COUNTY OF OSWEGO
INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS

July 31, 2015 and 2014

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
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, 2015 and 2014, 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, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8 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 22, and the Schedule of Straight Leases, on pages 23-27) 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2015, 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 CPAs

Syracuse, New York
November 11, 2015

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, 2015. 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 $19,484,786 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by $19,558,068.

- Total net position are comprised of the following:

  1) Cash of $8,232,348, of which $5,357,703 is restricted to funding loans.
  2) Loans receivable, net of related allowance, of $10,990,930.
  3) Net position of $15,161,911 is restricted by constraints imposed from outside the Agency such as the County of Oswego, grantors, laws, or regulations.
  4) Unrestricted net position of $4,322,875 represents the portion available now or as loans are repaid to maintain the Agency's economic development operations including future loans. Unrestricted cash totals $2,874,645.

- The Agency's business-type activities reported a total ending net position of $18,231,953 this year. This compared to the prior year ending net position, of $18,172,291 showing an increase of $59,662 during the current year. Unrestricted net position of $4,322,875 for fiscal year 2015 shows a $380,559 decrease over the prior year.

- At the end of the current fiscal year, unrestricted net position for the Agency was $4,322,875 or about five times total expenditures and total revenues.

- Total liabilities of the Agency increased by $55,553 to $1,119,886 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 9 to 10 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 11 through 15 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 16 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 22.

Financial Analysis of the Agency

The Agency's net position at fiscal year-end is $19,484,786. This is a $73,282 decrease over last year's net position of $19,558,068. The following table provides a summary of the Agency's net position:

	Business-type Activities 2015	Business-type Activities 2014	Percent Change
Cash and other assets	$ 9,613,742	$ 9,135,825	5.2%
Loans receivable	10,990,930	11,486,576	-4.3%
Total assets	$ 20,604,672	$ 20,622,401	-0.1%
Liabilities	$ 1,119,886	$ 1,064,333	5.2%
Net position			
Restricted	15,161,911	14,854,634	2.1%
Unrestricted	4,322,875	4,703,434	-8.1%
Total net position	$ 19,484,786	$ 19,558,068	-0.4%

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			
	2015	Percent of Total	2014	Percent of Total
Revenues				
Charges for services	$ 74,680	9.5%	$ 431,616	46.9%
Rent income	51,296	6.5%	54,296	5.9%
Interest - loans	235,726	29.9%	230,516	25.0%
Interest - savings	1,442	0.2%	3,788	0.4%
Payments in lieu of taxes	190,322	24.1%	200,040	21.7%
Other revenues	73,750	9.4%	-	0.0%
Gain on sale of property	160,998	20.4%	-	0.0%
Total revenues	788,214	100.0%	920,256	100.0%
Expenses				
Administration	266,169	30.9%	248,431	61.9%
Professional fees	106,329	12.3%	51,113	12.7%
Building insurance	13,046	1.5%	12,931	3.2%
Depreciation expense	23,750	2.8%	23,750	5.9%
Grant and development	373,577	43.4%	60,000	14.9%
Other expenses	78,625	9.1%	5,426	1.4%
Total expenses	861,496	100.0%	401,651	100.0%
Change in net position	(73,282)		518,605	
Beginning net position	19,558,068		19,039,463	
Ending net position	$ 19,484,786		$ 19,558,068	

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 $18,231,953. Of this year-end total, $4,322,875 is unrestricted indicating availability for continuing Agency service requirements. Restricted net position consist of $13,909,078 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 $59,662 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 Housing and Urban Development (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, 2015	July 31, 2014
ASSETS		
Current assets:		
Cash - unrestricted	**$ 2,874,645**	$ 3,567,003
Cash - restricted	**5,357,703**	4,410,352
Loans receivable	**1,092,625**	1,237,688
Accounts receivable	**172,924**	-
Total current assets	**9,497,897**	9,215,043
Other assets:		
Loans receivable - long term	**10,013,362**	10,595,601
Allowance for uncollectible loans receivable	**(115,057)**	(346,713)
	9,898,305	10,248,888
Project assets, net	**1,208,470**	1,158,470
	$ 20,604,672	$ 20,622,401
LIABILITIES AND NET POSITION		
Current liabilities:		
Current portion of loan payable	**$ 23,661**	$ 23,577
Accounts payable and other liabilities	**10,398**	500
PILOT payable	**-**	76,000
Total current liabilities	**34,059**	100,077
Non-current liabilities:		
Loan payable	**385,827**	264,256
Mortgage payable	**700,000**	700,000
Total liabilities	**1,119,886**	1,064,333
Net position:		
Restricted - cash	**5,357,703**	4,410,352
Restricted - loans receivable	**9,804,208**	10,444,282
Unrestricted	**4,322,875**	4,703,434
Total net position	**19,484,786**	19,558,068
	$ 20,604,672	$ 20,622,401

