

**ONEIDA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

**Financial Statements as of
December 31, 2022 and 2021
Together with Independent
Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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INDEPENDENT AUDITOR'S REPORT

March 28, 2023

To the Board of Directors of the
Oneida County Industrial Development Agency

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Oneida County Industrial Development Agency (the Agency), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of December 31, 2022 and 2021, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental 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 historical 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

Management is responsible for the other information included in the basic financial statements. The other information comprises the supplemental schedule of the Oneida County Industrial Development Agency's revenue bonds and other bonds (conduit debt obligations), but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2023 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 solely 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 effectiveness of the Agency's 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.

ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis (Unaudited) For the Years Ended December 31, 2022 and 2021

The following Management's Discussion and Analysis (MD&A) provides a comprehensive overview of the Oneida County Industrial Development Agency (the Agency) financial position as of December 31, 2022 and its changes in financial position for the year then ended, showing 2021 and 2020 for comparison. This MD&A should be read in conjunction with the financial statements and related footnotes of the Agency, which directly follow the MD&A.

GENERAL INFORMATION

The Oneida County Industrial Development Agency (the Agency) was created on October 28, 1970, by the Oneida County Board of Legislators under the provisions of Chapter 372 of the 1970 Laws of New York State for the purpose of encouraging economic growth in Oneida County. The Agency's mission is to assist in the enhancement and diversity of the economy of Oneida County by acting in support of projects in the County that create and/or retain jobs and promote private sector investment utilizing the statutory powers of the Agency, as set forth under the provisions of the laws.

Overview of the Financial Statements

The financial statements of the Agency have been prepared in accordance with accounting principles generally accepted in the United States as prescribed by the Governmental Accounting Standards Board (GASB). The financial statement presentation consists of the following basic financial statements:

- Statement of Net Position
- Statement of Revenue, Expenses and Change in Net Position
- Statement of Cash Flows

The Statement of Net Position and the Statement of Revenue, Expenses and Change in Net Position are prepared using the economic resource measurement focus and the accrual basis of accounting. Revenues, expenses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, assets and liabilities resulting from non-exchange transactions are recognized when the amounts to be received are measurable and collection is probable. These policies are more fully described in the accompanying notes to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The Agency's total net position was \$900,644, \$808,773, and \$641,634 at December 31, 2022, 2021, and 2020, respectively. The Agency's net position increased by \$91,871 from 2021 to 2022 and increased by \$167,139 from 2020 to 2021.
- Total current assets were \$1,082,805, \$918,102, and \$1,235,986 at December 31, 2022, 2021, and 2020, respectively. In all three years, they were comprised of cash and cash equivalents, investments and prepaid expenses. In 2022 and 2021, current assets also included accounts receivable. Current assets in 2020 were higher than in the other years primarily because it included the collection of PILOT payments not yet disbursed.
- Total current liabilities were \$182,161, \$109,329, and \$594,352 at December 31, 2022, 2021, and 2020, respectively. As noted above, current liabilities in 2020 also included the collection of PILOT payments not yet disbursed.
- Normal operating revenues, comprised primarily of administrative and agency fees as well as lease payments were \$394,039 for the year ended December 31, 2022, a decrease of \$128,000 from the prior year. Included in 2021 operating revenues was a PILOT clawback of \$65,000. Operating revenues for the year ended December 31, 2020 totaled \$975,845. The higher level of revenues in 2020 was due to the closing of two large projects.

ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis (Unaudited) For the Years Ended December 31, 2022 and 2021

CURRENT ASSETS

Current assets at December 31, 2022 and 2021 were comprised of cash and cash equivalents, investments, accounts receivable and prepaid expenses. Current assets at December 31, 2020 were comprised of substantially the same categories, but did not have accounts receivable.

CURRENT LIABILITIES

The Agency had current liabilities of \$182,161 at December 31, 2022, \$109,329 at December 31, 2021, and \$594,352 at December 31, 2020.

