

**CITY OF SYRACUSE
INDUSTRIAL DEVELOPMENT AGENCY**

(A component unit of the City of Syracuse, New York)

FINANCIAL STATEMENTS

December 31, 2020 and 2019

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
City of Syracuse Industrial Development Agency

Report on the Financial Statements

We have audited the accompanying basic financial statements of City of Syracuse Industrial Development Agency, a component unit of the City of Syracuse, New York as of December 31, 2020 and 2019, and for the years then ended, and the related notes to the financial statements, which collectively comprise the City of Syracuse Industrial Development Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Syracuse Industrial Development Agency as of December 31, 2020 and 2019 and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles general 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 evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for purpose of forming an opinion on the financial statements that collectively comprise the City of Syracuse Industrial Development Agency's basic financial statements. The supplemental schedule of revenue bonds and other bonds (conduit debt) is presented to supplement the basic financial statements.

The supplemental schedule of revenue bonds and other bonds (conduit debt) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule of revenue bonds and other bonds (conduit debt) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated March 23, 2021 on our consideration of the City of Syracuse Industrial Development Agency's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Syracuse Industrial Development Agency's internal control over financial reporting and compliance.

Grossman St Amant CPAs

Syracuse, New York
March 23, 2021

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis (unaudited) For the Year Ended December 31, 2020

As management of the City of Syracuse Industrial Development Agency ("SIDA"), we offer readers of this Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Syracuse Industrial Development Agency exceeded its liabilities at the close of its most recent fiscal year by \$3,392,562 (net position). This amount may be used to meet the Agency's ongoing obligations to constituents and creditors in accordance with the Agency's fund designation and fiscal policies.
- The Agency's total net position increased by \$367,648 for the 2020 fiscal year.
- During 2020 the Agency received \$1,103,697 for its role in various development projects. The top project fees received were \$402,650 from the Syracuse City School District related to bonds issued totaling \$80,530,000 in relation to the District's phase II multi-phase comprehensive redevelopment program for the reconstruction of existing public schools for the District. In addition, fees of \$260,270 were received from JMA Tech properties related to its \$15,815,000 project related to the former Coyne facility located in the City of Syracuse.
- The Agency continued reducing its HUD-108 guaranteed bonds payable balance during 2019 by making \$16,000 in principal payments. SIDA reduced its outstanding principal on these loans from \$32,000 in 2019 to \$16,000 in 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of two components: 1) agency-wide financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis (unaudited) For the Year Ended December 31, 2020

Agency-wide financial statements – The agency-wide financial statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the Agency'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 Agency is improving or deteriorating.

The Statement of Activities presents information showing how the Agency'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 (e.g., accrued interest).

Both of the agency-wide financial statements report only business-type (proprietary) activities, since none of the Agency's activities are considered to be governmental activities supported primarily by taxes.

The agency-wide financial statements can be found on pages 9 through 11 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the agency-wide and fund financial statements. The notes to the financial statements can be found on pages 12 through 20 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also includes certain supplemental information, which includes information concerning revenue bonds and other bonds (conduit debt). This supplementary information can be found on page 21 of this report.

AGENCY-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Agency's financial position. In the case of the City of Syracuse Industrial Development Agency, assets exceeded liabilities by \$3,392,562 as of December 31, 2020.

Cash and cash equivalents constitute the largest portion of the Agency's net position. This net position is available for future repayment of outstanding loans and for future economic development projects. All of the Agency's funds are treated as proprietary (business-type) funds.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

**Management's Discussion and Analysis (unaudited)
For the Year Ended December 31, 2020**

The following are summarized versions of the agency-wide financial statements:

Statements of Net Position			
	2020	2019	2018
Cash and cash equivalents	\$ 3,809,658	\$ 3,174,840	\$ 3,473,989
Receivables	-	2,961	204,927
Other assets	578,223	663,403	1,030,220
Total assets	<u>\$ 4,387,881</u>	<u>\$ 3,841,204</u>	<u>\$ 4,709,136</u>
Bonds payable	\$ 16,000	\$ 32,000	\$ 197,000
All other liabilities	979,319	784,290	832,184
Total liabilities	<u>995,319</u>	<u>816,290</u>	<u>1,029,184</u>
Net position	<u>3,392,562</u>	3,024,914	3,679,952
Total liabilities and net position	<u>\$ 4,387,881</u>	<u>\$ 3,841,204</u>	<u>\$ 4,709,136</u>

ASSETS

Major year over year changes with regard to the net increase in cash is due to a payment of \$884,708 from a legal settlement. Cash provided by operations was \$650,818 compared to cash used by operations of \$220,162 in the previous year.

