

**ONONDAGA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY
(A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF
ONONDAGA, NEW YORK)**

**Financial Statements as of
December 31, 2014 and 2013
Together with
Independent Auditor's Report**

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a discretely presented component unit of the County of Onondaga, New York)
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INDEPENDENT AUDITOR'S REPORT

March 10, 2015

To the Members of the Board of the
Onondaga County Industrial Development Agency:

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 year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit 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, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Prior Period Financial Statements

The financial statements as of December 31, 2013, were audited by Testone, Marshall and Discenza, LLP, who merged with Bonadio & Co., LLP as of January 1, 2015, and whose report dated March 20, 2014, expressed an unmodified opinion on those statements.

Report On 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2015, 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 10, 2015, 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).

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a discretely presented component unit of the County of Onondaga, New York)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This section of the Onondaga County Industrial Development Agency's (the Agency), a discretely presented 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, 2014. 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, <u>2014</u>	Year Ended December 31, <u>2013</u>	Year Ended December 31, <u>2012</u>
Current assets	\$ 1,770,693	\$ 1,428,549	\$ 1,306,242
Restricted cash	44,159	1,642	1,642
Capital assets	2,345,837	2,319,000	2,101,755
Other assets	<u>143,750</u>	<u>104,631</u>	<u>286,966</u>
Total assets	<u>\$ 4,304,439</u>	<u>\$ 3,853,822</u>	<u>\$ 3,696,605</u>
Current liabilities	\$ 127,150	\$ 373,853	\$ 270,803
Long-term liabilities	<u>-</u>	<u>-</u>	<u>170,639</u>
Total liabilities	<u>\$ 127,150</u>	<u>\$ 373,853</u>	<u>\$ 441,442</u>
Net position:			
Net investment in capital assets	\$ 2,345,837	\$ 2,319,000	\$ 2,101,755
Restricted	44,159	1,642	1,642
Unrestricted	<u>1,787,293</u>	<u>1,159,327</u>	<u>1,151,766</u>
Total net position	<u>\$ 4,177,289</u>	<u>\$ 3,479,969</u>	<u>\$ 3,255,163</u>

FINANCIAL STATEMENTS (Continued)

Condensed Comparative Financial Information (Continued)

	Year Ended December 31, <u>2014</u>	Year Ended December 31, <u>2013</u>	Year Ended December 31, <u>2012</u>
Operating revenues	\$ 1,437,299	\$ 562,698	\$ 298,815
Operating expenses	<u>750,550</u>	<u>342,057</u>	<u>389,524</u>
Operating income (loss)	686,749	220,641	(90,709)
Other revenue	10,571	4,165	6,443
Transfer from OCEDC	<u>-</u>	<u>-</u>	<u>95,771</u>
Change in net position	697,320	224,806	11,505
Net position - beginning of year	<u>3,479,969</u>	<u>3,255,163</u>	<u>3,243,658</u>
Net position - end of year	<u>\$ 4,177,289</u>	<u>\$ 3,479,969</u>	<u>\$ 3,255,163</u>

Change in financial categories between the year ended December 31, 2014 and the year ended December 31, 2013 include the following:

- The Agency's total net position increased \$472,514 (or 211.3%) due to current operations. Operating revenue increased more than 150%, much of the result of increased agency and other fees revenue, while operating expenses only increased approximately 120%. Total operating revenues were in excess of operating expenses by approximately \$687,000 resulting in the net increase in total net position.
- Cash increased \$615,752 (or 53.7%) due to an increase in agency and other fees as well as restricted cash at fiscal year end.
- Current Liabilities decreased \$246,703 (or 66.0%) a result of a note payable due to related party, Onondaga County, coming due and paid in 2014.
- Operating Revenues, other than pass-through income, increased \$719,820 (or 131.0%) due to the increase in Agency projects.
- Operating Expenses, other than pass-through expenses, increased \$296,230 (or 90.1%). The Agency proactively responds to changing conditions by evaluating expenses throughout the year, prioritizing expenses based on the Agency's core mission.

