COUNTY OF OSWEGO
INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS

July 31, 2013 and 2012

COUNTY OF OSWEGO
INDUSTRIAL DEVELOPMENT AGENCY

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grossman st. amour
CERTIFIED PUBLIC ACCOUNTANTS PLLC

INDEPENDENT AUDITOR'S REPORT

Agency Members
County of Oswego Industrial Development Agency
44 West Bridge Street
Oswego, New York 13126

Report on the Financial Statements

We have audited the accompanying statements of net position of the County of Oswego Industrial Development Agency (the Agency), a component unit of the County of Oswego, as of July 31, 2013 and 2012 and the statements of activities and cash flows for the years then ended, 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

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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 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 opinions.

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, 2013, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7 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 opinions on the basic financial statements that collectively comprise the Agency's basic financial statements. The Schedules of Supplementary Information including the Schedule of Bonds Issued – A Limited Obligation of the Agency, on page 21, and the Schedule of Straight Leases, on pages 22-24, 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 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 16, 2013, on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Grossman St. Amour CPA,
Syracuse, New York
October 16, 2013

The following is a discussion and analysis of the County of Oswego Industrial Development Agency (the Agency), a component unit of the County of Oswego, financial performance for the fiscal year ended July 31, 2013. This section is a summary of the Agency's financial activities based on currently known facts, decisions or conditions. It is also based on both the Agency and fund-based 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 by $19,039,463 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by $18,874,016.

- Total net position are comprised of the following:

  1) Cash of $8,828,645, of which $4,671,258 is restricted to funding loans.
  2) Loans receivable, net of related allowance, of $10,054,723.
  3) Net position of $14,088,579 is restricted by constraints imposed from outside the Agency such as the County of Oswego, grantors, laws, or regulations.
  4) Unrestricted net position of $4,950,884 represents the portion available now or as loans are repaid to maintain the Agency's economic development operations including future loans. Unrestricted cash totals $4,157,387. Unrestricted loans total $997,827 with repayments spread over several years.

- The Agency's business-type activities reported a total ending net position of $18,029,679 this year. This compared to the prior year ending net position, of $17,766,534 showing an increase of $263,145 during the current year. Unrestricted net position of $4,950,884 for fiscal year 2013 shows a $596,835 decrease over the prior year.

- At the end of the current fiscal year, unrestricted net position for the Agency was $4,950,884 or about nine times total expenditures and about six times total revenues.

- Total liabilities of the Agency increased by $117,054 to $1,026,125 during the fiscal year.

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) fund financial statements, and (3) notes to the financial statements. The Agency also includes in this report additional information to supplement the basic financial statements.

Agency Financial Statements

The Agency's annual report includes two 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, 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 Activities 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 Activities 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.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives and to ensure and demonstrate compliance with finance-related laws and regulations. The Agency is a proprietary fund.

Proprietary funds, which are business-type activities, are reported in the fund financial statements and generally report services for which the Agency charges a fee. Services are provided to companies external to the organization such as making loans and issuing bonds.

Proprietary fund statements provide both long-term and short-term financial information, consistent with the focus provided by the Agency financial statements, but with more detail.

The basic Proprietary Fund financial statements are presented on pages 10 through 14 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 15 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 21.

Financial Analysis of the Agency

The Agency's net position at fiscal year-end is $19,039,463. This is a $165,447 increase over last year's net position of $18,874,016. The following table provides a summary of the Agency's net position:

	Business-type Activities 2013	Business-type Activities 2012	Percent Change
Cash and other assets	$ 10,010,865	$ 10,419,840	-3.9%
Loans receivable	10,054,723	9,363,247	7.4%
Total assets	$ 20,065,588	$ 19,783,087	1.4%
Liabilities	$ 1,026,125	$ 909,071	12.9%
Net position			
Restricted	14,088,579	13,326,297	5.7%
Unrestricted	4,950,884	5,547,719	-10.8%
Total net position	$ 19,039,463	$ 18,874,016	0.9%

Business-type activities realize benefits from loan repayments and administrative fees for company project assistance.

