

**CITY OF SYRACUSE  
INDUSTRIAL DEVELOPMENT AGENCY**

**FINANCIAL STATEMENTS**

**December 31, 2015 and 2014**

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

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**grossman st. amour**  
CERTIFIED PUBLIC ACCOUNTANTS PLLC

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the  
City of Syracuse Industrial Development Agency

**Report on the Financial Statements**

We have audited the accompanying basic financial statements of City of Syracuse Industrial Development Agency, a component unit of the City of Syracuse, New York as of December 31, 2015 and 2014, and for the years then ended, and the related notes to the financial statements, which collectively comprise the City of Syracuse Industrial Development Agency's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Syracuse Industrial Development Agency as of December 31, 2015 and 2014 and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

In accordance with *Government Auditing Standards*, we have issued our report dated March 9, 2016 on our consideration of the City of Syracuse Industrial Development Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles general accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, 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 evidence sufficient to express an opinion or provide any assurance.

New York State General Municipal Law, Article 18-A, Section 859 requires that the supplemental schedule of revenue bonds and other bonds (conduit debt) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by New York State General Municipal Law, Article 18-A, Section 859, 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 evidence sufficient to express an opinion or provide any assurance.



Syracuse, New York  
March 9, 2016

## CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

### Management's Discussion and Analysis (unaudited) For the Year Ended December 31, 2015

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As management of the City of Syracuse Industrial Development Agency ("SIDA"), we offer readers of this Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements.

#### FINANCIAL HIGHLIGHTS

- The assets of the City of Syracuse Industrial Development Agency exceeded its liabilities at the close of its most recent fiscal year by \$7,520,700 (net position). This amount may be used to meet the Agency's ongoing obligations to constituents and creditors in accordance with the Agency's fund designation and fiscal policies.
- The Agency's total net position increased by \$48,197 for the 2015 fiscal year.
- During 2015 the Agency received \$5,066,525 for its role in various development projects. The majority of the development fees (\$3,800,000) came from the Destiny USA project. This amount was passed through by SIDA to the City of Syracuse/Onondaga County. In addition to the Destiny USA Project fees, SIDA received monies for financing fees of \$1,266,525 from other developers. The top project fees received were \$718,963 related to the Hotel Syracuse, \$129,780 from Orange Grove LLC for its project, and \$95,348 for a project undertaken by Crouse Ave LLC.
- SIDA has one PILOT agreement for which payments are remitted to SIDA for lakefront activities. The Lakefront PILOT brought in \$223,616 in 2015.
- SIDA continues to receive monies from a related entity, Syracuse Economic Development Corporation (SEDCO) related to loan from a third party. Principal payments of \$125,629 and \$152,630 of interest payments were received on this loan from SEDCO in 2015.
- SIDA spent monies on various public improvement projects during 2015, which totaled \$1,213,983. The majority of these improvement projects were related to various demolition activities for various properties throughout the City of Syracuse, totaling \$466,949 and improvements to the inner harbor totaling approximately \$547,000.
- The Agency continued reducing its HUD-108 guaranteed bonds payable balance during 2015 by making \$283,000 in principal payments. SIDA reduced its outstanding principal on these loans from \$1,106,000 in 2014 to \$823,000 in 2015.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of two components: 1) agency-wide financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**

**Management's Discussion and Analysis (unaudited)  
For the Year Ended December 31, 2015**

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**Agency-wide financial statements** – The agency-wide financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Activities presents information showing how the Agency's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., accrued interest).

Both of the agency-wide financial statements report only business-type (proprietary) activities, since none of the Agency's activities are considered to be governmental activities supported primarily by taxes.

The agency-wide financial statements can be found on pages 8 through 10 of this report.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the agency-wide and fund financial statements. The notes to the financial statements can be found on pages 11 through 19 of this report.

**Other information** – In addition to the basic financial statements and accompanying notes, this report also includes certain supplemental information, which includes information concerning revenue bonds and other bonds (conduit debt). This supplementary information can be found on pages 20 through 22 of this report.

**AGENCY-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the Agency's financial position. In the case of the City of Syracuse Industrial Development Agency, assets exceeded liabilities by \$7,520,700 as of December 31, 2015.

Cash and loans receivable constitute the largest portion of the Agency's net position. This net position is available for future repayment of outstanding loans and for future economic development projects. All of the Agency's funds are treated as proprietary (business-type) funds.

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**

**Management's Discussion and Analysis (unaudited)  
For the Year Ended December 31, 2015**

The following are summarized versions of the agency-wide financial statements:

<b>Statements of Net Position</b>		
	<b>2015</b>	<b>2014</b>
Cash and cash equivalents	<b>\$ 4,877,109</b>	\$ 5,157,356
Receivables	<b>5,557,438</b>	5,396,099
Other assets	<b>1,373,058</b>	1,485,671
Total assets	<b>\$ 11,807,605</b>	\$ 12,039,126
Bonds payable	<b>\$ 1,253,000</b>	\$ 1,731,000
All other liabilities	<b>3,033,905</b>	2,835,623
Total liabilities	<b>4,286,905</b>	4,566,623
Net position	<b>7,520,700</b>	7,472,503
Total liabilities and net position	<b>\$ 11,807,605</b>	\$ 12,039,126

**ASSETS**

Major year over year changes with regard to the net decrease in cash are due to the payments on bonds and amounts received for loan fees and grants. Cash provided by operating activities was \$197,753 in 2015 compared to \$217,767 in 2014.