ANALYSIS OF OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

The Agency is engaged in activities to support economic growth in the 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, 2014, the Agency received \$1,265,889 from these sources (agency and other fees and other fee income), an increase of \$719,820 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 \$1,269,389, which was approximately 42.3% less than the budgeted amount of \$3,000,000. The Agency's operating expenses, other than pass-through expenses, was \$625,158, which was approximately 186.1% more than the budgeted amount of \$335,933. 2014 budgeted figures assumed project specific expenses and grant reimbursements of \$2,140,000. Due to delays in required project environmental reviews, anticipated spending and reimbursements are not expected until 2015.

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 \$281,983.

CAPITAL ASSET ADMINISTRATION

As of December 31, 2014, the Agency's investment in capital assets was \$2,345,837, 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 approximately \$2,345,000 which is the cost of acquisition plus applicable legal and environmental fees.

OTHER ITEMS OF SIGNIFICANCE

In June 2014, the Agency signed an agreement with Destiny USA Real Estate, LLC (the Company), whereas the Company shall deposit monies in escrow with the Agency to pay costs of investigating and evaluating a project related to the Company's desire to develop a parcel of land for the construction of a hotel. As a result, the Agency's restricted cash balance under this agreement amounted to \$42,517 at December 31, 2014.

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.

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a discretely presented component unit of the County of Onondaga, New York)

STATEMENTS OF NET POSITION
DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,719,182	\$ 1,145,947
Accounts receivable	1,511	48,953
Prepaid PILOT expense	-	20
Notes receivable, current portion	<u>50,000</u>	<u>233,629</u>
Total current assets	<u>1,770,693</u>	<u>1,428,549</u>
NONCURRENT ASSETS:		
Restricted cash	44,159	1,642
Notes receivable, net of current portion	143,750	104,631
Capital assets	<u>2,345,837</u>	<u>2,319,000</u>
Total noncurrent assets	<u>2,533,746</u>	<u>2,425,273</u>
Total assets	<u>4,304,439</u>	<u>3,853,822</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	2,121	5,723
Due to Onondaga County	125,029	87,239
Due to other governments	-	154,225
Note payable, current portion	<u>-</u>	<u>126,666</u>
Total liabilities	<u>127,150</u>	<u>373,853</u>
NET POSITION		
Net investment in capital assets	2,345,837	2,319,000
Restricted	44,159	1,642
Unrestricted	<u>1,787,293</u>	<u>1,159,327</u>
Total net position	<u>\$ 4,177,289</u>	<u>\$ 3,479,969</u>

The accompanying notes are an integral part of these statements.

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a discretely presented component unit of the County of Onondaga, New York)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES:		
Agency and other fees	\$ 1,255,736	\$ 542,876
Pass-through income - Destiny USA Real Estate, LLC	125,000	-
Pass-through income	42,910	13,129
Rent income	3,500	3,500
Other fee income	<u>10,153</u>	<u>3,193</u>
Total operating revenues	<u>1,437,299</u>	<u>562,698</u>
OPERATING EXPENSES:		
Contractual support services	272,877	252,074
Pass-through expense - Destiny USA Real Estate, LLC	82,483	-
General and administrative	39,163	27,745
Industrial development contracts	281,529	12,500
Pass-through expense	42,910	13,129
Professional fees	30,424	34,402
Seminars and meetings	<u>1,164</u>	<u>2,207</u>
Total operating expenses	<u>750,550</u>	<u>342,057</u>
OPERATING INCOME	686,749	220,641
OTHER REVENUE:		
Interest income	<u>10,571</u>	<u>4,165</u>
CHANGES IN NET POSITION	697,320	224,806
NET POSITION - beginning of year	<u>3,479,969</u>	<u>3,255,163</u>
NET POSITION - end of year	<u>\$ 4,177,289</u>	<u>\$ 3,479,969</u>

The accompanying notes are an integral part of these statements.