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,	
	2015	2014
REVENUES		
Administration and application fees	**$ 74,680**	$ 431,616
Interest on savings	**1,442**	3,788
Interest on loans	**235,726**	230,516
Payments in lieu of taxes	**190,322**	200,040
Rent income	**51,296**	54,296
Other revenues	**73,750**	-
Gain on sale of property	**160,998**	-
Total revenues	**788,214**	920,256
EXPENSES		
Administration:		
Administration fee	**238,750**	225,000
Dues	**400**	400
Professional fees	**106,329**	51,113
Miscellaneous	**27,019**	23,031
Grant and development expenses	**373,577**	60,000
Provision for uncollectible loans	**73,907**	-
Building insurance	**13,046**	12,931
Depreciation expense	**23,750**	23,750
Other expenses	**4,718**	5,426
Total expenses	**861,496**	401,651
Change in net position	**(73,282)**	518,605
Net position, beginning of year	**19,558,068**	19,039,463
Net position, end of year	**$ 19,484,786**	$ 19,558,068

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, 2015	July 31, 2014
ASSETS		
Current assets:		
Cash - unrestricted	**$ 2,874,645**	$ 3,567,003
Cash - restricted	**5,357,703**	4,410,352
Loans receivable	**1,092,625**	1,237,688
Accounts receivable	**172,924**	-
Total current assets	**9,497,897**	9,215,043
Other assets:		
Loans receivable- long term	**10,013,362**	10,595,601
Allowance for uncollectible loans receivable	**(115,057)**	(346,713)
	9,898,305	10,248,888
Project assets, net	**1,208,470**	1,158,470
	$ 20,604,672	$ 20,622,401
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of loan payable	**$ 23,661**	$ 23,577
Deferred revenue	**1,252,833**	1,385,777
Accounts payable and other liabilities	**10,398**	500
PILOT payable	**-**	76,000
Total current liabilities	**1,286,892**	1,485,854
Non-current liabilities:		
Loan payable	**385,827**	264,256
Mortgage payable	**700,000**	700,000
Total liabilities	**2,372,719**	2,450,110
Net position:		
Restricted - cash	**5,357,703**	4,410,352
Restricted - loans receivable	**8,551,375**	9,058,505
Unrestricted	**4,322,875**	4,703,434
Total net position	**18,231,953**	18,172,291
	$ 20,604,672	$ 20,622,401

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
July 31, 2015

Total net position - proprietary fund	$	18,231,953
Deferred revenues recorded in accordance with grant accounting rules to account for HUD revolving loan funds, but eliminated as government-wide liabilities.		1,252,833
Total net position - government-wide	$	19,484,786

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,	
	2015	2014
REVENUES		
Administration and application fees	**$ 74,680**	$ 431,616
Interest on savings	**1,442**	3,788
Interest on loans	**219,588**	216,407
Payments in lieu of taxes	**190,322**	200,040
Rent income	**51,296**	54,296
Gain on sale of property	**160,998**	-
Other revenues	**73,750**	-
Federal funds - loan repayments		
Principal	**132,944**	(375,993)
Interest	**16,138**	14,109
Total revenues	**921,158**	544,263
EXPENDITURES		
Administration:		
Administration fee	**238,750**	225,000
Dues	**400**	400
Professional fees	**106,329**	51,113
Miscellaneous	**27,019**	23,031
Grant and development expenses	**373,577**	60,000
Provision for uncollectible loans	**73,907**	-
Building insurance	**13,046**	12,931
Depreciation expense	**23,750**	23,750
Other expenses	**4,718**	5,426
Total expenditures	**861,496**	401,651
Change in net position	**59,662**	142,612
Net position, beginning of year	**18,172,291**	18,029,679
Net position, end of year	**$ 18,231,953**	$ 18,172,291