Financial Analysis of the Agency (continued)

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

	Business-type Activities			
	2013	Percent of Total	2012	Percent of Total
Revenues				
Charges for services	$ 139,090	20.3%	$ 156,649	24.5%
Rent income	68,296	10.0%	63,446	0.4%
Interest - loans	266,535	38.9%	233,081	36.5%
Interest - savings	9,922	1.4%	12,229	1.9%
Payments in lieu of taxes	177,641	25.9%	173,838	27.2%
Other revenues	13,967	2.0%	-	0.0%
Refund of prior year expenses	9,871	1.4%	-	0.0%
Total revenues	685,322	100.0%	639,243	100.0%
Expenses				
Administration	230,915	44.4%	220,681	29.4%
Professional fees	51,998	10.0%	67,418	9.0%
Building insurance	14,578	2.8%	23,194	3.1%
Depreciation expense	23,750	4.6%	23,750	3.2%
Grant and development	180,000	34.6%	110,000	14.7%
Other expenses	18,634	3.6%	9,475	1.3%
Provision for uncollectible loans	-	0.0%	296,026	39.4%
Total expenses	519,875	100.0%	750,544	100.0%
Change in net position	165,447		(111,301)	
Beginning net position	18,874,016		18,985,317	
Ending net position	$ 19,039,463		$ 18,874,016	

Agency Proprietary Fund

As discussed, the Agency proprietary fund is reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. The Agency proprietary fund reported ending net position of $18,029,679. Of this year-end total, $4,950,884 is unrestricted indicating availability for continuing Agency service requirements. Restricted net position consist of $13,078,795 for economic development loans to the business community funded with federal grants, county authorized pilot funding and loan repayments.

The total ending net position of the Agency proprietary fund shows an increase of $263,145 over the prior year. This increase is primarily the result of the events and programs described within the analysis of the Agency's business-type activities.

The Agency also receives one-time HUD grants for loans to assist in economic development.

Contacting the Agency's Financial Management

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

L. Michael Treadwell
Chief Executive Officer

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Statements of Net Position

	July 31, 2013	July 31, 2012
ASSETS		
Current assets		
Cash - unrestricted	$ **4,157,387**	$ 4,488,634
Cash - restricted	**4,671,258**	4,725,236
Loans receivable	**1,143,042**	1,308,258
Total current assets	**9,971,687**	10,522,128
Other assets		
Loans receivable - long term	**9,272,106**	8,422,524
Allowance for uncollectible loans receivable	**(360,425)**	(367,535)
Net loans receivable	**8,911,681**	8,054,989
Project assets, net	**1,182,220**	1,205,970
	$ **20,065,588**	$ 19,783,087
LIABILITIES AND NET POSITION		
Current liabilities		
Current portion of loan payable	$ **3,502**	$ -
Deferred revenue	**-**	25,490
Accounts payable and other liabilities	**500**	1,081
PILOT payable	**72,500**	70,000
Total current liabilities	**76,502**	96,571
Non-current liabilities		
Loan payable	**249,623**	112,500
Mortgage payable	**700,000**	700,000
Total liabilities	**1,026,125**	909,071
Net position		
Restricted - cash	**4,671,258**	4,725,236
Restricted - loans receivable	**9,417,321**	8,601,061
Unrestricted	**4,950,884**	5,547,719
Total net position	**19,039,463**	18,874,016
	$ **20,065,588**	$ 19,783,087