**BONDS PAYABLE**

The Agency has HUD Section 108 guaranteed bonds payable as of December 31, 2015 of \$823,000. During 2015, the Agency made principal payments of \$283,000. The resources needed to repay these loans will come from operating funds of the Agency.

The Agency also holds bonds payable for a parking garage in Armory Square in Syracuse. The balance at December 31, 2015 was \$430,000. Principal payments amounted to \$195,000, during 2015.

**CHANGES IN RESTRICTED NET POSITION**

During 2015, restricted net position decreased by \$164,625. This decrease is due to the release of restrictions. This release was in accordance with the lakefront development restrictions.

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**

**Management's Discussion and Analysis (unaudited)  
For the Year Ended December 31, 2015**

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<b>Statements of Revenues, Expenses and Changes in Net Position</b>		
	<b>2015</b>	<b>2014</b>
Financing fees	<b>\$ 5,066,525</b>	\$ 4,412,855
PILOT revenue	<b>114,350</b>	109,000
All other income	<b>1,001,916</b>	695,680
Total income	<b>6,182,791</b>	5,217,535
Destiny USA fee to City of Syracuse/Onondaga County	<b>3,800,000</b>	3,800,000
Interest expense	<b>69,266</b>	77,900
Public improvements	<b>1,753,539</b>	865,508
All other expenses	<b>511,789</b>	439,683
Total expenses	<b>6,134,594</b>	5,183,091
Increase in net position	<b>48,197</b>	34,444
Net position – beginning of year	<b>7,472,503</b>	7,438,059
Net position – end of year	<b>\$ 7,520,700</b>	\$ 7,472,503

**FINANCING AND EXTENSION FEES**

As reported earlier, SIDA receives a substantial development fee from the Destiny USA of \$3,800,000 each year as part of a twelve year fee structure, totaling \$60,000,000. The monies are passed onto the City of Syracuse and Onondaga County.

In addition to the Destiny USA Project fees, SIDA received monies for financing fees totaling \$1,266,525 from other developers.

**PILOT REVENUE**

SIDA had a PILOT agreement for which the City of Syracuse collected the payments and allocated an amount to SIDA. The PILOT brought in \$115,000 and \$109,000 in 2015 and 2014, respectively and will be terminated when the PILOT payments are greater than what the company's tax assessment required, which is expected to occur as of December 31, 2015.

**GARAGE RENT REVENUE**

During 2015, SIDA received \$242,825 for rent of the parking garage that they own. This rental income is a reimbursement from the City of Syracuse, New York which operates the garage. The lease between SIDA and the City of Syracuse, New York expires on December 1, 2017.

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**

**Management's Discussion and Analysis (unaudited)  
For the Year Ended December 31, 2015**

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**PROFESSIONAL FEES**

Professional fees are typically legal fees associated with the negotiations of financing and PILOT agreements. The lower amount in 2015 of \$28,321 over the 2014 amount of \$68,153 relates to lower legal activity in 2015.

**REQUEST FOR INFORMATION**

This financial report is designed to provide readers with a general overview of the Agency's finances. If you have questions about this report or need additional information, contact the Agency's board at the City of Syracuse Industrial Development Agency, 201 East Washington Street, Room 605, Syracuse, NY 13202-1432. You may also visit their website at [www.syr.gov.net](http://www.syr.gov.net), and navigate to the Neighborhood and Business Development department for more information.

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Statements of Net Position**

	December 31,	
	2015	2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 4,876,527	\$ 5,156,774
Restricted cash	582	582
Other receivables	504,136	109,000
Other loan receivable	34,002	97,867
Loans receivable - SEDCO	129,450	125,316
Investment in properties, at cost	985,220	985,220
Total current assets	<u>6,529,917</u>	<u>6,474,759</u>
<b>Long-term Assets</b>		
Other loan receivable	-	34,002
Loans receivable - SEDCO	4,889,850	5,029,914
Land and building, at cost, net of depreciation	387,838	500,451
Destiny USA fees receivable	11,400,000	15,200,000
Destiny USA fees payable to City and County	<u>(11,400,000)</u>	<u>(15,200,000)</u>
Total long-term assets	<u>5,277,688</u>	<u>5,564,367</u>
 Total assets	 <u>\$ 11,807,605</u>	 <u>\$ 12,039,126</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 269,787	\$ 69,718
Accrued interest payable	8,412	10,232
Grant payable	735,368	735,368
Bonds payable - parking garage, current portion	205,000	195,000
Bonds payable - HUD guaranteed, current portion	324,000	281,000
Total current liabilities	<u>1,542,567</u>	<u>1,291,318</u>
<b>Long-term Liabilities</b>		
Payable to City of Syracuse - long-term portion	2,020,338	2,020,305
Bonds payable - parking garage, long-term portion	225,000	430,000
Bonds payable - HUD guaranteed, long-term portion	499,000	825,000
Total long-term liabilities	<u>2,744,338</u>	<u>3,275,305</u>
Total liabilities	<u>4,286,905</u>	<u>4,566,623</u>
<b>Net Position</b>		
Net investment in capital assets	(42,162)	(124,549)
Restricted for:		
Lakefront development	31,982	196,607
Parking mitigation	93,644	93,644
Unrestricted	<u>7,437,236</u>	<u>7,306,801</u>
Total net position	<u>7,520,700</u>	<u>7,472,503</u>
 Total liabilities and net position	 <u>\$ 11,807,605</u>	 <u>\$ 12,039,126</u>

