

**TOWN OF DEWITT LOCAL
DEVELOPMENT CORPORATION**

Financial Statements

December 31, 2015 and 2014



grossman st. amour
CERTIFIED PUBLIC ACCOUNTANTS PLLC

INDEPENDENT AUDITOR'S REPORT

The Board of Directors of the
Town of DeWitt Local Development Corporation
DeWitt, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Town of DeWitt Local Development Corporation, a component unit of the Town of DeWitt, New York as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise Town of DeWitt Local Development Corporation's basic financial statements.

Management's Responsibility for the Financial Statements

Town of DeWitt Local Development Corporation'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 Town of DeWitt Local Development Corporation 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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, 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 date March 7, 2016 on our consideration of Town of DeWitt Local Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Town of DeWitt Local Development Corporation's internal control over financial reporting and compliance.



March 7, 2016
Syracuse, New York

TOWN OF DEWITT LOCAL DEVELOPMENT CORPORATION
Management's Discussion and Analysis
For the Year Ended December 31, 2015 (unaudited)

As management of the Town of DeWitt Local Development Corporation ("Town of DeWitt LDC"), we offer readers of this Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the 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

- Town of DeWitt LDC began operations in 2006.
- Town of DeWitt LDC primarily receives revenues from the Town of DeWitt, New York (Town of DeWitt). During 2015, the Town of DeWitt LDC received lease payments from the Town of DeWitt Fire Protection District totaling \$344,175. In addition to the lease payments, payments of \$81,275 were also received related to the leased property.
- Town of DeWitt LDC repaid bond obligations in the amount of \$344,175 in 2015, which includes \$210,000 of principal and \$134,175 in interest.
- An advance refunding of the 2006 series bonds was completed in September 2015 with the issuance of the refunding bonds series 2015. This refunding was completed to take advantage of lower interest rates which was reflected in the lease agreement with the Town. This will have a savings of approximately \$227,000 in interest costs over the term of the bonds.
- Town of DeWitt LDC's net position decreased by \$61,914 in 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of DeWitt LDC's basic financial statements. The Town of DeWitt LDC's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the Town of DeWitt LDC's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Town of DeWitt LDC's assets, liabilities and deferred inflows of resources, 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 Town of DeWitt LDC is improving or deteriorating.

TOWN OF DEWITT LOCAL DEVELOPMENT CORPORATION
Management's Discussion and Analysis
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The Statement of Activities presents information showing how the Town of DeWitt LDC'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. Both of the government-wide financial statements report only business-type (proprietary) activities, since none of the Town of DeWitt LDC's activities are considered to be governmental activities supported primarily by taxes.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of DeWitt LDC, like other component units of state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town of DeWitt LDC does not have any finance-related legal requirements for funds, as such maintains its books and records consistent with other proprietary funds, which is on a basis consistent with business-type activities. The Town of DeWitt LDC's financial statements are considered a proprietary fund (enterprise fund) which is the same information as presented within the Statements of Financial Position and Statements of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements. The notes to the financial statements can be found on pages 10 through 17 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Town of DeWitt LDC's financial position. The entire net position balance of \$230,421 is restricted for debt service.

The Town of DeWitt LDC's only fund is treated as a proprietary (business-type) fund. The following are summarized versions of the government-wide financial statements for 2015 and 2014.

TOWN OF DEWITT LOCAL DEVELOPMENT CORPORATION
Management's Discussion and Analysis
For the Year Ended December 31, 2015 (unaudited)

	Net Position	
	2015	2014
Assets		
Cash and cash equivalents	\$ 3,640	\$ 3,238
Restricted cash for bonds	318,603	348,245
Lease receivable	3,576,251	4,157,313
Total assets	\$ 3,898,494	\$ 4,508,796
 Deferred Outflows of Resources	 \$ 358,392	 \$ -
Liabilities		
Bonds payable	\$ 3,186,027	\$ 210,000
Accounts payable and accrued interest payable	27,299	59,148
Total liabilities	\$ 3,213,326	\$ 269,148
 Deferred Inflows of Resources	 \$ 813,138	 \$ 947,313
 Net position		
Restricted for debt service	318,602	348,245
Unrestricted	(88,181)	(55,910)
Total net position	\$ 230,421	\$ 292,335

LEASE RECEIVABLE

The lease receivable represents the lease with the Town of Dewitt for the fire station / community center which was constructed by the Town of Dewitt Local Development Corporation. The lease with the Town of Dewitt represents a direct financing type lease and was structured to mirror the required payments on the bonds issued to finance the construction of the project.