The accompanying notes are an integral part of these financial statements

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Statements of Activities

	For the years ended July 31,	
	2013	2012
REVENUES		
Administration and application fees	**$ 139,090**	$ 156,649
Interest on savings	**9,922**	12,229
Interest on loans	**266,535**	233,081
Payments in lieu of taxes	**177,641**	173,838
Rent income	**68,296**	63,446
Other revenues	**13,967**	-
Refund of prior year expenses	**9,871**	-
Total revenues	**685,322**	639,243
EXPENSES		
Administration:		
Administration fee	**200,000**	200,000
Dues	**4,535**	535
Professional fees	**51,998**	67,418
Miscellaneous	**26,380**	20,146
Grant and development expenses	**180,000**	110,000
Provision for uncollectible loans	**-**	296,026
Building insurance	**14,578**	23,194
Depreciation expense	**23,750**	23,750
Other expenses	**18,634**	9,475
Total expenses	**519,875**	750,544
Change in net position	**165,447**	(111,301)
Net position, beginning of year	**18,874,016**	18,985,317
Net position, end of year	**$ 19,039,463**	$ 18,874,016

The accompanying notes are an integral part of these financial statements

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Statements of Net Position - Proprietary Fund

	July 31, 2013	July 31, 2012
ASSETS		
Current assets		
Cash - unrestricted	**$ 4,157,387**	$ 4,488,634
Cash - restricted	**4,671,258**	4,725,236
Loans receivable	**1,143,042**	1,308,258
Total current assets	**9,971,687**	10,522,128
Other assets		
Loans receivable- long term	**9,272,106**	8,422,524
Allowance for uncollectible loans receivable	**(360,425)**	(367,535)
Net loans receivable	**8,911,681**	8,054,989
Project assets, net	**1,182,220**	1,205,970
	$ 20,065,588	$ 19,783,087
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion of loan payable	**$ 3,502**	$ -
Deferred revenue	**1,009,784**	1,132,972
Accounts payable and other liabilities	**500**	1,081
PILOT payable	**72,500**	70,000
Total current liabilities	**1,086,286**	1,204,053
Non-current liabilities		
Loan payable	**249,623**	112,500
Mortgage payable	**700,000**	700,000
Total liabilities	**2,035,909**	2,016,553
Net position		
Restricted - cash	**4,671,258**	4,725,236
Restricted - loans receivable	**8,407,537**	7,493,579
Unrestricted	**4,950,884**	5,547,719
Total net position	**18,029,679**	17,766,534
	$ 20,065,588	$ 19,783,087

The accompanying notes are an integral part of these financial statements

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Reconciliation of the Statement of Net Position - Proprietary Fund
to the Statement of Net Position
At July 31, 2013

Total net position - proprietary fund	$	18,029,679
Deferred revenues recorded in accordance with grant accounting rules to account for HUD revolving loan funds, but eliminated as government-wide liabilities.		1,009,784
Total net position - government-wide	$	19,039,463

The accompanying notes are an integral part of these financial statements

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

	For the years ended July 31,	
	2013	2012
REVENUES		
Administration and application fees	**$ 139,090**	$ 156,649
Interest on savings	**9,922**	12,229
Interest on loans	**250,242**	222,128
Payments in lieu of taxes	**177,641**	173,838
Rent income	**68,296**	63,446
Refund of prior year expenses	**9,871**	-
Other revenues	**13,967**	-
Federal funds - loan repayments		
Principal	**97,698**	125,548
Interest	**16,293**	10,953
Total revenues	**783,020**	764,791
EXPENDITURES		
Administration:		
Administration fee	**200,000**	200,000
Dues	**4,535**	535
Professional fees	**51,998**	67,418
Miscellaneous	**26,380**	20,146
Grant and development expenses	**180,000**	110,000
Provision for uncollectible loans	**-**	296,026
Building insurance	**14,578**	23,194
Depreciation expense	**23,750**	23,750
Other expenses	**18,634**	9,475
Total expenditures	**519,875**	750,544
Change in net position	**263,145**	14,247
Net position, beginning of year	**17,766,534**	17,752,287
Net position, end of year	**$ 18,029,679**	$ 17,766,534

The accompanying notes are an integral part of these financial statements

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Reconciliation of the Statement of Revenues and Expenditures
to the Statement of Activities
July 31, 2013

Change in net position - proprietary fund	$ 263,145
Principal on loan repayments and federal fund expenditures recorded in accordance with grant accounting rules to account for HUD revolving loan funds, but eliminated as government-wide revenue and expense.	(97,698)
Change in net position of statement of activities	$ 165,447

