

**COUNTY OF OSWEGO
INDUSTRIAL DEVELOPMENT AGENCY**

FINANCIAL STATEMENTS

July 31, 2022 and 2021

**COUNTY OF OSWEGO
INDUSTRIAL DEVELOPMENT AGENCY**

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July 31, 2022

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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 November 29, 2022, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

A handwritten signature in black ink that reads "Hossein St Amour CPA". The signature is written in a cursive style with a large, sweeping initial 'H'.

Syracuse, New York
November 29, 2022

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Management's Discussion and Analysis
July 31, 2022

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, 2022. 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 \$17,804,574 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities and deferred inflows of resources by \$17,908,251.
- Total net position is comprised of the following:
 - 1) Cash of \$11,749,622, of which \$8,854,634 is restricted to funding loans, leases and approved economic development projects.
 - 2) Loans receivable, net of related allowance of \$258,544, of \$6,120,588.
 - 3) Net position of \$13,000,609 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 \$1,926,302, which represents capital assets reduced by outstanding balances of any related debt obligations.
 - 5) Unrestricted net position of \$2,877,663 represents the portion available now or as loans are repaid to maintain the Agency's economic development operations including future loans. Unrestricted cash totals \$2,894,988.
- At the end of the current fiscal year, unrestricted net position for the Agency was \$2,877,663 or about four times total expenditures and five times total revenues.
- During the fiscal year, the Agency issued six new loans receivable under the IDA Economic Development Fund program, Intermediary Relending Program (IRP) and Micro Enterprise Loan (MEP) programs totaling \$320,000. Of these loans, \$120,000 relate to HUD or MEP loans and are required to be deferred over the repayment term of the loans.
- Total liabilities of the Agency increased by \$11,519 to \$668,763 during the fiscal year due to an additional loan draw of \$47,213 on the IRP 2 loan.

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, 2022

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 9 to 11 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 12 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 20.

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Management's Discussion and Analysis
July 31, 2022

Financial Analysis of the Agency

The Agency's net position at fiscal year-end is \$17,804,574. This is a \$103,677 decrease from last year's net position of \$17,908,251. Of this year-end total, \$2,877,663 is unrestricted indicating availability for continuing Agency service requirements. Restricted net position consists of \$13,000,609 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:

	<u>2022</u>	<u>2021</u>	<u>Percent Change</u>
Cash and other assets	\$ 13,675,924	\$ 12,581,543	8.7%
Loans receivable	6,120,588	7,406,228	-17.4%
Total assets	<u>\$ 19,796,512</u>	<u>\$ 19,987,771</u>	<u>-1.0%</u>
Debt and liabilities	\$ 668,763	\$ 657,244	1.8%
Deferred inflows of resources	1,323,175	1,422,186	-7.0%
Total liabilities and deferred inflows of resources	<u>1,991,938</u>	<u>2,079,430</u>	<u>-4.2%</u>
Net position			
Net investment in capital assets	1,926,302	1,926,302	0.0%
Restricted	13,000,609	12,655,677	2.7%
Unrestricted	2,877,663	3,326,272	-13.5%
Total net position	<u>\$ 17,804,574</u>	<u>\$ 17,908,251</u>	<u>-0.6%</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, 2022

Financial Analysis of the Agency (continued)

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

	2022	Percent of Total	2021	Percent of Total
Revenues				
Charges for services	\$ 202,203	36.5%	\$ 327,090	40.7%
Rent income	15,478	2.8%	15,478	1.9%
Interest - loans	145,357	26.3%	142,198	17.7%
Interest - savings	993	0.2%	1,023	0.1%
Grant revenue	-	0.0%	11,250	1.4%
Loan repayments	189,011	34.1%	149,717	18.6%
Other revenues	500	0.1%	156,918	19.5%
Total revenues	<u>553,542</u>	<u>100.0%</u>	<u>803,674</u>	<u>100.0%</u>
Expenses				
Administration	370,337	56.3%	378,210	61.2%
Professional fees	93,918	14.3%	123,018	19.9%
Building insurance	11,651	1.8%	10,798	1.7%
Grant and development	32,448	4.9%	2,300	0.4%
Loan issuance expense	90,000	13.7%	103,250	16.7%
Bad debt expense	58,865	9.0%	-	0.0%
Total expenses	<u>657,219</u>	<u>100.0%</u>	<u>617,576</u>	<u>100.0%</u>
Change in net position	(103,677)		186,098	
Beginning net position	<u>17,908,251</u>		<u>17,722,153</u>	
Ending net position	<u>\$ 17,804,574</u>		<u>\$ 17,908,251</u>	

The total ending net position of the Agency shows a decrease of \$103,677 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 and an increase to the allowance for doubtful accounts based on management's analysis of borrowers repayment history and financial circumstances.