BONDS PAYABLE

Bonds were issued to finance the construction of the fire station/community center and are long term obligations of the Town of Dewitt Local Development Corporation. The total original principal of such bonds was \$4,655,000. Such bonds were refunded in 2015 and the remaining principal owed as of December 31, 2015 is \$2,990,000. Bond principal payments are made annually on August 1st with interest payments made semiannually on both August 1st and February 1st. As discussed earlier, the monies to repay the bonds comes from a lease agreement with the Town of Dewitt whereby such lease agreements' payments are the same as required by the outstanding bonds.

TOWN OF DEWITT LOCAL DEVELOPMENT CORPORATION
Management's Discussion and Analysis
For the Year Ended December 31, 2015 (unaudited)

A summary of the change in net position is as follows:

	Change in Net Position	
	2015	2014
Revenues:		
Lease income	\$ 134,175	\$ 142,375
Lease executory cost reimbursements	81,275	89,215
Interest Income	1,321	-
Total revenues	216,771	231,590
Expenses:		
Interest expense	103,257	138,958
Utilities	28,095	34,325
Contractual	1,500	27,882
Telephone	5,970	4,326
Insurance	12,699	16,877
Professional services	3,467	5,809
Bond issuance costs	100,944	-
Other costs	22,753	-
Total expenses	278,685	228,177
Change in net position	(61,914)	3,413
Net position at beginning of year	292,335	288,922
Net position at end of year	\$ 230,421	\$ 292,335

REQUEST FOR INFORMATION

This financial report is designed to provide readers with a general overview of the Town of DeWitt LDC's finances. If you have questions about this report or need additional information, contact the board at the Town of DeWitt Local Development Corporation, 5400 Butternut Drive, East Syracuse, NY 13057 or email at comptroller@townofdewitt.com. You can also visit our website at www.townofdewitt.com for further information.

TOWN OF DEWITT LOCAL DEVELOPMENT CORPORATION

Statement of Net Position

	December 31,	
	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,640	\$ 3,238
Restricted cash for bonds	318,603	348,245
Lease receivable	299,375	344,175
Total current assets	621,618	695,658
Lease receivable, net of current portion	3,276,876	3,813,138
Total assets	\$ 3,898,494	\$ 4,508,796
Deferred outflows of resources:		
Deferred loss from debt refunding	\$ 121,505	\$ -
Deferred loss from lease modification related to debt refunding	236,887	-
Total deferred outflows of resources	\$ 358,392	\$ -
Liabilities		
Current liabilities:		
Bonds payable, current portion	\$ 272,316	\$ 210,000
Accrued interest payable	25,230	56,148
Accounts payable	94	3,000
Total current liabilities	297,640	269,148
Noncurrent liabilities:		
Bonds payable, net of current portion	2,913,711	3,000,000
Other Liabilities	1,975	-
Total liabilities	\$ 3,213,326	\$ 269,148
Deferred inflows of resources:		
Unearned income from lease	\$ 813,138	\$ 947,313
Net position		
Restricted for debt service	\$ 318,602	\$ 348,245
Unrestricted	(88,181)	(55,910)
Total net position	\$ 230,421	\$ 292,335

