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

Financial Statements as of December 31, 2016 and 2015 Together with Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Onondaga, New York)
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INDEPENDENT AUDITOR'S REPORT

March 22, 2017

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

Report on the Financial Statements
We have audited the accompanying financial statements of the Onondaga County Industrial Development Agency (the Agency), a discretely presented component unit of the County of Onondaga, New York (the County), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of December 31, 2016 and 2015, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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INDEPENDENT AUDITOR'S REPORT
(Continued)

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2017, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Other Reporting Required by New York State Public Authorities Law
In accordance with New York State Public Authorities Law, we have also issued our report dated March 22, 2017, on our consideration of the Agency's compliance with Section 2925(3)(f) of the New York State (NYS) Public Authorities Law. The purpose of that report is to describe anything that came to our attention that caused us to believe the Agency failed to comply with the Agency's Investment Guidelines, the NYS Comptroller's Investment Guidelines and Section 2925 of the NYS Public Authorities Law (collectively, the Investment Guidelines).

Bonadio & Co., LLP

This section of the Onondaga County Industrial Development Agency's (the Agency), a discretely presented component unit of Onondaga County, New York (the County), annual financial report presents our discussion and analysis of the Agency's financial performance during the year ended December 31, 2016. 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 and footnotes. The Agency is a self-supporting entity. The accounts are recorded in accordance with a proprietary fund type and consist of an enterprise fund. Proprietary fund type operating statements present increases and decreases in net position. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Agency does not maintain separate fund accounts.

Condensed Comparative Financial Information

	Year Ended December 31, 2016	As Restated Year Ended December 31, 2015	As Restated Year Ended December 31, 2014
Cash and cash equivalents	$ 3,191,090	$ 1,919,888	$ 1,719,182
Accounts receivable	381,602	617,212	1,511
Notes receivable	93,750	143,750	193,750
Restricted cash	1,642	35,201	44,159
Capital assets	4,032,143	3,279,805	2,272,462
Total assets	7,700,227	5,995,856	4,231,064
Current liabilities	131,812	615,601	127,150
Total liabilities	131,812	615,601	127,150
Net position:			
Net investment in capital assets	4,032,143	3,279,805	2,272,462
Restricted	1,642	35,201	44,159
Unrestricted	3,534,630	2,065,249	1,787,293
Total net position	$ 7,568,415	$ 5,380,255	$ 4,103,914

FINANCIAL STATEMENTS (Continued)

Condensed Comparative Financial Information (Continued)

	Year Ended December 31, 2016	As Restated Year Ended December 31, 2015	As Restated Year Ended December 31, 2014
Operating revenues	$ 2,570,901	$ 2,153,276	$ 1,437,299
Operating expenses	757,375	887,686	750,550
Operating income (loss)	1,813,526	1,265,590	686,749
Other revenue	7,412	10,751	10,571
Capital Contributions	367,222	-	-
Change in net position	2,188,160	1,276,341	697,320
Net position - beginning of year	5,380,255	4,103,914	3,406,594
Net position - end of year	$ 7,568,415	$ 5,380,255	$ 4,103,914

Change in financial categories between the year ended December 31, 2016 and the year ended December 31, 2015 include the following:

- The Agency's total net position increased $2,188,160 (or 40.7%) due to current operations and fee income as well as capital asset purchases.

- Total cash increased $1,237,643 (or 63.3%) due to current operations and an increase in the number of projects generating fee income.

- Current Liabilities, other than PILOT payments, decreased $483,789 (or approximately 78.6%) as a result of 2016 PILOT pass through payments received by the Agency in 2015, 2015 Onondaga County Administrative Contract payables, and delinquent taxes due and payable at year ending December 31, 2015 related to the 2015 acquisition of 800 Hiawatha Blvd.

- Operating Revenues, other than pass-through income, increased to $2,570,901 in 2016 compared to $2,153,276 in 2015. This 19.4% increase is due to a $649,982 increase in Agency and other fees for a total of $2,299,362 and a $120,058 increase in other income for a total of $220,058. The other income in 2016 originates from a sale of an easement to National Grid at the White Pine Commerce Park Property as well as the Agency portion of the revenue from a sale of land at the Hancock AirPark.