During fiscal year ended 2022, the Agency had fewer loan applications in comparison to the prior year. The Agency had two large loan applications in the fiscal year ended 2022 compared to three large loan applications in fiscal year ended 2021. This decrease of \$124,887 is reflected in charges for services.

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Management's Discussion and Analysis
July 31, 2022

Financial Analysis of the Agency (continued)

During fiscal year ended 2022, the Agency issued 6 smaller loans under the HUD and Micro Enterprise programs which decreased loan issuance costs over the prior year, where 5 larger loans were issued. The decrease of \$8,250 is reflected in loan issuance expense.

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, New York 13126.

L. Michael Treadwell
Chief Executive Officer

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Statements of Net Position

ASSETS	July 31,	
	2022	2021
Current assets:		
Cash - unrestricted	\$ 2,894,988	\$ 3,131,537
Cash - restricted	8,854,634	7,523,614
Total cash	11,749,622	10,655,151
Loans receivable	1,000,009	1,134,809
Total current assets	12,749,631	11,789,960
Other assets:		
Loans receivable- long term	5,379,123	6,485,391
Allowance for uncollectible loans receivable	(258,544)	(213,972)
	5,120,579	6,271,419
Investment in properties, at cost	1,926,302	1,926,302
	\$ 19,796,512	\$ 19,987,681
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Current portion of loans payable	\$ 19,599	\$ 19,405
Due to other agencies	88,755	83,600
Accounts payable and other liabilities	16	22,121
Total current liabilities	108,370	125,126
Non-current liabilities:		
Loans payable	560,393	532,118
Total liabilities	668,763	657,244
Deferred inflows of resources	1,323,175	1,422,186
Net position:		
Net investment in properties	1,926,302	1,926,302
Restricted - cash	8,854,634	7,523,614
Restricted - loans receivable	4,145,975	5,132,063
Unrestricted	2,877,663	3,326,272
Total net position	17,804,574	17,908,251
	\$ 19,796,512	\$ 19,987,681

The accompanying notes are integral part of these financial statements

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

	For the years ended July 31,	
	2022	2021
REVENUES		
Administration and application fees	\$ 202,203	\$ 327,090
Interest on savings	993	1,023
Interest on loans	116,062	120,179
Rental income	15,478	15,478
Refund of prior year expense	-	11,250
Other revenues	500	156,918
Federal funds - loan repayments:		
Principal	189,011	149,717
Interest	29,295	22,019
Total revenues	<u>553,542</u>	<u>803,674</u>
EXPENDITURES		
Administration:		
Administration fee	350,000	350,000
Dues	550	550
Professional fees	93,918	123,018
Miscellaneous	19,787	27,660
Grant and development expenses	32,448	2,300
Building insurance	11,651	10,798
Loan issuance expense	90,000	103,250
Bad debt expense	58,865	-
Total expenditures	<u>657,219</u>	<u>617,576</u>
Change in net position	(103,677)	186,098
Net position, beginning of year	17,908,251	17,722,153
Net position, end of year	<u>\$ 17,804,574</u>	<u>\$ 17,908,251</u>

