

FINANCIAL STATEMENTS

**ONONDAGA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

DECEMBER 31, 2012 AND 2011

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
Onondaga County Industrial Development Agency
Syracuse, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Onondaga County Industrial Development Agency (the "Agency"), a discretely presented component unit of the County of Onondaga, New York, as of and for the years ended December 31, 2012 and 2011, 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 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 respective financial position of the Onondaga County Industrial Development Agency, as of December 31, 2012 and 2011, and the respective 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.

Other Matters

Required Supplementary Information

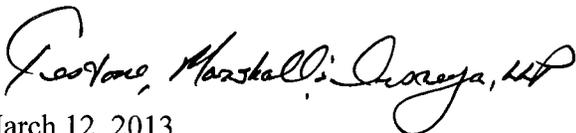
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Onondaga County Industrial Development Agency's basic financial statements. The supplementary information as prescribed by New York State General Municipal Law is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information as prescribed by New York State General Municipal Law has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2013, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, 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 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.



March 12, 2013
Syracuse, New York

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

This section of the Onondaga County Industrial Development Agency's annual financial report presents our discussion and analysis of the Agency's financial performance during the year ended December 31, 2012. It should be read in conjunction with the Agency's financial statements and accompanying notes.

FINANCIAL STATEMENTS

The annual financial report of the Agency consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The Agency is a self-supporting entity. The accounts are recorded in accordance with a proprietary fund type and consist of an enterprise fund. Proprietary fund type operating statements present increases and decreases in net position. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Agency does not maintain separate fund accounts

Condensed Comparative Financial Information

	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
Current Assets	\$ 1,306,242	\$ 1,376,192	\$ 1,571,823
Assets Limited as to Use	1,642	1,642	1,642
Capital Assets	2,101,755	1,871,528	1,832,552
Other Assets	286,966	343,724	498,574
Total Assets	<u>\$ 3,696,605</u>	<u>\$ 3,593,086</u>	<u>\$ 3,904,591</u>
Current Liabilities	\$ 270,803	\$ 178,789	\$ 445,978
Long-term Liabilities	170,639	170,639	-
Total Liabilities	<u>441,442</u>	<u>349,428</u>	<u>445,978</u>
Net Investment in Capital Assets	2,101,755	1,871,528	1,832,552
Restricted	1,642	1,642	1,642
Unrestricted	1,151,766	1,370,488	1,624,419
Total Net Position	<u>\$ 3,255,163</u>	<u>\$ 3,243,658</u>	<u>\$ 3,458,613</u>

(Continued)

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

Condensed Comparative Financial Information (Cont'd)

	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
PILOT and Pass-through Revenues	\$ 10,225,696	\$ 7,552,335	\$ 7,349,976
Other Operating Revenues	246,905	132,543	235,887
Other Revenues	102,214	10,397	15,169
Total Revenues	<u>10,574,815</u>	<u>7,695,275</u>	<u>7,601,030</u>
PILOT and Pass-through Expenses	10,225,696	7,552,335	7,349,976
Other Operating Expenses	337,614	351,902	487,982
Other Expenses	-	5,993	13,670
Total Expenses	<u>10,563,310</u>	<u>7,910,230</u>	<u>7,851,628</u>
Change in Net Position	11,505	(214,955)	(250,596)
Net Position – Beginning of Year	<u>3,243,658</u>	<u>3,458,613</u>	<u>3,709,209</u>
Net Position – End of Year	<u>\$ 3,255,163</u>	<u>\$ 3,243,658</u>	<u>\$ 3,458,613</u>

Change in financial categories between the year ended December 31, 2012 and the year ended December 31, 2011 include the following:

- The Agency's total net position increased \$11,505 (or .4%) due to current operations.
- Cash increased \$78,351 (or 6.7%) due to current operations.
- Current Liabilities, other than PILOT payments, increased \$78,601 (or 150.9%) a result of timing of contracted work in the fourth quarter of 2012.
- Operating Revenues, other than PILOT payments and pass through income, increased \$114,362 (or 86.3%) due to the increase in Agency projects.
- Operating Expenses, other than PILOT payments and pass through expenses, decreased \$14,288 (or 4.1%) due to the Agency response to reduced revenues by decreasing or eliminating expenditures that are not vital to the Agency's core mission.

