

FINANCIAL STATEMENTS

**ONONDAGA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

DECEMBER 31, 2013 AND 2012

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 (the "County"), as of and for the years ended December 31, 2013 and 2012, 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 Agency, as of December 31, 2013 and 2012, 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 4 through 6 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2014, 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.

Other Reporting Required by New York State Public Authorities Law

In accordance with New York State Public Authorities Law, we have also issued our report dated March 20, 2014, on our consideration of the Agency's compliance with Section 2925(3)(f) of the New York State ("NYS") Public Authorities Law. The purpose of that report is to describe anything that came to our attention that caused us to believe the Agency failed to comply with the Agency's Investment Guidelines, the NYS Comptroller's Investment Guidelines and Section 2925 of the NYS Public Authorities Law (collectively, the "Investment Guidelines").

March 20, 2014
Syracuse, New York

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

This section of the Onondaga County Industrial Development Agency's (the "Agency"), a component unit of Onondaga County, New York (the "County") annual financial report presents our discussion and analysis of the Agency's financial performance during the year ended December 31, 2013. 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, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
Current Assets	\$ 1,428,549	\$ 1,306,242	\$ 1,376,192
Restricted Cash	1,642	1,642	1,642
Capital Assets	2,319,000	2,101,755	1,871,528
Other Assets	104,631	286,966	343,724
Total Assets	<u>3,853,822</u>	<u>3,696,605</u>	<u>3,593,086</u>
Current Liabilities	373,853	270,803	178,789
Long-term Liabilities	-	170,639	170,639
Total Liabilities	<u>373,853</u>	<u>441,442</u>	<u>349,428</u>
Net Position:			
Net investment in capital assets	2,319,000	2,101,755	1,871,528
Restricted	1,642	1,642	1,642
Unrestricted	1,159,327	1,151,766	1,370,488
Total Net Position	<u>\$ 3,479,969</u>	<u>\$ 3,255,163</u>	<u>\$ 3,243,658</u>

(Continued)

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

Condensed Comparative Financial Information (Cont'd)

	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
Operating Revenues	562,698	298,815	185,057
Operating Expenses	342,057	389,524	404,416
Operating Income (Loss)	220,641	(90,709)	-
Other Revenue	4,165	6,443	4,404
Transfer from OCEDC	-	95,771	-
Change in Net Position	224,806	11,505	(214,955)
Net Position - Beginning of Year	3,255,163	3,243,658	3,458,613
Net Position - End of Year	<u>\$ 3,479,969</u>	<u>\$ 3,255,163</u>	<u>\$ 3,243,658</u>

Change in financial categories between the year ended December 31, 2013 and the year ended December 31, 2012 include the following:

- The Agency's total net position increased \$224,806 (or 6.9%) due to current operations.
- Cash decreased \$109,204 (or 8.7%) due to current operations.
- Current Liabilities, other than PILOT payments, increased \$88,946 (or 68.1%) a result of a note due to related party, Onondaga County, coming due in 2014.
- Operating Revenues, other than pass-through income, increased \$302,664 (or 122.6%) due to the increase in Agency projects.
- Operating Expenses, other than pass-through expenses, decreased \$8,686 (or 2.6%). The Agency proactively responds to changing conditions by evaluating expenses throughout the year, prioritizing expenses based on 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 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, 2013, the Agency received \$549,569 from these sources, an increase of \$302,664 from the prior year. The increase is due to the improving economy.

The Agency's operating revenues, other than pass-through income, as mentioned above, was \$549,569, which was approximately 69% less than the budgeted amount of \$1,750,423. The Agency's operating expenses, other than pass-through expenses, was \$328,928, which was approximately 80% less than the budgeted amount of \$1,693,090. 2013 budgeted figures assumed project specific expenses and grant reimbursements of \$927,673. Due to delays in required project environmental reviews, anticipated spending and reimbursements are not expected until 2014.

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 \$272,990.