BONDS PAYABLE

The Agency has HUD Section 108 guaranteed bonds payable as of December 31, 2020 of \$16,000. During 2019, the Agency made principal payments of \$16,000. The resources needed to repay these loans will come from operating funds of the Agency.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

**Management's Discussion and Analysis (unaudited)
For the Year Ended December 31, 2020**

Statements of Revenues, Expenses and Changes in Net Position

	2020	2019	2018
Financing fees	\$ 1,103,697	\$ 1,012,738	\$ 5,576,342
All other income	896,044	25,132	519,864
Total income	<u>1,999,741</u>	<u>1,037,870</u>	<u>6,096,206</u>
Destiny USA fee to City of Syracuse/Onondaga County	-	-	3,800,000
Interest expense	1,931	4,220	9,758
Public improvements	546,223	156,272	51,892
Legal fees	112,053	138,862	1,537,892
Professional fees	532,084	1,077,346	392,935
COVID-19 Emergency Grants	216,515	-	-
Debt forgiveness	-	-	4,790,184
Loss on disposal of property	85,180	267,317	-
All other expenses	138,107	48,891	519,190
Total expenses	<u>1,632,093</u>	<u>1,692,908</u>	<u>11,101,851</u>
(Decrease) Increase in net position	367,648	(655,038)	(5,005,645)
Net position – beginning of year	<u>3,024,914</u>	<u>3,679,952</u>	<u>8,685,597</u>
Net position – end of year	<u>\$ 3,392,562</u>	<u>\$ 3,024,914</u>	<u>\$ 3,679,952</u>

FINANCING FEES

SIDA received monies for financing fees totaling \$1,103,697 from developers and other projects undertaken by the Agency. Financing fees were similar to fees in 2019.

PUBLIC IMPROVEMENTS & PROFESSIONAL FEES

Public improvements include \$21,000 related to maintenance for the City's creekwalk and Franklin Square area and \$515,204 for SIDA's portion of the Hiawatha Blvd project undertaken in 2020. Professional fees include economic development activities of the Agency and other activities to benefit the City of Syracuse. Professional fees included \$22,500 of related to the development of online tools to encourage and enhance economic development activities, \$206,479 of salaries and benefits (allocated to the City of Syracuse), \$85,650 for the Downtown Committee of Syracuse related to a security and environmental maintenance program contract and \$80,421 related to the NDC contract (provides assistance for economic and housing development professionals).

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

**Management's Discussion and Analysis (unaudited)
For the Year Ended December 31, 2020**

COVID 19 - EMERGENCY GRANTS & LOANS

The Agency provided \$216,515 of financial assistance in the form of grants for the purpose of acquiring personal protective equipment (PPE) and other costs to prevent the spread of COVID-19, under a June 2020 amendment to New York State law which allowed the Agency to provide such grants. Grants could not exceed \$10,000 and the proceeds were required to be used to acquire PPE or install necessary equipment to prevent the spread of COVID-19. A total of 51 grants were issued ranging from \$500 to the maximum of \$10,000. In addition, one loan, totaling \$25,000 was approved, whereby such loan is due in full by March 1, 2022. The loan had not yet been disbursed as of December 31, 2020.

REQUEST FOR INFORMATION

This financial report is designed to provide readers with a general overview of the Agency's finances. If you have questions about this report or need additional information, contact the Agency's board at the City of Syracuse Industrial Development Agency, 201 East Washington Street, Room 605, Syracuse, NY 13202-1432. You may also visit their website at www.syr.gov.net, and navigate to the Neighborhood and Business Development department for more information.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Statements of Net Position