The accompanying notes are integral part of these financial statements

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Statements of Cash Flows

	For the years ended July 31,	
	2022	2021
Cash flows from operating activities:		
Cash received for administration/application fees	\$ 202,703	\$ 327,090
Cash received for PILOT program	5,155	58,500
Cash received for interest	146,350	143,221
Cash received for grant programs	-	11,250
Cash received for rent	15,478	15,478
Cash received for loan repayments	1,605,640	1,215,862
Cash paid for loan receivables	(320,000)	(430,500)
Cash paid for administration	(350,000)	(350,000)
Cash paid for grant and development expenses	(32,448)	(2,300)
Cash paid for professional fees	(93,918)	(123,018)
Cash paid for other operating expenses	(112,958)	(17,271)
Net cash provided by operating activities	<u>1,066,002</u>	<u>848,312</u>
Cash flows from investing activities:		
Purchase of property	-	(1,189,839)
Proceeds from the sale of building	-	6,500
Net cash provided by (used in) investing activities	<u>-</u>	<u>(1,183,339)</u>
Cash flows from financing activities:		
Cash paid for loans payable	(18,744)	(19,213)
Cash received from loans payable	47,213	-
Net cash provided by (used in) financing activities	<u>28,469</u>	<u>(19,213)</u>
Net change in cash	1,094,471	(354,240)
Cash, beginning of year	10,655,151	11,009,391
Cash, end of year	<u>\$ 11,749,622</u>	<u>\$ 10,655,151</u>
Reconciliation of changes in net position to net cash provided by operating activities:		
Change in net position	\$ (103,677)	\$ 186,098
Change in allowance for uncollectible loans receivable	44,572	(155,518)
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Gain on sale of land	-	(1,400)
Bad debt expense	58,865	-
Net change in loans receivable	1,182,203	785,362
Net change in deferred inflows of resources	(99,011)	(46,468)
Net change in due to other agencies	5,155	58,500
Net change in accounts payable and other liabilities	(22,105)	21,738
Net cash provided by operating activities	<u>\$ 1,066,002</u>	<u>\$ 848,312</u>

The accompanying notes are integral part of these financial statements

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 properties – 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.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, and then use unrestricted resources as they are needed.

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 Agency 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 Statements 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, 2022 and 2021.

The Agency also records deferred inflows of resources, representing an increase in net position that applies to future periods. The deferred inflows of resources recorded at July 31, 2022 and 2021 were approximately \$1,336,000 and \$1,422,000, respectively. These amounts represent HUD and MEP 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. Economic Development Funds

The Agency administers a revolving economic development financing 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/lease 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 Statements of Revenues, Expenditures and Changes in Net Position.

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Notes to the Financial Statements

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.

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, 2022, the cumulative original issue value of bonds aggregated \$275,120,246 and the outstanding balance was \$9,047,933

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, Cash Equivalents and Restricted Cash

The Agency considers all short-term investments purchased with a maturity of three months or less to be cash equivalents.

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:

	2022	2021
HUD Funds	\$ 1,088,263	\$ 895,275
PILOT Economic Development Funds	6,833,501	5,954,994
Micro Enterprise	165,687	233,020
Intermediary Relending Programs	767,183	440,325
	\$ 8,854,634	\$ 7,523,614

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Notes to the Financial Statements

5. Cash, Cash Equivalents and Restricted Cash (continued)

Approved PILOT financing commitments at July 31, 2022 of approximately \$6,323,000 increased the available restricted cash balance in the PILOT funds approximately \$790,000.

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 estimated by management's assessment of each loan and approximated \$259,000 and \$214,000 at July 31, 2022 and 2021, respectively. Bad debt expense of approximately \$58,900 was recognized in 2022 and no bad debt expense was recognized in 2021.

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, 2022 and 2021, administrative support fees were \$350,000, 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 \$1,173,000 and \$1,343,000 at July 31, 2022 and 2021, respectively.

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, 2022 and 2021, the Agency had approved funding applications of approximately \$6,416,000 and \$5,110,000.

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Notes to the Financial Statements

8. 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:

	2022	2021
PILOT Economic Development Funds	\$ 3,547,752	\$ 4,270,377
HUD Funds	1,092,767	1,248,561
Micro Enterprise Funds	307,211	231,500
Intermediary Relending Programs (IRP)	521,420	803,811
Total	5,469,150	6,554,249
Less deferred inflows of resources	(1,323,175)	(1,422,186)
	\$ 4,145,975	\$ 5,132,063

9. Due to Other Agencies

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 \$88,755 and \$83,600, respectively, at July 31, 2022 and 2021.

The Agency must calculate annually PILOT economic development funds to be returned to the County of Oswego. Any remaining cash less committed funds in excess of \$2,500,000 is required to be returned to the County. In 2022 and 2021, the calculation did not require repayment.

10. Investments in Properties, at cost

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 2025. Annual rent is \$15,478 for the year ended July 31, 2022 and 2021. 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 \$3,869.

