



ONONDAGA CIVIC DEVELOPMENT CORPORATION

(A component unit of the County of Onondaga, New York)

FINANCIAL STATEMENTS

December 31, 2016 and 2015

ONONDAGA CIVIC DEVELOPMENT CORPORATION
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Onondaga Civic Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Onondaga Civic Development Corporation, a component unit of the County of Onondaga, New York as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Onondaga Civic Development Corporation, as of December 31, 2016 and 2015, and the respective changes in financial position and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purposes of forming an opinion on the financial statements that collectively comprise the Onondaga Civic Development Corporation's basic financial statements. The combining statement of net position, combining statement of activities and changes in net position and combining statement of cash flows-proprietary fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statement of net position as of December 31, 2016 and 2015, combining statement of activities and changes in net position and combining statement of cash flows-proprietary fund for the years ended December 31, 2016 and 2015 are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of net position as of December 31, 2016 and 2015, combining statement of activities and changes in net position and combining statement of cash flows-proprietary fund for the year ended December 31, 2016 and 2015 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2017, on our consideration of the Onondaga Civic Development Corporation 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 Corporation's internal control over financial reporting and compliance.

Syracuse, New York
March 9, 2017

ONONDAGA CIVIC DEVELOPMENT CORPORATION

Management's Discussion and Analysis (unaudited)

As management of the Onondaga Civic Development Corporation ("OCDC"), we offer readers of this Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the fiscal years ended December 31, 2016 and 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

- OCDC primarily receives revenues from project and application fees. During 2016 there were no project or application fees received compared to in 2015, project fees of \$359,100 were received from two projects (Lemoyne College - \$209,100 and Onondaga Community College Housing Development - \$150,000). OCDC also received monies related to its management of the Hancock Airpark whereby rental income of \$39,601 was earned and a parcel sale resulted in income of \$158,430.
- The Corporation did not assist with any projects in 2016 compared to 2015 where it assisted with two projects, whereby a total amount of \$41,540,000 of debt was issued on behalf of such projects whereby the Corporation received a fee ranging from .75% to 1% of such bond amounts. This debt was considered conduit debt and is not recorded on the financial statements of the Corporation since the bonds are not obligations of the Corporation and the Corporation has no obligation to pay such bonds, even in default.
- The Corporation had service contracts with various organizations in Onondaga County totaling \$232,349 in 2016. The service contracts ranged from \$4,080 to \$125,000. The two most significant were related to CenterState CEO for \$125,000 related to its community prosperity initiative and \$20,000 for Priscilla Mahar Animal Welfare.
- The Corporations net position decreased by \$378,206 and \$650,519 in 2016 and 2015, respectively, primarily due to the amount of project fees that the Corporation collected in 2016 compared to 2015. Project fees decreased \$359,100 in 2016 due to the level of project activity in the community. In addition, the Hancock Airpark's net position increased \$137,752 primarily due to parcel sales at the Airpark totaling \$158,430 offset by operating expenses of the Airpark.

ONONDAGA CIVIC DEVELOPMENT CORPORATION

Management's Discussion and Analysis (unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The Corporation'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 Corporation's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the Corporation'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 Corporation is improving or deteriorating.

The Statement of Activities presents information showing how the Corporation'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 Corporation'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 Corporation, like other component units of state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Corporation 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 Corporation's financial statements are considered a proprietary fund (enterprise fund) which is the same information as presented within the Statements of Net 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 Corporation's financial position. In the case of the OCDC, assets exceeded liabilities by \$1,010,760 and \$1,388,966 as of December 31, 2016 and 2015, respectively. This net position balance primarily represents cash and cash equivalents of \$972,389 whereby \$903,563 may be used by the Corporation for future economic development needs as more fully described in the Corporation's mission statement and \$42,777 may be used for the Hancock Airpark operations. The Corporation's only fund is treated as a proprietary (business-type) fund.

ONONDAGA CIVIC DEVELOPMENT CORPORATION

Management's Discussion and Analysis (unaudited)

The following are summarized versions of the government-wide financial statements for 2016 and 2015:

	Change in Net Position	
	<u>2016</u>	<u>2015</u>
Revenue and other support:		
Project fees	\$ -	\$ 359,100
Application fees	-	1,000
Interest income	7,793	8,312
Rental income	39,601	42,150
Sale of property	158,430	189,239
Other investment income	64,094	30,090
Other income - pass through	6,249	3,022
Total revenue and other support	<u>276,167</u>	<u>632,913</u>
Expenses:		
Service contracts	232,349	\$ 570,087
Onondaga County Office of Economic Development	203,000	137,187
Onondaga County Industrial Development Agency - contractual	-	348,387
Rent, parking, utilities	125,477	124,459
Professional services	22,962	23,638
Marketing	9,099	15,774
Insurance	4,208	4,241
Repairs, maintenance and site preparation	34,215	42,329
Depreciation	9,139	7,419
Travel, meetings and conferences	531	1,215
Office expenses	6,131	3,831
Other expenses - pass through	6,249	3,022
Bank charges	280	380
Miscellaneous	733	1,463
Total expenses	<u>654,373</u>	<u>1,283,432</u>
Change in net position	<u>(378,206)</u>	<u>(650,519)</u>
Net position at beginning of year	<u>1,388,966</u>	<u>1,955,003</u>
Contribution for Hancock Airpark	-	84,482
Net position at end of year	<u>\$ 1,010,760</u>	<u>\$ 1,388,966</u>

REQUEST FOR INFORMATION

This financial report is designed to provide readers with a general overview of the Corporation's finances. If you have questions about this report or need additional information, contact the Corporation's board at the Onondaga Civic Development Corporation, 333 W. Washington Street, Suite 130, Syracuse, NY 13202.

