



**MEETING AGENDA**  
**OCDC Audit Committee**  
**8:30 a.m. Office of Economic Development Conference Room**  
**March 6, 2014**

**8:30 am Call to Order**

- A. Approval of November 19, 2013 meeting minutes**

**Action Items**

**1. Review and Discuss 2013 Fiscal Year Audit**

Representative: Mike Lisson, Grossman St. Amour CPAs, OCDC Auditor

**Committee Action Requested:** A resolution of the Committee recommending Board approval of the 2012 Audit of the Corporation.

ADJOURN

**ONONDAGA CIVIC DEVELOPMENT CORPORATION**  
**Audit Committee Meeting Minutes**  
**November 19, 2013**

The Audit Committee meeting of the Onondaga Civic Development Corporation was held on Tuesday, November 19, 2013 at 333 West Washington Street, Syracuse, New York, 13202, in the large conference room on the first floor.

Matt McAnaney called the meeting to order at 8:10 am with the following:

**PRESENT:**

Matt McAnaney  
Scott Koldin  
Thomas Bezigian

**ALSO PRESENT:**

Mary Beth Primo, President/CEO  
Honora Spillane, Secretary  
Kristi Smiley, Treasurer  
Karen Doster, Office of Economic Development  
Chris Andreucci, Harris Beach  
Mike Lisson, Grossman St. Amour  
Kerri Shanahan, Grossman St. Amour  
Greg Lancette, CRT

**APPROVAL OF AUDIT COMMITTEE MEETING MINUTES – MARCH 14, 2013**

Upon a motion by Scott Koldin, seconded by Thomas Bezigian, OCDC Audit Committee approved the Audit Committee meeting minutes of March 14, 2013. Motion was carried unanimously.

**DISCUSS PRE-AUDIT PROCEDURES**

Mike Lisson stated that he is the partner on the engagement and Kerri Shanahan is a supervisor. He stated that he and Ms. Shanahan work on the engagement.

Mike Lisson stated that they do some up front work this time of the year which is required by the Auditing Standards and then they come back out to do the year end work which is in the

February timeframe. He stated that the financials are due by March 31. He stated that they have to do certain planning procedures on an annual basis and that is where they update their assessment of risk. He stated that they have received the trial balance from Chris Cox. He stated that there are not a lot of changes for the risk for OCDC.

Mike Lisson stated that the other normal operations of OCDC are pretty standard. He stated that the yearend field work primarily will be in the February timeframe where they will go through and test the details. He stated that when they start the planning and interim work in November /December they only spend about a day or so on doing some updates of controls, key controls or cash reconciliations. He stated that they look at the process that staff does and most it is around the controls on cash and expenses which are the driver of the business. He stated that the year end is wrapped up in early March and he doesn't see any issues with timing for this year. He stated that historically they have found no findings. He stated it is a very clean audit from the past years and would expect the same thing. He stated that the experience with management has been that they are very forthright, give them everything they need and packaged for them.

Mike Lisson stated that Auditors have a requirement to express an opinion of the financial statements. He stated that they are not the auditor's financial statements and the Audit Committee is required to have oversight over the financial statements. He stated that they are OCDC's financial statements. He stated that one unique thing about OCDC is that they follow what they call GAAGAS which is Generally Accepted Auditing Governmental Auditing Standards because OCDC is deemed a governmental agency and because the Corporation follows the requirements of the IDA type rules. He stated that OCDC has to follow the PAAA and governmental auditing standards. He stated that what is different with those standards versus the standard for profit or not for profit entities is there is a little more work to do on compliance, laws and regulations. He stated that the auditors do certain tests and procedures over compliance, communicate significant matters and internal control work but not an actual opinion. He stated that the auditor is required to assess OCDC's internal controls and leverage those but they do not give an actual assessment of those.

Mike Lisson stated that the biggest things talked about is establishing and maintaining internal controls. He stated that historically they have had good or great responsiveness on internal controls and testing those controls and he would expect that to continue this year. He stated that OCDC now needs to have the skills, knowledge and experience to take ownership of those statements. He stated that Grossman St. Amour preparing the financial statements is a non-audit service. He stated that it is a new standard but they believe that management has the Skills, Knowledge and Experience to take ownership of that including the oversight of the Board and Audit Committee.