In July 2021, the Agency purchased approximately 190-acres of land for approximately \$1,100,000 for future expansion of the Oswego County Industrial Park.

Additionally in 2021, the Agency purchased 3-acres of land for approximately \$80,000 in the City of Fulton for development of a manufacturing start up facility.

The Agency previously acquired land at 11 Northstar Boulevard in the Town of Oswego at a value of \$5,100. The land was sold in October 2020 at a purchase price of \$6,500. The Agency recognized a gain on the sale of the land of \$1,400 in 2021.

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Notes to the Financial Statements

11. Investments in Properties, at cost (continued)

The following is a summary of the cost of the Agency's project assets for the years ended July 31, 2022 and 2021:

	<u>Balance at July 31, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at July 31, 2022</u>
Investments in Properties, at cost:				
Land	\$ 1,720,701	\$ -	\$ -	\$ 1,720,701
Buildings	205,601	-	-	205,601
Project assets	<u>\$ 1,926,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,926,302</u>

The Agency did not incur any depreciation expense in 2022 and 2021 as the land and buildings are held for future sale and not in use.

12. Loans Payable

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

	<u>Balance at July 31, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at July 31, 2022</u>	<u>Amounts Due Within One Year</u>
IRP loan payable	\$ 426,523	\$ -	\$ 18,744	\$ 407,779	\$ 19,599
IRP 2 loan payable	125,000	47,213	-	172,213	-
Total	<u>\$ 551,523</u>	<u>\$ 47,213</u>	<u>\$ 18,744</u>	<u>\$ 579,992</u>	<u>\$ 19,599</u>

The following is a summary of the maturity of long-term indebtedness at July 31, 2022:

<u>Description</u>	<u>Date of Original Issue</u>	<u>Date of Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding Balance</u>
IRP loan payable	1/11/2011	1/11/2041	1%	\$ 407,779
IRP 2 loan payable	11/8/2019	11/8/2050	1%	172,213
Total				<u>\$ 579,992</u>

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Notes to the Financial Statements

13. Loans Payable (continued)

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

Year ended July 31,	Loans Payable	
	Principal	Interest
2023	\$ 19,599	\$ 3,882
2024	23,501	4,963
2025	24,978	5,146
2026	25,228	4,894
2027	25,480	4,640
2028-2032	131,276	19,290
2033-2037	137,979	12,534
2038-2042	121,255	5,672
2043-2047	30,441	2,793
2048-2052	32,002	1,233
2053-2057	8,253	55
Loans payable	\$ 579,992	\$ 65,102

The Agency's loans payable are through the Intermediary Relending Program (IRP) with the United States Department of Agriculture- Rural Development. The IRP loan payable is for a loan not to exceed \$750,000 over a term of 30 years at 1% interest, with annual payments. The IRP 2 loan payable is for a loan not to exceed \$500,000 over a term of 30 years at 1% interest, with interest only payments due on the unpaid balance for the first 3 years and annual payments thereafter. In 2022 and 2021, the Agency incurred approximately \$6,100 and \$5,600, respectively, of interest expense on these loans.

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 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.

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Notes to the Financial Statements

14. Tax Abatement Programs (continued)

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, 2022 is as follows:

<u>Tax abatement program</u>	August 1, 2021 - <u>July 31, 2022</u>
Mortgage recording tax exemption	\$ 4,800
Sales and use tax exemption	843,478
Payment in lieu of tax (PILOT)	<u>10,967,728</u>
Total taxes abated	<u>\$ 11,816,006</u>

PILOT exemptions represented 21.9% of what normal taxes would have been without a PILOT exemption.

15. Subsequent Events

The Agency has evaluated subsequent events through November 29, 2022, which is the date the financial statements were available to be issued. There were no events or transactions discovered during the evaluation that required further disclosure.