ONONDAGA CIVIC DEVELOPMENT CORPORATION

Statements of Net Position

ASSETS		
	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 972,389	\$ 1,460,661
Accounts receivable	496	31,809
Loan receivable	289,456	42,222
Prepaid rent	84	9,933
Total current assets	<u>1,262,425</u>	<u>1,544,625</u>
Loan receivable	19,630	301,852
Capital assets, net	<u>10,220</u>	<u>19,359</u>
Total assets	<u><u>\$ 1,292,275</u></u>	<u><u>\$ 1,865,836</u></u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Due to Onondaga Office of Economic Development	\$ 69,714	\$ 53,362
Due to Onondaga County Industrial Development Agency	-	100,000
Accounts payable	2,022	17,921
	<u>71,736</u>	<u>171,283</u>
Due to Onondaga County Industrial Development Agency	153,329	248,387
Deposit payable	2,250	3,000
Loan loss reserve	54,200	54,200
Total liabilities	<u>281,515</u>	<u>476,870</u>
Net position		
Net investment in capital assets	10,220	19,359
Restricted for loan loss	54,200	54,200
Restricted for Hancock Airpark	42,777	(94,975)
Unrestricted	903,563	1,410,382
Total net position	<u>1,010,760</u>	<u>1,388,966</u>
	<u><u>\$ 1,292,275</u></u>	<u><u>\$ 1,865,836</u></u>

The accompanying notes are an integral part of the financial statements

ONONDAGA CIVIC DEVELOPMENT CORPORATION

Statements of Activities and Changes in Net Position

	Years ended December 31,	
	2016	2015
Revenue and other support:		
Project fees	\$ -	\$ 359,100
Application fees	-	1,000
Interest income	7,793	8,312
Rental income	39,601	42,150
Sale of property	158,430	189,239
Other investment income	64,094	30,090
Other income - pass through	6,249	3,022
Total revenue and other support	<u>276,167</u>	<u>632,913</u>
Expenses:		
Service contracts	232,349	570,087
Onondaga County Office of Economic Development	203,000	137,187
Onondaga County Industrial Development Agency - contractual	-	348,387
Rent, parking, utilities	125,477	124,459
Professional services	22,962	23,638
Marketing	9,099	15,774
Insurance	4,208	4,241
Repairs, maintenance and site preparation	34,215	42,329
Depreciation	9,139	7,419
Travel, meetings and conferences	531	1,215
Office expenses	6,131	3,831
Other expenses - pass through	6,249	3,022
Bank charges	280	380
Miscellaneous	733	1,463
Total expenses	<u>654,373</u>	<u>1,283,432</u>
Change in net position	(378,206)	(650,519)
Net position at beginning of year	1,388,966	1,955,003
Contribution for Hancock Airpark	-	84,482
Net position at end of year	<u>\$ 1,010,760</u>	<u>\$ 1,388,966</u>

The accompanying notes are an integral part of the financial statements

ONONDAGA CIVIC DEVELOPMENT CORPORATION

Statements of Cash Flows – Proprietary fund

	Years ended December 31,	
	2016	2015
Cash flows from operating activities:		
Inflows -		
Project fees	\$ -	\$ 359,100
Application fees	-	1,000
Interest received	7,793	8,312
Rental payments	42,584	39,167
Sale of property	158,430	189,239
Other investment	64,094	30,090
Other - pass through	6,249	3,022
Outflows -		
Service contracts	(232,349)	(555,087)
Onondaga County Office of Economic Development	(353,376)	(147,493)
Rent, parking, utilities	(115,628)	(124,459)
Professional services	(22,962)	(23,406)
Other services	(77,345)	(71,020)
Net cash (used) / provided by operating activities*	<u>(522,510)</u>	<u>(291,535)</u>
Cash flows from capital activities:		
Outflows -		
Acquisition of capital assets	-	(1,376)
Net cash used in capital activities	<u>-</u>	<u>(1,376)</u>
Cash flows from financing activities:		
Inflows -		
Payments received on mortgage note	-	-
Deposits received	750	87,529
Loan payments received - Light 4 Life	20,174	21,667
Loan payments received - Sly Tech	14,815	24,075
Outflows -		
Payments made to Onondaga County for mortgage note	-	-
Deposits refunded	(1,500)	(50,000)
Loan disbursement - Huntley	-	(225,000)
Net cash used by financing activities	<u>34,239</u>	<u>(141,729)</u>
Net (decrease) increase in cash and cash equivalents	(488,271)	(434,640)
Cash - Beginning of year	<u>1,460,661</u>	1,895,301
Cash - end of year	<u>\$ 972,390</u>	<u>\$ 1,460,661</u>
*Reconciliation of change in net position to net cash provided by operating activities:		
Change in net position:	\$ (378,206)	\$ (650,519)
Depreciation	9,139	7,419
Changes in operating assets and liabilities:		
Accounts receivable	31,313	1,737
Prepaid rent	9,849	(84)
Due to Onondaga Economic Development	16,352	(10,306)
Due to Onondaga County Industrial Development Agency	(195,058)	348,387
Accounts payable	(15,899)	11,831
Net cash (used) / provided by operating activities	<u>\$ (522,510)</u>	<u>\$ (291,535)</u>