The accompanying notes are an integral part of these financial statements

TOWN OF DEWITT LOCAL DEVELOPMENT CORPORATION

Statements of Revenues, Expenses, and Changes in Fund Position

	Years Ended December 31,	
	2015	2014
Revenues:		
Lease income	\$ 134,175	\$ 142,375
Lease executory cost reimbursements	81,275	89,215
Interest Income	1,321	-
Total revenue	<u>216,771</u>	<u>231,590</u>
Expenses:		
Interest expense	103,257	138,958
Utilities	28,095	34,325
Contractual	1,500	27,882
Telephone	5,970	4,326
Insurance	12,699	16,877
Professional services	3,467	5,809
Building Maintenance	4,783	-
Janitorial services	14,501	-
Postage	41	-
Supplies	657	-
Bond issuance costs	100,944	-
Other costs	2,771	-
Total expenses	<u>278,685</u>	<u>228,177</u>
Change in net position	(61,914)	3,413
Net position - beginning of year	<u>292,335</u>	<u>288,922</u>
Net position - end of year	<u><u>\$ 230,421</u></u>	<u><u>\$ 292,335</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF DEWITT LOCAL DEVELOPMENT CORPORATION

Statements of Cash Flows – Proprietary Fund

	Years Ended December 31,	
	2015	2014
Cash flows provided by (used in) operating activities:		
Cash received from lease	\$ 344,175	\$ 347,375
Cash received for lease executory costs	81,275	89,215
Cash payments - administrative expenses	(62,716)	(72,800)
Cash payments - insurance	(12,699)	(16,877)
Cash payments - bond issuance costs	(69,978)	-
Cash payments - interest	(134,175)	(142,133)
Net cash provided by operating activities	<u>145,882</u>	<u>204,780</u>
Cash flows provided by (used in) financing activities:		
Bond issuance - 2015 series	3,186,025	-
Payment to escrow agent for bonds refunded (2006 series)	(3,121,505)	-
Repayment of bonds - 2006 series	(210,000)	(205,000)
	<u>(145,480)</u>	<u>(205,000)</u>
Net increase (decrease) in cash and cash equivalents	402	(220)
Cash and cash equivalents - beginning of fiscal year	<u>3,238</u>	<u>3,458</u>
Cash and cash equivalents - end of fiscal year	<u>\$ 3,640</u>	<u>\$ 3,238</u>
Reconcile change in net assets to net cash provided by operating activities:		
Change in net position	\$ (61,914)	\$ 3,413
Unearned income from lease	(134,175)	(142,375)
Change in assets and liabilities:		
Lease receivable	375,795	347,375
Accounts payable	(2,906)	(458)
Accrued interest payable	(30,918)	(3,175)
Net cash provided by operating activities	<u>\$ 145,882</u>	<u>\$ 204,780</u>

The accompanying notes are an integral part of these financial statements

TOWN OF DEWITT LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

1. Organization and Significant Accounting Policies

On July 20, 2006, the Town of DeWitt (the Town) formed the Town of DeWitt Local Development Corporation (the Town of DeWitt LDC) under section 402 of the Not-for-Profit Corporation Law of the State of New York. The main purpose of the Town of DeWitt LDC is to improve the quality of life for DeWitt residents and businesses. The Town of DeWitt LDC is a governmental not-for-profit corporation exempt from federal income tax under Section 115 of the Internal Revenue Code and under Section 402 and 1411 of the New York Not-For-Profit Corporation Law.

In conformity with the provisions of GASB statement No. 61, "The Financial Reporting Entity: Omnibus", the Town has included financial information for the Town of DeWitt LDC as a discreetly presented component unit since the Town of Dewitt LDC is fiscally dependent on the Town.

The Town of DeWitt LDC is considered a public authority and is subject to rules and regulations of the New York State Public Authorities Act of 2009. The Corporation must provide various reports to New York State officials on a frequent basis. Failure to follow public authority regulations or to provide accurate and timely information to the New York State officials could impair the ability for the Corporation to act under the public authority laws of the State of New York.

Governance

All business affairs and activities of the corporation are managed by its Board of Directors. Board members consist of the Supervisor of the Town, the Town attorney, two appointees of the Town Board, and the Mayor of the Village of East Syracuse (the Village).

Basis of Presentation

The basic financial statements of the Town of DeWitt LDC 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 Town of DeWitt LDC 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.