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a discretely presented component unit of the County of Onondaga, New York)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash received for agency and other fees	\$ 1,303,178	\$ 496,361
Cash received for pass-through Destiny USA Real Estate, LLC	125,000	-
Cash paid for industrial development contracts	(281,529)	(12,500)
Cash paid for contractual support services	(235,087)	(257,900)
Cash received for rent and other fees	13,673	20,870
Cash payments for professional services	(33,189)	(65,871)
Cash payments for general and administrative expenses	(39,913)	(27,995)
Cash payments for pass-through Destiny USA Real Estate, LLC	(82,483)	-
Cash received and due to other governments	(154,225)	14,104
Cash paid for seminars and meetings	<u>(1,251)</u>	<u>(2,382)</u>
Net cash flow from operating activities	<u>614,174</u>	<u>164,687</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Net change in notes receivable	144,510	(16,838)
Purchases of capital assets	<u>(26,837)</u>	<u>(217,245)</u>
Net cash flow from investing activities	<u>117,673</u>	<u>(234,083)</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:		
Payments on note payable	(126,666)	(43,973)
Net cash received for interest on notes outstanding	<u>10,571</u>	<u>4,165</u>
Net cash flow from financing activities	<u>(116,095)</u>	<u>(39,808)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	615,752	(109,204)
CASH AND CASH EQUIVALENTS - beginning of year	<u>1,147,589</u>	<u>1,256,793</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 1,763,341</u>	<u>\$ 1,147,589</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION:		
Cash and cash equivalents	\$ 1,719,182	\$ 1,145,947
Restricted cash	<u>44,159</u>	<u>1,642</u>
Total cash and cash equivalents	<u>\$ 1,763,341</u>	<u>\$ 1,147,589</u>

(Continued)

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a discretely presented component unit of the County of Onondaga, New York)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating income	\$ 686,749	\$ 220,641
Adjustment to reconcile operating income to net cash flow from operating activities:		
Changes in:		
Accounts receivable	47,442	(46,515)
Prepaid PILOT expense	20	(20)
Other assets	-	14,197
Accounts payable	(3,602)	(31,894)
Due to Onondaga County	37,790	(5,826)
Due to other governments	<u>(154,225)</u>	<u>14,104</u>
Net cash flow from operating activities	<u>\$ 614,174</u>	<u>\$ 164,687</u>

The accompanying notes are an integral part of these statements.

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a discretely presented component unit of the County of Onondaga, New York)

NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

1. ORGANIZATION

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 County of Onondaga, New York (the County) Legislature.

The Agency was formed to promote and develop the economic growth of 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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 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 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 in New York State.

Cash and Cash Equivalents

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 an allowance for doubtful accounts was necessary at December 31, 2014 and 2013.

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 the assets estimated useful life of five to ten years. The Agency's policy is to capitalize all additions greater than \$1,000 with a useful life of more than 5 years.

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.

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.

Pass-through Revenue and Expense

Pass-through revenue and expense - Destiny USA Real Estate, LLC pertains to revenues and expenses associated with an agreement dated June 2014, between the Agency and Destiny USA Real Estate, LLC (the Company), whereas the Company deposited monies in escrow with the Agency to pay costs of investigating and evaluating a project. These revenues and expenses resulted in an increase in restricted net position of \$42,517 at December 31, 2014.

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.

3. 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.

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).

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

At December 31, 2014 and 2013 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 \$1,810,000 in cash and cash equivalents at December 31, 2014. The remaining balance of approximately \$1,560,000 not insured by FDIC, was collateralized by a third party in accordance with New York State General Municipal Law, Section 10 and the Agency's policies.

4. 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, 2014 and 2013.

In accordance with an agreement dated June 2014, between the Agency and Destiny USA Real Estate, LLC (the Company), the Company shall deposit monies in escrow with the Agency to pay costs of investigating and evaluating a project related to the Company's desire to develop a parcel of land for the construction of a hotel. As a result, the Agency's restricted cash balance under this agreement amounted to \$42,517 at December 31, 2014.

5. NOTES RECEIVABLE

Notes receivable consisted of the following at December 31:

	<u>2014</u>	<u>2013</u>
Note receivable from Gavea Emerging Markets Corporation in monthly installments of \$926 plus 4.5% interest per annum due May 2015 and received as of March 2014. \$	-	\$ 15,742
Note receivable from Critical Link in monthly installments of \$2,083 plus 5.0% interest per annum through September 2014.	-	18,750
Note receivable from Aquarii, Inc. payable in interest only monthly payments of 4.5% per annum through February 2015. Thereafter, payable in monthly installments of \$2,083 plus 4.5% interest per annum through January 2019.	100,000	100,000
Note receivable from Hancock Field Development Corporation, with no interest, due June 30, 2014.	-	203,768

5. NOTES RECEIVABLE (Continued)

Note receivable from Simple Admit, LLC. payable in interest only monthly payments of 6.0% per annum through August 2014. Thereafter, payable in monthly installments of \$2,083 plus 6.0% interest per annum through August 2018.