The accompanying notes are an integral part of the financial statements

ONONDAGA CIVIC DEVELOPMENT CORPORATION

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of Operations

The Onondaga Civic Development Corporation (“OCDC” / “Corporation”) was organized to stimulate economic growth and/or lessen the burdens of government through facilitating investments that will promote job creation/retention, improve the quality of life of Onondaga County citizens, generate prosperity, and/or encourage economic vibrancy for Onondaga County as a whole, by using available incentives including the issuance of negotiable bonds for Onondaga County’s non-profit organizations as set forth more fully in Section 1411(a) of the Not-for-Profit Laws of the State of New York.

OCDC 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.

Basis of Presentation

OCDC is considered a governmental entity for accounting and financial reporting purposes. The financial statements 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. OCDC is considered a component unit of the County of Onondaga, New York and is presented as a discrete component unit in the County of Onondaga, New York’s financial statements.

Governance

OCDC is managed by a Board of Directors which establishes the general policies governing the organization. The Board of Directors is comprised of seven voting directors whereby three are appointed by the chairman of the Onondaga County Legislature, three are appointed by the Onondaga County Executive and one additional director jointly appointed by the Onondaga County Legislature and County Executive all subject to confirmation by the Onondaga County Legislature.

Annual Budgets

OCDC is required to provide to the New York State authorities budget office an annual budget on operations and capital construction setting forth the estimated receipts and expenditures for the next fiscal year and the current fiscal year. This budget is submitted to the authority’s budget office and can be found on the Corporation’s website at <http://www.syracusecentral.com>

ONONDAGA CIVIC DEVELOPMENT CORPORATION

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk

Financial instruments that potentially subject the Corporation to concentration of credit risk consist principally of cash and cash equivalents. The Corporation places its temporary cash investments with limited financial institutions and at various times these investments exceed the Federal Deposit Insurance Corporation limits.

Cash and Cash Equivalents

The Corporation considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents.

All deposits of the Corporation, including certificates of deposit and special time deposits in excess of the amount insured under the Federal Deposit Insurance Act (FDIC) shall be secured by eligible collateral. Eligible collateral is defined as consisting of any one, or combination, of the following: (a) pledge of eligible securities with an aggregate market value as provided by General Municipal Law equal to the aggregate amount of deposits or (b) by an eligible surety bond payable to the Corporation for an amount equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims-paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations. The Corporation has an excess amount of \$764,924 and \$765,269 held in two separate banks in excess of the FDIC insured amounts as of December 31, 2016 and 2015, respectively. This excess amount is collateralized by securities held by the pledging financial institution.

Property and Equipment

Property is recorded at cost at the date of acquisition if purchased or fair market value at the date of donation in the case of gifts. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets.

Income Taxes

The Corporation is a not-for-profit corporation exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, and has been classified as an organization that is not a private foundation under Section 509(a) of the Code. The Corporation also believes that none of its activities are subject to unrelated business income tax, therefore no provision for such income tax has been made in the financial statements for the years ended December 31, 2016 and 2015.

ONONDAGA CIVIC DEVELOPMENT CORPORATION

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Corporation recognizes project fee revenue related to a bond closing at the time of the bond closing. All project fees are considered to be operating revenues.

Service Contracts

The Corporation enters into contractual agreements with various entities through its Economic Growth Support Fund. All service contracts are approved by the Board of Directors and must comply with the Corporations guidelines for such service contracts. These service contracts have service conditions that must be met for payment.

Use of 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 and for the reporting period and as of the financial statement date. Actual results may differ from these estimates.

Risks and Uncertainties

Investment securities (including cash equivalents) are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term would materially affect the amounts reported in the Statements of Financial Position and the Statements of Activities.

Loan Receivable and Loan Loss Reserve

The Corporation has loan receivables from third parties.

The Corporation assumed the loan guarantee obligation of another entity in 2012 as this other entity was dissolved in 2012. Upon the dissolution, this other entity provided \$54,200 to the Corporation which is restricted for potential loan losses that the Corporation guarantees. If these loans are defaulted on by the primary borrower, the Corporations guarantee would require the Corporation to make payments on such loans in accordance with the guarantee agreement.