- Operating Expenses, other than pass-through expenses, decreased $130,311 (or 14.7%). Generally, the Agency proactively responds to changing conditions by evaluating expenses throughout the year, prioritizing expenses based on the Agency's core mission. The decrease is due to property related expenses for delinquent taxes on a property purchased in 2015, due and payable at December 31, 2015 in the amount of approximately $160,000.

- The Agency Received capital contributions of $367,222 from Onondaga Community College for building improvements during 2016.

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, 2016, the Agency received $2,299,362 from agency and other fees, an increase of $649,982 from the prior year.

The Agency's staff services are provided by the Onondaga County Office of Economic Development. The Agency enters into an annual contract to compensate the County for these services; in 2016 the cost of the contract was $266,884.

CAPITAL ASSET ADMINISTRATION

As of December 31, 2016, the Agency's investment in capital assets was $4,032,143, net of depreciation. The Agency's capital assets include the White Pine Commerce Park (WPCP, formerly known as the Clay Business Park), land, buildings and equipment. WPCP is a 339 acre undeveloped industrial park in the Town of Clay. The Agency acquired the land in the park for the purpose of attracting a large commercial/industrial project in the Town of Clay. Additionally, in 2015 the Agency acquired property on North Salina Street, in the City of Syracuse, and is leasing the premises to Onondaga Community College to house a workforce development training program. Finally, the Agency continued to invest in the rehabilitation of the real property at 800 Hiawatha Blvd, also in the City of Syracuse. These improvements resulted in $777,861 in capital asset additions during 2016. See financial statement note 6 for further information.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

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

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Onondaga, New York)

STATEMENTS OF NET POSITION
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,191,090	$ 1,919,888
Accounts receivable	381,602	617,212
Notes receivable, current portion	50,000	50,000
Total current assets	3,622,692	2,587,100
NONCURRENT ASSETS:		
Restricted cash	1,642	35,201
Notes receivable, net of current portion	43,750	93,750
Capital assets, net	4,032,143	3,279,805
Total noncurrent assets	4,077,535	3,408,756
Total assets	7,700,227	5,995,856
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	31,940	254,226
Due to Onondaga County	97,815	94,948
Due to other governments	2,057	266,427
Total liabilities	131,812	615,601
NET POSITION		
Net investment in capital assets	4,032,143	3,279,805
Restricted	1,642	35,201
Unrestricted	3,534,630	2,065,249
Total net position	$ 7,568,415	$ 5,380,255

The accompanying notes are an integral part of these statements.

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Onondaga, New York)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
OPERATING REVENUES:		
Agency and other fees	$ 2,299,362	$ 1,649,380
Pass-through income	42,981	350,968
Rent income	8,500	3,500
Grant revenue - National Grid	-	49,428
Other income	220,058	100,000
Total operating revenues	2,570,901	2,153,276
OPERATING EXPENSES:		
Contractual support services	266,885	209,864
Pass-through expense - Destiny USA Real Estate, LLC	35,201	8,958
General and administrative	90,088	36,261
Industrial development contracts	150,979	4,995
Pass-through expense	42,981	350,968
Depreciation expense	25,522	5,351
Professional fees	41,672	100,795
Other expenses	17,534	5,640
Property related expenses	73,229	163,008
Seminars and meetings	13,284	1,846
Total operating expenses	757,375	887,686
OPERATING INCOME	1,813,526	1,265,590
NON-OPERATING INCOME:		
Interest income	7,412	10,751
INCOME BEFORE CONTRIBUTIONS	1,820,938	1,276,341
CAPITAL CONTRIBUTIONS - building improvements	367,222	-
CHANGE IN NET POSITION	2,188,160	1,276,341
NET POSITION - beginning of the year	5,380,255	4,103,914
NET POSITION - end of year	$ 7,568,415	$ 5,380,255

The accompanying notes are an integral part of these statements.

