

**COUNTY OF OSWEGO  
INDUSTRIAL DEVELOPMENT AGENCY**

**FINANCIAL STATEMENTS**

**July 31, 2020 and 2019**

**COUNTY OF OSWEGO  
INDUSTRIAL DEVELOPMENT AGENCY**

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**July 31, 2020**

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**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, 2020 and 2019, 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, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7 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 27, 2020, 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.

*Grossman St. Amour CPA*

Syracuse, New York  
October 27, 2020

**COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY**  
**Management's Discussion and Analysis**  
**July 31, 2020**

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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, 2020. 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 \$17,722,153 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities and deferred inflows of resources by \$18,473,753.
  
- Total net position is comprised of the following:
  - 1) Cash of \$11,009,391, of which \$8,033,522 is restricted to funding loans, leases and approved economic development projects.
  - 2) Loans receivable, net of related allowance, of \$8,036,072.
  - 3) Net position of \$13,616,061 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 \$741,563, which represents capital assets reduced by outstanding balances of any related debt obligations.
  - 5) Unrestricted net position of \$3,364,529 represents the portion available now or as loans are repaid to maintain the Agency's economic development operations including future loans. Unrestricted cash totals \$2,975,869.
  
- At the end of the current fiscal year, unrestricted net position for the Agency was \$3,364,529 or about two times total expenditures and four times total revenues.
  
- During the fiscal year, the Agency issued 8 new loans receivable under the IDA Economic Development Fund program, Intermediary Relending Program (IRP) and Micro Enterprise Loan (MEP) programs totaling \$1,414,500. Of these loans, \$350,000 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 \$7,889 to \$596,219 during the fiscal year due to the amounts owed back to Oswego County for the PILOT Economic Development Fund (EDF) repayment.

**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, 2020**

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**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, 2020**

**Financial Analysis of the Agency**

The Agency's net position at fiscal year-end is \$17,722,153. This is a \$751,600 decrease from last year's net position of \$18,473,753. Of this year-end total, \$3,615,622 is unrestricted indicating availability for continuing Agency service requirements. Restricted net position consists of \$13,616,061 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:

	2020	2019	Percent Change
Cash and other assets	\$ 11,750,954	\$ 12,399,354	-5.2%
Loans receivable	8,036,072	7,961,738	0.9%
Total assets	<u>\$ 19,787,026</u>	<u>\$ 20,361,092</u>	<u>-2.8%</u>
Debt & liabilities	\$ 596,219	\$ 588,330	1.3%
Deferred inflows of resources	1,468,654	1,299,009	13.1%
Total liabilities and deferred inflows of resources	<u>2,064,873</u>	<u>1,887,339</u>	<u>9.4%</u>
Net position			
Net investment in capital assets	741,563	1,391,911	-46.7%
Restricted	13,616,061	13,904,005	-2.1%
Unrestricted	3,364,529	3,177,837	5.9%
Total net position	<u>\$ 17,722,153</u>	<u>\$ 18,473,753</u>	<u>-4.1%</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, 2020**

**Financial Analysis of the Agency (continued)**

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

	2020	Percent of Total	2019	Percent of Total
<b>Revenues</b>				
Charges for services	\$ 424,228	51.8%	\$ 509,374	48.6%
Rent income	14,428	1.8%	14,428	1.4%
Interest - loans	134,791	16.5%	149,304	14.3%
Interest - savings	13,515	1.7%	16,308	1.6%
Payments in lieu of taxes	6,967	0.9%	203,615	19.4%
Grant revenue	25,786	3.2%	-	0.0%
Loan repayments	167,856	20.5%	153,896	14.7%
Other revenues	30,902	3.8%	349	0.0%
Total revenues	<u>818,473</u>	<u>100.2%</u>	<u>1,047,274</u>	<u>100.0%</u>
<b>Expenses</b>				
Administration	375,129	23.9%	411,324	36.5%
Professional fees	230,721	14.7%	94,481	8.4%
Building insurance	6,989	0.4%	28,738	2.6%
Depreciation expense	-	0.0%	13,854	1.2%
Grant and development	331,334	21.1%	23,331	2.1%
Loan issuance expense	337,500	21.5%	486,377	43.2%
Bad debt expense	262,840	16.7%	33,357	3.0%
PILOT EDF repayment	25,100	1.6%	-	0.0%
Loss on sale of asset	348	0.0%	33,750	3.0%
Other expenses	112	0.0%	1,137	0.1%
Total expenses	<u>1,570,073</u>	<u>100.0%</u>	<u>1,126,349</u>	<u>100.0%</u>
Change in net position	(751,600)		(79,075)	
Beginning net position	<u>18,473,753</u>		<u>18,552,828</u>	
Ending net position	<u>\$ 17,722,153</u>		<u>\$ 18,473,753</u>	