Agency-wide financial statements – The government-wide financial statements include the Statements of Net Position and the Statements of Activities. These statements report financial information for the Town of DeWitt LDC as a whole. Individual funds are not presented in the government-wide financial statements. The Town of DeWitt LDC has determined that all of its activities are business-type, which are predominantly or entirely financed with transfers from the Town.

TOWN OF DEWITT LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

1. Organization and Significant Accounting Policies (continued)

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 assets that have constraints placed on the use of these resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

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 government-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.

Cash and Cash Equivalents

The Town of DeWitt LDC considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents which consist primarily of U.S. Treasury Money Market funds at December 31, 2015 and 2014.

Restricted Cash for Bonds

The Town of DeWitt LDC has a requirement related to its bonds outstanding (Lease Appropriation Revenue Refunding Bonds, Series 2015 – original principal of \$2,990,000) to have a reserve fund established and maintained which is restricted for the bonds. This reserve was \$318,603 as of December 31, 2015 and is held in trust at BNY Mellon.

Capital Assets

Capital assets which include property and equipment are stated at cost. Depreciation is provided over the estimated useful life on a straight-line basis. Useful lives range from ten to thirty years. Repairs and maintenance are charged to expense as incurred. Major betterments are capitalized.

TOWN OF DEWITT LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

1. **Organization and Significant Accounting Policies** (continued)

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.

Income Tax

The Town of DeWitt LDC is tax-exempt under Section 115 of the Internal Revenue Code. The Town of DeWitt LDC is exempted from filing tax returns and has not filed any tax returns for either federal or New York State income taxes. The Town of DeWitt LDC does not believe it has any uncertain tax positions as its income is not subject to income tax.

2. **Lease Receivable**

The Town of Dewitt LDC has a direct financing type capital lease with the Town of Dewitt related to the fire station/community center which was completed in 2007. The lease was structured to allow the lease payments from the Town of Dewitt to equal the principal and interest of the original \$4,655,000 bonds as they became due. These bonds were refunded in 2015 to take advantage of the decrease in interest rates at that time. The interest savings was passed along to the Town of Dewitt as a modification of the lease. A summary of the lease receivable is as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 245,000	\$ 81,689	\$ 326,689
2017	230,000	95,475	325,475
2018	240,000	86,275	326,275
2019	250,000	76,675	326,675
2020	260,000	66,675	326,675
2021	270,000	56,275	326,275
2022	280,000	45,475	325,475
2023	290,000	34,275	324,275
2024	300,000	22,675	322,675
2025	310,000	13,675	323,675
2026	315,000	7,088	322,088
	<u>\$ 2,990,000</u>	<u>\$ 586,252</u>	<u>\$ 3,576,252</u>

TOWN OF DEWITT LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

2. Lease Receivable (continued)

The lease was modified in 2015 due to the refunding of the original bonds issued. The lease payments of the original lease were set to mirror the required principal and interest payments of the bonds issued on behalf of the project. The lease was modified in 2015 to reflect the interest savings which was passed along to the lessor. This modification resulted in a net decrease of the lease payments by \$236,887. This modification represents a deferred outflow of resources for the Town of Dewitt LDC and will be amortized over the remaining term of the bonds which is 11 years. The annual amortization expense will be \$21,535 and will be included within interest expense for financial reporting purposes. A summary of the annual amortization is as follows:

<u>Fiscal Year</u>	<u>Beginning Incentive</u>	<u>Incentive Amortization</u>	<u>Ending Incentive</u>
2015	\$ 236,887	\$ -	\$ 236,887
2016	236,887	21,535	215,352
2017	215,352	21,535	193,816
2018	193,816	21,535	172,281
2019	172,281	21,535	150,746
2020	150,746	21,535	129,211
2021	129,211	21,535	107,676
2022	107,676	21,535	86,141
2023	86,141	21,535	64,605
2024	64,605	21,535	43,070
2025	43,070	21,535	21,535
2026	21,535	21,535	-

The lease also has a fiscal funding/cancellation clause that states the lease is only an obligation of the Town to the extent monies are appropriated and available for the purpose of this lease. The Town of Dewitt LDC has evaluated this fiscal funding/cancellation clause and believes cancellation is remote. As such, the lease is considered non-cancelable and in accordance with accounting standards has been recognized as a direct financing type capital lease.