Capital Asset Administration

As of December 31, 2013, the Agency's investment in capital assets was \$2,319,000, 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 valued at \$2,319,000 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, 2013 AND 2012

	2013	2012
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,145,947	\$ 1,255,151
Accounts receivable	48,953	2,438
Prepaid PILOT expense	20	-
Notes receivable, current portion	233,629	39,190
Other current assets	-	9,463
Total current assets	1,428,549	1,306,242
NONCURRENT ASSETS:		
Restricted cash	1,642	1,642
Notes receivable, net of current portion	104,631	282,232
Other assets	-	4,734
Capital assets	2,319,000	2,101,755
Total noncurrent assets	2,425,273	2,390,363
Total assets	3,853,822	3,696,605
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	5,723	37,617
Due to related party	87,239	93,065
Due to other governments	154,225	140,121
Note payable, current portion	126,666	-
Total current liabilities	373,853	270,803
NONCURRENT LIABILITIES:		
Note payable, net of current portion	-	170,639
Total liabilities	373,853	441,442
NET POSITION		
Net investment in capital assets	2,319,000	2,101,755
Restricted	1,642	1,642
Unrestricted	1,159,327	1,151,766
Total net position	\$ 3,479,969	\$ 3,255,163

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, 2013 AND 2012**

	2013	2012
OPERATING REVENUES:		
Agency and other fees	\$ 542,876	\$ 243,405
Pass-through income	13,129	51,910
Rent income	3,500	3,500
Other fee income	3,193	-
Total operating revenues	562,698	298,815
OPERATING EXPENSES:		
Contractual support services	252,074	227,494
General and administrative	27,745	37,409
Industrial development contracts	12,500	37,500
Pass-through expense	13,129	51,910
Professional fees	34,402	33,293
Seminars and meetings	2,207	1,918
Total operating expenses	342,057	389,524
OPERATING INCOME (LOSS)	220,641	(90,709)
OTHER REVENUE:		
Interest income	4,165	6,443
TRANSFER FROM ONONDAGA COUNTY ECONOMIC DEVELOPMENT CORPORATION	-	95,771
CHANGE IN NET POSITION	224,806	11,505
NET POSITION - BEGINNING OF YEAR	3,255,163	3,243,658
NET POSITION - END OF YEAR	\$ 3,479,969	\$ 3,255,163

See Notes to Financial Statements

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for agency and other fees	\$ 496,361	\$ 261,569
Cash paid for industrial development contracts and service agreements	(12,500)	(37,500)
Cash paid for contractual support services	(257,900)	(179,960)
Cash received for rent and other fees	20,870	12,962
Cash payments for professional services	(65,871)	(33,293)
Cash payments for general and administrative expenses	(27,995)	(35,675)
Cash received and due to other governments	14,104	140,121
Cash paid for seminars and meetings	(2,382)	(1,918)
Net cash provided by operating activities	164,687	126,306
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net change in notes receivable	(16,838)	50,725
Purchases of capital assets	(217,245)	(200,894)
Net cash utilized in investing activities	(234,083)	(150,169)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Payments on note payable	(43,973)	-
Cash transfer from Onondaga County Economic Development Corporation	-	95,771
Net cash received for interest on notes outstanding	4,165	6,443
Net cash provided by (utilized in) noncapital financing activities	(39,808)	102,214
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(109,204)	78,351
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,256,793	1,178,442
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,147,589	\$ 1,256,793
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash and cash equivalents	\$ 1,145,947	\$ 1,255,151
Restricted cash	1,642	1,642
Total cash and cash equivalents	\$ 1,147,589	\$ 1,256,793

(Continued)

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 220,641	\$ (90,709)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	(46,515)	18,164
Prepaid PILOT expense	(20)	126,708
Other assets	14,197	9,462
Accounts payable	(31,894)	1,734
Due to related party	(5,826)	47,534
Due to other governments	14,104	13,413
Net cash provided by operating activities	<u>\$ 164,687</u>	<u>\$ 126,306</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, 2013 AND 2012

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, New York (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 and there is a potential for the County to impose its will on the Agency, and as such, the Agency is a discretely presented component unit of the County based on the criteria set forth by the Governmental Accounting Standards Board (“GASB”).

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.

(Continued)

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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

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 in New York State.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts.