The total ending net position of the Agency shows a decrease of \$751,600 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 due to the COVID-19 pandemic.

During fiscal year ended 2020, the presence of five large loan applications drove administrative fees down over the prior year which had six large loan applications. This decrease of \$85,146 is reflected in charges for services.

In August 2019, the Agency sold 29 East Cayuga Street, in the city of Oswego, for \$650,000. The Agency recognized a loss on the sale of the building of \$348.



**COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY**  
**Management's Discussion and Analysis**  
**July 31, 2020**

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**Financial Analysis of the Agency** (continued)

During fiscal year ended 2020, the Agency issued 3 loans under the HUD and Micro Enterprise programs which decreased loan issuance costs over the prior year, where 7 loans were issued. The decrease of \$148,877 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**

<b>ASSETS</b>	<b>July 31,</b>	
	<b>2020</b>	<b>2019</b>
Current assets:		
Cash - unrestricted	\$ 2,975,869	\$ 2,929,215
Cash - restricted	8,033,522	8,078,228
Total cash	11,009,391	11,007,443
Loans receivable	1,058,912	1,155,359
Total current assets	12,068,303	12,162,802
Other assets:		
Loans receivable- long term	7,346,650	6,924,776
Allowance for uncollectible loans receivable	(369,490)	(118,397)
	6,977,160	6,806,379
Investment in properties, at cost	741,563	1,391,911
	\$ 19,787,026	\$ 20,361,092
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
Current liabilities:		
Current portion of loans payable	\$ 19,213	\$ 19,022
Due to other agencies	25,100	118,167
Accounts payable and other liabilities	383	5,405
Total current liabilities	44,696	142,594
Non-current liabilities:		
Loans payable	551,523	445,736
Total liabilities	596,219	588,330
Deferred inflows of resources	1,468,654	1,299,009
Net position:		
Net investment in capital assets	741,563	1,391,911
Restricted - cash	8,033,522	8,078,228
Restricted - loans receivable	5,582,539	5,825,777
Unrestricted	3,364,529	3,177,837
Total net position	17,722,153	18,473,753
	\$ 19,787,026	\$ 20,361,092

The accompanying notes are integral part of these financial statements

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

	<b>For the years ended July 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>REVENUES</b>		
Administration and application fees	\$ 424,228	\$ 509,374
Interest on savings	13,515	16,308
Interest on loans	118,339	134,948
Payments in lieu of taxes	6,967	203,615
Rental income	14,428	14,428
Refund of prior year expense	25,786	-
Other revenues	30,902	349
Federal funds - loan repayments		
Principal	167,856	153,896
Interest	16,452	14,356
Total revenues	<u>818,473</u>	<u>1,047,274</u>
<b>EXPENDITURES</b>		
Administration:		
Administration fee	348,750	357,500
Dues	550	550
Professional fees	230,721	94,481
Miscellaneous	25,829	53,274
Grant and development expenses	331,334	23,331
Building insurance	6,989	28,738
Depreciation expense	-	13,854
Loan issuance expense	337,500	486,377
Bad debt expense	262,840	33,357
PILOT EDF repayment	25,100	-
Loss on sale of asset	348	33,750
Other expenses	112	1,137
Total expenditures	<u>1,570,073</u>	<u>1,126,349</u>
Change in net position	<b>(751,600)</b>	<b>(79,075)</b>
Net position, beginning of year	<u>18,473,753</u>	<u>18,552,828</u>
Net position, end of year	<u>\$ 17,722,153</u>	<u>\$ 18,473,753</u>