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Onondaga, New York)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received for agency and other fees	$ 2,534,972	$ 1,033,679
Cash received for grant reimbursement expenses	-	49,428
Cash paid for industrial development contracts	(150,979)	(4,995)
Cash paid for contractual support services	(264,018)	(239,945)
Cash received for rent and other fees	228,558	103,500
Cash payments for professional services	(100,666)	(11,722)
Cash payments for other property expenses	(236,237)	-
Cash payments for general and administrative expenses	(90,088)	(36,511)
Cash payments for pass-through Destiny USA Real Estate, LLC	(35,201)	(8,958)
Cash payments for other operating expenses	(17,534)	(5,640)
Cash received and due to other governments	(264,370)	266,427
Cash paid for seminars and meetings	(13,568)	(1,572)
Net cash flows from operating activities	1,590,869	1,143,691
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	(410,638)	(1,012,694)
Net cash flows from capital and related financing activities	(410,638)	(1,012,694)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net change in notes receivable	50,000	50,000
Net cash flows from investing activities	50,000	50,000
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net cash received for interest on notes outstanding	7,412	10,751
Net cash flows from financing activities	7,412	10,751
CHANGE IN CASH AND CASH EQUIVALENTS	1,237,643	191,748
CASH AND CASH EQUIVALENTS - beginning of year	1,955,089	1,763,341
CASH AND CASH EQUIVALENTS - end of year	$ 3,192,732	$ 1,955,089
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION:		
Cash and cash equivalents	$ 3,191,090	$ 1,919,888
Restricted cash	1,642	35,201
Total cash and cash equivalents	$ 3,192,732	$ 1,955,089

(Continued)

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Onondaga, New York)

STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	$ 1,813,526	$ 1,265,590
Adjustment to reconcile operating income to net cash flow from operating activities:		
Depreciation	25,522	5,351
Changes in:		
Accounts receivable	235,610	(615,701)
Accounts payable	(222,286)	252,105
Due to Onondaga County	2,867	(30,081)
Due to other governments	(264,370)	266,427
Net cash flows from operating activities	$ 1,590,869	$ 1,143,691
NONCASH ACTIVITIES:		
Capital Contributions - building improvements	367,222	-
Total noncash activities	$ 367,222	$ -

The accompanying notes are an integral part of these statements.

1. ORGANIZATION

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus and Basis of Accounting

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

The Agency utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset is used.

Estimates

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

Income Tax Status

The Agency is a governmental corporation, exempt from federal and state income taxes. New York State Public Authorities Law, Title 10, Section 2975-A established a cost recovery of central governmental services to various public authorities. On November 1 of each year, the Director of the Division of Budget determines the assessment amount owed under this section by each industrial development agency in New York State.

Cash and Cash Equivalents

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

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

Management did not believe an allowance for doubtful accounts was necessary at December 31, 2016 and 2015.

Capital Assets

Capital asset purchases are recorded at historical cost or fair market value at the date of acquisition. Depreciation expense is recorded on a straight-line basis over the assets' estimated useful life of 5 to 39 years. The Agency's policy is to capitalize all additions greater than $1,000 with a useful life of more than 5 years.

Operating Revenues and Non-operating Revenues

The Statements of Revenues, Expenses, and Changes in Net Position distinguishes between operating and non-operating revenues. Operating revenues, such as fee and rental income, result from exchange transactions associated with the principal activities of the Agency. Exchange transactions are those in which each party to the transaction receives or gives up essentially equal values. Non-operating revenues arise from exchange transactions not associated with the Agency's principal activities and from all non-exchange transactions.

Other Income

The County and Onondaga County Development Corporation (OCDC) entered into an agreement in 2014, whereas the Agency will be paid 60% of the net sale proceeds of property within Hancock Field for a total amount of $348,387. As of December 31, 2016, the Agency has earned $195,058 from property sales.

