

**FINANCIAL STATEMENTS**

**ONONDAGA COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY**

**DECEMBER 31, 2011 AND 2010**

# ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of net assets of the Onondaga County Industrial Development Agency, a discretely presented component unit of the County of Onondaga, State of New York, as of December 31, 2011 and 2010 and the related statements of revenues and expenses, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Onondaga County Industrial Development Agency as of December 31, 2011 and 2010 and change in its financial position, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2012, on our consideration of Onondaga County Industrial Development Agency's internal control over financial reporting and 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 generally accepted in the United States of America require that the management's discussion and analysis on pages 3-5 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Onondaga County Industrial Development Agency's financial statements as a whole. The supplementary information in the annual report is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information in the annual report has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

*Justine, Marshall + Disenza*

March 6, 2012  
Syracuse, New York

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

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This section of the Onondaga County Industrial Development Agency's annual financial report presents our discussion and analysis of the Agency's financial performance during the year ended December 31, 2011. 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 assets. 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**

During 2009 the Agency changed its year-end from June 30 to December 31, which resulted in a short period ending on December 31, 2009. Below is financial information for the past three Agency fiscal periods.

	Year Ended December 31, 2011	Year Ended December 31, 2010	Six Months Ended December 31, 2009
Current Assets	\$ 1,376,192	\$ 1,571,823	\$ 2,413,426
Assets Limited as to Use	1,642	1,642	1,642
Capital Assets	1,871,528	1,832,552	1,687,620
Other Assets	<u>343,724</u>	<u>498,574</u>	<u>166,060</u>
Total Assets	<u>\$ 3,593,086</u>	<u>\$ 3,904,591</u>	<u>\$ 4,268,748</u>
	Year Ended December, 31 2011	Year Ended December 31, 2010	Six Months Ended December 31, 2009
Current Liabilities	\$ 178,789	\$ 445,978	\$ 340,514
Long-term Liabilities	<u>170,639</u>	<u>-</u>	<u>273,409</u>
Total Liabilities	<u>\$ 349,428</u>	<u>\$ 445,978</u>	<u>\$ 613,923</u>
Net Assets - Invested in Capital Assets	1,871,528	1,832,552	1,687,620
Restricted	1,642	1,642	1,642
Unrestricted	<u>1,370,488</u>	<u>1,624,419</u>	<u>1,965,563</u>
Total Net Assets	<u>\$ 3,243,658</u>	<u>\$ 3,458,613</u>	<u>\$ 3,384,825</u>

(Continued)

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

**Condensed Comparative Financial Information (Cont'd)**

	Year Ended December 31, 2011	Year Ended December 31, 2010	Six Months Ended December 31, 2009
PILOT and Pass-through Revenues	\$ 7,552,335	\$ 7,349,976	\$ 1,881,844
Other Operating Revenues	132,543	235,887	317,866
Other Revenues	<u>10,397</u>	<u>15,169</u>	<u>18,053</u>
Total Revenues	<u>\$ 7,695,275</u>	<u>\$ 7,601,030</u>	<u>\$ 2,217,763</u>
PILOT and Pass-through Expenses	\$ 7,552,335	\$ 7,349,976	\$ 1,881,844
Other Operating Expenses	351,902	487,982	457,427
Other Expenses	<u>5,993</u>	<u>13,670</u>	<u>6,891</u>
Total Expenses	<u>\$ 7,910,230</u>	<u>\$ 7,851,628</u>	<u>\$ 2,346,162</u>
Change in Net Assets	(214,955)	(250,596)	(128,399)
Net Assets – Beginning of Year	<u>3,458,613</u>	<u>3,709,209</u>	<u>3,837,608</u>
Net Assets – End of Year	<u>\$ 3,243,658</u>	<u>\$ 3,458,613</u>	<u>\$ 3,709,209</u>

Change in financial categories between the year ended December 31, 2011 and the year ended December 31, 2010 include the following:

- The Agency's total net assets decreased \$214,955 (or 6.2%) due to current operations.
- Current assets decreased \$195,631 (or 12.4%) due to current operations.
- Current Liabilities decreased \$267,189 (or 59.9%) due mainly to the reclassification of Onondaga County note payable to long-term liability and payment made on note in 2011.
- Operating Revenues, other than PILOT payments and pass through income, decreased \$103,344 (or 43.8%) due to the decrease in Agency projects.
- Operating Expenses, other than PILOT payments and pass through expenses, decreased \$136,080 (or 27.9%) due to the Agency response to reduced revenues by decreasing or eliminating expenditures that are not vital to the Agency's core mission.