The accompanying notes are integral part of these financial statements

**COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY**  
**Statements of Cash Flows**

	<b>For the years ended July 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Cash received for administration/application fees	\$ 455,130	\$ 558,723
Cash received for PILOT program	6,967	223,373
Cash received for interest	148,306	165,612
Cash received for grant programs	25,786	-
Cash received for rent	14,428	14,428
Cash received for loan repayments	990,166	1,064,943
Cash paid for loan receivables	(1,064,500)	(1,358,627)
Cash paid for administration	(348,750)	(357,500)
Cash paid for grant and development expenses	(331,334)	(23,331)
Cash paid for professional fees	(230,721)	(94,481)
Cash paid for other operating expenses	(419,508)	(151,528)
Net cash provided by (used in) operating activities	<u>(754,030)</u>	<u>41,612</u>
<b>Cash flows from investing activities:</b>		
Purchase of property	-	(5,100)
Proceeds from the sale of building	650,000	750,000
Net cash provided by investing activities	<u>650,000</u>	<u>744,900</u>
<b>Cash flows from financing activities:</b>		
Cash paid for loan payable	(19,022)	(18,834)
Cash received from loan payable	125,000	-
Cash paid for mortgage	-	(639,982)
Net cash provided by (used in) financing activities	<u>105,978</u>	<u>(658,816)</u>
Net change in cash	1,948	127,696
Cash, beginning of year	11,007,443	10,879,747
Cash, end of year	<u>\$ 11,009,391</u>	<u>\$ 11,007,443</u>
<b>Reconciliation of changes in net assets to net cash provided by operating activities:</b>		
Change in net assets	\$ (751,600)	\$ (79,075)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	-	13,854
Loss on sale of building	348	33,750
Bad debt expense	262,840	33,357
Net change in accounts receivable	-	49,000
Net change in loans receivable	(337,174)	(327,041)
Net change in deferred inflows of resources	169,645	332,480
Net change in due to other agencies	(93,067)	19,758
Net change in accounts payable and other liabilities	(5,022)	(34,471)
Net cash provided by (used in) operating activities	<u>\$ (754,030)</u>	<u>\$ 41,612</u>

The accompanying notes are integral part of these financial statements

**COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to the Financial Statements**

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**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**

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**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 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 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, 2020 and 2019.

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, 2020 and 2019 were approximately \$1,469,000 and \$1,299,000, respectively. These amounts 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. 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 Statement of Revenues, Expenditures and Changes in Net Position.

**COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to the Financial Statements**

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**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, 2020, the cumulative original issue value of bonds aggregated \$275,120,246 and the outstanding balance was \$14,625,653.

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 \$369,000 and \$118,000 at July 31, 2020 and 2019. Bad debt expense of \$262,800 and \$33,400 was recognized in 2020 and 2019, respectively.

**COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to the Financial Statements**

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**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 2020 and 2019, administrative support fees were \$348,750 and \$357,500, 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 \$1,636,000 and \$1,285,000 at July 31, 2020 and 2019, 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, 2020, the Agency had approved funding applications of approximately \$4,162,000.

The Agency also recognized development expenses of \$200,000 for an economic incentive grant passed through OOC.

**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:

	2020	2019
HUD Funds	\$ 778,169	\$ 917,669
PILOT Economic Development Funds	6,537,339	6,479,081
Micro Enterprise	281,904	296,871
Intermediary Relending Programs	436,110	384,607
	\$ 8,033,522	\$ 8,078,228

Approved PILOT financing commitments at July 31, 2020 of approximately \$4,012,000 reduce the available restricted cash balance in the PILOT funds to approximately \$2,525,000.



**COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to the Financial Statements**

**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:

	2020	2019
PILOT Economic Development Funds	\$ 4,726,950	\$ 5,045,194
HUD Funds	1,336,031	1,181,030
Micro Enterprise Funds	176,830	157,306
Intermediary Relending Programs (IRP)	811,382	741,256
Total	7,051,193	7,124,786
Less deferred revenue	(1,468,654)	(1,299,009)
	\$ 5,582,539	\$ 5,825,777

**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, 2020 and 2019.

**11. 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. No funds were held and subsequently disbursed in 2020, however \$118,100 was held as of July 31, 2019.

The Agency must also 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 2020, the calculation requires repayment, whereas no repayment was required in 2019. The Agency owed approximately \$25,100 as of July 31, 2020.

**12. 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 \$14,428 for the year ended July 31, 2020 and will increase to \$15,478 thereafter. 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 \$27,000 to purchase real property for future expansion of an industrial park.

**COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to the Financial Statements**

**12. Investments in Properties, at cost (continued)**

The Agency previously purchased an incubator building from the Port of Oswego in the Amount of \$650,348 for future development. The building was sold in August 2019 at a purchase price of \$650,000 The Agency recognized a loss on the sale of the building of \$348 in 2020.

The following is a summary of the cost of the Agency's project assets for the years ended July 31, 2020 and 2019:

	Balance at July 31, 2019	Additions	Reductions	Balance at July 31, 2020
<b>Capital assets at cost:</b>				
Land	\$ 1,077,919	\$ -	\$ 541,957	\$ 535,962
Buildings	313,992	-	108,391	205,601
Project assets	<u>\$ 1,391,911</u>	<u>\$ -</u>	<u>\$ 650,348</u>	<u>\$ 741,563</u>

The Agency did not incur any depreciation expense in 2020 as the land and buildings are held for future sale and not in use. The Agency incurred depreciation expense of approximately \$13,900 in 2019.

**13. Loans Payable**

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

	Balance at July 31, 2019	Additions	Reductions	Balance at July 31, 2020	Amounts Due Within One Year
IRP loan payable	\$ 464,758	\$ -	\$ 19,022	\$ 445,736	\$ 19,022
IRP 2 loan payable	-	125,000	-	125,000	-
Total	<u>\$ 464,758</u>	<u>\$ 125,000</u>	<u>\$ 19,022</u>	<u>\$ 570,736</u>	<u>\$ 19,022</u>

The following is a summary of the maturity of long-term indebtedness at July 31, 2020:

Description	Date of Original Issue	Date of Final Maturity	Interest Rate	Outstanding Balance
IRP loan payable	1/11/2011	1/12/2035	1%	\$ 445,736
IRP 2 loan payable	11/8/2019	11/8/2050	1%	125,000
Total				<u>\$ 570,736</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
2021	\$ 19,213	\$ 5,714
2022	19,405	5,522
2023	19,599	5,328
2024	23,851	5,132
2025	24,089	4,893
2026-2030	124,107	20,805
2031-2035	130,437	14,474
2036-2040	137,091	7,820
2041-2045	47,193	2,260
2046-2050	25,751	777
Loans payable	\$ 570,736	\$ 72,725

The Agency's loan payables 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.

**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, 2020 is as follows:

<u>Tax abatement program</u>	August 1, 2019- July 31, 2020
Mortgage recording tax exemption	\$ 121,750
Sales and use tax exemption	308,875
Payment in lieu of tax (PILOT)	<u>16,870,879</u>
Total taxes abated	<u>\$ 17,301,504</u>

PILOT exemptions represented 32.7% of what normal taxes would have been without a PILOT exemption.

**15. Subsequent Events**

In March 2020, the World Health Organization categorized Coronavirus Disease 2019 (“COVID-19”) as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The spread of this virus globally in 2020 has caused business disruption domestically in the United States, the area in which the Agency primarily operates. While the disruption is expected to be temporary, there is considerable uncertainty around the duration of this pandemic. The extent of the financial impact and duration of this matter, including the results of operations or cash flows, cannot be reasonably estimated at this time. There were no other material subsequent events through October 27, 2020, which is the date the financial statements were available to be issued.

**COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY**  
**Schedule of Bonds Issued – A Limited Obligation of the Agency**  
**July 31, 2020**

<b>Project / Owner</b>	<b>Purpose Code</b>	<b>Issued/ Maturity Date</b>	<b>Interest Rate</b>	<b>Tax Status</b>	<b>Beginning / Ending Balances</b>	<b>Jobs Before IDA Status</b>	<b>Current Jobs</b>	<b>FY Impact Estimated Jobs Created / Retained</b>	<b>Tax Exemptions</b>	<b>PILOTS</b>
O.H. Properties, Inc. 110 West Sixth St. Oswego, NY 13126	Civic Facility	6/29/1999 6/1/2024	3.45% - 4.02%	Exempt	655,000 535,000	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	385,000 325,000	0	0	0 / 0	10,089	10,089
Springside at Seneca Hill 110 West Sixth St. Oswego, NY 13126	Civic Facility	12/6/2000 6/1/2021	3.45% - 4.02%	Exempt	670,000 370,000	0	11	0 / 11	106,025	25,300
Fulton Thermal Corporation 972 Centerville Road Pulaski, NY 13142	Manufacturing	9/29/2010 10/1/2036	LIBOR rate	Exempt	8,465,000 8,190,000	223	201	0 / 201	477,123	190,849
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	1,108,913 1,065,653	5	7	0 / 7	3,485	3,485
Oswego School District Public Library 120 East Second Oswego, NY 13126	Civic Facility	6/29/2006 12/15/2035	4-5%	Exempt	4,490,000 4,140,000	8	8	0 / 8	-	-

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, 2020**

Project / Owner	Purpose	Straight Lease End Date	Lease Amount	Jobs Before IDA Status	Current Jobs	FY Impact		PILOTS
						Estimated Jobs Created / Retained	Tax Exemptions	
Oswego Speedway 300 East Albany St. Oswego, NY 13126	Services	12/31/2021	A	0	9	0 / 9	\$ 57,890	\$ 50,052
Huhtamaki Packaging 100 State Street Fulton, NY 13069	Manufacturing	12/31/2025	A	429	496	18 / 478	494,091	251,816
Vistra Energy Luminant - Independence 59 Independence Way Oswego, NY 13126	Electric	12/31/2029	A	0	30	0 / 30	6,798,958	5,466,666
Operation Oswego Co., Inc. Discover Day Care Center 44 West Bridge Street Oswego, NY 13126	Services	3/31/2040	A	0	4	0 / 4	29,418	3,385
McIntosh Box & Pallet P.O. Box 127 East Syracuse, NY 13057	Manufacturing	12/31/2033	A	30	52	19 / 33	27,429	19,035
Operation Oswego Co., Inc. CITi Education Center 44 West Bridge Street Oswego, NY 13126	Services	3/31/2025	A	0	21	0 / 21	27,235	6,882
Brookfield Power (Orwell) Erie Blvd. Hydropower, L.P. 225 Greenfield Parkway Liverpool, NY 13138	Electric	12/31/2020	A	2	4	0 / 4	554,526	675,000
Whitewater Commons, Inc. 7 Bridie Square Oswego, NY 13126	Services	3/31/2023	A	0	0	0 / 0	44,584	40,516
Attis Ethanol Fulton, LLC 376 Owen Road Fulton, NY 13069	Manufacturing	3/31/2027	A	0	75	0 / 75	1,131,465	663,895
Bridgewood Holdings/ Teti Bakery 99 Harris Street Fulton, NY 13069	Manufacturing	12/31/2033	A	0	2	0 / 2	28,541	26,095

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**COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY**  
**Schedule of Straight Leases**  
**July 31, 2020**