The accompanying notes are an integral part of these financial statements

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Statements of Cash Flows - Proprietary Fund

	For the years ended July 31,	
	2013	2012
Cash flows from operating activities:		
Cash received for administration/application fees	**$ 139,090**	$ 156,649
Cash received for PILOT program	**177,641**	173,838
Cash received as refund for prior year expenses	**9,871**	-
Cash received for interest	**276,457**	245,310
Cash received for rent	**68,296**	63,446
Cash received for loan repayments	**1,731,443**	1,372,229
Cash paid for loan receivables	**(2,422,919)**	(1,982,150)
Cash paid for administration	**(200,000)**	(200,000)
Cash paid for professional fees	**(51,998)**	(177,418)
Cash paid for other operating expenses	**(73,731)**	27,232
Net cash used in operating activities	**(525,850)**	(320,864)
Cash flows from financing activities:		
Cash received from loan payable	**140,625**	-
Net cash provided by financing activities	**140,625**	-
Net change in cash	**(385,225)**	(320,864)
Cash, beginning of year	**9,213,870**	9,534,734
Cash, end of year	**$ 8,828,645**	$ 9,213,870
Reconciliation of changes in net assets to net cash provided by operating activities:		
Change in net assets	**$ 263,145**	$ 14,247
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**23,750**	23,750
Net change in loans receivable	**(684,366)**	(442,575)
Net change in allowance for uncollectible loans receivable	**(7,110)**	128,680
Net change in deferred revenue	**(123,188)**	(114,025)
Net change in accounts payable and PILOT payable	**1,919**	69,059
Net cash used in operating activities	**$ (525,850)**	$ (320,864)

The accompanying notes are an integral part of these 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 (the County) under provisions of the laws of New York State (the 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 has previously implemented the reporting model standards required by Government Accounting Standards Board (GASB) Statement No. 34. GASB 34 generally requires two sets of financial statements: one set to report in accordance with government fund accounting; one set to report with a business focus similar to the private sector with full accrual accounting.

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."

Grant Accounting

Pass-through grants are recorded as receivables, revenues, liabilities and expenses when awarded. All other grants are recorded as receivables and deferred revenues upon award of the contracts; revenues are recognized as the Agency meets performance requirements of the contracts. Unpaid loans, which consist of federal funds, are reflected as Loans Receivable and Deferred Revenue.

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.

Equity Classification

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.

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

2. Revolving Economic Development Funds

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

3. Industrial Development Revenue Bond and Note Transactions

Certain industrial development revenue bonds and notes issued by the Agency are secured by property which is leased to companies and is retired by lease payments. The bonds and notes are not 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, 2013 the original issue value of bonds aggregated $275,120,246 and the outstanding balance was $22,321,000.

The Agency takes title to 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. Since the financing arrangement is basically a sale/leaseback arrangement, the Agency is liable to the extent of resources received under the sale/leaseback agreement. Additionally, members, directors or officers of the issuer have no personal liability in connection with the issuance of the bonds.

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 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. Related Party

The Agency provides a share of the funding for Operation Oswego County, Inc. (OOC), a separate tax-exempt development corporation. The financial records of the Agency are maintained at the offices of OOC. During fiscal years 2013 and 2012, the Agency disbursed $200,000 to OOC as an administrative support fee.

The Agency has also made interest-free loans to OOC for building construction. Loans receivable from OOC were approximately $1,538,000 and $1,653,000 at July 31, 2013 and 2012, respectively.

6. 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 exceeded the insured limits of the Federal Deposit Insurance Corporation. However, the Agency's accounts were fully collateralized by securities pledged by the depository bank at July 31, 2013.

7. 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 $360,425 and $367,535 at July 31, 2013 and 2012, respectively.

8. Contingencies

The Agency is subject to Federal and State audit and inspection to determine compliance with contract requirements.