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

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**Analysis of Overall Financial Position and Results of Operations**

The Agency is engaged in activities to support economic growth in Onondaga County, including job creation and retention, and increasing the net wealth of the County. The Agency does not receive any general appropriations from local, county or state government to support its operations. The Agency collects revenue for its operating purposes from the issuance of bonds and straight lease transactions and from interest on investments. In the year ended December 31, 2011, the Agency received \$142,940 from these sources, a decrease of \$90,590 from the prior year. The decrease is due to the challenging economy and the continued lack of statutory authority allowing the Agency to provide tax exempt financing for not-for-profit projects which was allowed to lapse on January 31, 2008. For qualified transactions, the Agency enters into Payment in Lieu of Tax (PILOT) agreements in which the Agency collects payments that are disbursed to the appropriate tax jurisdictions. The PILOT payments are a significant component in the annual revenues and expenses of the Agency, equaling \$7,499,821 for the year ended December 31, 2011. These PILOT payments are 2.6% higher as compared to the payments for the year ended December 31, 2010 due to increasing payments of existing contracts combined with new contracts signed in 2011.

The Agency's operating revenues, other than PILOT payments and pass-through income was \$132,543, which was well under the budgeted amount of \$1,300,000. The Agency's operating expenses, other than PILOT payments and pass-through expenses, was \$351,902, which was approximately 60.3% less than the budgeted amount of \$885,767.

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 \$267,000. The Agency, Onondaga Civic Development Corporation and the County jointly funded the Enterprise Marketing program, with a total annual budget of \$80,791. The annual cost allocated to the Agency is approximately \$30,700 or 38% of the budget.

**Capital Asset Administration**

As of December 31, 2011, the Agency's investment in capital assets was \$1,871,528. The principal component of the Agency's capital assets is the Clay Business park, a 335 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 capitalized cost is the acquisition price plus applicable legal and environmental fees.

**Contacting the Agency's Financial Management**

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

(Concluded)

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**STATEMENTS OF NET ASSETS**  
**DECEMBER 31, 2011 AND 2010**

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	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 1,176,800	\$ 1,193,642
Interest receivable	-	55,512
Accounts receivable	20,602	261,645
Prepaid pilot expense	126,708	-
Notes receivable, current portion	42,619	51,561
Other current assets	9,463	9,463
Total current assets	<u>1,376,192</u>	<u>1,571,823</u>
 CAPITAL ASSETS	 <u>1,871,528</u>	 <u>1,832,552</u>
 <b>OTHER ASSETS:</b>		
Notes receivable, net of current portion	329,528	474,916
Restricted cash	1,642	1,642
Other assets	14,196	23,658
Total other assets	<u>345,366</u>	<u>500,216</u>
 TOTAL	 <u>\$ 3,593,086</u>	 <u>\$ 3,904,591</u>

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	<u>2011</u>	<u>2010</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 6,550	\$ 9,303
Pilot payments payable	-	57,349
Due to related party	45,531	80,374
Note payable	-	273,409
Deferred pilot revenue	126,708	-
Interest payable	-	6,891
Accrued New York State tax assessment	-	18,652
Total current liabilities	<u>178,789</u>	<u>445,978</u>
<b>LONG-TERM LIABILITIES:</b>		
Note payable, net of current portion	<u>170,639</u>	<u>-</u>
Total liabilities	<u>349,428</u>	<u>445,978</u>
<b>NET ASSETS:</b>		
Invested in capital assets	1,871,528	1,832,552
Restricted	1,642	1,642
Unrestricted	<u>1,370,488</u>	<u>1,624,419</u>
Total net assets	<u>3,243,658</u>	<u>3,458,613</u>
<b>TOTAL</b>	<u>\$ 3,593,086</u>	<u>\$ 3,904,591</u>