Lease executory costs, including maintenance of the leased property, utilities, insurance and other costs are also required to be paid by the Town of Dewitt per the lease agreement. These costs are billed annually and totaled \$81,275 and \$89,215 for the years ended December 31, 2015 and 2014, respectively.

TOWN OF DEWITT LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

3. Unearned Income from Lease

In connection with the direct financing type capital lease, the Town of Dewitt LDC recorded unearned income related to the lease which represents the difference between the gross investment in the lease and the cost of the leased property. This difference was \$2,272,934 and is being amortized into income over the implicit rate of the lease which is the same as the actual interest payments on the \$4,655,000 bonds outstanding. A summary of the unearned income from lease is as follows:

Fiscal Year	Beginning Unearned Income	Income Amortization	Ending Unearned Income
2014	\$ 1,089,688	\$ 142,375	\$ 947,313
2015	947,313	134,175	813,138
2016	813,138	125,775	687,363
2017	687,363	116,975	570,388
2018	570,388	107,775	462,613
2019	462,613	98,175	364,438
2020	364,438	87,550	276,888
2021	276,888	76,500	200,388
2022	200,388	65,025	135,363
2023	135,363	53,125	82,238
2024	82,238	40,588	41,650
2025	41,650	27,625	14,025
2026	14,025	14,025	-

4. Bonds Payable

On July 27, 2006, the Town of DeWitt LDC issued Lease Appropriation Revenue Bonds on behalf of the Village of East Syracuse in the amount of \$4,655,000. Bonds were issued to finance and cause the development, construction and operation of a multi-purpose building, including a fire station and community facility and acquire and install certain machinery and equipment. The bonds are limited obligations of the Town of DeWitt LDC secured by revenue and funds pledged, including rental payments to be made by the Town under a lease agreement. Construction commenced during 2006, and the building was completed in 2007. These bonds were advance refunded (refunding date of August 1, 2016) in 2015 upon the issuance of the \$2,990,000 Lease Appropriation Revenue Refunding Bonds (Town of Dewitt Multi-Purpose Building Project), Series 2015. A summary of the activity made on the bonds is as follows:

Bonds	Principal 12/31/2014	Issuance	Ordinary Payments	Refunding Payments	Principal 12/31/2015
Lease Appropriation Revenue Bonds, Series 2006	\$ 3,210,000	\$ -	\$ (210,000)	\$ (3,000,000)	\$ -
Lease Appropriation Revenue Refunding Bonds, Series 2015	\$ -	\$ 2,990,000	\$ -	-	\$ 2,990,000
Totals	<u>\$ 3,210,000</u>	<u>\$ 2,990,000</u>	<u>\$ (210,000)</u>	<u>\$ (3,000,000)</u>	<u>\$ 2,990,000</u>

TOWN OF DEWITT LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

4. Bonds Payable (continued)

The Series 2006 bonds were advanced refunded by the proceeds of the Series 2015 bonds whereby an amount of \$3,121,505 was paid to an escrow agent to be held in trust until the 2006 bonds can be refunded. As of December 31, 2015 the trust's market value of assets held for the refunding totaled \$3,095,424. It is expected that the original contribution to the trust will be sufficient to refund the 2006 bonds on August 1, 2016 which is the first date such bonds may be refunded. Although a shortfall in the required monies is unlikely, any shortfall on August 1, 2016 would be the responsibility of the Town of Dewitt LDC. This transaction met the requirements for advance refunding accounting therefore the assets in trust and the related bond liability are not shown on these financial statements.