9. 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 and designated grant funds, as follows:

	2013	2012
Federal Funds	$ 1,293,278	$ 1,153,340
PILOT Funds	2,727,412	2,954,127
Micro Enterprise	356,221	393,399
IRP Funds	294,347	224,370
	$ 4,671,258	$ 4,725,236

Approved PILOT financing loan commitments at July 31, 2013 of approximately $1,154,500 reduce the available restricted cash balance in the PILOT funds to approximately $1,573,000.

10. 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:

	2013	2012
PILOT Funds	$ 8,093,521	$ 7,327,534
HUD Funds	915,331	1,033,351
HUD Micro Enterprise Funds	125,937	98,840
IRP Loan	282,532	141,335
Total	9,417,321	8,601,060
Less deferred revenue	(1,009,784)	(1,107,481)
	$ 8,407,537	$ 7,493,579

11. Due to Other Governments

The Agency maintains a separate savings account for Federal Funds, as indicated in Note 9. Interest earned on the Federal Funds is required to be remitted to the Department of Housing and Urban Development (HUD) shortly after December 31, 2013. This is recorded in accounts payable and other liabilities and was paid in full as of July 31, 2013 and amounted to $581 at July 31, 2012.

12. PILOT Payable

The Agency acts as a conduit for the receiving and disbursing of PILOT payments. The amounts owed to Oswego County for PILOT amounted to $72,500 and $70,000 at July 31, 2013, and 2012, respectively.

13. Commitment

At July 31, 2013 approved financing applications totaled $1,738,160.

14. Project Assets

The Agency 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 was leased under a ten year lease (with a five year extension) for $12,000 annually through September 2014. Rent is adjusted upward every five years based on a Consumer Price Index formula, limited to a maximum 10 percent increase. The Agency's share of the annual rent is $3,000.

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

The Agency purchased a building which was being foreclosed on in the amount of $950,000. The Agency is leasing the building back to the company which was foreclosed on so that they may maintain operations.

14. Project Assets (continued)

The future minimum lease payments are $44,000 through fiscal 2013. The Agency plans to sell the building back to the company. The useful life of the building is thirty-nine years and depreciation will be calculated using the straight-line method. The asset was acquired at the end of fiscal year 2011 and therefore, began to be depreciated during 2012. Depreciation expense for the year ended July 31, 2013 and 2012 was $23,750.

15. Long-Term Debt

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

	Balance at July 31, 2012	Additions	Reductions	Balance at July 31, 2013	Amounts Due Within One Year
Mortgage payable	$ 700,000	$ -	$ -	$ 700,000	$ -
Loan payable	112,500	140,625	-	253,125	3,502
Total	$ 812,500	$ 140,625	$ -	$ 953,125	$ 3,502

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

	Mortgage Payable		Loan Payable	
	Principal	Interest	Principal	Interest
Year ended July 31,				
2014	$ -	$ 19,250	$ 3,502	$ 2,531
2015	-	19,250	7,914	2,496
2016	-	19,250	7,993	2,417
2017	-	19,250	8,073	2,337
2018	-	19,250	8,154	2,257
Thereafter	700,000	171,320	217,489	27,713
	$ 700,000	$ 267,570	$ 253,125	$ 39,751

16. Subsequent Events

On August 15, 2013, PathFinder Bank assigned all loans owed by Sure-Lock Industries to the Agency for the sum of $328,000. The Agency purchased the loans in an attempt to retain employment of the 23 employees of Sure-Lock Industries. The Agency already holds financial obligations with Sure-Lock Industries; this purchase will help ensure repayment to the Agency.