See Notes to Financial Statements

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<b>2011</b>	<b>2010</b>
<b>OPERATING REVENUES:</b>		
Pilot revenues	\$ 7,499,821	\$ 7,307,066
Agency and other fees	80,901	202,945
Pass-through income	52,514	42,910
Industrial development matching grants	-	17,526
Other income	48,142	11,916
Rent income	3,500	3,500
Total operating revenues	7,684,878	7,585,863
<b>OPERATING EXPENSES:</b>		
Pilot expenses	7,499,821	7,307,066
Contractual support services	193,550	244,025
General and administrative	48,623	92,521
Industrial development contracts and service agreements	25,360	66,784
Pass-through expense	52,514	42,910
Professional fees	26,655	40,599
Bad debt expense	55,512	23,625
New York State tax assessment	-	18,652
Seminars and meetings	2,202	1,776
Total operating expenses	7,904,237	7,837,958
<b>OPERATING LOSS</b>	<b>(219,359)</b>	<b>(252,095)</b>
<b>OTHER REVENUE (EXPENSE):</b>		
Interest income	10,397	15,169
Interest expense	(5,993)	(13,670)
Total other revenue - net	4,404	1,499
<b>DECREASE IN NET ASSETS</b>	<b>(214,955)</b>	<b>(250,596)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>3,458,613</b>	<b>3,709,209</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 3,243,658</b>	<b>\$ 3,458,613</b>

See Notes to Financial Statements

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

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	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received for Pilot program	\$ 7,499,821	\$ 7,307,066
Cash payments for Pilot program	(7,557,170)	(7,252,915)
Cash received for agency and other fees	172,418	351,223
Cash paid for industrial development contracts and service agreements	(28,113)	(146,104)
Cash paid for contractual support services	(134,379)	(357,168)
Cash received for leases and rent	12,962	12,962
Cash payments for professional services	(26,655)	(40,599)
Cash payments for general and administrative expenses	(48,623)	(92,521)
Cash payments for prepaid pilot expense	(126,708)	-
Cash received as deferred pilot revenue	126,708	-
Cash paid for seminars and meetings	(2,202)	(1,776)
Cash received for other operating revenues	29,490	11,916
Net cash utilized in operating activities	(82,451)	(207,916)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Collection on notes receivable	154,330	18,751
Purchases of property	(38,976)	(144,932)
Net cash provided by (utilized in) investing activities	115,354	(126,181)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Payments on note payable	(102,770)	-
Net cash received (paid) for interest on notes outstanding	53,025	(16,026)
Net cash utilized in noncapital financing activities	(49,745)	(16,026)
<b>NET DECREASE IN CASH</b>	(16,842)	(350,123)
<b>CASH - BEGINNING OF YEAR</b>	1,195,284	1,545,407
<b>CASH - END OF YEAR</b>	\$ 1,178,442	\$ 1,195,284
<b>Reconciliation of cash to the statement of net assets:</b>		
Unrestricted	\$ 1,176,800	\$ 1,193,642
Restricted	1,642	1,642
Total cash	\$ 1,178,442	\$ 1,195,284

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

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	<u>2011</u>	<u>2010</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH UTILIZED IN OPERATING ACTIVITIES:		
Operating loss	\$ (219,359)	\$ (252,095)
Adjustment to reconcile decrease in operating loss to net cash utilized in operating activities:		
Bad debt expense	55,512	23,625
Changes in operating assets and liabilities:		
Accounts receivable	185,531	124,653
Lease receivable	9,462	9,462
Accounts payable	(2,753)	(79,320)
Pilot payments payable	(57,349)	54,151
Due to related parties	(34,843)	(107,044)
Prepaid pilot expense	(126,708)	-
Deferred pilot revenue	126,708	-
New York State tax assessment	(18,652)	18,652
Net cash utilized in operating activities	<u>\$ (82,451)</u>	<u>\$ (207,916)</u>

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See Notes to Financial Statements

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Purpose**

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

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

**Measurement Focus and Basis of Accounting**

The Agency operates as a proprietary fund. Proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net assets.

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.

The Agency's policy is to apply the provisions of Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

**Estimates**

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

(Continued)

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

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

**Income Tax Status**

The Agency is a governmental corporation, exempt from federal and state income taxes. New York State Public Authorities Law, Title 10, Section 2975-A established a cost recovery of central governmental services to various public authorities. On November 1 of each year, the Director of the Division of Budget determines the assessment amount owed under this section by each industrial development agency. The Agency owed New York State \$18,652 at December 31, 2010, under these provisions, which was refunded by New York State in 2011 and is included in other income.