As a result of the advance refunding of the 2006 bonds, a deferred loss of \$121,505 was recognized which represents the difference between the carrying value of the refunding bonds of \$3,000,000 and the reacquisition price of \$3,121,505. This loss represents a deferred outflow of resources for the Town of Dewitt LDC and will be amortized over the remaining term of the bonds which is 11 years. The annual amortization expense will be \$11,046 and will be included within interest expense for financial reporting purposes. A summary of the annual amortization is as follows:

<u>Fiscal Year</u>	<u>Beginning Deferred loss Refunding</u>	<u>Deferred Loss Amortization</u>	<u>Ending Deferred loss Refunding</u>
2015	\$ 121,505	\$ -	\$ 121,505
2016	121,505	11,046	110,459
2017	110,459	11,046	99,413
2018	99,413	11,046	88,367
2019	88,367	11,046	77,321
2020	77,321	11,046	66,275
2021	66,275	11,046	55,229
2022	55,229	11,046	44,183
2023	44,183	11,046	33,137
2024	33,137	11,046	22,091
2025	22,091	11,046	11,045
2026	11,045	11,045	-

TOWN OF DEWITT LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

4. Bonds Payable (continued)

The \$2,990,000 was issued with a premium of \$196,206 which is being amortized over the effective interest method over the life of the bonds. For financial reporting purposes the principal and premium related to the bonds is grouped together on the statement of net position. A summary of the principal and premium amortization is as follows:

<u>Year</u>	<u>Principal</u>	<u>Premium</u>	<u>Total</u>
2016	\$ 245,000	\$ 27,314	\$ 272,314
2017	230,000	31,924	261,924
2018	240,000	28,848	268,848
2019	250,000	25,638	275,638
2020	260,000	22,294	282,294
2021	270,000	18,817	288,817
2022	280,000	15,205	295,205
2023	290,000	11,461	301,461
2024	300,000	7,582	307,582
2025	310,000	4,753	314,753
2026	315,000	2,370	317,370
	<u>\$ 2,990,000</u>	<u>\$ 196,206</u>	<u>\$ 3,186,206</u>

The following is a summary of future debt service payments:

<u>Due in</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 245,000	\$ 81,689	\$ 326,689
2017	230,000	95,475	325,475
2018	240,000	86,275	326,275
2019	250,000	76,675	326,675
2020	260,000	66,675	326,675
2021	270,000	56,275	326,275
2022	280,000	45,475	325,475
2023	290,000	34,275	324,275
2024	300,000	22,675	322,675
2025	310,000	13,675	323,675
2026	315,000	7,088	322,088
	<u>\$ 2,990,000</u>	<u>\$ 586,252</u>	<u>\$ 3,576,252</u>

TOWN OF DEWITT LOCAL DEVELOPMENT CORPORATION

Notes to Financial Statements

4. **Bonds Payable** (continued)

The Bonds bear interest ranging from 2.125% to 4% and are secured by the land, building, equipment and the lease of the facility by the Town of Dewitt. Principal payments are due each August 1st and interest payments are due each August 1st and February 1st each year. The Bonds have various covenants that are required to be met. One of these requirements is that the audited financial statements of both the Town of Dewitt LDC and the Town of Dewitt must be delivered to all the nationally recognized municipal securities information repositories within 120 days of the end of the fiscal year (April 30th of the following year).

5. **Concentrations of Credit Risk**

The Town of DeWitt LDC maintains cash balances at one financial institution located in central New York. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, at various times throughout the year the balances may exceed the FDIC insurance limit.

6. **Related Parties**

The Town of DeWitt LDC Board is mainly comprised of Town officials and members appointment by the Town Board. The Town of DeWitt LDC has a lease agreement with the Town. Payments from the Town approximated \$426,000 and \$437,000 for the years ended December 31, 2015 and 2014, respectively. The Village's mayor also presides on the Town of DeWitt LDC Board. The East Syracuse Volunteer Fire Department occupies and operates the fire station and provides fire protection services to part of the Town. It was the Village's intention to assist in the facilitation of financing by authorizing the Town of DeWitt LDC to convey title of the land, building, building improvement and machinery and equipment to the Village on the retirement of the Bonds.

7. **Subsequent Events**

In preparing financial statements, management of the Town of DeWitt LDC has evaluated events and transactions for potential recognition or disclosure through March 7, 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.