Revenue Recognition

Agency and other fee revenue are recognized by the Agency at the date of closing when the related bonds are issued. Interest income is recorded when earned.

Capital Contribution

The Agency received contributions from Onondaga Community College of building improvements during the fiscal year ending December 31, 2016. These amounts are reflected in the statements of revenue, expenses and changes in net position.

Net Position

GASB requires the classification of net position into three components. These classifications are displayed in three components below:

a. Net investment in capital assets - capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position - net position with constraints placed on their use either by (1) external groups such as creditors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position (Continued)

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

It is the Agency's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The Agency follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conform with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Executive Director.

Monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within and authorized to do business in New York State (the State). Collateral is required for deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are those identified in New York State General Municipal Law, Section 10 and outlined in the New York State Comptroller's Financial Management Guide.

Interest Rate Risk
Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Agency has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk
The Agency's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Agency's investments and deposit policy authorizes the Agency to purchase the following types of investments:

- Obligations of the United States of America;
- Obligations where payment of principal and interest are guaranteed by the United States of America;
- Obligations of New York State;
- Special time deposit account; and
- Certificates of deposit.

Custodial Credit Risk
Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Agency's investment and deposit policy, all deposits of the Agency including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIA) shall be secured by a pledge of securities with an aggregate value equal to the aggregate amount of deposits.

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)
The Agency restricts the securities to the following eligible items:

- Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation;
- Obligations partially insured or guaranteed by an agency of the United States of America;
- Obligations issued or fully insured or guaranteed by the State of New York;
- Obligations issued by a municipal corporation, school district or district corporation of New York State;
- Obligations issued by states (other than New York State) of the United States of America rated in one of the two highest rating categories by at least one Nationally Recognized Statistical Rating Organization (NRSRO).

The Agency maintained cash balances of approximately $3,300,000 and $1,950,000 in cash and cash equivalents at December 31, 2016, and 2015, respectively, with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per bank for interest bearing and non-interest bearing accounts. The remaining balance of approximately $3,040,000 and $1,700,000 at December 2016 and 2015, respectively was collateralized by a third party in accordance with New York State General Municipal Law, Section 10 and the Agency's policies.

4. RESTRICTED CASH

In accordance with an agreement between the Agency and Blue Sky Redevelopment Corporation, a wholly owned subsidiary of New York State Urban Development Corporation (Urban Development Corporation), certain payments received from Griffin Environmental Company are restricted for purposes to be agreed on by the Agency and the Urban Development Corporation. The Agency's share of cash restricted under this agreement amounted to $1,642 at December 31, 2016 and 2015.

In accordance with an agreement dated June 2014, between the Agency and Destiny USA Real Estate, LLC (the Company), the Company shall deposit monies in escrow with the Agency to pay costs of investigating and evaluating a project related to the Company's desire to develop a parcel of land for the construction of a hotel. Work on this project began in June 2016. As a result, the Agency's restricted cash balance under this agreement amounted to $33,559 at December 31, 2015. The restricted balance of $33,559, was repaid to the Company upon execution of the PILOT in June 2016.

5. NOTES RECEIVABLE

Notes receivable consisted of the following at December 31:

	2016	2015
Note receivable from Aquarii, Inc. payable in monthly installments of $2,083 plus 4.5% interest per annum through January 2019.	$ 52,083	$ 77,083
Note receivable from Simple Admit, LLC. Payable in monthly installments of $2,083 plus 6.0% interest per annum through August 2018.	41,667	66,667
Total	$ 93,750	$ 143,750

Future maturities as of December 31, 2016:

2017	$ 50,000
2018	41,667
2019	2,083
Total	$ 93,750

6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable:				
Land	$ 2,421,623	$ 195,939	$ -	$ 2,617,562
Subtotal	2,421,623	195,939	-	2,617,562
Depreciable:				
Buildings	862,100	581,922	-	1,444,022
Furniture and Fixtures	2,862	-	-	2,862
Subtotal	864,962	581,922	-	1,446,884
Total capital assets	3,286,585	777,861	-	4,064,446
Accumulated depreciation:				
Buildings	5,351	24,090	-	29,441
Furniture and Fixtures	1,429	1,433	-	2,862
Total	6,780	25,523	-	32,303
Net capital assets	$ 3,279,805	$ 752,338	$ -	$ 4,032,143