ONONDAGA CIVIC DEVELOPMENT CORPORATION

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Loan Receivable and Loan Loss Reserve (continued)

A summary of the outstanding loans is as follows:

	Sly Tech Inc. (a)		
	Principal	Interest	Total
2017	29,629	2,722	32,351
2018	22,222	875	23,097
2019	7,408	69	7,477
Totals	\$ 59,259	\$ 3,666	\$ 62,925

	Light 4 Life (b)		
	Principal	Interest	Total
2017	20,000	619	20,619
2018	4,827	38	4,865
Totals	\$ 24,827	\$ 657	\$ 25,484

	Huntley Group (c)		
	Principal	Interest	Total
2017	225,000	15,771	240,771
Totals	\$ 225,000	\$ 15,771	\$ 240,771

	Combined - all loans		
	Principal	Interest	Total
2017	274,629	19,112	293,741
2018	27,049	913	27,962
2019	7,408	69	7,477
Totals	\$ 309,086	\$ 20,094	\$ 329,180

- (a) – The loan is payable over five years bearing interest at 4.5%. Monthly principal payments of \$1,852 plus interest. ODCD is a participant in the loan which was issued by the Greater Syracuse Business Development Corporation. The loan was four months past due as of December 31, 2016, however three months of past due payments were received in 2017.
- (b) – The loan is payable over five year bearing interest at 4.5%. Monthly principal payments of \$1,667 plus interest. ODCD is a participant in the loan which was issued by the Greater Syracuse Business Development Corporation.
- (c) – The term loan is due and payable with a balloon payment for the balance of principal and any remaining interest the earlier of: (a) June 30, 2017; or (b) the first day of the month following the borrower's receipt of the New York State refund check for historic tax credits (the "maturity"). The loan bears interest at 3%. Interest is accrued during the construction period and added to the principal at termination of the construction period. After completion of construction, monthly interest only payments are required until maturity.

ONONDAGA CIVIC DEVELOPMENT CORPORATION

Notes to Financial Statements

2. Capital assets

Capital asset balances and activity for the year ended December 31, 2016 were as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities:				
Capital assets that are depreciated:				
Furniture and equipment	\$ 52,003	\$ -	\$ -	\$ 52,003
Total depreciable historical cost	<u>52,003</u>	<u>-</u>	<u>-</u>	<u>52,003</u>
Less accumulated depreciation:				
Furniture and equipment	(32,644)	(9,139)	-	(41,783)
Total accumulated depreciation	<u>(32,644)</u>	<u>(9,139)</u>	<u>-</u>	<u>(41,783)</u>
Total historical cost, net	<u>\$ 19,359</u>	<u>\$ (9,139)</u>	<u>\$ -</u>	<u>\$ 10,220</u>

Depreciation of \$9,139 and 7,419 was expensed in 2016 and 2015, respectively.

3. Investments

The Corporation has a written investment policy. This investment policy allows the Corporation to invest in a variety of appropriate investment vehicles, including but not limited to special time deposits, certificates of deposits, obligations of the United States of America, obligations guaranteed by agencies of the United States of America and obligations of the State of New York. All investments held on behalf of the Corporation shall be held in the custody of a bank or trust company and shall be held pursuant to a written custodial agreement. As of December 31, 2016 and 2015, all of the assets of the Corporation are invested within either a general checking account or a money market account which are considered cash and cash equivalents for financial statement reporting.

Investments are reported at fair value. The Corporation's investments are typically money market investments which are short-term, highly liquid debt instruments, including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations. As of December 31, 2016, the Corporation's investments of \$1,014,924 were entirely held at one financial institution and were entirely money market funds. The money market investment is not rated by one of the independent rating agencies.

ONONDAGA CIVIC DEVELOPMENT CORPORATION

Notes to Financial Statements

4. Lease Arrangement – Hancock Airpark

The Corporation entered into an economic development lease agreement with the County of Onondaga (a related party) related to property located in the Towns of Cicero and Dewitt, New York, also known as Hancock Airpark. Hancock Airpark is a 425 acre industrial and office park adjacent to the Hancock International Airport. The lease agreement was entered into to promote the economic development of the Airpark by the Corporation for approximately 50 acres of the Airpark.

The lease agreement allows for the Corporation to lease or sell property within the Airpark to third party commercial users of such property based on terms and conditions in the lease arrangement. The agreement requires the Corporation to transfer 60% of the net sale proceeds of property sales to the Onondaga County Industrial Development Agency up to a cumulative amount of \$348,387. Any remaining net proceeds are restricted to be used for Airpark operations as defined by the agreement. The Corporation sold a parcel totaling \$158,430 in 2016 and transferred a total of \$95,058 to the Onondaga County Industrial Development Agency in accordance with the terms of the lease agreement.

The Corporation may also enter into subleases of the property with third party commercial users. All rentals received from such subleases are also restricted to be used for Airpark operations as defined by the agreement.

The lease agreement terminates upon the earliest of the following events: (a) December 31, 2018; or (b) sale of all the leased premises; or (c) dissolution or liquidation of the lessee. In the event of termination, the Corporation shall transfer to the County all net proceeds (restricted net assets) remaining. The Corporation has an option to renew the lease according to terms of the lease agreement. In addition, upon the initial lease agreement, the County transferred monies totaling \$85,821 to the Corporation which is restricted for purposes of operating the Airpark as defined by the agreement.