Oswego Hamilton Homes, LLC Phase I, II, III 1201 East Fayette Street Syracuse, NY 13212	Other	9/1/2027	A	5	5	1 / 4	226,858	21,852
Operation Oswego Co., Inc. Oswego County Business Expansion Center 44 West Bridge Street Oswego, NY 13126	Other	12/31/2050	A	0	24	0 / 24	31,025	1,978
Otis Products, Inc. 6987 Laura St. Lyons Falls, NY 13368	Manufacturing	3/31/2030	A	0	5	0 / 5	36,137	26,778
G&S Broadwell, Inc. 26 East First Street Oswego, NY 13126	Services	7/31/2030	A	0	26	0 / 26	528,924	83,600
Hansdev, Inc. 3800 State Route 13 Pulaski, NY 13142	Services	3/31/2022	A	0	5	0 / 5	58,424	58,424
Champlain Valley Specialty of New York, Inc. 8033 State Route 104 Oswego, NY 13126	Manufacturing	12/31/2031	A	0	78	0 / 78	36,747	14,699
Champlain Valley Specialty of New York, Inc. 8033 State Route 104 Oswego, NY 13126	Manufacturing	12/31/2033	A	25	78	0 / 78	24,805	24,805
Stevadore Lofts, LLC 317 West First Street Oswego, New York 13126	Other	12/31/2042	A	0	1	0 / 1	114,908	14,000
Altmar Genesee, LLC 505 East Fayette Street Syracuse, New York 13202	Services	12/31/2023	A	0	58	0 / 58	111,095	57,769
R.M. Burritt Motors, Inc. 340 State Route 104 Oswego, New York 13126	Retail	12/31/2023	A	39	61	6 / 55	114,202	95,110
LEEH, LLC 247 West Utica St. Oswego, New York 13126	Other	12/31/2023	A	0	2	0 / 2	91,007	64,420
SAM North America, LLC 12 Harold Drive Fulton, New York 13069	Manufacturing	12/31/2033	A	3	7	0 / 7	15,417	6,167
United Wire Technologies 4693 Becker Road Brewerton, New York 13029	Manufacturing	12/31/2033	A	8	19	2 / 17	39,081	18,333

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**COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY**  
**Schedule of Straight Leases**  
**July 31, 2020**

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	91,926	16,373
V-Squared Management, LLC 3420 Maple Ave. Pulaski, New York 13142	Other	12/31/2023	A	0	0	0 / 0	17,459	3,153
Novelis Corporation (Falcon) 448 County Route 1A Oswego, New York 13126	Manufacturing	12/31/2033	A	217	370	0 / 370	339,256	135,702
Novelis Corporation (Hawk) 448 County Route 1A Oswego, New York 13126	Manufacturing	12/31/2035	A	217	370	0 / 370	169,628	42,407
Novelis Corporation (Scrap) 448 County Route 1A Oswego, New York 13126	Manufacturing	12/31/2035	A	217	369	0 / 369	237,479	59,370
K+N's Foods 607 Philips St. Fulton, New York 13069	Manufacturing	12/31/2025	A	0	54	0 / 54	50,631	18,000
86 State Street Phoenix 6730 VIP Parkway Syracuse, New York 13211	Other	12/31/2023	A	0	0	0 / 0	2,880	2,880
Felix Schoeller NA 179 County Route 2A Pulaski, NY 13142	Manufacturing	12/31/2022	A	123	128	0 / 128	226,693	122,776
Lake Ontario Property Associates 300 State Route 104 Oswego, NY 13126	Services	12/31/2024	A	17	32	0 / 32	73,541	59,752
W&C LLC (FX Caprara) 3326 Maple Ave. Pulaski, NY 13142	Retail	12/31/2024	A	65	46	0 / 46	134,179	80,507
Pathfinder Industries 117 North Third Street Fulton, NY 13069	Manufacturing	12/31/2034	A	22	21	0 / 21	17,870	10,722
MDDO, LLC P.O. Box 1035 Oswego, NY 13126	Distribution	12/31/2025	A	49	14	0 / 14	107,107	64,264
Patterson Warehousing 100 Hubbard St. Fulton, NY 13069	Warehousing	12/31/2024	A	6	4	0 / 4	145,698	137,358