6. CAPITAL ASSETS (Continued)

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable:				
Land	$ 2,271,405	$ 150,218	$ -	$ 2,421,623
Subtotal	2,271,405	150,218	-	2,421,623
Depreciable:				
Buildings	-	862,100	-	862,100
Furniture and Fixtures	2,486	376	-	2,862
Subtotal	2,486	862,476	-	864,962
Total capital assets	2,273,891	1,012,694	-	3,286,585
Accumulated depreciation:				
Buildings	-	5,351	-	5,351
Furniture and Fixtures	1,429	-	-	1,429
Total	1,429	5,351	-	6,780
Net capital assets	$ 2,272,462	$ 1,007,342	-	$ 3,279,805

7. AGENCY-INDUCED FINANCINGS

The total amount of industrial development, civic facility and pollution control financing issued through the Agency from inception through December 31, 2016 amounted to approximately $2.58 billion. Of this total, $6.6 million was reissued in the year ended December 31, 2016.

8. DUE TO ONONDAGA COUNTY

The Agency has contracted with the County whereby the Agency will reimburse the County for a portion of the cost of operation of the Onondaga County Office of Economic Development. In exchange for this funding, the staff of the office provides operational and project implementation support services for the Agency. Maximum funds committed by the Agency under this contract were $266,884 and $288,252 for the years ended December 31, 2016 and 2015, respectively. The Agency owed $97,815 and $94,948 to the County at December 31, 2016 and 2015, respectively.

9. PROPERTY LEASES AND BONDS PAYABLE

In accordance with its corporate purpose, the Agency has issued bonds to promote and develop various businesses within the County. The Agency holds legal title to the properties, under which such bonds were issued in order for business to acquire or renovate various facilities. The Agency’s primary function is to arrange financing between borrowing companies and bondholders. For providing this service, the Agency receives administration fees from the borrowing companies. Total bonds outstanding were $145,916,685 and $141,128,115 at December 31, 2016 and 2015, respectively, which represent non-recourse debt of the Agency.

10. PAYMENTS IN LIEU OF TAXES AGREEMENTS (PILOT)

The Agency has entered into PILOT agreements with various companies whereas the company will make annual payments in lieu of taxes to the Agency and the Agency will remit the annual payments to the appropriate tax jurisdictions. The Agency records a liability for any amounts paid by companies to the Agency but not distributed to the tax jurisdictions as of year-end. Total due to other governments was $2,057 and $266,427 at December 31, 2016 and 2015, respectively.

11. OPERATING LEASE

On February 1, 2016, the Agency entered into a lease agreement with Onondaga Community College (OCC) which allowed OCC to lease building space for educational purposes. In lieu of a monthly rental fee, OCC agreed to perform improvements to the space that became the property of the Agency upon installation and will not revert back to OCC upon lease termination on January 31, 2021. The initial terms of the lease agreement were amended and the new terms commenced on July 1, 2016. The lease agreement now provides for guaranteed rent of $9,000 per year through the new lease termination on January 31, 2026.

12. BOARD DESIGNATIONS

Included in unrestricted net position are amounts designated by the Agency for future payment of contractual and budget obligations. Listed below are the current contracts and budget obligations with a designated balance remaining at December 31, 2016 and 2015, respectively.