ONONDAGA CIVIC DEVELOPMENT CORPORATION

Notes to Financial Statements

5. Conduit Debt Obligations

OCDC has the ability to issue bonds which are deemed to be limited obligations of the Corporation. These bonds are considered to be limited obligations as the payments for such bonds are pledged from a source outside the Corporation which has the obligation to pay the principal and interest of such bonds. These bonds are paid solely from the net revenues and other funds of the Corporation pledged under terms of each individual bond indenture agreement. Since the Corporation does not have any obligation to repay the principal and interest of such bonds, the bonds are not reflected on the statement of net position as long-term debt. As of December 31, 2016 and 2015, the Corporation has issued bonds with an aggregate principal amount outstanding of \$426,537,306 and \$438,119,234, respectively.

A summary of the conduit debt issued through the Corporation is as follows:

Issuance Description	Date of Issuance	Principal at Issuance	Interest Rate(s)	Maturity Date
Revenue Bonds, Series 2010 (Le Moyne College Project)	7/5/2010	\$ 25,000,000	4.625% to 5.375%	7/1/2040
Revenue Bonds, Abby Lane Housing Corp., Series 2010A	5/11/2010	30,000,000	Variable	5/1/2020
Taxable Revenue Bonds, Abby Lane Housing Corp., Series 2010B	5/11/2010	1,470,000	Variable	5/1/2017
Multi Modal Revenue Bonds, St. Joseph's Hospital), Series 2010 A,B,C,D	7/16/2010	63,480,000	Variable	7/1/2036
Multi Modal Revenue Bonds, Series 2011 (Onondaga Community College Housing Development)	8/24/2011	11,000,000	Variable	8/24/2031
Revenue Bonds, Series 2011 (Upstate Properties Development, Inc. Project)	11/30/2011	32,000,000	3.00% to 5.25%	12/1/2041
Tax-Exempt Revenue Bonds, Series 2012 (St. Joseph's Hospital Health Center Project)	9/20/2012	142,745,000	2% to 5%	7/1/2042
Revenue Bonds, Series 2012 (Le Moyne College Project)	10/30/2012	17,240,000	2% to 5%	7/1/2042
Revenue Bonds, Abby Lane Housing Corp.	7/18/2013	7,320,000	Variable	7/18/2020
Tax-Exempt Revenue Bonds, Series 2014A (St. Joseph's Hospital Health Center Project)	4/24/2014	68,315,000	4.625% to 5.125%	7/1/2031
Revenue Bonds, Series 2014 (Jewish Home of Central New York, Inc. Project)	11/4/2014	20,410,000	1.75% to 5.50%	3/1/2034
Tax-Exempt Multi-modal Revenue Bonds, Series 2014 (YMCA of Greater Syracuse, Inc. Project)	7/15/2014	17,000,000	Variable	1/1/2041
Revenue Bonds Series 2015 (LeMoyne College Project)	7/30/2015	15,000,000	5.00%	7/1/2045
Tax-Exempt Bonds Series 2015A (Onondaga Community College Housing Development)	9/16/2015	25,090,000	2-5%	10/1/2040
Taxable Bonds Series 2015B (Onondaga Community College Housing Development)	9/16/2015	1,450,000	1.34%	10/1/2016
		<u>\$ 477,520,000</u>		

A summary of the conduit debt activity for the year is as follows:

Issuance Description	Principal at 12/31/2015	Issuances	Principal Payments	Principal at 12/31/2016
Revenue Bonds, Series 2010 (Le Moyne College Project)	\$ 25,000,000	\$ -	\$ -	\$ 25,000,000
Revenue Bonds, Abby Lane Housing Corp., Series 2010A	29,180,518	-	(245,268)	28,935,250
Taxable Revenue Bonds, Abby Lane Housing Corp., Series 2010B	547,116	-	(377,460)	169,656
Multi Modal Revenue Bonds, St. Joseph's Hospital), Series 2010 A,B,C,D	53,111,600	-	(2,539,200)	50,572,400
Revenue Bonds, Series 2011 (Upstate Properties Development, Inc. Project)	30,580,000	-	(600,000)	29,980,000
Tax-Exempt Revenue Bonds, Series 2012 (St. Joseph's Hospital Health Center Project)	129,775,000	-	(6,440,000)	123,335,000
Revenue Bonds, Series 2012 (Le Moyne College Project)	17,120,000	-	(45,000)	17,075,000
Revenue Bonds, Abby Lane Housing Corp.	7,320,000	-	-	7,320,000
Tax-Exempt Revenue Bonds, Series 2014A (St. Joseph's Hospital Health Center Project)	68,315,000	-	-	68,315,000
Revenue Bonds, Series 2014 (Jewish Home of Central New York, Inc. Project)	19,655,000	-	(755,000)	18,900,000
Tax-Exempt Multi-modal Revenue Bonds, Series 2014 (YMCA of Greater Syracuse, Inc. Project)	17,000,000	-	-	17,000,000
Revenue Bonds Series 2015 (LeMoyne College Project)	15,000,000	-	-	15,000,000
Tax-Exempt Bonds Series 2015A (Onondaga Community College Housing Development)	25,090,000	-	(155,000)	24,935,000
Taxable Bonds Series 2015B (Onondaga Community College Housing Development)	425,000	-	(425,000)	-
	<u>\$ 438,119,234</u>	<u>\$ -</u>	<u>\$ (11,581,928)</u>	<u>\$ 426,537,306</u>

