to net position previously reported.

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Bonds Issued – A Limited Obligation of the Agency
July 31, 2019

Project / Owner	Purpose Code	Issued/ Maturity Date	Interest Rate	Tax Status	Beginning/ Ending Balances	Jobs Before IDA Status	Current Jobs	FY Impact Estimated Jobs Created / Retained	Tax Exemptions	PILOTS
O.H. Properties, Inc. 110 West Sixth St. Oswego, NY 13126	Civic Facility	6/29/1999 6/1/2024	3.45% - 4.02%	Exempt	760,000 655,000	0	0	0 / 0	-	-
O.H. Properties, Inc. 110 West Sixth St. Oswego, NY 13126	Civic Facility	6/29/1999 6/1/2024	5.37% - 5.45%	Taxable	445,000 385,000	0	0	0 / 0	9,964	9,964
Springside at Seneca Hill 110 West Sixth St. Oswego, NY 13126	Civic Facility	12/6/2000 6/1/2021	3.45% - 4.02%	Exempt	955,000 670,000	0	12	0 / 12	104,710	24,627
Fulton Thermal Corporation 972 Centerville Road Pulaski, NY 13142	Manufacturing	9/29/2010 10/1/2035	LIBOR rate	Exempt	8,725,000 8,455,000	223	209	12 / 197	473,929	189,572
Pathfinder Courts Norsiar Dev USA, LP 1100 Emery Street Fulton, NY 13069	Civic Facility	12/27/2002 12/1/2034	2.8% above LIBOR rate	Exempt	1,149,312 1,108,913	5	7	1 / 6	3,417	3,417
Oswego School District Public Library 120 East Second Oswego, NY 13126	Civic Facility	6/29/2006 12/15/2035	4-5%	Exempt	4,660,000 4,490,000	8	11	0 / 11	-	-

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Straight Leases
July 31, 2019

Project / Owner	Purpose	Straight Lease End Date	Lease Amount	Jobs Before IDA Status	Current Jobs	FY Impact Estimated Jobs Created / Retained	Tax Exemptions	PILOTS
Oswego Speedway 300 East Albany St. Oswego, NY 13126	Services	12/31/2021	A	0	21	0 / 21	\$ 58,442	\$ 49,632
Huhtamaki Packaging 100 State Street Fulton, NY 13069	Manufacturing	12/31/2025	A	429	478	41 / 437	484,569	251,816
Sithe Energies 59 Independence Way Oswego, NY 13126	Electric	12/31/2029	A	0	35	0 / 35	6,160,120	5,466,666
Operation Oswego Co., Inc. Discover Day Care Center 44 West Bridge Street Oswego, NY 13126	Services	3/31/2040	A	0	7	0 / 7	28,692	3,250
Mightosh Box & Pallet P.O. Box 127 East Syracuse, NY 13057	Manufacturing	12/31/2033	A	30	33	0 / 33	27,538	19,111
Operation Oswego Co., Inc. CITI Education Center 44 West Bridge Street Oswego, NY 13126	Services	3/31/2025	A	0	24	1 / 23	26,563	6,793
Brookfield Power (Orwell) Erie Blvd. Hydropower, L.P. 225 Greenfield Parkway Liverpool, NY 13138	Electric	12/31/2020	A	2	4	0 / 4	559,839	660,000
Operation Oswego Co., Inc. Spec Building 44 West Bridge Street Oswego, NY 13126	Manufacturing	3/31/2027	A	0	36	10 / 26	56,656	10,833
Whitewater Commons, Inc. 7 Bridle Square Oswego, NY 13126	Services	3/31/2023	A	0	1	1 / 0	45,009	39,534
Artis Ethanol Fulton, LLC 376 Owen Road Fulton, NY 13069	Manufacturing	3/31/2027	A	0	84	0 / 84	1,104,596	541,849

A- Lease equal \$1.00 and/or debt service paid directly to lender - 20 -

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Straight Leases
July 31, 2019

Bridgwood Holdings/ Teti Bakery 99 Harris Street Fulton, NY 13069	Manufacturing	12/31/2033	A	0	24	0 / 24	27,864	25,475
Oswego Hamilton Homes, LLC Phase I, II, III 1201 East Fayette Street Syracuse, NY 13212	Other	9/1/2027	A	5	4	1 / 3	228,990	21,852
Operation Oswego Co., Inc. Oswego County Business Expansion Center 44 West Bridge Street Oswego, NY 13126	Other	12/31/2050	A	0	48	26 / 22	31,321	1,216
Olis Products, Inc. 6987 Laura St. Lycus Falls, NY 13368	Manufacturing	3/31/2030	A	0	7	0 / 7	35,245	26,117
G&S Broadwell, Inc. 26 East First Street Oswego, NY 13126	Services	7/31/2030	A	0	45	0 / 45	533,966	83,600
Port City Logistics, Inc. 305 E. Seneca St. Oswego, NY 13126	Warehousing	12/31/2027	A	9	11	0 / 11	55,681	27,841
Hansdev, Inc. 3800 State Route 13 Pulaski, NY 13142	Services	3/31/2022	A	0	10	1 / 9	57,845	57,845
Champlain Valley Specialty of New York, Inc. 8033 State Route 104 Oswego, NY 13126	Manufacturing	12/31/2031	A	0	104	0 / 104	38,002	15,201
Champlain Valley Specialty of New York, Inc. 8033 State Route 104 Oswego, NY 13126	Manufacturing	12/31/2033	A	25	103	0 / 103	25,651	25,651
Stevetore Lofts, LLC 317 West First Street Oswego, New York 13126	Other	12/31/2042	A	0	1	0 / 1	116,003	14,000
Altmar Genesee, LLC 505 East Fayette Street Syracuse, New York 13202	Services	12/31/2023	A	0	61	13 / 48	112,539	51,768
R.M. Burritt Motors, Inc. 340 State Route 104 Oswego, New York 13126	Retail	12/31/2023	A	39	55	1 / 54	102,083	81,666
LEEH, LLC 247 West Utica St. Oswego, New York 13126	Other	12/31/2023	A	0	2	0 / 2	91,874	56,088