FINANCIAL ANALYSIS OF THE AGENCY'S FINANCIAL POSITION AND RESULTS OF OPERATIONS

OPERATING REVENUES

Revenues are made up of PILOT (Payment in Lieu of Taxes) application and administrative fees as well as lease back rental payments. Total operating revenue decreased in 2022 by \$128,331, primarily as a result of PILOT clawback payments in the amount of \$65,000 received in 2021. Total operating revenue in 2020 is \$975,845.

Professional Fees

Professional fees in 2022, 2021 and 2020 include legal fees associated with corporate matters and activities of the organization and staff service fees paid to Economic Development Growth Enterprises Corporation (EDGE) for various administrative and accounting services.

Special Project Fees

Special project fees in 2022, 2021 and 2020 include amounts paid to EDGE for economic development initiatives.

CURRENTLY KNOWN FACTS, DECISIONS AND CONDITIONS

The Agency focuses on the attraction, retention, and expansion of new and current businesses to the County. The Agency's financial performance can vary from year-to-year based on the level of economic activity and the ability to offer some form of assistance to businesses that can validate their economic value to the community.

Activity of induced and closed projects in 2022 resulted in the retention of 1,343.5 FTE jobs and 37.4 jobs created and an investment of \$123,839,301. The benefits granted to eligible projects include a combination of sales tax exemption, mortgage recording tax exemption, and PILOT benefits. The 2022 projects include:

- Indium Corporation of America
- B240 Phase 3- Air City Lofts
- Delta Luxury Townhomes
- McCraith Beverage
- Horst, LLC (Fiber Instrument Sales and The Light Connection)
- Central Utica Building, LLC
- Pivot Solar NY
- GSPP Hillsboro & Dunbar LLC (Verona)
- SSC Kirkland LLC Community Solar
- SG Oneida PV Solar (Trenton)

The Agency continues to assist in incentivizing investment resulting in new jobs and economic activity. Efforts of the current and past years have established a solid foundation for continued job growth and economic gains for the region.

CONTACTING THE AGENCY'S ADMINISTRATION

This financial report is designed to provide readers with a general overview of the Agency's finances. If you have questions about this report or need additional information, contact the Agency's board at the Oneida County Industrial Development Agency, 584 Phoenix Drive, Rome, NY 13441.

ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

**Statements of Net Position
December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,072,852	\$ 710,264
Restricted cash and cash equivalents	7,081	97,837
Accounts receivable	268	7,428
Prepaid expenses	2,604	1,299
Investments	<u>-</u>	<u>101,274</u>
 Total current assets	 <u>1,082,805</u>	 <u>918,102</u>
CAPITAL ASSETS:		
Equipment	6,679	6,679
Accumulated depreciation	<u>(6,679)</u>	<u>(6,679)</u>
 Capital assets, net	 <u>-</u>	 <u>-</u>
 Total assets	 <u>1,082,805</u>	 <u>918,102</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	175,080	11,492
PILOT funds held	500	88,256
Unearned revenue	<u>6,581</u>	<u>9,581</u>
 Total current liabilities	 <u>182,161</u>	 <u>109,329</u>
NET POSITION:		
Restricted	7,081	97,837
Unrestricted	<u>893,563</u>	<u>710,936</u>
 Total net position	 <u>900,644</u>	 <u>808,773</u>
 Total liabilities and net position	 <u>\$ 1,082,805</u>	 <u>\$ 918,102</u>

The accompanying notes are an integral part of these statements.

ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Statements of Revenues, Expenses, and Change in Net Position For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES:		
Administrative and agency fees	\$ 394,039	\$ 457,370
Recovered PILOT payments	<u>-</u>	<u>65,000</u>
Total revenues	<u>394,039</u>	<u>522,370</u>
OPERATING EXPENSES:		
Administrative services fees	243,000	235,000
Professional fees	17,150	16,600
Clawback settlement	-	60,695
Insurance	3,810	3,788
Consultant services	-	8,089
Special project	28,563	25,000
Other	<u>11,427</u>	<u>6,598</u>
Total operating expenses	<u>303,950</u>	<u>355,770</u>
Operating income (loss)	<u>90,089</u>	<u>166,600</u>
NON-OPERATING REVENUE:		
Interest income	<u>1,782</u>	<u>539</u>
Total non-operating revenue	<u>1,782</u>	<u>539</u>
CHANGE IN NET POSITION	91,871	167,139
NET POSITION - beginning of year	<u>808,773</u>	<u>641,634</u>
NET POSITION - end of year	<u>\$ 900,644</u>	<u>\$ 808,773</u>

The accompanying notes are an integral part of these statements.

ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash received from administrative and agency fees	\$ 304,978	\$ 454,986
Cash received from miscellaneous sources	7,160	(3,450)
Cash received from recovered PILOT payments	-	65,000
Cash paid for administrative service fees	(168,000)	(160,000)
Cash paid for professional fees	(17,150)	(27,253)
Cash paid for clawback settlements	-	(50,042)
Cash paid for insurance	(3,810)	(3,788)
Cash paid for special projects	(103,563)	(100,000)
Cash paid for other expenses	(11,427)	(6,598)
Cash received and due to other entities	163,588	(484,967)
Cash paid for consulting services	-	(8,089)
Project commitment fees paid	<u>(3,000)</u>	<u>(1,000)</u>
Net cash flow from operating activities	<u>168,776</u>	<u>(325,201)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Interest income	1,782	539
Other investments	<u>101,274</u>	<u>207,739</u>
Net cash flow from investing activities	<u>103,056</u>	<u>208,278</u>
Net change in cash and cash equivalents	271,832	(116,923)
Cash and cash equivalents - beginning of year	<u>808,101</u>	<u>925,024</u>
Cash and cash equivalents - end of year	<u>\$ 1,079,933</u>	<u>\$ 808,101</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ 90,089	\$ 166,600
Adjustments to reconcile operating income (loss) to net cash flow from operating activities -		
Changes in assets and liabilities:		
Accounts receivable	7,160	(7,428)
Prepaid expenses	(1,305)	650
Accounts payable and accrued expenses	163,588	(484,967)
PILOTS funds held	(87,756)	944
Deferred revenue	<u>(3,000)</u>	<u>(1,000)</u>
Net cash flow from operating activities	<u>\$ 168,776</u>	<u>\$ (325,201)</u>

The accompanying notes are an integral part of these statements.

ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Notes to Basic Financial Statements December 31, 2022 and 2021

1. ORGANIZATION

The Oneida County Industrial Development Agency (the Agency) was created on October 28, 1970, by the Oneida County Board of Legislators under the provisions of Chapter 372 of the 1970 Laws of New York State for the purpose of encouraging economic growth in Oneida County. The Agency's primary functions are to grant PILOT (payment in-lieu-of tax) benefits, sales tax exemption, and mortgage recording tax exemption to local businesses who have made investments. Also, the Agency may act as intermediary between bonding companies and local businesses for the purpose of issuing industrial revenue bonds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Agency operates as a proprietary fund. Proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) and deferred inflows and outflows associated with their activities are reported. Fund equity is classified as net position. The Agency utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset is used.

Estimates

The preparation of financial statements in accordance 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 these estimates, particularly given the economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, and such differences may be significant.

Cash and Cash Equivalents

For the purpose of the statement of net position and statement of cash flows, cash and cash equivalents include deposits, and all highly liquid debt instruments with original maturities of three months or less.

Accounts Receivable

Accounts receivable are recorded and revenues are recognized as earned or as specific expenditures are incurred. All accounts receivable are deemed collectible; therefore, no allowance account has been established.

Investments

Investments include certificate of deposits invested at individual banks earning interest for a specified length of time.

ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Notes to Basic Financial Statements December 31, 2022 and 2021

Capital Assets

Capital assets are recorded at acquisition cost and depreciated over the estimated useful lives of the respective assets using the straight-line method. Assets purchased or acquired with a cost of \$1,000 or greater and a useful life exceeding one year are capitalized. At December 31, 2022 and 2021, the Agency had capital assets with a cost of \$6,679 that were fully depreciated.