ONONDAGA CIVIC DEVELOPMENT CORPORATION

Notes to Financial Statements

6. Related Party Transactions

The Corporation has entered into an agreement with Onondaga County Office of Economic Development to provide staffing and other support costs for all of the Corporation's activities. The contract totaled \$203,000 and \$137,187 in 2016 and 2015, respectively. This contract is all-inclusive for employee salaries and related fringe benefits; as such no salaries or benefits are recorded individually on the financial statements of the Corporation. Under terms of the contract, Onondaga County Office of Economic Development is the legally responsible entity to make such fringe benefit and salary payments. In addition, agreements with both Onondaga County and the Onondaga County Industrial Development Agency allows for marketing related expenses to be evenly allocated amount the Corporation and these two related entities. Included with accounts receivable are related party receivables totaling \$0 and \$28,500 for 2016 and 2015, respectively.

7. Lease Commitments

The Corporation entered into an agreement leasing office space in June 2011. The terms of the lease require monthly minimum payments of \$10,004. The lease agreement expires June 2021 with the option to extend the term for two successive periods of five years each. The first renewal term requires monthly payments of \$10,421 while the second renewal term requires monthly payments of \$10,838. The Corporation must exercise its option to renew at least 12 months prior to the expiration of the current lease term. Rent expense was approximately \$118,004 and \$118,004 as of December 31, 2016 and 2015, respectively.

Total future minimum lease commitments are as follows:

Year ending December 31,	Amount
2017	120,048
2018	120,048
2019	120,048
2020	120,048
2021	120,048
Thereafter	60,024
Total	<u>\$ 660,264</u>

The Corporation has a one-time option to terminate the lease as of the end of the 5th through 9th year of the lease term. The Corporation may elect this one-time option by notifying the lessor 6 months prior to the effective termination date and by paying a termination fee of \$106,125 at the time of the election. The above minimum lease commitment schedule assumes the Corporation will not elect the option to terminate the lease early.

8. Subsequent Events

In preparing financial statements, management of the Corporation has evaluated events and transactions for potential recognition or disclosure through March 9, 2017, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

ONONDAGA CIVIC DEVELOPMENT CORPORATION
Combining Statement of Net Position
December 31, 2016

	Primary Operations	Hancock Airpark	Total
Current assets:			
Cash and cash equivalents	\$ 776,367	\$ 196,022	\$ 972,389
Accounts receivable	496	-	496
Loans receivable	289,456	-	289,456
Prepaid rent	-	84	84
Total current assets	<u>1,066,319</u>	<u>196,106</u>	<u>1,262,425</u>
Loans receivable	19,630	-	19,630
Capital assets, net	<u>10,220</u>	<u>-</u>	<u>10,220</u>
			-
Total assets	<u>\$ 1,096,169</u>	<u>\$ 196,106</u>	<u>\$ 1,292,275</u>
Current liabilities:			
Due to Onondaga Office of Economic Development	\$ 69,714	\$ -	\$ 69,714
Due to Onondaga County Industrial Development Agency	-	-	-
Accounts payable	2,022	-	2,022
	<u>71,736</u>	<u>-</u>	<u>71,736</u>
Due to Onondaga County Industrial Development Agency	-	153,329	153,329
Deposit payable	2,250	-	2,250
Loan loss reserve	<u>54,200</u>	<u>-</u>	<u>54,200</u>
Total liabilities	<u>128,186</u>	<u>153,329</u>	<u>281,515</u>
Net position			
Net investment in capital assets	10,220	-	10,220
Restricted for loan loss	54,200	-	54,200
Restricted for Hancock Park	-	42,777	42,777
Unrestricted	903,563	-	903,563
Total net position	<u>967,983</u>	<u>42,777</u>	<u>1,010,760</u>
	<u>\$ 1,096,169</u>	<u>\$ 196,106</u>	<u>\$ 1,292,275</u>

The accompanying notes are an integral part of the financial statements

ONONDAGA CIVIC DEVELOPMENT CORPORATION
Combining Statement of Net Position
December 31, 2015

	Primary Operations	Hancock Airpark	Total
Current assets:			
Cash and cash equivalents	\$ 1,210,316	\$ 250,345	\$ 1,460,661
Accounts receivable	28,826	2,983	31,809
Loans receivable	42,222	-	42,222
Prepaid rent	9,849	84	9,933
Total current assets	<u>1,291,213</u>	<u>253,412</u>	<u>1,544,625</u>
Loans receivable	301,852	-	301,852
Capital assets, net	<u>19,359</u>	<u>-</u>	<u>19,359</u>
			-
Total assets	<u>\$ 1,612,424</u>	<u>\$ 253,412</u>	<u>\$ 1,865,836</u>
Current liabilities:			
Due to Onondaga Office of Economic Development	\$ 53,362	\$ -	\$ 53,362
Due to Onondaga County Industrial Development Agency	-	100,000	100,000
Accounts payable	17,921	-	17,921
	<u>71,283</u>	<u>100,000</u>	<u>171,283</u>
Due to Onondaga County Industrial Development Agency	-	248,387	248,387
Deposit payable	3,000	-	3,000
Loan loss reserve	<u>54,200</u>	<u>-</u>	<u>54,200</u>
Total liabilities	<u>128,483</u>	<u>348,387</u>	<u>476,870</u>
Net position			
Net investment in capital assets	19,359	-	19,359
Restricted for loan loss	54,200	-	54,200
Restricted for Hancock Park	-	(94,975)	(94,975)
Unrestricted	1,410,382	-	1,410,382
Total net position	<u>1,483,941</u>	<u>(94,975)</u>	<u>1,388,966</u>
	<u>\$ 1,612,424</u>	<u>\$ 253,412</u>	<u>\$ 1,865,836</u>