The accompanying notes are an integral part of these financial statements

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Statements of Revenues, Expenses and Changes in Net Position**

	<b>Year Ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>Revenue</b>		
Financing fees	\$ 5,066,525	\$ 4,412,855
Grant income	500,000	18,424
PILOT revenue	114,350	109,000
Interest income	173,403	172,986
Garage rent	242,825	236,175
Garage rent - supplemental	31,072	164,680
Other rental income	54,616	53,730
Other income	-	49,685
Total revenue	<u>6,182,791</u>	<u>5,217,535</u>
<b>Expenses</b>		
Development costs -		
Destiny USA fee to City of Syracuse/Onondaga County	3,800,000	3,800,000
Lakefront projects	39,556	10,395
Other projects	500,000	345,035
Public improvements	1,213,983	510,078
Interest	69,266	77,900
Legal fees	28,321	68,153
Professional fees	329,823	207,108
Depreciation	112,613	112,613
Insurance	10,870	31,752
Taxes - nonexempt	8,628	11,091
Office and other	21,534	8,966
Total expenses	<u>6,134,594</u>	<u>5,183,091</u>
Change in net position	48,197	34,444
Net position - beginning of year	<u>7,472,503</u>	<u>7,438,059</u>
Net position - end of year	<u>\$ 7,520,700</u>	<u>\$ 7,472,503</u>

The accompanying notes are an integral part of these financial statements

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Statements of Cash Flows**

	<b>Years Ended December 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities:</b>		
Inflows -		
Interest received	\$ 173,403	\$ 172,986
Loan fees and grants	1,485,739	740,279
Rents and miscellaneous fees received	328,513	395,270
Loan repayments	233,797	240,892
Destiny USA fee	3,800,000	3,800,000
Outflows -		
Interest payments	(71,086)	(79,506)
Supplies and services	(1,952,613)	(1,252,154)
Destiny USA fee	(3,800,000)	(3,800,000)
Net cash provided by operating activities	<u>197,753</u>	<u>217,767</u>
<b>Cash flows from noncapital financing activities:</b>		
Payments on bonds payable	<u>(283,000)</u>	<u>(277,000)</u>
<b>Cash flows from capital and related financing activities:</b>		
Payments on bonds payable - Armory Garage	<u>(195,000)</u>	<u>(175,000)</u>
Net decrease in cash and cash equivalents	<u>(280,247)</u>	<u>(234,233)</u>
Cash and cash equivalents - beginning of year	<u>5,156,774</u>	<u>5,391,007</u>
Cash and cash equivalents - end of year	<u>\$ 4,876,527</u>	<u>\$ 5,156,774</u>
Reconciliation of change in net position to cash provided by operating activities:		
Change in net position	\$ 48,197	\$ 34,444
Depreciation	112,613	112,613
Changes in assets and liabilities:		
Loan receivable	97,867	99,360
Loan receivable - SEDCO	135,930	141,533
Other receivables	(395,136)	(109,000)
Payable to City of Syracuse	33	(82)
Accounts payable	200,069	(59,495)
Interest payable	(1,820)	(1,606)
Net cash provided by operating activities	<u>\$ 197,753</u>	<u>\$ 217,767</u>

The accompanying notes are an integral part of these financial statements

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

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**1. Nature of the Organization and Significant Accounting Policies**

**Nature of the Organization**

The City of Syracuse Industrial Development Agency (SIDA) is a public benefit corporation established in 1979 to enhance economic development activities in the city of Syracuse, NY (the "City"). SIDA was established by New York State General Municipal Law (GMU), Article 18-A, Title 2, paragraph 926, also known as the "New York State Industrial Development Agency Act." SIDA's programs include the issuing of revenue bonds and the making of loans under the HUD Section 108 Program, the Downtown Commercial Rehabilitation Loan Program and the SIDA Development Fund. SIDA's sole function is to enhance economic development activities through the making and facilitating of business loans. Virtually all of its expenses are incurred to fulfill this function. SIDA is treated by the City as a component unit and is integral to the overall economic development plans of the City.

The basic financial statements of the Agency have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. All of the Agency's funds are proprietary funds, and, therefore, include only business-type activities. There are no material differences between a) net position and fund balances, and b) changes in net position and changes in fund balances, and, therefore, no reconciliation schedules of these items are included in this report.