Management has evaluated subsequent events through October 16, 2013, 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, 2013

Project / Owner	Purpose Code	Issued/ Maturity Date	Interest Rate	Tax Status	Beginning / Ending Balances	Jobs Before IDA Status	Current Jobs	Estimated Jobs Created / Retained	Tax Exemptions	PILOTS
Oswego County Opportunities, Inc. 239 Oneida St. Fulton, NY 13069	Civic Facility	1/2/1998 7/1/2018	6.23%	Exempt	302,285 254,511	362	465	0 / 362	-	-
O.H. Properties, Inc. 110 West Sixth St. Oswego, NY 13126	Civic Facility	6/29/1999 6/1/2024	3.45% - 4.02%	Exempt	1,290,000 1,190,000	0	0	0 / 0	9,430	9,430
O.H. Properties, Inc. 110 West Sixth St. Oswego, NY 13126	Civic Facility	6/29/1999 6/1/2024	5.37% - 5.45%	Taxable	800,000 745,000	0	0	0 / 0	9,430	9,430
Springside at Seneca Hill 110 West Sixth St. Oswego, NY 13126	Civic Facility	12/6/2000 6/1/2021	3.45% - 4.02%	Exempt	2,160,000 2,030,000	0	13	1 / 0	102,874	24,624
Fulton Thermal Corporation 972 Centerville Road Pulaski, NY 13142	Manufacturing	9/29/2010 10/1/2036	LIBOR rate	Exempt	10,000,000 10,000,000	223	328	48 / 223	430,755	107,689
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	1,366,343 1,341,083	5	8	1 / 5	3,109	3,109
Oswego College Foundation, Inc. 300 Washington Blvd. Oswego, NY 13126	Civic Facility	12/18/2003 1/1/2024	per remarketing agent	Exempt	3,595,000 1,360,000	0	16	0 / 0	-	-
Oswego School District Public Library 120 East Second Oswego, NY 13126	Civic Facility	6/29/2006 12/15/2035	4-5%	Exempt	5,530,000 5,400,000	8	10	0 / 8	-	-

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Straight Leases
July 31, 2013

Project / Owner	Purpose	Straight Lease End Date	Lease Amount	Jobs Before IDA Status	Current Jobs	Estimated Jobs Created / Retained	Tax Exemptions	PILOTS
Circle T Motorsports, LLC 30003 SW 197 Avenue Homestead, FL 33030	Services	12/31/2021	A	0	30	1 / 0	$ 44,980	$ 46,449
Lighthouse Lanes, LLC 295 East Albany Street Oswego, NY 13126	Services	3/31/2013	A	0	10	0 / 0	39,046	35,141
Pioneer Management Group Fulton Commons 333 West Washington St. Suite 600 Syracuse, NY 13202	Services	12/31/2012	A	0	0	0 / 0	46,227	46,227
Huhtamaki Packaging 100 State Street Fulton, NY 13069	Manufacturing	3/31/2017	A	429	612	8 / 429	426,076	251,816
Sithe Energies 59 Independence Way Oswego, NY 13126	Electric	12/31/2029	A	0	41	0 / 0	5,582,844	5,466,666
Geo Hotel Co. P.O. Box 385 Oswego, NY 13126	Services	7/31/2014	A	0	25	0 / 0	219,771	119,425
Operation Oswego Co., Inc. Discover Day Care Center 44 West Bridge Street Oswego, NY 13126	Services	3/31/2040	A	6	6	0 / 6	25,722	2,546
McIntosh Box & Pallet P.O. Box 127 East Syracuse, NY 13057	Manufacturing	1/31/2016	A	30	51	0 / 30	5,991	4,793
Operation Oswego Co., Inc. SUNY Oswego Continuing Education Center 44 West Bridge Street Oswego, NY 13126	Services	3/31/2025	A	6	6	0 / 6	23,814	6,048
Brookfield Power (Orwell) Erie Blvd. Hydropower, L.P. 225 Greenfield Parkway Liverpool, NY 13138	Electric	12/31/2020	A	2	4	0 / 2	764,008	750,000

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

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Stralght Leases
July 31, 2013