Mike Lisson stated that one of the things they are required to do is a risk assessment over the overall engagement. He stated that is done on an annual basis and they walk through every single thing that could touch the financial statements and determine the risks. He stated that the audit is based on materiality. He stated that typically they start with a revenue base but depending on the nature and what was going on the past year may be expenditure based. He stated that they also use quantitative benchmarks.

Kerri Shanahan stated that with the test of controls they test expenses and receipts to make sure that OCDC is following processes.

Mike Lisson stated that they don't confirm cash unless a new bank account is open. He stated that they actively look at the Board minutes. He stated that it is not a requirement by the auditing standards to confirm cash.

Mike Lisson stated that they do test cash reconciliations and expenses and that is their primary substantive audit approach but they do rely on some internal controls so they don't have to test every transaction. He stated that OCDC does not have a lot of transactions so from a samplings standpoint it is not a huge population for them. He stated that historically they look at transactions because it is easier.

Mike Lisson stated that the statement of financial position gives a quick snapshot of the balance sheet as of October 31. He stated that it is unaudited versus last years.

Mike Lisson stated that historically they look at a revenue basis but there wasn't a lot of project fees this year as of right now so they are basing the material more on an expenditure basis.

Matt McAnaney stated that the project fees are down. Mike Lisson stated that it is a nature of the projects. He stated that you get a percentage of the projects as OCDC closes on the financing and that is the primary source of the revenue source. Chris Andreucci stated that there were a fair amount of projects that were moved to next year.

Chris Andreucci asked if Grossman St. Amour prepares the financial statements and audits them. Mike Lisson stated yes they do.

Chris Andreucci asked if that is the plan for this year and can they do both. Mike Lisson stated yes and they can. He stated that under AICPA standards it is less stringent. He stated that governmental standards make them assess the safeguarding and how management takes ownership of the financials. He stated that management needs to take ownership and responsibility for them and as long as management has done that with representation letter when it is time he is comfortable with that. He stated that it is sufficient evidence to say that OCDC can take ownership of the financials even though Grossman St. Amour prepared them.

Mike Lisson stated that it is typical for governmental agencies to have the auditor prepare the financial statements. He stated that they need to document it more now.

#### SELF EVALUATION OF THE COMMITTEE

Upon a motion by Scott Koldin, seconded by Thomas Bezigian, the OCDC Audit Committee approved a resolution to transmit the summary evaluation without comment to the Governance Committee for review and recommendation to the Board. Motion was carried unanimously.

## REVIEW COMMITTEE CHARTER

Mary Beth Primo stated that staff has no recommendations and there are no changes from last year.

Scott Koldin asked if it is the same as last year. Mary Beth Primo agreed.

Upon a motion by Scott Koldin, seconded by Thomas Bezigian, the OCDC Audit Committee approved a resolution to transmit the Committee Charter without comment to the Governance Committee for review and recommendation to the Board. Motion was carried unanimously.

## REVIEW COMMITTEE ANNUAL REPORT

Mary Beth Primo stated that there were no issues found on the annual self-evaluations and the charter review was satisfactory.

Upon a motion by Scott Koldin, seconded by Thomas Bezigian, the OCDC Audit Committee approved a resolution to transmit the Annual Report to the Governance Committee for review and recommendation to the Board. Motion was carried unanimously.

Upon a motion by Matt McAnaney, seconded by Scott Koldin, the OCDC Audit Committee adjourned the meeting at 8:27 am. Motion was carried unanimously.