(Continued)

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

Analysis of Overall Financial Position and Results of Operations

The Agency is engaged in activities to support economic growth in Onondaga County, including job creation and retention, and increasing the net wealth of the County. The Agency does not receive any general appropriations from local, county or state government to support its operations. The Agency collects revenue for its operating purposes from the issuance of bonds and straight lease transactions and from interest on investments. In the year ended December 31, 2012, the Agency received \$246,905 from these sources, an increase of \$114,362 from the prior year. The increase is due to the improving economy. For qualified transactions, the Agency enters into Payment in Lieu of Tax (PILOT) agreements in which the Agency collects payments that are disbursed to the appropriate tax jurisdictions. The PILOT payments are a significant component in the annual revenues and expenses of the Agency, equaling \$10,173,786 for the year ended December 31, 2012. These PILOT payments are 35.7% higher as compared to the payments for the year ended December 31, 2011 due to increasing payments of existing contracts combined with new contracts signed in 2012.

The Agency's operating revenues, other than PILOT payments and pass-through income was \$246,905, which was approximately 5% less than the budgeted amount of \$259,000. The Agency's operating expenses, other than PILOT payments and pass-through expenses, was \$337,614, which was approximately 2% less than the budgeted amount of \$344,792.

The Agency staff services are provided by the Onondaga County Office of Economic Development. That Agency enters into an annual contract to reimburse the County for these services at a cost of approximately \$285,000. The Agency, Onondaga Civic Development Corporation and the County jointly funded the Enterprise Marketing program, with a total annual budget of \$73,600. The annual cost to the Agency is approximately \$28,704 or 39% of the budget.

Capital Asset Administration

As of December 31, 2012, the Agency's investment in capital assets was \$2,101,755, net of depreciation. The principal component of the Agency's capital assets is the White Pine Commerce Park (formerly known as the Clay Business park), a 339 acre undeveloped industrial park in the Town of Clay. The Agency acquired the land in the park for the purpose of attracting a large commercial/industrial project in the Town of Clay. The property is carried at \$2,100,098, which is the cost of acquisition plus applicable legal and environmental fees.

Contacting the Agency's Financial Management

This financial report is designed to provide Onondaga County citizens and taxpayers, and the clients of the Agency, with a general overview of the Agency's finances. If you have questions about this report or need additional financial information, contact the Executive Director, Onondaga County Industrial Development Agency, 333 West Washington Street, Suite 130, Syracuse, New York 13202.

(Concluded)

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF NET POSITION
DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,255,151	\$ 1,176,800
Accounts receivable	2,438	20,602
Prepaid pilot expense	-	126,708
Notes receivable, current portion	39,190	42,619
Other current assets	9,463	9,463
Total current assets	1,306,242	1,376,192
NONCURRENT ASSETS:		
Restricted cash	1,642	1,642
Notes receivable, net of current portion	282,232	329,528
Other assets	4,734	14,196
Capital assets	2,101,755	1,871,528
Total noncurrent assets	2,390,363	2,216,894
Total assets	3,696,605	3,593,086
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	37,617	6,550
Due to related party	93,065	45,531
Deferred pilot revenue	140,121	126,708
Total current liabilities	270,803	178,789
NONCURRENT LIABILITIES:		
Note payable, net of current portion	170,639	170,639
Total liabilities	441,442	349,428
NET POSITION		
Net investment in capital assets	2,101,755	1,871,528
Restricted	1,642	1,642
Unrestricted	1,151,766	1,370,488
Total net position	\$ 3,255,163	\$ 3,243,658