Project / Owner	Purpose	Straight Lease End Date	Lease Amount	Jobs Before IDA Status	Current Jobs	Estimated Jobs Created / Retained	Tax Exemptions	PILOTS
Fulton Tool Company, Inc. 802 W. Broadway Fulton, NY 13069	Manufacturing	12/31/2015	A	12	19	0 / 12	20,462	19,786
Winter Harbor, LLC 604 County Route 37 Central Square, NY 13036	Services	3/31/2015	A	0	9	1 / 0	25,720	18,004
Operation Oswego Co., Inc. Spec Building 44 West Bridge Street Oswego, NY 13126	Manufacturing	3/31/2027	A	6	6	0 / 6	47,285	10,562
Whitewater Commons, Inc. 7 Bridie Square Oswego, NY 13126	Services	3/31/2023	A	0	1	0 / 0	26,140	23,526
Geo Hotel Corp d/b/a The Sub Shop 70 East First Street Oswego, NY 13126	Retail	3/1/2014	A	0	0	0 / 0	11,037	7,643
Sunoco, Inc. 376 Owen Road Fulton, NY 13069	Manufacturing	3/31/2027	A	0	70	3 / 0	1,111,687	444,675
Bridgewood Holdings/ Teti Bakery 99 Harris Street Fulton, NY 13069	Manufacturing	12/31/2033	A	0	4	4 / 0	24,982	24,982
Riccelli Fulton PO Box 6418 Syracuse, NY 13217	Transportation	3/31/2017	A	0	3	1 / 0	66,440	45,225
Oswego Hamilton Homes, LLC Phase I 1201 East Fayette Street Syracuse, NY 13212	Other	9/1/2027	A	5	5	0 / 5	66,841	7,021
Oswego Hamilton Homes, LLC Phase II 1201 East Fayette Street Syracuse, NY 13212	Other	9/1/2027	A	5	5	0 / 5	72,650	6,895

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

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Straight Leases
July 31, 2013

Project / Owner	Purpose	Straight Lease End Date	Lease Amount	Jobs Before IDA Status	Current Jobs	Estimated Jobs Created / Retained	Tax Exemptions	PILOTS
Oswego Hamilton Homes, LLC Phase III 1201 East Fayette Street Syracuse, NY 13212	Other	9/1/2027	A	5	5	0 / 5	51,622	6,895
Wire Road, LLC 5879 Sugar Bush Drive Tully, NY 13159	Other	12/31/2021	A	0	29	0 / 0	27,856	11,142
Operation Oswego Co., Inc. Oswego County Start-Up Facility 44 West Bridge Street Oswego, NY 13126	Other	12/31/2050	A	6	6	0 / 6	11,161	2,828
Operation Oswego Co., Inc. Oswego County Business Expansion Center 44 West Bridge Street Oswego, NY 13126	Other	12/31/2050	A	6	6	0 / 6	26,140	1,508
Oneida Lake Ready-Mix, LLC 2915 State Route 49 Central Square, NY 13036	Manufacturing	3/31/2029	A	0	7	0 / 0	4,582	1,145
Otis Products, Inc. 6987 Laura St. Lyons Falls, NY 13368	Manufacturing	3/31/2030	A	0	6	0 / 0	31,597	21,368
Captain's Quarters G&S Broadwell, Inc. 26 East First Street Oswego, NY 13126	Services	7/31/2030	A	0	25	3 / 0	143,287	72,500
Hansdev, Inc. 3800 State Route 13 Pulaski, NY 13142	Services	3/31/2022	A	0	5	5 / 0	52,265	52,430
Champlain Valley Specialty of New York, Inc. 8033 State Route 104 Oswego, NY 13126	Manufacturing	12/31/2031	A	0	111	83 / 0	34,859	8,715
Stevedore Lofts, LLC 317 West First Street Oswego, New York 13126	Other	12/31/2042	A	0	0	0 / 0	96,958	14,000

A - Lease equals $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*

Agency Members
County of Oswego Industrial Development Agency
44 West Bridge Street
Oswego, New York 13126

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, 2013, 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 16, 2013.

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 effective ness 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*.

We noted certain matters that we reported to management of the County of Oswego Industrial Development Agency in a separate letter dated October 16, 2013.

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 16, 2013