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Honora Spillane, Secretary



grossman st. amour

CERTIFIED PUBLIC ACCOUNTANTS PLLC

Formerly Green & Seifter CPAs



# Onondaga Civic Development Corporation

Audit Completion Meeting

March 6, 2014

Michael Lisson, CPA, Partner



# AGENDA

- REQUIRED COMMUNICATIONS
- ANNUAL FINANCIAL INFORMATION
  - FINANCIAL STATEMENTS
  - INVESTMENT POLICY COMPLIANCE
  - REPORT ON INTERNAL CONTROL & OTHER COMPLIANCE
- OTHER INFORMATION





# Required Communications

- Required by Generally Accepted Governmental Auditing Standards (GAGAS)
- AU-C Section 260, The Auditor's Communication with Those Charged with Governance
- Those Charged with Governance
  - Responsible for overseeing strategic direction of entity
  - Responsible for obligations related to accountability
  - Oversees the financial reporting process, including internal controls



# Required Communications (continued)

- Qualitative aspects of accounting practices
  - Note 1 to financials describes significant accounting practices
  - Notes are fairly consistent with prior year and are fairly presented. Only significant changes from prior year were:
    - [Adoption of GASB 69](#) (see note 6, pg 16 of financials)
    - [Mortgage note receivable recorded](#) (see note 4, pg 14 of financials)
- Difficulties encountered in performing the audit
  - None. Management is well prepared and was extremely helpful in assisting and preparing information for the audit
- Corrected and uncorrected misstatements
  - [A few minor entries related to depreciation expense](#)



# Required Communications (continued)

- Disagreements with management
  - None to report
- Management Representations
  - Letter dated March 6, 2014
- Management Consultations with Other Independent Accountants
  - No consultations have been noted
- Compliance with All Ethics Requirements regarding independence
  - Appropriate safeguards applied to eliminate/reduce identified threats to independence, primarily related to non-audit services provided, which include the preparation of the financial statements, preparation of IRS Form 990 / NYS Form CHAR500
- Planned Scope and Timing
  - No significant changes to scope or timing previously discussed with you on November 19, 2013
- Other Audit Findings or Issues
  - None to report



# Annual Financial Information

- Financial Statements
  - Unmodified (“clean”) audit opinion (pg 1-2)
  - Management’s Discussion and Analysis (pg 3-6)
  - Statements of Net Position (pg 7)
  - Statements of Activities & Changes in Net Position (pg 8)
  - Statements of Cash Flows (pg 9)
  - Notes to financial statements (10-16)



# Annual Financial Information (continued)

- Investment Policy Compliance
  - Required by NYS Public Authorities Law section 2925
  - No non-compliance matters noted or identified
- Report on Internal Control over Financial Reporting and on Compliance and Other Matters
  - No material weaknesses or non-compliance matters noted
- Other Regulatory filings
  - IRS Form 990 (return of organization exempt from income tax)
  - NYS CHAR 500 (annual filing for charitable organizations)



# Other Information

- New accounting standards
  - GASB No. 68 *Accounting & Financial Reporting for Pensions* (effective for fiscal years beginning after 6/15/14, therefore fiscal 2015 for OCDC)
  - GASB No. 69 *Government Combinations and Disposals of Government Operations* (effective for reporting periods after 12/15/13, therefore fiscal 2014 for OCDC)
  - GASB No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees* (effective for periods after 6/15/13, therefore fiscal 2014 for OCDC)



**Onondaga Civic Development Corporation**

**Financial Statements**

**December 31, 2013 and 2012**

**Onondaga Civic Development Corporation**  
**Table of Contents**  
**December 31, 2013 and 2012**

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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 as of and for the years ended December 31, 2013 and 2012, 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, 2013 and 2012, 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 3 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2014 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 6, 2014

**Onondaga Civic Development Corporation**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2013 and 2012 (unaudited)**

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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, 2013 and 2012. 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 2013, the Corporation received three new applications and received project fees from one project totaling \$73,200. OCDC had one new application and received project fees from two projects totaling \$1,497,025 in 2012.
- The Corporation assisted with one project during 2012, whereby a total amount of \$7,320,000 of debt was issued on behalf of such projects whereby the Corporation received a 1% fee of such bond amounts. This debt is 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 Corporations net position decreased by \$633,547 and increased \$1,064,822 in 2013 and 2012, respectively, primarily due to the amount of project fees that the Corporation collected in 2013 compared to 2012. The Corporation had four active service contracts in 2013 and made payments on these contracts totaling \$398,875 compared to five active service contracts in 2012 whereby total payments were \$145,815.