**Basis of Presentation**

*Agency-wide financial statements* – The agency-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the Agency as a whole. Individual funds are not presented in the agency-wide financial statements. The Agency has determined that all of its activities are business-type, which are predominantly or entirely financed with fees and loan repayments from external parties.

**Net Position Classifications**

*Net Investment in Capital Assets* - Consists of 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.

*Restricted* - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

- *Lakefront Development*: These funds are restricted to use for public improvement in the lakefront area.
- *Parking Mitigation*: These funds are restricted for use to alleviate parking situations in downtown Syracuse, New York.

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

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**1. Nature of the Organization and Significant Accounting Policies (continued)**

**Net Position Classification (continued)**

*Unrestricted* - Consists of all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The agency-wide statements use the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. PILOT revenues are recognized in the year for which they are due while grants are recognized when grantor eligibility requirements are met.

**Order of Use of Resources**

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, and then use unrestricted resources as they are needed.

**Fixed Assets**

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

**Allowance for Doubtful Accounts**

SIDA uses the allowance method to report loans of doubtful collectability. There is no allowance as of December 31, 2015 and 2014.

**Statement of Cash Flows**

SIDA considers its lending activities as operating activities for purposes of the statement of cash flows. For the statement of cash flows, SIDA considers cash and cash equivalents to be all monies in banks and highly liquid investments with maturity dates of less than three months.

**Investment Policy**

SIDA's investment policy conforms to the requirements of the New York State General Municipal Law §858-a(3), §10 and §11. The objectives of SIDA's investment activities are to conform to all applicable federal state and other legal requirements, to adequately safeguard principal, to provide sufficient liquidity to meet all operating requirements and to obtain a reasonable rate of return.

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

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**1. Nature of the Organization and Significant Accounting Policies (continued)**

**Concentrations of Credit Risk**

At various times during the year, SIDA's cash and cash equivalents balances exceeded the insured limits of the Federal Deposit Insurance Corporation. However, SIDA's accounts were fully collateralized by securities pledged by the depository bank.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Taxes**

Generally SIDA is exempt from taxes. Section 874 of the New York State General Municipal Law authorized an exemption from real property taxation for any property acquired by an industrial development agency (IDA) or under its jurisdiction or control. To obtain such an exemption, section 412-a of the Real Property Tax law requires the IDA to file an exemption form with the tax assessor. Qualified IDA property is entitled to an exemption from all general taxes imposed by or on behalf of a county, city, town, village or school district, but not from special ad valorem (property) levies or special assessments.

**2. Revenue Bonds/Other Financing**

SIDA is empowered to finance the acquisition, construction or reconstruction of manufacturing, warehousing, research, commercial, industrial and pollution control projects. SIDA raises funds to accomplish these purposes by issuing negotiable tax-exempt or taxable revenue bonds and by participating in other financing arranged by/for the developers of the projects.

SIDA can provide up to 100% financing for an approved project including the cost of land, construction, equipment, planning and fees. Financing is generally provided at interest rates 1½ to 2% lower than conventional rates. SIDA finances individual projects by issuing revenue bonds in its own name. These bonds are secured by a mortgage on the property and a subsequent lease to the company. The company sells the bonds to banks at a rate lower than the conventional interest rate.

The bonds become an obligation of the company and are amortized by the revenue from the project. Typically, upon completion of a project, the facilities, improvements or equipment are leased to the company for a term equal to the term of the bond issue, which usually ranges from 10 to 25 years.

The annual lease payments equal the annual principal and interest due on the bonds. At the end of the lease term, the company has the option of purchasing the project for one dollar. The assets and liabilities of these projects are not reflected in the attached financial statements, since SIDA treats the projects and bonds as assets and liabilities of the individual developers.

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

**3. Loan Receivable - SEDCO**

The Agency has a loan receivable from a related party, Syracuse Economic Development Corporation (SEDCO) related to an economic development project that SEDCO undertook. SEDCO has since sold this project to a 3<sup>rd</sup> party developer and received mortgage notes totaling \$5,500,000. SEDCO has pledged all of the payments of principal and interest of this mortgage notes to SIDA.

The mortgage notes bears interest at 3% and is recorded as interest income by SIDA. Both notes mature on January 1, 2025 with a balloon payment on such date.

Principal payments began being made to be made by SEDCO in accordance with the terms and conditions of the mortgage agreement, which will in turn be paid to SIDA and reduce the principal balance of the loan receivable from SEDCO. A summary of the loan is as follows:

\$2,500,000 Note			\$3,000,000 Note			Combined Totals		
Due in	Principal	Interest	Due in	Principal	Interest	Due in	Principal	Interest
2016	\$ 58,841	\$ 67,640	2016	\$ 70,609	\$ 81,168	2016	\$ 129,450	\$ 148,808
2017	60,631	65,851	2017	\$ 72,757	\$ 79,021	2017	\$ 133,388	\$ 144,872
2018	62,475	64,007	2018	\$ 74,970	\$ 76,808	2018	\$ 137,445	\$ 140,815
2019	64,375	62,106	2019	\$ 77,250	\$ 74,528	2019	\$ 141,625	\$ 136,634
2020	66,333	60,148	2020	\$ 79,600	\$ 72,178	2020	\$ 145,933	\$ 132,326
2021	68,351	58,131	2021	\$ 82,021	\$ 69,757	2021	\$ 150,372	\$ 127,888
2022	70,430	56,052	2022	\$ 84,515	\$ 67,262	2022	\$ 154,945	\$ 123,314
2023	72,572	53,910	2023	\$ 87,086	\$ 64,691	2023	\$ 159,658	\$ 118,601
2024	74,779	51,702	2024	\$ 89,735	\$ 62,043	2024	\$ 164,514	\$ 113,745
2025	1,682,715	4,207	2025	\$ 2,019,255	\$ 5,048	2025	\$ 3,701,970	\$ 9,255
	<u>\$ 2,281,502</u>	<u>\$ 543,754</u>		<u>\$ 2,737,801</u>	<u>\$ 652,504</u>		<u>\$ 5,019,300</u>	<u>\$ 1,196,258</u>

**4. Other Loan Receivable**

The Agency has a loan receivable from a 3<sup>rd</sup> party for a development project within the City of Syracuse. The loan matures in 2016 and consists of monthly payments of \$8,611, which includes principal and interest at 6.25%. Interest received on such loan was \$5,470 and \$11,384 for the years ended December 31, 2015 and 2014, respectively. The loan balance was \$34,002 and \$131,869 at December 31, 2015 and 2014, respectively.

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

**5. Investment in Properties**

SIDA from time to time will purchase and hold title to properties for future sale and development by a third party. The investment in properties represents capital assets of SIDA which are reported at historical cost. SIDA periodically reviews its capital assets for impairments. Impairment is indicated when events or changes in circumstances suggest that the service utility of the capital asset may have significantly and unexpectedly declined.

Investment in properties is as follows:

**Properties:**

301, 309-311, 315-321 S. Warren Street	\$ 323,100
1081-1085 S. Salina Street	191,797
2100, 2101, 2103 Rear Coughlin	180,020
341 Peat Street	176,044
Others	114,259
	<u>\$ 985,220</u>

**6. Land and Building**

SIDA owns the Center Armory Garage Facility which consists of a parcel of land and the parking garage facility. The facility is being depreciated on a straight-line basis over an estimated useful life of twenty-five years. The following is a summary of the cost and accumulated depreciation of the facility for the years ended December 31, 2015 and 2014:

	<b>Balance at 12/31/2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at 12/31/2015</b>
<b>Capital assets at cost:</b>				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Buildings	2,815,320	-	-	2,815,320
Total	<u>2,865,320</u>	<u>-</u>	<u>-</u>	<u>2,865,320</u>
<b>Accumulated depreciation:</b>				
Accumulated depreciation	(2,364,869)	(112,613)		(2,477,482)
Capital assets, net	<u>\$ 500,451</u>	<u>\$ (112,613)</u>	<u>\$ -</u>	<u>\$ 387,838</u>

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

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**7. Payable to City of Syracuse**

SIDA has been designated by the City of Syracuse to receive, and subsequently loan for commercial use, funds collected by the City under a past tax amnesty program. Under this program, SIDA serves as a conduit between the loan recipient and the City of Syracuse. All earnings and potential losses from the activities are recorded in the fund titled "Development Fund" and such fund reverts back to the City, as such, SIDA has no net position in this fund.

The payable to the City does not bear any interest. At December 31, 2015 the balance due to the City of Syracuse was \$2,020,338.

**8. Bonds Payable**

**Parking Garage Bonds**

The Center Armory Garage Facility is owned by SIDA and is located in the Armory Square historic district in downtown Syracuse. The project was financed by SIDA with revenue bonds. Payments on the bonds are made on a bi-annual basis, with interest only payments made on June 1<sup>st</sup> and principal plus interest made on December 1<sup>st</sup> of each year through maturity.

SIDA leases the parking facilities to the Syracuse Economic Development Corporation (SEDCO), which subleases the facilities to the City of Syracuse (the City). The lease and sublease, which expire on December 1, 2017, call for rent payments to be made by the City to SIDA in an amount sufficient to pay the interest and principal due on the bonds and to maintain various bond reserve funds at required levels.

**HUD Section 108 Guaranteed Bonds Payable**

The U.S. Department of Housing and Urban Development ("HUD") has a loan guarantee assistance program for community and economic development. Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program.

Under this section, HUD offers communities a source of financing for certain community development activities, such as housing rehabilitation, economic development, and large-scale physical development projects. As with the CDBG program, all projects and activities must meet CDBG's rules and requirements and meet the primary objective of CDBG programs whereby the use of 70% of funds must benefit low and moderate income persons and meet one of the following three national objectives: (a) principally benefit low and moderate income persons, (b) assist in eliminating or preventing slums or blight, or (c) assist with community development needs having a particular urgency. Under this program, SIDA and the City of Syracuse pledges its current and future CDBG funds as the principal for the loan guarantee.