The accompanying notes are an integral part of the financial statements

ONONDAGA CIVIC DEVELOPMENT CORPORATION
Combining Statement of Activities and Changes in Net Position
For the Year Ended December 31, 2016

	Primary Operations	Hancock Airpark	Total
Revenue and other support:			
Project fees	\$ -	\$ -	\$ -
Application fees	-	-	-
Interest income	7,793	-	7,793
Rental income	-	39,601	39,601
Sale of property	-	158,430	158,430
Other investment income	64,094	-	64,094
Other income - pass through	6,249	-	6,249
Total revenue and other support	<u>78,136</u>	<u>198,031</u>	<u>276,167</u>
Expenses:			
Service contracts	232,349	-	232,349
Onondaga County Office of Economic Development	203,000	-	203,000
Onondaga County Industrial Development Agency	-	-	-
Rent, parking, utilities	119,240	6,237	125,477
Professional services	9,871	13,091	22,962
Marketing	9,099	-	9,099
Insurance	4,208	-	4,208
Repairs, maintenance and site preparation	-	34,215	34,215
Depreciation	9,139	-	9,139
Travel, meetings and conferences	531	-	531
Office expenses	128	6,003	6,131
Other expenses - pass through	6,249	-	6,249
Bank charges	280	-	280
Miscellaneous	-	733	733
Total expenses	<u>594,094</u>	<u>60,279</u>	<u>654,373</u>
Change in net position	(515,958)	137,752	(378,206)
Net position at beginning of year	<u>1,483,941</u>	<u>(94,975)</u>	<u>1,388,966</u>
Net position at end of year	<u>\$ 967,983</u>	<u>\$ 42,777</u>	<u>\$ 1,010,760</u>

The accompanying notes are an integral part of the financial statements

ONONDAGA CIVIC DEVELOPMENT CORPORATION
Combining Statement of Activities and Changes in Net Position
For the Year Ended December 31, 2015

	Primary Operations	Hancock Airpark	Total
Revenue and other support:			
Project fees	\$ 359,100	\$ -	\$ 359,100
Application fees	1,000	-	1,000
Interest income	8,312	-	8,312
Rental income	-	42,150	42,150
Sale of property	-	189,239	189,239
Other investment income	30,090	-	30,090
Other income - pass through	3,022	-	3,022
Total revenue and other support	<u>401,524</u>	<u>231,389</u>	<u>632,913</u>
Expenses:			
Service contracts	570,087	-	570,087
Onondaga County Office of Economic Development	137,187	-	137,187
Onondaga County Industrial Development Agency	-	348,387	348,387
Rent, parking, utilities	118,004	6,455	124,459
Professional services	13,196	10,442	23,638
Marketing	15,774	-	15,774
Insurance	4,241	-	4,241
Repairs, maintenance and site preparation	-	42,329	42,329
Depreciation	7,419	-	7,419
Travel, meetings and conferences	1,215	-	1,215
Office expenses	1,457	2,374	3,831
Other expenses - pass through	3,022	-	3,022
Bank charges	380	-	380
Miscellaneous	604	859	1,463
Total expenses	<u>872,586</u>	<u>410,846</u>	<u>1,283,432</u>
Change in net position	(471,062)	(179,457)	(650,519)
Net position at beginning of year	<u>1,955,003</u>	<u>84,482</u>	<u>2,039,485</u>
Net position at end of year	<u>\$ 1,483,941</u>	<u>\$ (94,975)</u>	<u>\$ 1,388,966</u>

The accompanying notes are an integral part of the financial statements

ONONDAGA CIVIC DEVELOPMENT CORPORATION
Combining Statement of Cash Flows – Proprietary Fund
For the Year Ended December 31, 2016