**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.

**Onondaga Civic Development Corporation  
Management's Discussion and Analysis  
For the Years Ended December 31, 2013 and 2012 (unaudited)**

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**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

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 7 through 12 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 \$1,644,438 and \$2,277,985 as of December 31, 2013 and 2012, respectively. This net position balance primarily represents cash and cash equivalents of \$1,757,769 which may be used by the Corporation for future economic development needs as more fully described in the Corporation's mission statement.

**Onondaga Civic Development Corporation**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2013 and 2012 (unaudited)**

The Corporation's only fund is treated as a proprietary (business-type) fund. The following are summarized versions of the government-wide financial statements for 2013 and 2012:

	<b>2013</b>	2012
Cash and cash equivalents	\$ 1,757,769	\$ 2,241,297
Accounts receivable and prepaid rent	24,662	10,731
Mortgage note receivable	4,818,333	-
Loan receivable	85,000	100,000
Capital assets, net	32,752	39,157
<b>Total assets</b>	<b>\$ 6,718,516</b>	<b>\$ 2,391,185</b>
Due to Onondaga County Office of Economic Development	\$ 52,146	\$ 56,873
Due to Onondaga County - mortgage note	4,900,000	-
Accounts payable	17,732	2,127
Deposit payable	50,000	-
Loan loss reserve	54,200	54,200
<b>Total liabilities</b>	<b>\$ 5,074,078</b>	<b>\$ 113,200</b>
Net position	<b>\$ 1,644,438</b>	<b>\$ 2,277,985</b>

**Change in Net Position**

	<b>2013</b>	2012
<b>Revenue and other support:</b>		
Project fees	\$ 73,200	\$ 1,497,025
Application fees	1,500	500
Interest income	6,691	3,470
<b>Total revenue and other support</b>	<b>81,391</b>	<b>1,500,995</b>
<b>Expenses:</b>		
Service contracts	\$ 398,875	\$ 145,815
Onondaga County Office of Economic Development	150,156	139,024
Rent, parking, utilities	115,491	118,470
Professional services	11,692	13,192
Marketing	25,311	6,342
Insurance	3,907	3,694
Depreciation	7,350	7,096
Travel, meetings and conferences	1,299	1,669
Office expenses	764	831
Miscellaneous	93	40
<b>Total expenses</b>	<b>714,938</b>	<b>436,173</b>
<b>Change in net position</b>	<b>(633,547)</b>	<b>1,064,822</b>
Net position at beginning of year	2,277,985	1,213,163
<b>Net position at end of year</b>	<b>\$ 1,644,438</b>	<b>\$ 2,277,985</b>

**Onondaga Civic Development Corporation  
Management's Discussion and Analysis  
For the Years Ended December 31, 2013 and 2012 (unaudited)**

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**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**

<b>ASSETS</b>		
	<u>2013</u>	<u>2012</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,757,769	\$ 2,241,297
Accounts receivable	14,851	808
Mortgage note receivable	898,333	-
Prepaid rent	9,811	9,923
<b>Total current assets</b>	<u>2,680,764</u>	<u>2,252,028</u>
<b>Mortgage note receivable</b>	<b>3,920,000</b>	-
<b>Loan receivable</b>	<b>85,000</b>	100,000
<b>Capital assets, net</b>	<u>32,752</u>	<u>39,157</u>
<b>Total assets</b>	<u>\$ 6,718,516</u>	<u>\$ 2,391,185</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current liabilities:</b>		
Due to Onondaga Office of Economic Development	\$ 52,146	\$ 56,873
Due to Onondaga County - mortgage note	980,000	-
Accounts payable	17,732	2,127
	<u>1,049,878</u>	<u>59,000</u>
Due to Onondaga County - mortgage note	3,920,000	-
Deposit payable	50,000	-
Loan loss reserve	54,200	54,200
<b>Total liabilities</b>	<u>5,074,078</u>	<u>113,200</u>
<b>Net position</b>		
Net investment in capital assets	32,752	39,157
Restricted for loan loss	54,200	54,200
Unrestricted	1,557,486	2,184,628
<b>Total net position</b>	<u>1,644,438</u>	<u>2,277,985</u>
	<u>\$ 6,718,516</u>	<u>\$ 2,391,185</u>