Section 108 obligations are financed through underwritten public offerings. Financing between public offerings is provided through an interim lending facility established by HUD. As such, after the public offering, such loans are with a commercial financial institution, which is Bank of NY Mellon for SIDA's current HUD 108 outstanding loans. Although HUD may act as an intermediate lender, ultimately a 3<sup>rd</sup> party commercial financial institution is the lender.

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

**8. Bonds Payable (continued)**

The Section 108 program provides additional security to the lender in the form of a guarantee by HUD. Even though a guarantee is provided by HUD, the Agency continues to be subject to risk as any inability for the Agency to make payments would allow HUD to first use CDBG monies to pay the loans in default, which would reduce the amount of monies available to the Agency and the City of Syracuse through the CDBG program.

A summary of changes in the Agency's indebtedness is as follows:

		Interest Rate	Maturity Date	Balance at 12/31/14	Payments	Balance at 12/31/15	Due in One Year
HUD Section 108 Guaranteed bonds:							
Series 2002-A	B-99-MC-36-0108-A	5.8%	8/1/2021	98,000	(12,000)	86,000	12,000
Series 2004-A	B-92-MC-36-0108	1.3%	8/1/2016	27,000	(13,000)	14,000	14,000
Series 2006-A	B-92-MC-36-0108	0.3%	8/1/2019	120,000	(20,000)	100,000	25,000
2006 Advance	B-94-MC-36-0108-A	.4-.5%	8/1/2019	316,000	(143,000)	173,000	173,000
Series 2011-A	B-99-MC-36-0108-A	1.3%	8/1/2019	545,000	(95,000)	450,000	100,000
Parking Garage Bonds	1992 A	6.75-7.55%	12/1/2017	275,000	(85,000)	190,000	90,000
Parking Garage Bonds	1992 B (taxable)	6.75-7.55%	12/1/2017	350,000	(110,000)	240,000	115,000
				<u>\$ 1,731,000</u>	<u>\$ (478,000)</u>	<u>\$ 1,253,000</u>	<u>\$ 529,000</u>

The following is a summary of the principal and interest payments outstanding at December 31, 2015:

Due in:	<b>Parking Garage Bonds</b>		<b>HUD Section 108 Guaranteed Bonds</b>		<b>Total Bonds Payable</b>	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	205,000	32,920	324,000	13,605	529,000	46,525
2017	225,000	17,238	148,000	11,345	373,000	28,583
2018	-	-	154,000	8,911	154,000	8,911
2019	-	-	165,000	6,064	165,000	6,064
2020	-	-	16,000	1,932	16,000	1,932
2021	-	-	16,000	972	16,000	972
	<u>\$ 430,000</u>	<u>\$ 50,158</u>	<u>\$ 823,000</u>	<u>\$ 42,829</u>	<u>\$ 1,253,000</u>	<u>\$ 92,987</u>

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

**9. Brownsfields Economic Development Incentive (BEDI) Grants**

In 1998 and 1999, SIDA received approval for (2) Brownfields Economic Development Incentive (BEDI) grants in the amounts of \$1,000,000 and \$875,000, respectively, for the City Crossroads project. As of December 31, 2015, SIDA had drawn down the following amounts on these grants:

	<b>BEDI Grant</b>	
Received in:	1998	1999
2000	\$ 400,101	\$ -
2002	599,899	293,940
2003	-	91,428
Total drawn	\$ 1,000,000	\$ 385,368

The remainder of the 1999 grant (\$489,632) has not been drawn down by SIDA.

Each of the grants contains a provision which requires SIDA to enter into HUD-108 loans to development projects sited in the City Crossroads area. The required ratio of loans to grant dollars for the 1998 grant is \$3 to \$1, respectively, and \$2.50 to \$1 for the 1999 grant, respectively.

As of December 31, 2015, SIDA had made \$1,950,000 of HUD-108 loans to City Crossroads projects. Additional HUD-108 loans in the City Crossroads area would be needed to meet the required ratios of loan dollars to grant dollars noted above.

As of December 31, 2015, the grant funds which have been earned by the issuance of loans are as follows:

	<b>BEDI grant</b>		
	1998	1999	Total
Grant dollars received	\$ 1,000,000	\$ 385,368	\$ 1,385,368
Grant dollars earned:			
1998: \$1,950,000 ÷ 3 =	650,000	-	650,000
1999: \$-0- ÷ 2.5 =	-	-	-
Balance	\$ 350,000	\$ 385,368	\$ 735,368

SIDA has not met the requirements of the grant and does not have any immediate plans on meeting the grant requirements, as such, has recorded the \$735,368 as a liability due to HUD as of December 31, 2015 and 2014. The ultimate payment terms will be negotiated with HUD in the future.

**10. Destiny USA Fees**

SIDA has participated in the financing of the Carousel Center Mall, holds nominal title to the project, and continues to be active in the financing of the project as it attempts to transform from Carousel Center into Destiny USA. A \$60,000,000 project fee related to this transformation is being paid to SIDA over twelve years. The remaining project fee to be collected is \$11,400,000. There are three annual payments of \$3,800,000 remaining per the project fee agreement. This separate fee is being passed through by SIDA to the City of Syracuse, New York and the County of Onondaga, New York to be used for general economic development purposes.