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Bonds Issued – A Limited Obligation of the Agency
July 31, 2022

<u>Project / Owner</u>	<u>Purpose Code</u>	<u>Issued/ Maturity Date</u>	<u>Interest Rate</u>	<u>Tax Status</u>	<u>Beginning / Ending Balances</u>	<u>Jobs Before IDA Status</u>	<u>Current Jobs</u>	<u>FY Impact Estimated Jobs Created / Retained</u>	<u>Tax Exemptions</u>	<u>PILOTS</u>
Fulton Thermal Corporation 972 Centerville Road Pulaski, NY 13142	Manufacturing	9/29/2010 10/1/2036	LIBOR rate	Exempt	7,900,000 7,590,000	223	293	87 / 206	470,759	188,303
O.H. Properties, Inc. 110 West Sixth St. Oswego, NY 13126	Civic Facility	6/29/1999 6/1/2024	3.45% - 4.02%	Exempt	415,000 295,000	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	265,000 190,000	0	0	0 / 0	9,032	9,032
Pathfinder Courts Norstar Dev USA, LP 1100 Emery Street Fulton, NY 13069	Civic Facility	12/27/2002 12/1/2034	2.8% above LIBOR rate	Exempt	1,019,293 972,933	5	7	0 / 7	3,519	3,519

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Straight Leases
July 31, 2022

<u>Project / Owner</u>	<u>Purpose</u>	<u>Straight Lease End Date</u>	<u>Lease Amount</u>	<u>Jobs Before IDA Status</u>	<u>Current Jobs</u>	<u>FY Impact Estimated Jobs Created / Retained</u>	<u>Tax Exemptions</u>	<u>PILOTS</u>
22 Crossroads LLC 159 West First St Oswego, NY 13126	Other	12/31/2045	A	0	28	16 / 12	176,988	22,000
43 North Marina 32 Weber Road West Monroe, NY 13167	Services	12/31/2036	A	4	4	0 / 4	87,063	67,386
86 State Street Phoenix 6730 VIP Parkway Syracuse, New York 13211	Other	12/31/2023	A	0	0	0 / 0	2,756	2,756
Altmar Genesee, LLC 505 East Fayette Street Syracuse, New York 13202	Services	12/31/2023	A	0	100	0 / 100	150,168	71,705
Barton Business Properties, LLC Finger Lakes Stairs 23 Hoag Drive Phoenix, NY 13135	Manufacturing	3/31/2038	A	0	6	0 / 6	16,780	4,195
Bishop's Commons, LLC 4 Burkle Street Oswego, NY 13126	Services	12/31/2039	A	62	35	0 / 35	219,128	120,000
BJA Pulaski 3326 Maple Ave. Pulaski, NY 13142	Retail	12/31/2024	A	65	58	2 / 56	191,899	134,629
Branch Development Oswego Holiday Inn Express PO Box 390 Malone, NY 12953	Services	12/31/2036	A	0	12	0 / 12	206,486	82,594
Bridgewood Holdings/ Teti Bakery 99 Harris Street Fulton, NY 13069	Manufacturing	12/31/2033	A	0	23	0 / 23	29,009	26,522
Camelot Lodge, LLC YMCA Project 249 W. First Street Oswego, NY 13126	Other	12/31/2028	A	0	0	0 / 0	8,302	4,151
CF Oswego LLC 8033 State Route 104 Oswego, NY 13126	Manufacturing	12/31/2033	A	0	67	0 / 67	59,401	38,123

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

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Straight Leases
July 31, 2022

DePaul Oswego, LP 220 East First Street Oswego, NY 13126	Services	12/31/2051	A	0	3	3 / 0	21,070	26,900
East Lake Commons 83-87 East First Street Oswego, NY 13126	Services	12/31/2051	A	0	5	5 / 0	252,840	60,000
EJ USA 132 County Route 59 Phoenix, NY 13135	Manufacturing	12/31/2038	A	0	93	0 / 93	327,169	81,792
Felix Schoeller NA 179 County Route 2A Pulaski, NY 13142	Manufacturing	12/31/2022	A	123	145	10 / 135	223,669	122,776
Filtration Lab USA Northland Filter Int. 249-A Mitchell Street Oswego, NY 13126	Manufacturing	12/31/2039	A	26	18	0 / 18	33,712	8,428
G&S Broadwell, Inc. 26 East First Street Oswego, NY 13126	Services	7/31/2030	A	0	43	19 / 24	484,931	83,600
Geo Hotel Company, Inc. 70 East First Street Oswego, NY 13126	Services	12/31/2038	A	44	45	0 / 45	239,145	84,453
Hansdev, Inc. 3800 State Route 13 Pulaski, NY 13142	Services	3/31/2022	A	0	5	0 / 5	58,830	58,829
Harbor View Square 1201 E Fayette St Syracuse, NY 13210	Other	12/31/2035	A	0	3	3 / 0	196,794	50,000
Howland Solar LLC 5934 S. Main Street Sandy Creek, NY 13145	Energy	12/31/2039	A	0	0	0 / 0	87,514	6,760
Huhtamaki Packaging 100 State Street Fulton, NY 13069	Manufacturing	12/31/2025	A	429	459	0 / 459	494,327	251,816