**Revenue Recognition**

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

**Accounts Receivable**

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

**Capital Assets**

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

**Operating Revenues and Non-operating Revenues**

The statement of revenues, expenses, and changes in net assets 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.

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**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2011 AND 2010**

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

**Net Assets**

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

- a. Invested 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 assets - net assets 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 assets - all other assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

**2. RESTRICTED CASH**

In accordance with an agreement between the Agency and Blue Sky Redevelopment Corporation (a wholly owned subsidiary of New York State Urban Development Corporation), certain payments received from Griffin Environmental Company are restricted for purposes to be agreed on by the Agency and the Urban Development Corporation. The Agency's share of cash restricted under this agreement amounted to \$1,642 at December 31, 2011 and 2010.

**3. NOTES RECEIVABLE**

Notes receivable consisted of the following at December 31:

	<u>2011</u>	<u>2010</u>
Note receivable from Gavea Emerging Markets Corporation in monthly installments of \$926 plus 4.5% interest through May 2015.	\$ 37,963	\$ 49,073
Note receivable from Critical Link in monthly installments of \$2,083 including interest through September 2014.	68,750	93,750
Note receivable from U.S. Beverage Net, Inc. in monthly installments of \$1,288 including interest through May 2012.	6,508	21,958

(Continued)

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

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**3. NOTES RECEIVABLE (CONT'D)**

	<u>2011</u>	<u>2010</u>
Note receivable from Hancock Field Development Corporation with no interest due June 30, 2014.	247,741	350,511
Note receivable from Hancock Field Development Corporation with no interest due upon sale of Lot 18, located on Performance Drive in the Hancock Airport.	<u>11,185</u>	<u>11,185</u>
TOTAL	372,147	526,477
CURRENT PORTION	<u>42,619</u>	<u>51,561</u>
LONG-TERM PORTION	<u>\$ 329,528</u>	<u>\$ 474,916</u>

Future maturities of the long-term portion as of December 31, 2011:

Year Ended December 31,	Amount
2013	36,111
2014	277,602
2015	4,630
Thereafter	<u>11,185</u>
TOTAL	<u>\$ 329,528</u>

**4. CAPITAL ASSETS**

Capital assets consist principally of land with a cost of \$1,871,528 and \$1,832,552 at December 31, 2011 and 2010.

**5. AGENCY-INDUCED FINANCINGS**

The total amount of industrial development, civic facility and pollution control financing issued through the Agency from inception through December 31, 2011 amounted to approximately \$2.57 billion. Of this total, none was issued in the year ended December 31, 2011.

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**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

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**6. INDUSTRIAL DEVELOPMENT GRANTS AND CONTRACTS**

Industrial development grants and contractual payments consisted of the following for the year ended December 31:

	<u>2011</u>	<u>2010</u>
Employee productivity program	\$ 19,860	\$ 44,143
Conference sponsorship	5,500	7,000
Park Street bridge	-	<u>15,641</u>
	<u>\$ 25,360</u>	<u>\$ 66,784</u>

**7. DUE TO RELATED PARTIES**

The Agency has contracted with Onondaga County whereby the Agency will reimburse the County for a portion of the cost of operation of the Onondaga County office of Economic Development. In exchange for this funding, the staff of the office provides operational and project implementation support services for the Agency. Maximum funds committed by the Agency under this contract were \$297,545 and \$315,467 for the years ended December 31, 2011 and 2010, respectively. The Agency owed \$45,531 and \$80,374 to the County at December 31, 2011 and 2010, respectively.

**8. PROPERTY LEASES AND BONDS PAYABLE**

In accordance with its corporate purpose, the Agency has issued bonds to promote and develop various businesses with the County of Onondaga. The Agency holds legal title to the properties, under which such bonds were issued in order for business to acquire or renovate various facilities. The bonds represent non-recourse debt of the Authority. The Authority'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.