	Primary Operations	Hancock Airpark	Total
Cash flows from operating activities:			
Inflows -			
Project fees	\$ -	\$ -	\$ -
Application fees	-	-	-
Interest received	7,793	-	7,793
Rental payments	-	42,584	42,584
Sale of property	-	158,430	158,430
Other investment	64,094	-	64,094
Other - pass through	6,249	-	6,249
Outflows -			
Service contracts	(232,349)	-	(232,349)
Onondaga County Office of Economic Development	(158,318)	(195,058)	(353,376)
Rent, parking, utilities	(109,391)	(6,237)	(115,628)
Professional services	(9,871)	(13,091)	(22,962)
Other services	(36,394)	(40,951)	(77,345)
Net cash used by operating activities*	<u>(468,187)</u>	<u>(54,323)</u>	<u>(522,510)</u>
Cash flows from capital activities:			
Outflows -			
Acquisition of capital assets	-	-	-
Net cash used in capital activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from financing activities:			
Inflows -			
Deposit received	750	-	750
Loan payments received - Light 4 Life	20,174	-	20,174
Loan payments received - Sly Tech	14,815	-	14,815
Outflows -			
Deposits refunded	(1,500)	-	(1,500)
Loan disbursement - Huntley	-	-	-
Net cash provided by financing activities	<u>34,239</u>	<u>-</u>	<u>34,239</u>
Net decrease in cash and cash equivalents	(433,948)	(54,323)	(488,271)
Cash - Beginning of year	<u>1,210,316</u>	<u>250,345</u>	<u>1,460,661</u>
Cash - end of year	<u>\$ 776,368</u>	<u>\$ 196,022</u>	<u>\$ 972,390</u>
*Reconciliation of change in net position to net cash provided by operating activities:			
Change in net position:	\$ (515,958)	\$ 137,752	\$ (378,206)
Depreciation	9,139	-	9,139
Changes in operating assets and liabilities:			
Accounts receivable	28,330	2,983	31,313
Prepaid rent	9,849	-	9,849
Due to Onondaga Economic Development	16,352	-	16,352
Due to Onondaga County Industrial Development Agency	-	(195,058)	(195,058)
Accounts payable	(15,899)	-	(15,899)
Net cash used by operating activities	<u>\$ (468,187)</u>	<u>\$ (54,323)</u>	<u>\$ (522,510)</u>

The accompanying notes are an integral part of the financial statements

ONONDAGA CIVIC DEVELOPMENT CORPORATION
Combining Statement of Cash Flows – Proprietary fund
For the Year Ended December 31, 2015

	Primary Operations	Hancock Airpark	Total
Cash flows from operating activities:			
Inflows -			
Project fees	\$ 359,100	\$ -	\$ 359,100
Application fees	1,000	-	1,000
Interest received	8,312	-	8,312
Rental payments	-	39,167	39,167
Sale of property	-	189,239	189,239
Other investment	30,090	-	30,090
Other - pass through	3,022	-	3,022
Outflows -			
Service contracts	(555,087)	-	(555,087)
Onondaga County Office of Economic Development	(147,493)	-	(147,493)
Rent, parking, utilities	(118,004)	(6,455)	(124,459)
Professional services	(12,964)	(10,442)	(23,406)
Other services	(24,827)	(46,193)	(71,020)
Net cash provided by operating activities*	<u>(456,851)</u>	<u>165,316</u>	<u>(291,535)</u>
Cash flows from capital activities:			
Outflows -			
Acquisition of capital assets	(1,376)	-	(1,376)
Net cash used in capital activities	<u>(1,376)</u>	<u>-</u>	<u>(1,376)</u>
Cash flows from financing activities:			
Inflows -			
Deposit received	2,500	-	2,500
Loan payments received - Light 4 Life	21,667	-	21,667
Loan payments received - Sly Tech	24,075	-	24,075
Outflows -			
Deposits refunded	(50,000)	-	(50,000)
Loan disbursement - Huntley	(225,000)	-	(225,000)
Net cash provided by financing activities	<u>(226,758)</u>	<u>-</u>	<u>(226,758)</u>
 Net increase in cash and cash equivalents	 (684,985)	 165,316	 (519,669)
Cash - Beginning of year	<u>1,895,301</u>	<u>85,029</u>	<u>1,980,330</u>
Cash - end of year	<u>\$ 1,210,316</u>	<u>\$ 250,345</u>	<u>\$ 1,460,661</u>
 *Reconciliation of change in net position to net cash provided by operating activities:			
Change in net position:	\$ (471,062)	\$ (179,457)	\$ (650,519)
Depreciation	7,419	-	7,419
Changes in operating assets and liabilities:			
Accounts receivable	4,720	(2,983)	1,737
Prepaid rent	-	(84)	(84)
Due to Onondaga Economic Development	(10,306)	-	(10,306)
Due to Onondaga County Industrial Development Agen	-	348,387	348,387
Accounts payable	12,378	(547)	11,831
Net cash provided by operating activities	<u>\$ (456,851)</u>	<u>\$ 165,316</u>	<u>\$ (291,535)</u>

The accompanying notes are an integral part of the financial statements

**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**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Onondaga Civic Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Onondaga Civic Development Corporation, a component unit of the County of Onondaga, New York as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Onondaga Civic Development Corporation's basic financial statements, and have issued our report thereon dated March 9, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Syracuse, New York
March 9, 2017

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors
Onondaga Civic Development Corporation

We have examined the Onondaga Civic Development Corporation's (the Corporation) compliance with the New York State Public Authorities Law section 2925 applicable to the Company's investments for the year ended December 31, 2016. Management is responsible for the Corporation's compliance with those requirements. Our responsibility is to express an opinion on the Corporation'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, accordingly, included examining, on a test basis, evidence about the Corporation'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 a legal determination of the Corporation's compliance with specified requirements.

In our opinion, the Corporation complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2016.

This report is intended solely for the information and use of management, the audit committee and Board of Directors, others within the Corporation, and for compliance with the New York State Public Authorities Law and is not intended to be and should not be used by anyone other than these specified parties.

Syracuse, New York
March 9, 2017