The accompanying notes are an integral part of these financial statements

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Reconciliation of the Statement of Revenues, Expenditures and Changes in Net Position
to the Statement of Activities
Year Ended July 31, 2015

Change in net position - proprietary fund	$ 59,662
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.	(132,944)
Change in net position of statement of activities	$ (73,282)

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,	
	2015	2014
Cash flows from operating activities:		
Cash received for administration/application fees	**$ 74,680**	$ 431,616
Cash received for PILOT program	**190,322**	200,040
Cash received for interest	**237,168**	234,304
Cash received for rent	**51,296**	54,296
Cash received for loan repayments	**1,499,319**	1,761,371
Cash paid for loan receivables	**(1,077,580)**	(3,193,224)
Cash paid for administration	**(238,750)**	(225,000)
Cash paid for grant and development expenses	**(373,577)**	(60,000)
Cash paid for professional fees	**(106,329)**	(51,113)
Cash paid for other operating expenses	**(123,211)**	(38,288)
Net cash used in operating activities	**133,338**	(885,998)
Cash flows from financing activities:		
Cash received from loan repayments	**149,625**	62,745
Loans issued	**(27,970)**	(28,037)
Net cash provided by financing activities	**121,655**	34,708
Net change in cash	**254,993**	(851,290)
Cash, beginning of year	**7,977,355**	8,828,645
Cash, end of year	**$ 8,232,348**	$ 7,977,355
Reconciliation of changes in net assets to net cash provided by operating activities:		
Change in net assets	**$ 59,662**	$ 142,612
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**23,750**	23,750
Bad debt expense	**73,907**	-
Gain on property transactions	**(73,750)**	-
Gain on sale of property	**(160,998)**	-
Net change in accounts receivable	**(11,926)**	-
Net change in loans receivable	**727,302**	(1,418,141)
Net change in allowance for uncollectible loans receivable	**(305,563)**	(13,712)
Net change in deferred revenue	**(132,944)**	375,993
Net change in accounts payable and PILOT payable	**(66,102)**	3,500
Net cash used in operating activities	**$ 133,338**	$ (885,998)

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 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*. 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."

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

3. Industrial Development Revenue Bond and Note Transactions

Certain industrial development revenue bonds and notes issued by the Agency are secured by property which is leased to companies and is retired by lease payments. The bonds and notes are not general obligations of the Agency, County or the State. The Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts since its primary function is to arrange the financing between the borrowing companies and bond and note holders. 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, 2015 the cumulative original issue value of bonds aggregated $275,120,246 and the outstanding balance was $19,963,043.

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 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, 2015.

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 $115,000 and $347,000 at July 31, 2015 and 2014, respectively.

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 2015 and 2014, administrative support fees were $238,750 and $225,000, respectively.

Over the period of several years, the Agency has also made interest-free loans to OOC as a conduit to benefit economic development projects which loans are repaid solely from monies received from third party project occupants. Loans receivable from OOC were approximately $1,776,000 and $1,921,000 at July 31, 2015 and 2014, respectively.

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

The Agency is subject to Federal and State audit and inspection to determine compliance with contract requirements. At July 31, 2015, the Agency had approved funding applications of approximately $2,913,500.

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 and designated grant funds, as follows:

	2015	2014
Federal Funds	$ 759,006	$ 917,051
PILOT Funds	3,771,180	2,773,342
Micro Enterprise	415,963	386,207
IRP Funds	351,547	333,752
Loan Loss Reserve	60,007	-
	$ 5,357,703	$ 4,410,352

8. Restricted Cash (continued)

Approved PILOT financing loan commitments at July 31, 2015 of approximately $2,400,000 reduce the available restricted cash balance in the PILOT funds to approximately $1,371,000. Approved IRP financing loan commitments of July 31, 2015 of approximately $266,000 reduce the available restricted cash balance in the IRP funds to approximately $150,000.

9. Restricted Loans Receivable

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

	2015	2014
PILOT Funds	$ 8,141,430	$ 8,745,160
HUD Funds	1,202,056	1,311,717
HUD Micro Enterprise Funds	60,322	98,746
IRP Loan	400,400	288,659
Total	9,804,208	10,444,282
Less deferred revenue	(1,252,833)	(1,385,777)
	$ 8,551,375	$ 9,058,505

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, 2015. This is recorded in accounts payable and other liabilities and was paid in full as of July 31, 2015 and 2014.