The accompanying notes are an integral part of the financial statements

**Onondaga Civic Development Corporation**

**Statements of Activities and Changes in Net Position**

	<b>Years ended December 31,</b>	
	<b>2013</b>	<b>2012</b>
<b>Revenue and other support:</b>		
Project fees	\$ 73,200	\$ 1,497,025
Application fees	1,500	500
Interest income	6,691	3,470
Total revenue and other support	<u>81,391</u>	<u>1,500,995</u>
 <b>Expenses:</b>		
Service contracts	398,875	145,815
Onondaga County Office of Economic Development	150,156	139,024
Rent, parking, utilities	115,491	118,470
Professional services	11,692	13,192
Marketing	25,311	6,342
Insurance	3,907	3,694
Depreciation	7,350	7,096
Travel, meetings and conferences	1,299	1,669
Office expenses	764	831
Miscellaneous	93	40
Total expenses	<u>714,938</u>	<u>436,173</u>
 <b>Change in net position</b>	 (633,547)	 1,064,822
 Net position at beginning of year	 <u>2,277,985</u>	 <u>1,213,163</u>
 <b>Net position at end of year</b>	 <u>\$ 1,644,438</u>	 <u>\$ 2,277,985</u>

The accompanying notes are an integral part of the financial statements



**Onondaga Civic Development Corporation**

**Statements of Cash Flows – Proprietary fund**

	<u>Years ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Inflows -		
Project fees	\$ 73,200	\$ 1,497,025
Application fees	1,500	500
Interest received	6,691	3,470
Outflows -		
Service contracts	(398,875)	(145,815)
Onondaga County Office of Economic Development	(98,010)	(101,322)
Rent, parking, utilities	(115,491)	(118,915)
Professional services	(11,439)	(13,192)
Other services	(5,159)	(15,886)
Net cash provided by operating activities*	<u>(547,583)</u>	<u>1,105,865</u>
Cash flows from capital activities:		
Outflows -		
Acquisition of capital assets	(945)	(1,657)
Net cash used in capital activities	<u>(945)</u>	<u>(1,657)</u>
Cash flows from financing activities:		
Inflows -		
Proceeds from Micro loan loss	-	54,200
Deposit received	50,000	-
Payments received for Light 4 Life loan	15,000	-
Outflows -		
Payment for Light 4 Life loan	-	(100,000)
Net cash provided by financing activities	<u>65,000</u>	<u>(45,800)</u>
Net increase in cash and cash equivalents	(483,528)	1,058,408
Cash - Beginning of year	<u>2,241,297</u>	<u>1,182,889</u>
Cash - end of year	<u>\$ 1,757,769</u>	<u>\$ 2,241,297</u>
<b>*Reconciliation of change in net position to net cash provided by operating activities:</b>		
Change in net position:	\$ (633,547)	\$ 1,064,822
Depreciation	7,350	\$ 7,096
Changes in operating assets and liabilities:		
Accounts receivable	(14,043)	(398)
Prepaid rent	112	(445)
Due to Onondaga Economic Development	(4,727)	37,702
Due to Onondaga County	980,000	
Accounts payable	15,605	(2,912)
Net cash provided by operating activities	<u>\$ 350,750</u>	<u>\$ 1,105,865</u>

The accompanying notes are an integral part of the financial statements

# Onondaga Civic Development Corporation

## Notes to Financial Statements

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### 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.

#### **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.

# Onondaga Civic Development Corporation

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies (continued)

#### **Annual Budgets**

OCDL 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/Economic-Development-Services-Civic-Development-Corporation.aspx>.

#### **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 \$1,120,067 and \$1,934,785 held in two separate banks in excess of the FDIC insured amounts as of December 31, 2013 and 2012, 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, 2013 and 2012.

# Onondaga Civic Development Corporation

## Notes to Financial Statements

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### 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 a loan receivable from a third party with the original principal balance of \$100,000. The balance of this loan is \$85,000 as of December 31, 2013. The loan is payable over 5 years. Principal and interest are due monthly over the course of the loan. The loan bears interest of 4.5% and is collateralized with machinery and equipment from the third party.