	December 31,	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,809,658	\$ 3,174,840
Other receivables	-	2,961
Total current assets	<u>3,809,658</u>	<u>3,177,801</u>
Long-term Assets		
Investment in properties, at cost	528,223	613,403
Land and building, at cost, net of depreciation	50,000	50,000
Total long-term assets	<u>578,223</u>	<u>663,403</u>
Total assets	<u>\$ 4,387,881</u>	<u>\$ 3,841,204</u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable	\$ 243,951	\$ 48,922
Grant payable	735,368	735,368
Bonds payable - HUD guaranteed, current portion	16,000	16,000
Total current liabilities	<u>995,319</u>	<u>800,290</u>
Long-term Liabilities		
Bonds payable - HUD guaranteed, long-term portion	-	16,000
Total long-term liabilities	<u>-</u>	<u>16,000</u>
Total liabilities	<u>995,319</u>	<u>816,290</u>
Net Position		
Net investment in capital assets	50,000	50,000
Unrestricted	3,342,562	2,974,914
Total net position	<u>3,392,562</u>	<u>3,024,914</u>
Total liabilities and net position	<u>\$ 4,387,881</u>	<u>\$ 3,841,204</u>

The accompanying notes are an integral part of these financial statements

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Statements of Revenues, Expenses and Changes in Net Position

	Year Ended December 31,	
	2020	2019
Revenue		
Financing fees	\$ 1,103,697	\$ 1,012,738
Legal fee settlement	884,708	-
Interest income	1,336	4,790
Other rental income	-	20,342
Contributions	10,000	-
Total revenue	<u>1,999,741</u>	<u>1,037,870</u>
Expenses		
Development costs -		
Lakefront projects	24,996	29,493
Public improvements	521,227	126,779
Interest	1,931	4,220
Legal fees	112,053	138,862
Professional fees	532,084	1,077,346
Loss on disposal of property	85,180	267,317
Insurance	16,227	18,118
Taxes - nonexempt	8,136	8,259
Office and other	113,744	22,514
COVID-19 Emergency Grants	216,515	-
Total expenses	<u>1,632,093</u>	<u>1,692,908</u>
Change in net position	367,648	(655,038)
Net position - beginning of year	<u>3,024,914</u>	<u>3,679,952</u>
Net position - end of year	<u>\$ 3,392,562</u>	<u>\$ 3,024,914</u>

The accompanying notes are an integral part of these financial statements

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Statements of Cash Flows

	Years Ended December 31,	
	2020	2019
Cash flows from operating activities:		
Inflows -		
Interest received	\$ 1,336	\$ 4,790
Loan fees and grants	1,103,697	1,217,665
Legal settlement	884,708	-
Rents, contributions and miscellaneous fees received	12,961	17,381
Outflows -		
Public improvements	(386,784)	(126,289)
Professional fees	(482,779)	(1,035,995)
COVID-19 emergency grants	(201,884)	-
Interest payments	(1,931)	(6,746)
Legal fees	(115,169)	(152,349)
Supplies and services	(163,337)	(138,619)
Net cash (used) provided by operating activities	<u>650,818</u>	<u>(220,162)</u>
Cash flows from noncapital financing activities:		
Payments on bonds payable	<u>(16,000)</u>	<u>(165,000)</u>
Cash flows from capital and related financing activities:		
Sale of investment in properties	-	86,013
	<u>-</u>	<u>86,013</u>
Net increase in cash and cash equivalents	634,818	(299,149)
Cash and cash equivalents - beginning of year	<u>3,174,840</u>	<u>3,473,989</u>
Cash and cash equivalents - end of year	<u>\$ 3,809,658</u>	<u>\$ 3,174,840</u>
Reconciliation of change in net position to cash provided by operating activities:		
Change in net position	\$ 367,648	\$ (655,038)
Loss on disposal of property	85,180	267,317
Changes in assets and liabilities:		
Other receivables	2,961	201,966
Accounts payable	195,029	(31,881)
Interest payable	-	(2,526)
Net cash provided by operating activities	<u>\$ 650,818</u>	<u>\$ (220,162)</u>

The accompanying notes are an integral part of these financial statements

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

1. Nature of the Organization and Significant Accounting Policies

Nature of the Organization

The City of Syracuse Industrial Development Agency (SIDA) is a public benefit corporation established in 1979 to enhance economic development activities in the city of Syracuse, NY (the "City"). SIDA was established by New York State General Municipal Law (GMU), Article 18-A, Title 2, paragraph 926, also known as the "New York State Industrial Development Agency Act." SIDA's programs include the issuing of revenue bonds for qualified projects and the provision of financial assistance in the form of exemptions from State and local sales and use tax, mortgage recording tax and real property taxes for qualified projects. SIDA is treated by the City as a component unit and is integral to the overall economic development plans of the City.