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COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Straight Leases
July 31, 2022

iFreeze, Inc. 28 Lakeview Ave. Fulton, NY 13069	Warehousing	12/31/2038	A	0	9	0 / 9	180,479	45,120
K+N's Foods 607 Philips St. Fulton, New York 13069	Manufacturing	12/31/2025	A	0	43	0 / 43	51,136	18,000
Lake Ontario Property Associates 300 State Route 104 Oswego, NY 13126	Services	12/31/2024	A	17	35	0 / 35	67,424	57,972
Lakeside Commons, LLC 7112-7114 NYS 104 Oswego, NY 13126	Other	12/31/2033	A	0	4	0 / 4	192,738	111,617
LEEH, LLC 247 West Utica St. Oswego, New York 13126	Other	12/31/2023	A	0	2	0 / 2	83,437	67,186
LeRoi, Inc. 212-214 West Second St Oswego, NY 13126	Manufacturing	12/31/2040	A	35	42	2 / 40	18,331	4,583
Litatro Building, LLC 189 West First Street Oswego, NY 13126	Other	12/31/2044	A	0	0	0 / 0	158,025	20,000
M&A Holdings of CNY The Gardens by Morningstar PO Box 5171 Oswego, NY 13126	Services	12/31/2046	A	0	42	0 / 42	164,346	18,198
Maples Assisted Living Facility 453 Park Street Fulton, NY 13069	Services	12/31/2049	A	0	0	0 / 0	150,400	11,684
Marmon Enterprises 259 CC Road Williamstown, NY 13493	Manufacturing	12/31/2038	A	0	6	0 / 6	8,880	8,879
McIntosh Box & Pallet P.O. Box 127 East Syracuse, NY 13057	Manufacturing	12/31/2033	A	30	46	8 / 38	26,850	18,635
MDDO, LLC P.O. Box 1035 Oswego, NY 13126	Distribution	12/31/2025	A	49	88	0 / 88	66,461	46,523
Nine Mile Point Nuclear Station 348 Lake Road Oswego, NY 13126	Energy	12/31/2020	A	1000	822	0 / 822	36,065,445	30,500,000

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COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Straight Leases
July 31, 2022

Novelis Corporation (Falcon) 448 County Route 1A Oswego, New York 13126	Manufacturing	12/31/2033	A	217	373	0 / 373	310,653	124,261
Novelis Corporation (Hawk) 448 County Route 1A Oswego, New York 13126	Manufacturing	12/31/2035	A	217	373	0 / 373	217,457	86,983
Novelis Corporation (Scrap) 448 County Route 1A Oswego, New York 13126	Manufacturing	12/31/2035	A	217	373	0 / 373	155,327	62,131
Operation Oswego Co., Inc. CITI Education Center 44 West Bridge Street Oswego, NY 13126	Services	3/31/2025	A	0	24	3 / 21	25,775	7,061
Operation Oswego Co., Inc. Discover Day Care Center 44 West Bridge Street Oswego, NY 13126	Services	3/31/2040	A	0	8	0 / 8	27,841	3,413
Operation Oswego Co., Inc. Oswego County Business Expansion Center 44 West Bridge Street Oswego, NY 13126	Other	12/31/2050	A	0	26	0 / 26	28,445	2,980
Oswego County Federal Credit Union 90 East Bridge Street Oswego, NY 13126	Services	12/31/2026	A	6	7	0 / 7	40,909	32,487
Oswego Hamilton Homes, LLC Phase I, II, III 1201 East Fayette Street Syracuse, NY 13212	Other	9/1/2027	A	5	5	0 / 5	207,962	21,852
Oswego Lodging Group Home 2 Suites 11751 E. Corning Rd. Corning, NY 14830	Services	12/31/2037	A	0	13	3 / 10	225,028	56,257
Otis Products, Inc. 6987 Laura St. Lyons Falls, NY 13368	Manufacturing	3/31/2030	A	0	6	0 / 6	34,200	26,819
Page Warehousing Oswego 42 Wire Road Oswego, NY 13126	Warehousing	12/31/2038	A	0	14	0 / 14	55,918	13,980