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

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**11. Conduit Debt Obligations**

SIDA has the ability to provide financial assistance to businesses through the issuance of low interest Industrial Development Revenue Bonds and tax exemptions from real property tax, mortgage recording tax, and sales and use tax. Proceeds of the obligations as well as debt service payments are administered by the business through a trustee bank. The obligations are not obligations of SIDA, the primary function of SIDA is to arrange financing between the business and the bond holders. This is a financing arrangement and SIDA merely acts as the financing conduit. These transactions are considered conduit debt obligations. SIDA does not have any obligation to repay the principal and interest of such bonds, as such the bonds are not reflected as long-term obligations. As of December 31, 2015 and 2014, SIDA has issued bonds with an aggregate principal amount outstanding of approximately \$696,413,352 and \$714,480,225, respectively.

**12. Contingent Liabilities – Destiny USA Project**

Pursuant to an agreement between SIDA and Pyramid Company of Onondaga (Pyramid), SIDA acquired certain real property interests in May 2006 – 2009 in furtherance of the Carousel Expansion Project (first phase of conversion of Carousel Center into Destiny USA and closure of Hiawatha Boulevard) from land owners in the vicinity of Carousel Center and certain tenants/condemnees at the Carousel Center (collectively condemnees) by use of eminent domain. Pursuant to State law, the condemnees are entitled to be paid just compensation by SIDA based on the value of the property interest acquired from them by SIDA, and SIDA has settled with most of the condemnees and made advance payment to all condemnees. Certain condemnees have filed claims seeking additional compensation. As part of the SIDA/Pyramid agreement, Pyramid has agreed to indemnify and hold SIDA harmless with regard to all claims and expenses associated with the eminent domain actions and real property acquisitions. Pyramid provided the funds used by SIDA to make the advance payments and funds to settle those compensation claims which have been settled to date. As of the date of this report, SIDA's attorneys are unable to express an opinion as to the likelihood of an outcome in any of these claims. The financial statements include no accrual for these potential contingent liabilities.

**13. Related Party Transactions**

The City of Syracuse, Syracuse Economic Development Corporation, and Syracuse Urban Renewal Agency are related entities of SIDA. Various transactions occur between SIDA and these entities during the ordinary course of business. There are amounts due to and from these entities as more fully described throughout these financial statements.

**14. Subsequent Events**

In preparing the financial statements, management of SIDA has evaluated events and transactions for potential recognition or disclosure through March 9, 2016, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further disclosure.

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Supplemental Schedule of Revenue Bonds and Other Bonds (Conduit Debt Obligations) – Unaudited**  
**For the Year Ended December 31, 2015**

Project Purpose	Description of the Financing	Closing Date	Interest At Issuance	If Variable, Range	Principal of the Issue					Term Ending Date
					Bonds Outstanding at January 1, 2014	Incurred During 2015	Developer Paid During 2015	Bonds Outstanding at December 31, 2015		
Civic Facility 31020303C	Crouse Health Hospital, Inc. Cardiology Project	9/24/2003	3.200%	3.09%	\$ 2,590,000	\$ -	\$ 235,000	\$ 2,355,000	1/1/2023	
Civic Facility 31020303C	Crouse Health Hospital, Inc. Project Series 1997A	12/1/1997	5.250%	-	\$ 7,055,000	\$ -	\$ 630,000	\$ 6,425,000	1/1/2023	
Civic Facility 31020303C	Crouse Health Hospital, Inc. Series 2003A	9/24/2003	3.090%	3.44%	\$ 13,275,000	\$ -	\$ 1,185,000	\$ 12,090,000	1/1/2023	
Civic Facility 31029803B	Crouse Health Hospital, Inc. Series 2003A Refunding Bonds	9/24/2003	3.170%	0.03%	\$ 7,495,000	\$ -	\$ 680,000	\$ 6,815,000	1/1/2023	
Civic Facility 31029803B	Crouse Health Hospital, Inc. Series 2003B (Taxable) Refunding Bonds	9/24/2003	4.400%	0.15%	\$ 3,055,000	\$ -	\$ 270,000	\$ 2,785,000	1/1/2023	
Civic Facility 31020707A	Crouse Health Hospital, Inc. Series 2007A, Multi-Mode Variable Rate	12/10/2007	3.250%	0.034%	\$ 17,760,000	\$ -	\$ 620,000	\$ 17,140,000	1/1/2033	
Civic Facility 31020707A	Crouse Health Hospital, Inc. Series 2007B, Multi-Mode Variable Rate	12/10/2007	3.410%	0.034%	\$ 1,660,000	\$ -	\$ 155,000	\$ 1,505,000	1/1/2023	
Real Estate 31020707B	PILOT Revenue Bonds, Carousel Center Project, Series 2007A	2/27/2007	5.000%	-	\$ 228,085,000	\$ -	\$ -	\$ 228,085,000	1/1/2036	
Real Estate 31020707B	PILOT Revenue Bonds, Carousel Center Project, Taxable Series 2007B	2/27/2007	5.660%	-	\$ 3,018,352	\$ -	\$ 1,135,000	\$ 1,883,352	1/1/2018	
Real Estate 31020707B	PILOT Revenue Bonds, Carousel Center Project, Series 2007C	2/27/2007	5.693%	-	\$ 94,250,000	\$ -	\$ -	\$ 94,250,000	1/1/2028	
Services 31029101	James Square Associates Nursing Home Facility FHA – Insured Mortgage Revenue Refunding Bonds – 1991 Series Capital Appreciation	9/30/1991	0.000%	-	\$ 4,211,873	\$ -	\$ 4,211,873	\$ -	8/1/2025	