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**COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY**  
**Schedule of Straight Leases**  
**July 31, 2020**

Red Ray Properties, LLC 6645 Co. Rt. 17 Redfield, NY 13437	Manufacturing	12/31/2039	A	59	39	0 / 39	14,471	12,722
Marmon Enterprises 259 CC Road Williamstown, NY 13493	Manufacturing	12/31/2038	A	0	13	3 / 10	8,855	8,855
Oswego County Federal Credit Union 90 East Bridge Street Oswego, NY 13126	Services	12/31/2026	A	6	7	0 / 7	40,505	30,081
Branch Development Oswego Holiday Inn Express PO Box 390 Malone, NY 12953	Services	12/31/2036	A	0	9	0 / 9	225,219	56,305
R & D Design Associates 8182 Cranes Watch Circle Baldwinsville, NY 13027	Manufacturing	12/31/2036	A	0	5	0 / 5	10,170	10,170
Universal Metal Works 159 Hubbard St. Fulton, NY 13069	Manufacturing	12/31/2036	A	23	27	1 / 26	91,135	57,630
M&A Holdings of CNY The Gardens by Morningstar PO Box 5171 Oswego, NY 13126	Services	12/31/2046	A	0	55	0 / 55	179,256	13,198
Nine Mile Point Nuclear Station 348 Lake Road Oswego, NY 13126	Electric	12/31/2020	A	1000	858	0 / 858	35,893,018	24,833,855
Oswego Lodging Group Home 2 Suites 11751 E. Corning Rd. Corning, NY 14830	Services	12/31/2037	A	0	3	0 / 3	245,442	61,361
Solar City Corp. (Volney) 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	12/31/2038	A	0	7	0 / 7	178,697	44,674

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**COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY**  
**Schedule of Straight Leases**  
**July 31, 2020**

Page Warehousing Oswego 42 Wire Road Oswego, NY 13126	Warehousing	12/31/2038	A	0	18	6 / 12	33,926	8,481
Lakeside Commons, LLC 7112-7114 NYS 104 Oswego, NY 13126	Other	12/31/2033	A	0	6	0 / 6	206,364	106,239
Stephan Baker OD PLLC 355 West First Street Oswego, NY 13126	Service	12/31/2029	A	0	15	15 / 0	14,386	9,519
Camelot Lodge, LLC YMCA Project 249 W. First Street Oswego, NY 13126	Other	12/31/2028	A	0	0	0 / 0	9,055	3,622
EJ USA 132 County Route 59 Phoenix, NY 13135	Manufacturing	12/31/2038	A	0	92	92 / 0	345,702	86,426
Filtration Lab USA Northland Filter Int. 249-A Mitchell Street Oswego, NY 13126	Manufacturing	12/31/2039	A	26	28	2 / 26	36,770	9,193
Bishop's Commons, LLC 4 Burkle Street Oswego, NY 13126	Services	12/31/2039	A	62	41	0 / 41	239,008	120,000
Geo Hotel Company, Inc. 70 East First Street Oswego, NY 13126	Services	12/31/2038	A	44	44	0 / 44	260,840	84,453
Litatro Building, LLC 189 West First Street Oswego, NY 13126	Other	12/31/2044	A	0	0	0 / 0	18,615	20,000
Maples Assisted Living Facility 453 Park Street Fulton, NY 13069	Services	12/31/2049	A	0	0	0 / 0	148,914	11,684
Howland Solar LLC 5934 S. Main Street Sandy Creek, NY 13145	Electric	12/31/2039	A	0	0	0 / 0	92,656	6,500
Barton Business Properties, LLC Finger Lakes Stairs 23 Hoag Drive Phoenix, NY 13135	Manufacturing	3/31/2038	A	0	6	6 / 0	17,731	4,433

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



**grossman st. amour**

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, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated October 27, 2020.

***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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 may exist that have not been identified.



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

### **Purpose of this Report**

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

*Grossman St. Amour CPAs*

Syracuse, New York  
October 27, 2020