11. PILOT Payable

The Agency acts as a conduit for the receiving and disbursing of PILOT payments. At July, 31, 2014, $76,000 was owed.

12. Project Assets

The Agency had previously partnered with the City of Fulton and the Fulton Community Development Agency to purchase real property in the City of Fulton. The Agency's share of the $1,000,000 purchase price was $254,720. Title is in the name of the Agency. The property is leased under an operating lease through September 2020. Annual rent is $13,185. 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 $3,296.

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

12. Project Assets (continued)

The Agency has previously purchased a building upon for $950,000 and is leasing the building back to the company which was the previous owner.

The future minimum lease payments are $20,000 through fiscal 2016. The Agency plans to sell the building back to the company. The useful life of the building is thirty-nine years and depreciation is calculated using the straight-line method. Depreciation expense for the year ended July 31, 2015 and 2014 was $23,750.

13. Long-Term Debt

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

	Balance at July 31, 2014	Additions	Reductions	Balance at July 31, 2015	Amounts Due Within One Year
Mortgage payable	$ 700,000	$ -	$ -	$ 700,000	$ -
Loan payable	287,833	149,625	27,970	409,488	23,661
Total	$ 987,833	$ 149,625	$ 27,970	$ 1,109,488	$ 23,661

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

	Mortgage Payable		Loan Payable	
	Principal	Interest	Principal	Interest
Year ended July 31,				
2016	$ -	$ 17,080	$ 23,661	$ 6,983
2017	20,580	16,851	23,897	6,747
2018	21,087	16,343	24,136	6,508
2019	21,608	15,823	24,378	6,266
2020	22,141	15,290	24,621	6,023
2021-2025	119,174	67,978	126,850	26,370
2026-2030	134,621	52,532	133,321	19,900
2031-2035	152,069	35,083	28,624	3,175
2036-2040	171,780	15,373	-	-
2040-2045	36,940	490	-	-
	$ 700,000	$ 252,843	$ 409,488	$ 81,972

13. Long-Term Debt (continued)

The Agency previously entered into an Intermediary Relending Program (IRP) with the United States Department of Agriculture- Rural Development for a loan not to exceed $750,000 over a term of 30 years at 1% interest, annually. Repayment of principal is deferred until August 2016. As of July 31, 2015, the Agency has drawn approximately $465,495 of the available funds; the loan agreement stipulates repayment of principal based on the entire $750,000. The Agency was granted a three year extension in 2014 to draw down the remaining balance of the loan.

14. Subsequent Events

Management has evaluated subsequent events through November 11, 2015, 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, 2015

Project / Owner	Purpose Code	Issued/ Maturity Date	Interest Rate	Tax Status	Beginning / Ending Balances	Jobs Before IDA Status	Current Jobs	FY Impact Estimated Jobs Created / Retained	Tax Exemptions	PILOTS
Oswego County Opportunities, Inc. 239 Oneida St. Fulton, NY 13069	Civic Facility	1/2/1998 7/1/2018	6.23%	Exempt	207,318 157,895	362	483	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	1,130,000 1,050,000	0	0	0 / 0	9,021	9,021
O.H. Properties, Inc. 110 West Sixth St. Oswego, NY 13126	Civic Facility	6/29/1999 6/1/2024	5.37% - 5.45%	Taxable	685,000 625,000	0	0	0 / 0	9,021	9,021
Springside at Seneca Hill 110 West Sixth St. Oswego, NY 13126	Civic Facility	12/6/2000 6/1/2021	3.45% - 4.02%	Exempt	1,850,000 1,670,000	0	14	1 / 0	98,416	25,080
Fulton Thermal Corporation 972 Centerville Road Pulaski, NY 13142	Manufacturing	9/29/2010 10/1/2036	LIBOR rate	Exempt	10,000,000 9,415,000	223	335	15 / 223	455,613	113,903
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	1,314,069 1,285,148	5	6	0 / 5	3,394	3,394
Oswego College Foundation, Inc. 300 Washington Blvd. Oswego, NY 13126	Civic Facility	12/18/2003 1/1/2024	per remarketing agent	Exempt	890,000 635,000	0	21	5 / 0	-	-
Oswego School District Public Library 120 East Second Oswego, NY 13126	Civic Facility	6/29/2006 12/15/2035	4-5%	Exempt	5,265,000 5,125,000	8	11	0 / 8	-	-

COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Straight Leases
July 31, 2015

Project / Owner	Purpose	Straight Lease End Date	Lease Amount	Jobs Before IDA Status	Current Jobs	FY Impact Estimated Jobs Created / Retained	Tax Exemptions	PILOTS
Circle T Motorsports, LLC 30003 SW 197 Avenue Homestead, FL 33030	Services	12/31/2021	A	0	19	0 / 0	$ 51,897	$ 46,449
Huhtamaki Packaging 100 State Street Fulton, NY 13069	Manufacturing	3/31/2017	A	429	518	0 / 429	465,109	251,816
Sithe Energies 59 Independence Way Oswego, NY 13126	Electric	12/31/2029	A	0	38	1 / 0	5,777,449	5,466,666
Operation Oswego Co., Inc. Discover Day Care Center 44 West Bridge Street Oswego, NY 13126	Services	3/31/2040	A	0	29	29 / 0	27,603	2,763
McIntosh Box & Pallet P.O. Box 127 East Syracuse, NY 13057	Manufacturing	1/31/2016	A	30	51	1 / 30	26,259	16,215
Operation Oswego Co., Inc. SUNY Oswego Continuing Education Center 44 West Bridge Street Oswego, NY 13126	Services	3/31/2025	A	0	2	2 / 0	25,555	6,599
Brookfield Power (Orwell) Erie Blvd. Hydropower, L.P. 225 Greenfield Parkway Liverpool, NY 13138	Electric	12/31/2020	A	2	4	0 / 2	573,263	615,000

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, 2015

Project / Owner	Purpose	Straight Lease End Date	Lease Amount	FY Impact: Jobs Before IDA Status	FY Impact: Current Jobs	FY Impact: Estimated Jobs Created / Retained	FY Impact: Tax Exemptions	FY Impact: PILOTS
Fulton Tool Company, Inc. 802 W. Broadway Fulton, NY 13069	Manufacturing	12/31/2015	A	12	16	0 / 12	22,336	19,786
Winter Harbor, LLC 604 County Route 37 Central Square, NY 13036	Services	3/31/2015	A	0	12	4 / 0	26,768	24,091
Operation Oswego Co., Inc. Spec Building 44 West Bridge Street Oswego, NY 13126	Manufacturing	3/31/2027	A	0	35	35 / 0	54,582	10,562
Whitewater Commons, Inc. 7 Bridie Square Oswego, NY 13126	Services	3/31/2023	A	0	10	10 / 0	43,341	35,432
Sunoco, Inc. 376 Owen Road Fulton, NY 13069	Manufacturing	3/31/2027	A	0	76	6 / 0	1,081,366	432,546
Bridgewood Holdings/ Teti Bakery 99 Harris Street Fulton, NY 13069	Manufacturing	12/31/2033	A	0	25	16 / 0	24,300	24,300
Riccelli Fulton PO Box 6418 Syracuse, NY 13217	Transportation	3/31/2017	A	0	7	4 / 0	65,102	45,572

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COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Straight Leases
July 31, 2015

Project / Owner	Purpose	Straight Lease End Date	Lease Amount	Jobs Before IDA Status	FY Impact Current Jobs	FY Impact Estimated Jobs Created / Retained	Tax Exemptions	PILOTS
Oswego Hamilton Homes, LLC Phase I, II, III 1201 East Fayette Street Syracuse, NY 13212	Other	9/1/2027	A	5	6	1 / 4	220,502	20,811
Wire Road, LLC 5879 Sugar Bush Drive Tully, NY 13159	Other	12/31/2021	A	0	23	0 / 0	28,828	14,414
Operation Oswego Co., Inc. Oswego County Business Expansion Center 44 West Bridge Street Oswego, NY 13126	Other	12/31/2050	A	0	16.5	16.5 / 0	30,160	1,545
Oneida Lake Ready-Mix, LLC 2915 State Route 49 Central Square, NY 13036	Manufacturing	3/31/2029	A	0	5	1 / 0	7,972	1,993
Otis Products, Inc. 6987 Laura St. Lyons Falls, NY 13368	Manufacturing	3/31/2030	A	0	6	0 / 0	33,908	22,931
Captain's Quarters G&S Broadwell, Inc. 26 East First Street Oswego, NY 13126	Services	7/31/2030	A	0	24	0 / 0	165,321	76,000
Hansdev, Inc. 3800 State Route 13	Services	3/31/2022	A	0	5	0 / 0	54,911	54,911
Champlain Valley Specialty of New York, Inc. 8033 State Route 104 Oswego, NY 13126	Manufacturing	12/31/2031	A	0	155	8 / 0	36,544	9,136
Champlain Valley Specialty of New York, Inc. 8033 State Route 104 Oswego, NY 13126	Manufacturing	12/31/2033	A	25	155	8 / 25	24,667	16,407