Revenue Recognition

Agency and other fee revenue are recognized by the Agency at the date of closing when the related bonds are issued. 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 payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

Management did not believe a reserve for uncollectible receivables is necessary at December 31, 2013 and 2012.

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.

(Continued)

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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

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.

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 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.

Subsequent Events

Subsequent events have been evaluated by management through March 20, 2014 which is the date the financial statements were available to be issued.

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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.

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 (the “State”). Collateral is required for deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are those identified in New York State General Municipal Law, Section 10 and outlined in the New York State Comptroller’s Financial Management Guide.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Agency has an investment policy that limits 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 investments and deposit policy authorizes the Agency 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 New York State;
- Special time deposit account; and
- Certificates of deposit.

(Continued)

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONT'D)

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. 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").

At December 31, 2013 and 2012 the Agency maintained cash balances with financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per bank for interest bearing and non-interest bearing accounts. The Agency's deposits consisted of approximately \$1,145,000 in cash and cash equivalents, and were insured by FDIC in the amount of \$250,000. The remaining balance of approximately \$895,000 was collateralized by a third party in accordance with New York State General Municipal Law, Section 10 and the Agency's policies.

3. 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 ("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, 2013 and 2012.

(Continued)

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

4. NOTES RECEIVABLE

Notes receivable consisted of the following at December 31:

	<u>2013</u>	<u>2012</u>
Note receivable from Gavea Emerging Markets Corporation in monthly installments of \$926 plus 4.5% interest per annum through May 2015.	\$ 15,742	\$ 27,778
Note receivable from Critical Link in monthly installments of \$2,083 plus 5.0% interest per annum through September 2014.	18,750	45,903
Note receivable from Aquarii, Inc. payable in interest only monthly payments of 4.5% per annum through February 2014. Thereafter, payable in monthly installments of \$2,083 plus 4.5% interest per annum through January 2019.	100,000	-
Note receivable from Hancock Field Development Corporation, with no interest, due June 30, 2014.	<u>203,768</u>	<u>247,741</u>
TOTAL	338,260	321,422
CURRENT PORTION	<u>233,629</u>	<u>39,190</u>
LONG-TERM PORTION	<u>\$ 104,631</u>	<u>\$ 282,232</u>

Future maturities of the long-term portion as of December 31, 2013:

<u>Year Ended December 31,</u>	<u>Amount</u>
2015	\$ 27,547
2016	25,000
2017	25,000
2018	25,000
2019	<u>2,084</u>
TOTAL	<u>\$ 104,631</u>

(Continued)

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

5. CAPITAL ASSETS

Capital assets consist principally of land with a cost of approximately \$2,319,000 and \$2,101,755 at December 31, 2013 and 2012.

6. AGENCY-INDUCED FINANCINGS

The total amount of industrial development, civic facility and pollution control financing issued through the Agency from inception through December 31, 2013 amounted to approximately \$2.57 billion. Of this total, none was issued in the year ended December 31, 2013.

7. INDUSTRIAL DEVELOPMENT CONTRACTS

Industrial development contractual payments consisted of employee productivity programs. Employee productivity program contracts totaled \$12,500 and \$37,500 for the years ended December 31, 2013 and 2012, respectively.

8. DUE TO RELATED PARTIES

The Agency has contracted with the 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 \$272,990 and \$285,092 for the years ended December 31, 2013 and 2012, respectively. The Agency owed \$87,239 and \$93,065 to the County at December 31, 2013 and 2012, respectively.

(Continued)

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

9. PROPERTY LEASES AND BONDS PAYABLE

In accordance with its corporate purpose, the Agency has issued bonds to promote and develop various businesses within the County. 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 \$171,548,115 and \$200,226,115 at December 31, 2013 and 2012, respectively, which represent non-recourse debt of the Agency.

10. 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 of \$126,666 is due.

11. PAYMENTS IN LIEU OF TAXES AGREEMENTS ("PILOT")

The Agency has entered into 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 as of year-end. Total due to other governments was \$154,225 and \$140,121 at December 31, 2013 and December 31, 2012, respectively.