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 upon 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

#### 2. Capital assets

Capital asset balances and activity for the year ended December 31, 2013 were as follows:

Governmental activities:	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets that are depreciated:				
Furniture and equipment	\$ 49,683	\$ 945	\$ -	\$ 50,628
Total depreciable historical cost	49,683	945	-	50,628
Less accumulated depreciation:				
Furniture and equipment	(10,526)	(7,350)	-	(17,876)
Total accumulated depreciation	(10,526)	(7,350)	-	(17,876)
Total historical cost, net	<u>\$ 39,157</u>	<u>\$ (6,405)</u>	<u>\$ -</u>	<u>\$ 32,752</u>

Depreciation of \$7,350 and \$7,096 was expensed in 2012 and 2011, 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, 2013 and 2012, 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, 2013, the Corporation's investments of \$956,820 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**

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**4. Mortgage Note Receivable**

The Corporation has a mortgage note receivable related to the sale of the Van Duyn Home and Hospital (the "facility") totaling \$4,900,000. The mortgage note requires monthly payments of principal and interest of \$81,667 due the 1<sup>st</sup> of each month beginning January 1, 2014 for a term of 60 months. The monthly payments of \$81,667 are required to be remitted to Onondaga County based on an agreement with Onondaga County. The collection and subsequent remittance of the payments to Onondaga County are not recorded in the statement of activities and changes in net position since the Corporation is required to remit the collection and subsequent payments to Onondaga County which is viewed by the Corporation as an agent transaction. As of December 31, 2013 the Corporation had received the first payment of \$81,667 but due to timing did not remit such payment to Onondaga County until early January 2014.

The amount due on the mortgage note receivable is as follows:

Year Ended	<u>Total</u>
2014	\$ 898,333
2015	980,000
2016	980,000
2017	980,000
2018	<u>980,000</u>
	<u><u>\$4,818,333</u></u>

**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, 2013 and 2012, the Corporation has issued bonds with an aggregate principal amount outstanding of \$316,508,820 and \$309,188,820, respectively.

## Onondaga Civic Development Corporation

### Notes to Financial Statements

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#### 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 \$150,156 and \$139,024 in 2013 and 2012, 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.

#### 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 \$115,000 and \$118,000 as of December 31, 2013 and 2012, respectively.

Total future minimum lease commitments are as follows:

Year ending December 31,	Amount
2014	120,048
2015	120,048
2016	120,048
2017	120,048
2018	102,048
Thereafter	<u>336,120</u>
Total	<u>\$ 918,360</u>

The Corporation has a one-time option to terminate the lease as of the end of the 5<sup>th</sup> through 9<sup>th</sup> 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.

## Onondaga Civic Development Corporation

### Notes to Financial Statements

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#### 6. Facility Acquisition and Disposal

The Corporation acquired the facility of the Van Duyn Home and Hospital (the "facility") from Onondaga County (a related party) in January 2013. The Corporation was obligated under the facility acquisition agreement to sell the facility to a third party (not affiliated with either the County or the Corporation) for a total sales price of \$4,950,000. The Corporation is obligated to collect the sales price of \$4,950,000 and remit such payment or payments to Onondaga County.

The facility was disposed of through a sale to a third party for a total sales price of \$4,950,000, effective December 1, 2013. The facility sale agreement required the buyer to deposit an amount of \$50,000 which represents an escrow to be held by the Corporation with the remaining purchase price of \$4,900,000 subject to a mortgage note. The mortgage note requires 60 monthly payments of \$81,667. As required by the facility acquisition agreement, the mortgage note payments are remitted to Onondaga County on a monthly basis. This payable is shown as "Due to Onondaga County-mortgage note" on the statements of net position.

#### 7. Subsequent Events

In preparing financial statements, management of the Corporation has evaluated events and transactions for potential recognition or disclosure through March 6, 2014, the date the financial statements were available to be issued.



## 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, 2013. 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, 2013.

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 6, 2014

**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 as of and for the year ended December 31, 2013, 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 6, 2014.

***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 6, 2014