See Notes to Financial Statements

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
OPERATING REVENUES:		
Pilot revenues	\$ 10,173,786	\$ 7,499,821
Agency and other fees	243,405	80,901
Pass-through income	51,910	52,514
Other income	-	48,142
Rent income	3,500	3,500
Total operating revenues	10,472,601	7,684,878
OPERATING EXPENSES:		
Pilot expenses	10,173,786	7,499,821
Contractual support services	227,494	193,550
General and administrative	37,409	48,623
Industrial development contracts and service agreements	37,500	25,360
Pass-through expense	51,910	52,514
Professional fees	33,293	26,655
Bad debt expense	-	55,512
Seminars and meetings	1,918	2,202
Total operating expenses	10,563,310	7,904,237
OPERATING LOSS	(90,709)	(219,359)
OTHER REVENUE (EXPENSE):		
Interest income	6,443	10,397
Interest expense	-	(5,993)
Total other revenue - net	6,443	4,404
TRANSFER FROM ONONDAGA COUNTY ECONOMIC DEVELOPMENT CORPORATION	95,771	-
CHANGE IN NET POSITION	11,505	(214,955)
NET POSITION - BEGINNING OF YEAR	3,243,658	3,458,613
NET POSITION - END OF YEAR	\$ 3,255,163	\$ 3,243,658

See Notes to Financial Statements

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for pilot program	\$ 10,173,786	\$ 7,499,821
Cash payments for pilot program	(10,173,786)	(7,557,170)
Cash received for agency and other fees	261,569	172,418
Cash paid for industrial development contracts and service agreements	(37,500)	(28,113)
Cash paid for contractual support services	(179,960)	(134,379)
Cash received for leases and rent	12,962	12,962
Cash payments for professional services	(33,293)	(26,655)
Cash payments for general and administrative expenses	(35,675)	(48,623)
Cash payments for prepaid pilot expense	-	(126,708)
Cash received as deferred pilot revenue	140,121	126,708
Cash paid for seminars and meetings	(1,918)	(2,202)
Cash received for other operating revenues	-	29,490
Net cash provided by (utilized in) operating activities	126,306	(82,451)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Collection on notes receivable	50,725	154,330
Purchases of property	(200,894)	(38,976)
Net cash provided by (utilized in) investing activities	(150,169)	115,354
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Payments on note payable	-	(102,770)
Cash transfer from Onondaga County Economic Development Corporation	95,771	-
Net cash received for interest on notes outstanding	6,443	53,025
Net cash provided by (utilized in) noncapital financing activities	102,214	(49,745)
NET INCREASE (DECREASE) IN CASH	78,351	(16,842)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,178,442	1,195,284
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,256,793	\$ 1,178,442
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash and cash equivalents	\$ 1,255,151	\$ 1,176,800
Restricted cash	1,642	1,642
Total cash	\$ 1,256,793	\$ 1,178,442

(Continued)

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2012</u>	<u>2011</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (UTILIZED IN) OPERATING ACTIVITIES:		
Operating loss	\$ (90,709)	\$ (219,359)
Adjustment to reconcile decrease in operating loss to net cash provided by (utilized in) operating activities:		
Bad debt expense	-	55,512
Changes in operating assets and liabilities:		
Accounts receivable	18,164	185,531
Other current assets	9,462	9,462
Accounts payable	1,734	(2,753)
Pilot payments payable	-	(57,349)
Due to related parties	47,534	(34,843)
Prepaid pilot expense	126,708	(126,708)
Deferred pilot revenue	13,413	126,708
New York State tax assessment	-	(18,652)
Net cash provided by (utilized in) operating activities	<u>\$ 126,306</u>	<u>\$ (82,451)</u>

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:

The Agency acquired property totaling \$29,333 in 2012.