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COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Straight Leases
July 31, 2022

Pathfinder Industries 117 North Third Street Fulton, NY 13069	Manufacturing	12/31/2034	A	22	23	2 / 21	18,048	10,829
Patterson Warehousing 100 Hubbard St. Fulton, NY 13069	Warehousing	12/31/2024	A	6	5	1 / 4	147,151	140,834
R & D Design Associates 8182 Cranes Watch Circle Baldwinsville, NY 13027	Manufacturing	12/31/2036	A	0	5	0 / 5	9,625	9,626
R.M. Burritt Motors, Inc. 340 State Route 104 Oswego, New York 13126	Retail	12/31/2023	A	39	98	0 / 98	263,375	133,163
Red Ray Properties, LLC 6645 Co. Rt. 17 Redfield, NY 13437	Manufacturing	12/31/2039	A	59	38	2 / 36	15,008	13,195
Salmon River Solar Green Street Power Partners 1 Landmark Sq. Suite 301 Stamford, CT 06901	Energy	12/31/2040	A	0	0	0 / 0	93,440	6,120
SAM North America, LLC 12 Harold Drive Fulton, New York 13069	Manufacturing	12/31/2033	A	3	6	0 / 6	14,590	5,836
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	84,280	17,035
SG Ontario Sun PV 8659 State Route 3 Sandy Creek, NY 13145	Energy	12/31/2041	A	0	0	0 / 0	4,690	10,625
Solar City Corp. (Volney) 3055 Clearview Way San Mateo, CA 94402	Energy	12/31/2036	A	0	0	0 / 0	61830	0
Springside at Seneca Hill 110 West Sixth Street Oswego, NY 13126	Services	12/31/2030	A	0	13	0 / 13	94,915	26,208
SSC Oswego 8341 State Route 104 Oswego, NY 13126	Energy	12/31/2041	A	0	0	0 / 0	1,046	11,000

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COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Straight Leases
July 31, 2022

SSC Scriba 5859 State Route 104 Scriba, NY 13126	Energy	12/31/2041	A	0	0	0 / 0	2,330	17,500
Stephen Baker OD PLLC 355 West First Street Oswego, NY 13126	Service	12/31/2029	A	0	10	0 / 10	13,190	9,471
Stevedore Lofts, LLC 317 West First Street Oswego, New York 13126	Other	12/31/2042	A	0	1	0 / 1	105,350	21,000
United Wire Technologies 4693 Becker Road Brewerton, New York 13029	Manufacturing	12/31/2033	A	8	23	3 / 20	38,256	17,945
Universal Metal Works 159 Hubbard St. Fulton, NY 13069	Manufacturing	12/31/2036	A	23	28	2 / 26	92,045	64,973
Universal Properties of NY 5863 Scenic Ave Mexico, NY 13114	Other	12/31/2035	A	0	0	0 / 0	10,521	2,193
V-Squared Management, LLC 3420 Maple Ave. Pulaski, New York 13142	Other	12/31/2023	A	0	0	0 / 0	17,581	3,280
Vistra Energy Luminant - Independence 59 Independence Way Oswego, NY 13126	Energy	12/31/2029	A	0	25	0 / 25	6,227,305	5,466,666
Whitewater Commons, Inc. 7 Bridie Square Oswego, NY 13126	Services	3/31/2023	A	0	0	0 / 0	40,876	38,390

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



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CERTIFIED PUBLIC ACCOUNTANTS PLLC

**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**

INDEPENDENT AUDITOR'S REPORT

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

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 financial statements of the County of Oswego Industrial Development Agency (the Agency) as of and for the year ended July 31, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated November 29, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 entity's 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Agency's financial statements are free of 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 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*.

We noted certain matters that we have reported to management of the Agency in a separate letter dated November 29, 2022.

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 Agency'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rossna St Amour CPA". The signature is written in a cursive style.

Syracuse, New York
November 29, 2022