PILOT Funds Held

PILOT funds held are amounts received for PILOT payments by the Agency that have not been remitted to the respective government agency at December 31.

Operating Revenues and Non-operating Revenues

The Statements of Revenues, Expenses, and Change in Net Position distinguishes between operating and non-operating revenues. Operating revenues, such as administrative and agency fees, grant income and miscellaneous income, result from exchange transactions associated with the principal activities of the Agency. Exchange transactions are those in which each party to the transaction receives or gives up essentially equal values. Non-operating revenues arise from exchange transactions not associated with the Agency's principal activities and from all non-exchange transactions.

Special Project Expenses

The Agency entered into an agreement with Mohawk Valley EDGE for the support of economic development initiatives within Oneida County.

Net Position

GASB requires the classification of net position into three components. These classifications are displayed in three components below:

- a. Net investment in capital assets - capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - net position with constraints placed on their use either by (1) external groups such as creditors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - all other assets that do not meet the definition of net investment in capital assets or restricted net position.

It is the Agency's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Related Party

The Agency is related through common management and Board of Directors membership with the Oneida County Local Development Corporation, which also promotes economic development in the County.

ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Notes to Basic Financial Statements December 31, 2022 and 2021

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Policies

The Agency follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conform with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Executive Director.

The Agency monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within and authorized to do business in New York State. Permissible investments include special time deposit accounts, certificates of deposit and obligations of the United States or of federal agencies whose principal and interest payments are fully guaranteed by the federal government, or of New York State or in general obligations of the State's political subdivisions.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Agency's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Agency's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Agency's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Obligations of the United States of America;
- Obligations where payment of principal and interest are guaranteed by the United States of America;
- Obligations of the State of New York;
- Special time deposit account; and
- Certificates of deposit.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Agency's investment and deposit policy, all deposits of the Agency including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIA) shall be secured by a pledge of securities with an aggregate value equal to the aggregate amount of deposits.

ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Notes to Basic Financial Statements December 31, 2022 and 2021

The Agency restricts the securities to the following eligible items:

- Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation;
- Obligations partially insured or guaranteed by an agency of the United States of America;
- Obligations issued or fully insured or guaranteed by the State of New York;
- Obligations issued by a municipal corporation, school district or district corporation of New York State;
- Obligations issued by states (other than New York State) of the United States of America rated in one of the two highest rating categories by at least one Nationally Recognized Statistical Rating Organization (NRSRO).

The Agency maintained cash balances with a financial institution insured by the FDIC up to \$250,000, for demand and non demand accounts. At December 31, 2022, the Agency's deposits were \$1,079,933 and the bank balance was \$2,218,020. \$636,492 was covered by FDIC while the remaining balance was uninsured and uncollateralized in the amount of \$1,581,528. At December 31, 2021, the Agency's deposits were \$808,101 and the bank balance was \$1,046,621. \$473,897 was covered by FDIC while the remaining balance was uninsured and uncollateralized in the amount of \$572,724.

4. INVESTMENTS

Investment Policy

The Agency follows an investment policy which the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; provide sufficient liquidity of invested funds in order to meet obligations as they become due; and attainment of a market rate of return. Oversight of investment activity is the responsibility of the Finance Committee.

Investment Valuation

The Agency categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Agency did not have any investments that are measured using Level 2 or Level 3 inputs.

Fair value measurements of the Agency's investments at December 31, 2022 and 2021 are comprised of certificate of deposits valued at \$0 and \$101,274, respectively, based on fair market value (Level 1 inputs).

ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Notes to Basic Financial Statements December 31, 2022 and 2021

5. INDUSTRIAL DEVELOPMENT BONDS

The Agency issues tax-exempt or taxable bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the borrowing entity served by the bond issuance. The Agency is not obligated in any manner for repayment of the bonds. Accordingly, neither the related property nor the bonds are reported as assets or liabilities in the accompanying financial statements.