See Notes to Financial Statements

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The New York State Industrial Development Agency Act of 1969 provided for the use of industrial revenue bond financing for the expansion and growth of industry in New York State. The Onondaga County Industrial Development Agency (the "Agency") was created in accordance with the provisions of this Act in 1970 by a resolution passed by the Onondaga County Legislature.

The Agency was formed to promote and develop the economic growth of Onondaga County (the "County") and to assist in attracting industry to the County through bond and sale/leaseback financing programs and other activities. The Agency created under this Act is a corporate governmental agency constituting a public benefit corporation. The County Legislature appoints the entire governing board, as such, the Agency is a discretely presented component unit of Onondaga County based on the criteria set forth in GASB (Governmental Accounting Standards Board) Statement 39, an amendment of GASB Statement 14.

Measurement Focus and 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 (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) 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 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 these estimates.

Income Tax Status

The Agency is a governmental corporation, exempt from federal and state income taxes. New York State Public Authorities Law, Title 10, Section 2975-A established a cost recovery of central governmental services to various public authorities. On November 1 of each year, the Director of the Division of Budget determines the assessment amount owed under this section by each industrial development agency.

(Continued)

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts. Statutes authorize the Agency to maintain deposits with financial institutions and to invest in certificates of deposit, obligations of New York State, the United States Government and its agencies, and repurchase agreements collateralized by U.S. obligations.

Unrestricted and restricted cash equivalents are covered or collateralized by either federal depository insurance, securities held by the pledging bank's trust department in the Agency's name, or U.S. Government and/or federal agency securities held by the Trustee.

Revenue Recognition

Agency and other fee revenue are recognized by the Agency at the date of closing when the related bonds are issued. Agency fees paid prior to the date of closing are recognized as deferred income. Interest income is recorded when earned.

Accounts Receivable

Accounts receivable are stated at their outstanding balances. The Agency considers all accounts receivable to be fully collectible. If collection becomes doubtful, the Agency will either set up an allowance for doubtful accounts or if deemed completely uncollectible, the accounts will be charged against income in the current period. Unpaid balances remaining after the stated payments terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

Capital Assets

Capital asset purchases are recorded at historical cost or fair market value at the date of acquisition. Depreciation expense is recorded on a straight-line basis over their estimated useful life of five to ten years. The Agency's policy is to capitalize all additions greater than \$1,000.

Operating Revenues and Non-operating Revenues

The statement of revenues, expenses, and changes in net position distinguishes between operating and non-operating revenues. Operating revenues, such as fee and rental 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.

(Continued)

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Net Position

Equity is classified as net position and displayed in three components:

- 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 restricted or net investment in capital assets, net of related debt.

2. RESTRICTED CASH

In accordance with an agreement between the Agency and Blue Sky Redevelopment Corporation (a wholly owned subsidiary of New York State Urban Development Corporation), certain payments received from Griffin Environmental Company are restricted for purposes to be agreed on by the Agency and the Urban Development Corporation. The Agency's share of cash restricted under this agreement amounted to \$1,642 at December 31, 2012 and 2011.

3. NOTES RECEIVABLE

Notes receivable consisted of the following at December 31:

	<u>2012</u>	<u>2011</u>
Note receivable from Gavea Emerging Markets Corporation in monthly installments of \$926 plus 4.5% interest per annum through May 2015.	\$ 27,778	\$ 37,963
Note receivable from Critical Link in monthly installments of \$2,083 plus 5.0% interest per annum through September 2014.	45,903	68,750
Note receivable from U.S. Beverage Net, Inc. in monthly installments of \$1,288 plus 6.0% interest per annum through May 2012.	-	6,508

(Continued)

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

3. NOTES RECEIVABLE (CONT'D)

Notes receivable consisted of the following at December 31:

	<u>2012</u>	<u>2011</u>
Note receivable from Hancock Field Development Corporation with no interest due June 30, 2014.	247,741	247,741
Note receivable from Hancock Field Development Corporation with no interest due upon sale of Lot 18, located on Performance Drive in the Hancock Airport.	<u>-</u>	<u>11,185</u>
TOTAL	321,422	372,147
CURRENT PORTION	<u>39,190</u>	<u>42,619</u>
LONG-TERM PORTION	<u>\$ 282,232</u>	<u>\$ 329,528</u>