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Supplemental Schedule of Revenue Bonds and Other Bonds (Conduit Debt Obligations) – Unaudited**  
**For the Year Ended December 31, 2015**

Project Purpose	Description of the Financing	Closing Date	Interest At Issuance	If Variable, Range	Principal of the Issue					Term Ending Date
					Bonds Outstanding at January 1, 2014	Incurred During 2015	Developer Paid During 2015	Bonds Outstanding at December 31, 2015		
Services	Jewish Home of Central NY First Mortgage									
31020101A	Revenue Bonds Series 2001A	3/15/2001	6.250%	7.375%	\$ 15,410,000	\$ -	\$ 445,000	\$ 14,965,000	3/1/2031	
Services	Jewish Home of Central NY First Mortgage									
31020101A	Revenue Bonds Series 2001B	3/15/2001	5.000%	9.50%	\$ 1,320,000	\$ -	\$ 40,000	\$ 1,280,000	3/1/2031	
Real Estate				4.100% -						
31020705	Masonic Lofts Project Mortgage	10/1/2007	4.500%	6.100%	\$ 3,565,000	\$ -	\$ -	\$ 3,565,000	10/1/2039	
Civic Facility				3.500% -						
31020801	MESA of NY, Inc. Project Series 2008	1/29/2010	2.315%	6.000%	\$ 4,525,000	\$ -	\$ 205,000	\$ 4,320,000	1/1/2033	
School Facility	Syracuse City School District Project			3.000% -						
31020803	Series 2008A	3/26/2008	4.000%	5.250%	\$ 39,280,000	\$ -	\$ 2,195,000	\$ 37,085,000	5/1/2030	
School Facility	Syracuse City School District Project			3.000%-						
31020803	Series 2010	12/23/2010	3.000%	6.000%	\$ 28,325,000	\$ -	\$ 1,645,000	\$ 26,680,000	5/1/2027	
School Facility	Syracuse City School District, Tax exempt									
31020803	bonds Series 2011A	7/12/2011	3.000%	4.0% - 5.0%	\$ 28,385,000	\$ -	\$ 2,430,000	\$ 25,955,000	5/1/2028	
School Facility	Syracuse City School District, Federally									
31020803	taxable bonds Series 2011B	7/12/2011	5.428%	5.428%	\$ 15,000,000	\$ -	\$ -	\$ 15,000,000	5/1/2027	
Civic Facility	Syracuse University Capital Finance Series			.051%-						
31029910A	1999A	12/8/1999	3.520%	.221%	\$ 18,925,000	\$ -	\$ -	\$ 18,925,000	12/1/2029	
Civic Facility	Syracuse University Capital Finance Series			.051%-						
31029910A	1999B	12/8/1999	3.520%	.221%	\$ 25,550,000	\$ -	\$ -	\$ 25,550,000	12/1/2029	

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Supplemental Schedule of Revenue Bonds and Other Bonds (Conduit Debt Obligations) – Unaudited**  
**For the Year Ended December 31, 2015**

Project Purpose	Description of the Financing	Closing Date	Interest		Principal of the Issue					Term Ending Date
			At Issuance	If Variable, Range	Bonds Outstanding at January 1, 2014	Incurred During 2015	Developer Paid During 2015	Bonds Outstanding at December 31, 2015		
Civic Facility 31029910A	Syracuse University Capital Finance Series 2005A	12/1/2005	2.850%	.02%-.110%	\$ 40,000,000	\$ -	\$ -	\$ 40,000,000	12/1/2035	
Civic Facility 31029910A	Syracuse University Capital Finance Series 2005B	12/1/2005	2.850%	.110%	\$ 40,000,000	\$ -	\$ -	\$ 40,000,000	12/1/2035	
Civic Facility 31020813	Syracuse University Capital Finance Series 2008A	1/30/2008	0.100%	.110%	\$ 17,525,000	\$ -	\$ 475,000	\$ 17,050,000	7/1/2037	
Civic Facility 31020813	Syracuse University Capital Finance Series 2008B	1/30/2008	6.000%	.01% - .10%	\$ 50,000,000	\$ -	\$ -	\$ 50,000,000	12/1/2037	
Civic Facility 31029501	Vanderbilt/Larned Project Civic Facility Revenue Bonds – 1991 Series	3/30/1995	0.150%	.220%	\$ 4,215,000	\$ -	\$ 1,510,000	\$ 2,705,000	4/1/2018	
Grand Total - Revenue Bonds and Other Bonds (Conduit Debt Obligations)					\$ 714,480,225	\$ -	\$ 18,066,873	\$ 696,413,352		