6. SERVICE FEE EXPENSE

The Agency shares common space with Economic Development Growth Enterprises Corporation (EDGE) and Griffiss Local Development Corporation (GLDC). In addition, EDGE performs various administrative and accounting services for the Agency. In lieu of incurring the related personnel, operating, and overhead expense, the Agency paid \$243,000 and \$235,000 in service fees to EDGE for each of the years ended December 31, 2022 and 2021, respectively.

7. BOARD DESIGNATION

The Board of Directors has voted to restrict \$400,000 of net position for future economic development projects.

8. CLAWBACK SETTLEMENT

The Agency received a clawback settlement for the year ended December 31, 2021 of \$65,000 as a project was unable to satisfy its employment obligation. The Agency distributed a total of \$50,042 to the taxing authorities of Oneida County, City of Rome and Rome City School District and incurred \$10,653 in legal fees in 2021, and nothing in 2022. The net effect of the total clawback settlement was \$0 to the Agency.

9. PILOT INCREMENT FINANCING (PIF)

The Agency has utilized PILOT Increment Financing (PIF) which puts in place an agreement setting forth among taxing jurisdictions and other parties allocating the PILOT (Payment in Lieu of Taxes) payments first to the taxing jurisdictions and to then fund other costs such as debt service or other allowable costs per the term of the agreements. The Agency records a liability for any amounts paid by companies to the Agency but not distributed as of year-end. A total of \$6,200,051 and \$2,624,989 of PILOT payments passed through the Agency for the years ended 2022 and 2021, respectively. Total PILOT payments to be distributed to the taxing jurisdictions was \$500 and \$88,256, respectively, at December 31, 2022 and 2021.

INDEPENDENT AUDITOR'S 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

March 28, 2023

To the Board of Directors of the
Oneida County Industrial Development Agency:

We have audited, in accordance with the 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 Oneida County Industrial Development Agency (the Agency), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 28, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity'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.

ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Supplemental Schedules of Revenue Bonds and Other Bonds (Conduit Debt Obligations) - (Unaudited)
For the years ended December 31, 2022 and 2021

Project Number	Description of Financing	Closing Date	Interest at Issuance	Principal of the Issue				Term Ending Date
				Bonds Outstanding at January 1, 2022	Incurred During 2022	Developer Paid During 2022	Bonds Outstanding at December 31, 2022	
3001-99-07A	Champion Homes	June 1, 1999	3.75%	\$ 6,820,000	\$ -	\$ -	\$ 6,820,000	June 1, 2029
3001-07-05A	Eastern Star	June 21, 2007	4.56%	1,570,000	-	1,570,000	-	July 1, 2037
3001-04-02A	MVCC	December 1, 2004	4.051%	5,220,000	-	280,000	4,940,000	December 1, 2036
				<u>\$ 13,610,000</u>	<u>\$ -</u>	<u>\$ 1,850,000</u>	<u>\$ 11,760,000</u>	

Project Number	Description of Financing	Closing Date	Interest at Issuance	Principal of the Issue				Term Ending Date
				Bonds Outstanding at January 1, 2021	Incurred During 2021	Developer Paid During 2021	Bonds Outstanding at December 31, 2021	
3001-99-07A	Champion Homes	June 1, 1999	3.75%	\$ 6,820,000	\$ -	\$ -	\$ 6,820,000	June 1, 2029
3001-07-05A	Eastern Star	June 21, 2007	4.56%	1,710,000	-	140,000	1,570,000	July 1, 2037
3001-02-01A	Hamilton College	June 1, 2002	5.20%	5,990,000	-	5,990,000	-	September 15, 2032
3001-04-02A	Mohawk Valley Community College	December 1, 2004	4.051%	5,485,000	-	265,000	5,220,000	December 1, 2036
				<u>\$ 20,005,000</u>	<u>\$ -</u>	<u>\$ 6,395,000</u>	<u>\$ 13,610,000</u>	