Future maturities of the long-term portion as of December 31, 2012:

<u>Year Ended December 31,</u>	<u>Amount</u>
2014	\$ 277,602
2015	<u>4,630</u>
TOTAL	<u>\$ 282,232</u>

4. CAPITAL ASSETS

Capital assets consist principally of land with a cost of \$2,101,755 and \$1,871,528 at December 31, 2012 and 2011.

5. AGENCY-INDUCED FINANCINGS

The total amount of industrial development, civic facility and pollution control financing issued through the Agency from inception through December 31, 2012 amounted to approximately \$2.57 billion. Of this total, none was issued in the year ended December 31, 2012.

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2012 AND 2011**

6. INDUSTRIAL DEVELOPMENT CONTRACTS

Industrial development contractual payments consisted of the following for the years ended December 31:

	<u>2012</u>	<u>2011</u>
Employee productivity program	\$ 37,500	\$ 19,860
Conference sponsorship	-	5,500
	<u>\$ 37,500</u>	<u>\$ 25,360</u>

7. DUE TO RELATED PARTIES

The Agency has contracted with Onondaga County whereby the Agency will reimburse the County for a portion of the cost of operation of the Onondaga County Office of Economic Development. In exchange for this funding, the staff of the office provides operational and project implementation support services for the Agency. Maximum funds committed by the Agency under this contract were \$285,092 and \$297,545 for the years ended December 31, 2012 and 2011, respectively. The Agency owed \$93,065 and \$45,531 to the County at December 31, 2012 and 2011, respectively.

8. PROPERTY LEASES AND BONDS PAYABLE

In accordance with its corporate purpose, the Agency has issued bonds to promote and develop various businesses with the County of Onondaga. The Agency holds legal title to the properties, under which such bonds were issued in order for business to acquire or renovate various facilities. The Agency's primary function is to arrange financing between borrowing companies and bondholders. For providing this service, the Agency receives administration fees from the borrowing companies. Total bonds outstanding were \$200,226,115 and \$226,243,115 at December 31, 2012 and 2011, respectively, which represent non-recourse debt of the Agency.

9. NOTE PAYABLE

In 2008, the Agency entered into a loan agreement with the County of Onondaga payable in semiannual installments of interest only at 5% per annum through June 2011, at which time the entire balance was due. In June 2011, the Agency amended this agreement. Under the terms of the amended agreement, the note, bearing no interest, was extended until June 30, 2014, at which time the entire balance is due.

10. PAYMENTS IN LIEU OF TAXES AGREEMENTS

The Agency has entered into Payment in Lieu of Tax (PILOT) agreements with various companies whereas the company will make annual payments in lieu of taxes to the Agency and the Agency will remit the annual payments to the appropriate tax jurisdictions. The Agency records a liability for any amounts paid by the company to the Agency but not distributed to the tax jurisdictions.

(Continued)

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

11. DESIGNATED FOR CONTRACTS

Included in unrestricted net position are amounts designated by the Agency for future payment of contractual obligations. Listed below are the current contracts in effect at year-end and the costs incurred through year-end on each contract.