December 31, 2016	Total Contract	Portion Used	Designated Unrestricted Net Position
Marketing	$ 30,650	$ 11,333	$ 19,317
Professional Services	33,688	-	33,688
435/437 North Salina Acq.	380,000	368,229	11,771
800 Hiawatha Blvd. W. Brownfield	243,726	180,126	63,600
800 Hiawatha Blvd. ASR Removal	200,000	-	200,000
B&L Brownfield Characterization	15,000	14,775	225
Blue Rock Energy EPP	8,000	-	8,000
WPCP Sewer Design Engineering	268,628	148,523	120,105
	$ 1,179,692	$ 722,986	$ 456,706

12. BOARD DESIGNATIONS (Continued)

December 31, 2015	Total Contract	Portion Used	Designated Unrestricted Net Position
Onondaga County OED	$ 288,252	$ 209,864	$ 78,388
Marketing	23,333	16,014	7,319
Professional Services	84,000	50,312	33,688
435/437 North Salina Acq.	200,000	111,625	88,375
800 Hiawatha Blvd. West Acq.	100,000	110,386	(10,386)
B&L Brownfield Characterization	15,000	14,445	555
	$ 710,585	$ 512,646	$ 197,939

13. CONCENTRATION OF CREDIT RISK

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

14. NEW AND UPCOMING PRONOUNCEMENTS

New Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application.* This standard addresses accounting and financial reporting issues related to fair value measurements and provide guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Agency adopted the provisions of Statement No. 72 for the year ending December 31, 2016 with no material effect on the financial statements.

In June 2015, the GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provision of GASB Statement 67 and 68. The objective of this Statement is to improve the usefulness of information about pensions included in the general purposes external financial reports of statement local governments for making decision and assessing accountability. The Agency is required to adopt portions of the provisions of Statement No. 73 for the years ending December 31, 2016 and 2017, pending applicability. The Agency considered the provisions related to GASB Statement No. 73 as of December 31, 2016, and concluded there is no material effect on the financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP) and reduce the GAAP hierarchy to two categories of authoritative GAAP and address the use of authoritative and nonauthoritative literature. The Agency adopted the provisions of Statement No. 76 for the year ending December 31, 2016 with no material effect on the financial statements.

14. NEW AND UPCOMING PRONOUNCEMENTS (Continued)

New Pronouncements (Continued)

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this Statement is to assist financial statement users in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The Agency adopted the provisions of Statement No. 77 for the year ending December 31, 2016 with no material effect on the financial statements.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided Through Certain Multi-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68 and pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The Agency adopted the provisions of Statement No. 78 for the year ending December 31, 2016 with no material effect on the financial statements.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants.* The objective of this Statement is to establish criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; (3) calculations and requirements of a shadow price. The Agency is required to adopt the provisions of Statement No. 79 for the year ending December 31, 2016 and 2017, pending applicability. The Agency considered the provisions related to GASB Statement No. 79 as of December 31, 2016, and concluded there is no material effect on the financial statements.

Upcoming Pronouncements

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pension (other postemployment benefits or OPEB) included in the general purposes external financial reports of statement local governmental OPEB plans for making decisions and assessing accountability. The Agency is required to adopt the provisions of Statement No. 74 for the year ending December 31, 2017.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pension (other postemployment benefits or OPEB). The Agency is required to adopt the provisions of Statement No. 75 for the year ending December 31, 2018.

In January 2016, the GASB issues Statement No. 80, *Blending Requirements for Certain Component Units; an Amendment of GASB Statement No. 14.* The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirement established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity,* as amended. The Agency is required to adopt the provisions of Statement No. 80 for the year ending December 31, 2017.

14. NEW AND UPCOMING PRONOUNCEMENTS (Continued)

New Pronouncements (Continued)

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements.* The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Agency is required to adopt the provisions of Statement No. 81 for the year ending December 31, 2017.

In March 2016, the GASB issued Statement No. 82, *Pension Issues; an amendment of GASB Statements No. 67, No. 68, and No. 73.* The objective of this Statement is to address certain issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Agency is required to adopt the provisions of Statement No. 82 for the year ended December 31, 2017 or 2018, pending the measurement date of the employer's pension liability.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. This Statement also requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. The Agency is required to adopt this Statement for the year ended December 31, 2019.

The Agency has not yet assessed the impact of these pronouncements on its future financial statements.