	<u>93,750</u>	<u>-</u>
Total	<u>\$ 193,750</u>	<u>\$ 338,260</u>

Future maturities as of December 31, 2014:

2015	\$ 50,000
2016	50,000
2017	50,000
2018	41,667
2019	<u>2,083</u>
Total	<u>\$ 193,750</u>

6. CAPITAL ASSETS

Capital assets consist principally of land with a cost of approximately \$2,346,000 and \$2,319,000 at December 31, 2014 and 2013.

7. AGENCY-INDUCED FINANCINGS

The total amount of industrial development, civic facility and pollution control financing issued through the Agency from inception through December 31, 2014 amounted to approximately \$2.57 billion. Of this total, none was issued in the year ended December 31, 2014.

8. INDUSTRIAL DEVELOPMENT CONTRACTS

Industrial development contractual payments consisted of employee productivity programs. Employee productivity program contracts totaled \$14,245 and \$12,500 for the years ended December 31, 2014 and 2013, respectively.

9. DUE TO ONONDAGA COUNTY

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 \$281,983 and \$272,990 for the years ended December 31, 2014 and 2013, respectively. The Agency owed \$125,029 and \$87,239 to the County at December 31, 2014 and 2013, respectively.

10. 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 \$165,573,115 and \$171,548,115 at December 31, 2014 and 2013, respectively, which represent non-recourse debt of the Agency.

11. NOTE PAYABLE

In 2008, the Agency entered into a loan agreement with the County of Onondaga payable in semiannual installments of interest only at 5.0% 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, balance due was extended until June 30, 2014. The entire balance of \$126,666 was paid during 2014.

12. 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 companies to the Agency but not distributed to the tax jurisdictions as of year-end. Total due to other governments was \$154,225 at December 31, 2013.

13. 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>December 31, 2014</u>	<u>Total Contract</u>	<u>Portion Used</u>	<u>Designated Unrestricted Net Position</u>
Onondaga County OED	\$ 281,983	\$ 272,877	\$ 9,106
Simple Admit - EPP	12,500	12,500	-
Simple Admit - QE	100,000	100,000	-
Rapid Cure Tech - EPP	9,250	9,250	-
TES - Indiana Bat Assessment	9,600	8,795	805
Spectra Environmental - Park St. Bridge	15,000	7,763	7,237
CHA - GEIS Clay Business Park	400,305	394,617	5,688

13. DESIGNATED FOR CONTRACTS (Continued)

CNY Regional Planning Development Board	25,000	19,795	5,205
CHA - Air Quality Analysis	3,100	1,483	1,617
CHA - Phase 1B	81,500	73,246	8,254
CHA - Archaeological Survey WPCP	2,500	-	2,500
Unimar - EPP	4,995	-	4,995
CHA - Topographical Survey Clay B. Park	43,900	41,705	2,195
Clay Business Park - Marketing	<u>20,000</u>	<u>20,132</u>	<u>(132)</u>
	<u>\$ 1,009,633</u>	<u>\$ 962,163</u>	<u>\$ 47,470</u>

<u>December 31, 2013</u>	<u>Total Contract</u>	<u>Portion Used</u>	<u>Designated Unrestricted Net Position</u>
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>

14. CONCENTRATION OF CREDIT RISK

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

**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 10, 2015

To the Members of the Board of the
Onondaga County Industrial Development Agency:

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, 2014, and the related notes to the financial statements, and have issued our report thereon dated March 10, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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.

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(Continued)

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

(Continued)

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 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 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.

**REPORT ON SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC
AUTHORITIES LAW**

March 10, 2015

To the Members of the Board of the
Onondaga 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 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, 2014, 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 10, 2015.

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. However, our audit was not directed primarily towards obtaining 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.

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