	<u>Total Contract</u>	<u>Portion Used</u>	<u>Designated Unrestricted Net Position</u>
As of December 31, 2012:			
Onondaga County OED	\$ 256,388	\$ 134,429	\$ 121,959
Enterprise Fund marketing	28,704	10,369	18,335
Oneida Air Systems - EPP	12,500	-	12,500
Blue Point Env., LLC - EPP	6,090	1,800	4,290
Adirondack Cookie Co. - EPP	12,500	-	12,500
American Food & Vending - EPP	12,500	-	12,500
Specialized Packaging - EPP	12,500	-	12,500
Spectra Environmental - Park St. Bridge	15,000	7,762	7,238
CHA - GEIS Clay Business Park	400,305	343,072	57,233
CNY Regional Planning Development Board	25,000	19,798	5,202
Unimar – EPP	12,500	-	12,500
CHA – Topographical Survey Clay B. Park	43,900	-	43,900
Dixon Schwabl – Clay Business Park	65,125	33,713	31,412
	<u>\$ 903,012</u>	<u>\$ 550,943</u>	<u>\$ 352,069</u>
As of December 31, 2011:			
Onondaga County OED	\$ 266,845	\$ 148,020	\$ 118,825
Enterprise Fund marketing	30,700	23,522	7,178
Oneida Air Systems - EPP	12,500	-	12,500
Blue Point Env., LLC - EPP	6,090	1,800	4,290
Ultra Dairy - EPP	12,500	-	12,500
Rapid Response - EPP	12,500	-	12,500
Specialized Packaging - EPP	12,500	-	12,500
Spectra Environmental - Park St. Bridge	15,000	7,762	7,238
CHA - GEIS Clay Business Park	266,220	205,922	60,298
CNY Regional Planning Development Board	25,000	-	25,000
GSBDC - Quasi Equity Program	100,000	-	100,000
	<u>\$ 759,855</u>	<u>\$ 387,026</u>	<u>\$ 372,829</u>

(Continued)

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

12. TRANSFER OF ASSETS

In December 2012, the Agency acquired assets in the form of cash from the Onondaga County Economic Development Corporation, a related entity with similar purpose, upon its dissolution. The total amount received was \$95,771.

13. CREDIT RISK CONCENTRATION

The Agency's deposit policies requires cash to either be covered by depository insurance or collateralized by governmental securities held by the depository institution. At December 31, 2012, the Agency had collateralized cash balances of approximately \$1,000,000.

14. NEW PRONOUCEMENTS

In December 2010, the GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board ("FASB") and AICPA Pronouncements. This statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure. In addition, GASB Statement No. 62 eliminated the election to apply post-November 30, 1989 FASB statements and interpretations that do not conflict with or contradict GASB pronouncements. The implementation of this guidance did not have a significant effect on the Agency's financial statements.

In June 2011, the GASB issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position. This statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The implementation of this guidance affected the reporting format of the financial statements.

(Concluded)



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**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***

Members of the Board
Onondaga County Industrial Development Agency
Syracuse, 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 Onondaga County Industrial Development Agency (the "Agency"), a discretely presented component unit of the County of Onondaga, State of New York, as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated March 12, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 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.

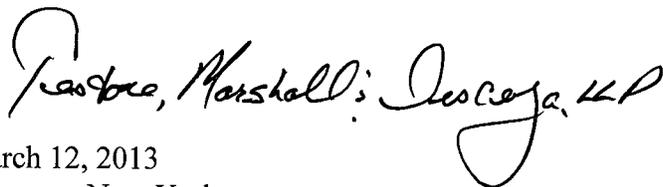
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Robert Marshall, Jr." followed by a stylized flourish.

March 12, 2013
Syracuse, New York



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW

Members of the Board
Onondaga County Industrial Development Agency
Syracuse, New York

We have examined Onondaga County Industrial Development Agency's (OCIDA) compliance with Section 2925(3)(f) of the New York State Public Authorities Law during the years ended December 31, 2012 and 2011. Management is responsible for OCIDA's compliance with those requirements. Our responsibility is to express an opinion on OCIDA's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting OCIDA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide legal determination on OCIDA's compliance with specified requirements.

In our opinion, OCIDA complied, in all material respects, with the aforementioned requirements during the years ended December 31, 2012 and 2011.

This report is intended solely for the information and use of management, the Members of the Board, and the Office of the State Comptroller of the State of New York. It is not intended to be and should not be used by anyone other than these parties.

March 12, 2013
Syracuse, New York