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

12. 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, 2013:			
Onondaga County OED	\$ 272,990	\$ 164,834	\$ 108,156
Simple Admit - EPP	12,500	-	12,500
Simple Admit - QE	100,000	-	100,000
American Food & Vending - EPP	12,500	-	12,500
TES - Indiana Bat Assessment	9,600	8,795	805
Spectra Environmental - Park St. Bridge	15,000	7,762	7,238
CHA - GEIS Clay Business Park	400,305	383,733	16,572
CNY Regional Planning Development Board	25,000	19,798	5,202
CHA - Air Quality Analysis	3,100	1,483	1,617
CHA - Phase 1B	81,500	73,245	8,255
CHA - Archeological Survey	2,500	-	2,500
Unimar - EPP	12,500	-	12,500
CHA - Topographical Survey Clay B. Park	43,900	41,705	2,195
Dixon Schwabl - Clay Business Park	<u>65,125</u>	<u>58,175</u>	<u>6,950</u>
	<u>\$ 1,056,520</u>	<u>\$ 759,530</u>	<u>\$ 296,990</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	<u>65,125</u>	<u>33,713</u>	<u>31,412</u>
	<u>\$ 903,012</u>	<u>\$ 550,943</u>	<u>\$ 352,069</u>

(Continued)

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

13. 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.

14. NEW PRONOUNCEMENTS

As of January 1, 2013, the Agency adopted the provision of GASB Statement No. 61 - *The Financial Reporting Entity: Omnibus an amendment of GASB Statement No. 14 and No. 34*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity by requiring that a financial benefit or burden relationship also be present between the primary government and the potential component unit. The implementation of this guidance did not have a significant effect on the Agency's financial statements as the Agency will continue to be considered a component unit of the County.

As of January 1, 2012, the Agency adopted the provision of GASB Statement No. 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board ("FASB") and American Institute of Certified Public Accountant 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.

As of January 1, 2012, the Agency adopted the provisions of GASB Statement No. 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement amends the net asset reporting requirements in GASB 34 by incorporating deferred inflows of resources and deferred outflows of resources and by renaming the measure as net position, rather than net assets.

As of January 1, 2013, the Agency adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement clarifies the appropriate reporting for items previously classified as assets and liabilities consistent with the definitions in GASB Concepts Statement No. 4. The implementation of this guidance did not have a significant effect on the Agency's financial statements.

(Continued)

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

14. NEW PRONOUNCEMENTS (CONT'D)

On January 1, 2013, the Agency implemented GASB Statement No. 66, *Technical Corrections - 2012 - An Amendment of GASB Statements No. 10 and No. 62*. This statement clarifies and improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that result from the issuance of two pronouncements, GASB Statement No. 54 and GASB Statement No. 62. The implementation of this guidance did not have a significant impact on the Agency's financial statements.

15. CREDIT RISK

Financial instruments that potentially subject to the Agency to credit risk consist principally of unsecured note receivable.

16. RECLASSIFICATION

Certain amounts reported at December 31, 2012 have been reclassified to reflect information and assumptions existing at December 31, 2013. Both operating revenues and operating expenses were decreased by \$10,173,786 for the year ended December 31, 2012. In addition, deferred PILOT revenue was decreased and due to other governments was increased by \$140,121 at December 31, 2012. These reclassifications had no effect on net position or change in net position as originally reported.



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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, New York (the "County"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated March 20, 2014.

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 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.

March 20, 2014
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 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 Onondaga County Industrial Development Agency (the "Agency") a discretely presented component unit of the County of Onondaga, New York, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 20, 2014.

In connection with our audit, nothing came to our attention that caused us to believe that the Agency failed to comply with the Agency's Investment Guidelines, The New York State ("NYS") Comptroller's Investment Guidelines and Section 2925 of the NYS Public Authorities Law (collectively, the "Investment Guidelines"), which is the responsibility of the Agency's management, insofar as they relate to the financial accounting knowledge of noncompliance with such Investment Guidelines.

This report is intended solely for the information and use of management, the Board of Directors, 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 20, 2014
Syracuse, New York