A- Lease equal \$1.00 and/or debt service paid directly to lender - 21 -

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Straight Leases
July 31, 2019

SAM North America, LLC 12 Harold Drive Fulton, New York 13069	Manufacturing	12/31/2033	A	3	7	0 / 7	15,036	6,014
United Wire Technologies 4693 Becker Road Brewerton, New York 13029	Manufacturing	12/31/2033	A	8	17	0 / 17	39,237	18,406
Seaway Lofts Associates c/o Sutton Real Estate Co. 525 Plum Street Syracuse, New York 13204	Other	12/31/2033	A	0	1	0 / 1	92,802	16,052
V-Squared Management, LLC 3420 Maple Ave. Pulaski, New York 13142	Other	12/31/2023	A	0	0	0 / 0	17,286	3,091
Novellis Corporation (Falcon) 448 County Route 1A Oswego, New York 13126	Manufacturing	12/31/2033	A	217	390	0 / 390	307,378	122,951
Novellis Corporation (Hawk) 448 County Route 1A Oswego, New York 13126	Manufacturing	12/31/2035	A	217	389	1 / 389	153,689	38,422
Novellis Corporation (Scrap) 448 County Route 1A Oswego, New York 13126	Manufacturing	12/31/2035	A	217	389	0 / 389	215,165	53,791
K+N's Foods 607 Phillips St. Fulton, New York 13069	Manufacturing	12/31/2025	A	0	55	15 / 40	49,655	17,985
86 State Street Phoenix 6730 VIP Parkway Syracuse, New York 13211	Other	12/31/2023	A	0	0	0 / 0	2,826	2,826
Felix Schoeller NA 179 County Route 2A Pulaski, NY 13142	Manufacturing	12/31/2022	A	123	178	32 / 146	255,175	122,776
Lake Ontario Property Associates 300 State Route 104 Oswego, NY 13126	Services	12/31/2024	A	17	32	0 / 32	74,242	60,322
W&C LLC (FX Caprara) 3326 Maple Ave. Pulaski, NY 13142	Retail	12/31/2024	A	65	125	72 / 53	132,849	79,709
Pathfinder Industries 117 North Third Street Fulton, NY 13069	Manufacturing	12/31/2034	A	22	24	0 / 24	17,525	8,763

A- Lease equal \$1.00 and/or debt service paid directly to lender - 22 -

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Straight Leases
July 31, 2019

MDDO, LLC P.O. Box 1035 Oswego, NY 13126	Distribution	12/31/2025	A	49	95	4 / 91	108,086	54,043
Patterson Warehousing 100 Hubbard St Fulton, NY 13069	Warehousing	12/31/2024	A	6	4	0 / 4	142,890	134,711
Red Ray Properties, LLC 6645 Co. Rt. 17 Redfield, NY 13437	Manufacturing	12/31/2039	A	59	51	0 / 51	11,101	11,101
Marmon Enterprises 259 C.C. Road Williamstown, NY 13493	Manufacturing	12/31/2038	A	0	10	0 / 10	9,423	9,069
Oswego County Federal Credit Union 90 East Bridge Street Oswego, NY 13126	Services	12/31/2026	A	6	7	1 / 6	33,882	26,580
Branch Development Oswego Holiday Inn Express PO Box 390 Malone, NY 12953	Services	12/31/2036	A	0	23	8 / 15	239,430	59,858
R & D Design Associates 8182 Cranes Watch Circle Baldwinsville, NY 13027	Manufacturing	12/31/2036	A	0	5	2 / 3	9,919	9,919
Universal Metal Works 159 Hubbard St. Fulton, NY 13069	Manufacturing	12/31/2036	A	23	26	3 / 23	89,379	56,519
M&A Holdings of CNY The Gardens by Morningstar PO Box 5171 Oswego, NY 13126	Services	12/31/2046	A	0	55	0 / 55	180,965	13,198
Nine Mile Point Nuclear Station 348 Lake Road Oswego, NY 13126	Electric	12/31/2020	A	1000	950	0 / 950	32,520,372	24,833,855
Oswego Lodging Group Home 2 Suites 11751 E. Corning Rd. Corning, NY 14830	Services	12/31/2037	A	0	13	2 / 11	182,357	45,589

A- Lease equal \$1.00 and/or debt service paid directly to lender - 23 -

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Straight Leases
July 31, 2019

Solar City Corp. (Volney) 3055 Clearview Way San Mateo, CA 94402	Electric	12/31/2036	A	0	0	0 / 0	-	-
Solar City Corp. (Scriba) 3055 Clearview Way San Mateo, CA 94402	Electric	12/31/2036	A	0	0	0 / 0	-	-
iFreeze, Inc. 28 Lakeview Ave. Fulton, NY 13069	Warehousing	12/31/1939	A	0	6	6 / 0	61,339	22,105
Page Warehousing Oswego 42 Wire Road Oswego, NY 13126	Warehousing	12/31/1938	A	0	12	12 / 0	30,738	7,684
Lakeside Commons, LLC 7112-7114 NYS 104 Oswego, NY 13126	Other	12/31/1933	A	0	6	6 / 0	208,251	103,648