**9. NOTE PAYABLE**

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

**10. PAYMENTS IN LIEU OF TAXES AGREEMENTS**

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

(Continued)

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**11. DESIGNATED FOR CONTRACTS**

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

	<u>Total Contract</u>	<u>Portion Used</u>	<u>Designated Unrestricted Net Assets</u>
As of December 31, 2011:			
Onondaga County OED	\$ 266,845	\$ 148,020	\$ 118,825
Enterprise Fund marketing	30,700	23,522	7,178
Oneida Air Systems - EPP	12,500	-	12,500
Blue Point Env., LLC - EPP	6,090	1,800	4,290
Ultra Dairy - EPP	12,500	-	12,500
Rapid Response - EPP	12,500	-	12,500
Specialized Packaging - EPP	12,500	-	12,500
Spectra Environmental - Park St. Bridge	15,000	7,762	7,238
CHA - GEIS Clay Business Park	266,220	205,922	60,298
CNY Regional Planning Development Board	25,000	-	25,000
GSBDC - Quasi Equity Program	100,000	-	100,000
	<u>\$ 759,855</u>	<u>\$ 387,026</u>	<u>\$ 372,829</u>

As of December 31, 2010:

Onondaga County OED	\$ 244,025	\$ 163,651	\$ 80,374
Enterprise Fund marketing	67,500	64,341	3,159
Oberdorfer - EPP	12,500	6,750	5,750
PCC - EPP	2,745	-	2,745
N-Eastern Electronics - EPP	12,500	-	12,500
JR Clancy - EPP	12,500	-	12,500
Oneida Air Systems - EPP	12,500	-	12,500
Tony Baird Electronics - EPP	1,970	-	1,970
Spectra Environmental - Park St. Bridge	15,000	7,762	7,238
Tartaglia RR Service - Bridge Steel Removal	29,490	29,490	-
Hancock Airpark - EDA Grant	194,464	59,805	134,659
CHA - GEIS Clay Business Park	266,220	168,412	97,808
O'Brien & Gere - CBP Access Road			
Bid and Con. Doc	11,700	10,710	990
Atlas Advertising - Website Redesign	43,000	27,166	15,834
Tech Assistance Attraction Projects	20,000	-	20,000
GSBDC - Quasi Equity Program	100,000	-	100,000
	<u>\$ 1,046,114</u>	<u>\$ 538,087</u>	<u>\$ 508,027</u>

(Continued)

**ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

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**12. RECLASSIFICATION**

Certain amounts reported at December 31, 2010 have been reclassified to reflect information and assumptions existing at December 31, 2011. These reclassifications had no effect on the decrease in net assets or total net assets as originally reported.

(Concluded)



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the financial statements of the Onondaga County Industrial Development Agency, a discretely presented component unit of the County of Onondaga, State of New York, as of and for the years ended December 31, 2011 and have issued our report thereon dated March 6, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Onondaga County Industrial Development Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Onondaga County Industrial Development Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Onondaga County Industrial Development Agency's internal control over financial reporting.

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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Onondaga County Industrial Development Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Onondaga County Industrial Development Agency in a separate letter dated March 6, 2012.

This report is intended solely for the information and use of Onondaga County Industrial Development Agency's management and board of directors and is not intended to be and should not be used by anyone other than these specified parties.

*Justine, Marshall & Disenza*

March 6, 2012  
Syracuse, New York



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

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

We have examined Onondaga County Industrial Development Agency's (OCIDA) compliance with Section 2925(3)(f) of the New York State Public Authorities Law during the years ended December 31, 2011 and 2010. Management is responsible for OCIDA's compliance with those requirements. Our responsibility is to express an opinion on OCIDA's compliance based on our examination.

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

In our opinion, OCIDA complied, in all material respects, with the aforementioned requirements during the years ended December 31, 2011 and 2010.

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

*Testone, Marshall & Discenza*

March 6, 2012  
Syracuse, New York



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**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION  
AS PRESCRIBED BY THE OFFICE OF THE STATE COMPTROLLER OF NEW YORK**

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

Our audit was conducted for the purpose of forming an opinion of the financial statements that collectively comprise the Onondaga County Industrial Development Agency's financial statements. The prescribed form supplementary information included is presented for purposes of additional analysis, as prescribed by the office of the State Comptroller of New York, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

*Testone, Marshall & Discenza*

March 6, 2012  
Syracuse, New York