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COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Straight Leases
July 31, 2015

Project / Owner	Purpose	Straight Lease End Date	Lease Amount	Jobs Before IDA Status	Current Jobs	FY Impact Estimated Jobs Created / Retained	Tax Exemptions	PILOTS
Stevedore Lofts, LLC 317 West First Street Oswego, New York 13126	Other	12/31/2042	A	0	1	1 / 0	111,758	14,000
Altmar Genesee, LLC 505 East Fayette Street Syracuse, New York 13202	Services	12/31/2023	A	0	33	12 / 0	90,856	36,342
R.M. Burritt Motors, Inc. 340 State Route 104 Oswego, New York 13126	Retail	12/31/2023	A	39	53	14 / 39	98,299	68,809
LEEH, LLC 247 West Utica St. Oswego, New York 13126	Other	12/31/2023	A	0	2	2 / 0	84,894	35,349
SAM North America, LLC 12 Harold Drive Fulton, New York 13069	Manufacturing	12/31/2033	A	3	9	6 / 3	14,466	3,617
MDR Properties, LLC 4693 Becker Road Brewerton, New York 13029	Manufacturing	12/31/2033	A	8	13	5 / 8	27,249	11,948
Seaway Lofts Associates c/o Sutton Real Estate Co. 525 Plum Street Syracuse, New York 13204	Other	12/31/2033	A	0	1	1 / 0	89,406	14,830
V-Squared Management, LLC 3420 Maple Ave. Pulaski, New York 13142	Other	12/31/2023	A	0	0	0 / 0	16,409	2,856
Novelis Corporation (Falcon) 448 County Route 1A P.O. Box 28 Oswego, New York 13126	Manufacturing	12/31/2033	A	651	1082	431 / 651	291,454	75,242

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COUNTY OF OSWEGO INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Straight Leases
July 31, 2015

Project / Owner	Purpose	Straight Lease End Date	Lease Amount	Jobs Before IDA Status	FY Impact Current Jobs	FY Impact Estimated Jobs Created / Retained	FY Impact Tax Exemptions	FY Impact PILOTS
K+N's Foods 607 Philips St. Fulton, New York 13069	Manufacturing	12/31/2025	A	0	54	0 / 0	110,231	30,000
86 State Street Phoenix 6730 VIP Parkway Syracuse, New York 13211	Other	12/31/2023	A	0	7	7 / 0	2,749	2,749
Felix Schoeller NA 179 County Route 2A Pulaski, NY 13142	Manufacturing	12/31/2022	A	123	324	201 / 123	216,473	122,776
Lake Ontario Property Associates 300 State Route 104 Oswego, NY 13126	Services	12/31/2024	A	17	25	8 / 17	37,979	37,979
W&C LLC (FX Caprara) 3326 Maple Ave. Pulaski, NY 13142	Retail	12/31/2024	A	65	53	0 / 0	29,108	11,643
Pathfinder Industries 117 North Third Street Fulton, NY 13069	Manufacturing	12/31/2034	A	22	22	0 / 22	14,504	7,977
MDDO, LLC P.O. Box 1035 Oswego, NY 13126	Distribution	12/31/2025	A	49	98	49 / 49	2,132	2,132
Patterson Warehousing 100 Hubbard St. Fulton, NY 13069	Warehousing	12/31/2024	A	6	6	0 / 6	141,907	129,724
Red Ray Properties, LLC 6645 Co. Rt. 17 Redfield, NY 13437	Manufacturing	12/31/2039	A	59	49	0 / 49	12,171	12,171

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, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated November 11, 2015.

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
November 11, 2015