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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*

March 22, 2017

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Onondaga County Industrial Development Agency (the Agency), a discretely presented component unit of the County of Onondaga, New York (the County), as of and for the year ended December 31, 2016, and the related notes to the financial statements, and have issued our report thereon dated March 22, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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(Continued)

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

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

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

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

March 22, 2017

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Onondaga County Industrial Development Agency (the Agency) a discretely presented component unit of the County of Onondaga, New York (the County), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 22, 2017.

In connection with our audit, nothing came to our attention that caused us to believe that the Agency failed to comply with the Agency's Investment Guidelines, The New York State (NYS) Comptroller's Investment Guidelines and Section 2925 of the NYS Public Authorities Law (collectively, the Investment Guidelines), which is the responsibility of the Agency's management, insofar as they relate to the financial accounting knowledge of noncompliance with such Investment Guidelines. However, our audit was not directed primarily towards obtaining knowledge of noncompliance with such Investment Guidelines. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Agency's noncompliance with the Investment Guidelines.

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

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March 22, 2017

To the Members of the Audit Committee
Onondaga County Industrial Development Agency
333 W. Washington Suite 130
Syracuse, NY 13202:

We have audited the financial statements of Onondaga County Industrial Development Agency (the Agency), a discretely presented component unit of the County of Onondaga, New York (the County), as of and for the year ended December 31, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated December 30, 2016. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT AUDIT FINDINGS

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 2 to the financial statements. As described in Note 14, the Agency changed accounting policies related to financial reporting guidance and reporting format by adopting the following Statements of the Governmental Accounting Standards Board during 2016:

- GASB Statement No. 72 – *Fair Value Measurement and Application*. Adoption of this guidance did not have a significant effect on the Agency's financial statements.

- GASB Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provision of GASB Statement 67 and 68. Adoption of this guidance did not have a significant effect on the Agency's financial statements.

- GASB Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Adoption of this guidance did not have a significant effect on the Agency's financial statements.

We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

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The most sensitive estimates affecting the Agency's financial statements were:

Management's estimate of what is designated for contracts is based on the total contract amount less the portion used through year end. We evaluated the key factors and assumptions used to develop the estimate in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of depreciation expense is based upon an estimate of the useful lives of the related assets. We evaluated the key factors and assumptions used to develop the calculation in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements
Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such immaterial misstatements. Those corrected misstatements have been attached in the *Schedule of Immaterial Adjustments.* In addition, a schedule title *Schedule of Reclassification Entries* has been attached.

Disagreements with Management
For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated March 22, 2017.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters
We applied certain limited procedures to management's, discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use
This information is intended solely for the use of the Board of Directors and management of Onondaga County Industrial Development Agency and is not intended to be, and should not be used by anyone other than these specified parties.

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Onondaga County Industrial Development Agency
Schedule of Immaterial Adjustments
December 31, 2016

The following immaterial adjustments have been recorded by management as of December 31, 2016.

To adjust cash and net position:		
Cash and cash equivalents	$35,201	
Pass-through expense - Destiny USA Real Estate, LLC	$35,201	
Restricted cash		$35,201
Net position - unrestricted		$35,201
To increase depreciation expense for capital asset acquisitions during the year:		
Depreciation expense	$24,825	
Accumulated depreciation		$24,825
To decrease capital assets for items expensed during the year:		
Expense	$22,056	
Capital assets		$22,056

Onondaga County Industrial Development Agency
Schedule of Reclassification Entries
December 31, 2016

The following reclassifying journal entries have been recorded as of December 31, 2016:

To reclassify net position to actual:		
Reserve for contracts	$406,341	
Net position - unrestricted		$406,341
To reclassify land from buildings:		
Land	$43,424	
Buildings		$43,424
To separate the depreciable building from the land and land improvements:		
Buildings	$774,900	
Land		$774,900
To reclassify net position for portion that is net investment in capital assets:		
Net position - unrestricted	$1,686,304	
Net position - net investment in capital assets		$1,686,304