The basic financial statements of the Agency have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. All of the Agency's funds are proprietary funds, and, therefore, include only business-type activities. There are no material differences between a) net position and fund balances, and b) changes in net position and changes in fund balances, and, therefore, no reconciliation schedules of these items are included in this report.

Basis of Presentation

Agency-wide financial statements – The agency-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the Agency as a whole. Individual funds are not presented in the agency-wide financial statements. The Agency has determined that all of its activities are business-type, which are predominantly or entirely financed with fees and loan repayments from external parties.

Net Position Classifications

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

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

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

1. Nature of the Organization and Significant Accounting Policies (continued)

Net Position Classification (continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The agency-wide statements use the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. PILOT revenues are recognized in the year for which they are due while grants are recognized when grantor eligibility requirements are met.

Order of Use of Resources

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, and then use unrestricted resources as they are needed.

Fixed Assets

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

Allowance for Doubtful Accounts

SIDA uses the allowance method to report loans of doubtful collectability. There is no allowance as of December 31, 2020 and 2019.

Statement of Cash Flows

For the statement of cash flows, SIDA considers cash and cash equivalents to be all monies in banks and highly liquid investments with maturity dates of less than three months.

Investment Policy

SIDA's investment policy conforms to the requirements of the New York State General Municipal Law §858-a(3), §10 and §11. The objectives of SIDA's investment activities are to conform to all applicable federal state and other legal requirements, to adequately safeguard principal, to provide sufficient liquidity to meet all operating requirements and to obtain a reasonable rate of return.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

1. Nature of the Organization and Significant Accounting Policies (continued)

Concentrations of Credit Risk

At various times during the year, SIDA's cash and cash equivalents balances exceeded the insured limits of the Federal Deposit Insurance Corporation. However, SIDA's accounts were fully collateralized by securities pledged by the depository bank.

Use of Estimates

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

Taxes

Generally SIDA is exempt from taxes. Section 874 of the New York State General Municipal Law authorized an exemption from real property taxation for any property acquired by an industrial development agency (IDA) or under its jurisdiction or control. To obtain such an exemption, section 412-a of the Real Property Tax law requires the IDA to file an exemption form with the tax assessor. Qualified IDA property is entitled to an exemption from all general taxes imposed by or on behalf of a county, city, town, village or school district, but not from special ad valorem (property) levies or special assessments.

2. Revenue Bonds/Other Financing

SIDA is empowered to finance the acquisition, construction or reconstruction of manufacturing, warehousing, research, commercial, industrial and pollution control projects. SIDA raises funds to accomplish these purposes by issuing negotiable tax-exempt or taxable revenue bonds and by participating in other financing arranged by/for the developers of the projects.

SIDA can provide up to 100% financing for an approved project including the cost of land, construction, equipment, planning and fees. Financing is generally provided at interest rates 1½ to 2% lower than conventional rates. SIDA finances individual projects by issuing revenue bonds in its own name. These bonds are secured by a mortgage on the property and a subsequent lease to the company. The company sells the bonds to banks at a rate lower than the conventional interest rate.

The bonds become an obligation of the company and are amortized by the revenue from the project. Typically, upon completion of a project, the facilities, improvements or equipment are leased to the company for a term equal to the term of the bond issue, which usually ranges from 10 to 25 years.

The annual lease payments equal the annual principal and interest due on the bonds. The assets and liabilities of these projects are not reflected in the attached financial statements, since SIDA treats the projects and bonds as assets and liabilities of the individual developers.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

3. Tax Abatement Programs

The Industrial Development Agency Act (the "Act") of New York State sets forth the powers that SIDA can carry out. In accordance with the Act, SIDA was created to promote, develop, encourage and assist industrial, manufacturing, warehousing, commercial, research and recreation facilities to advance job opportunities, health, and economic welfare of the people of the State of New York. SIDA carries out its mandate by offering financial incentives to attract, retain, and expand businesses within the City of Syracuse. SIDA's financial incentive assistance can include the issuance of low interest revenue bonds and exemptions from real property tax (through the use of payment in lieu of tax (PILOT) agreements), mortgage recording tax, and sales and use tax.

SIDA has instituted a Uniform Tax Exemption Policy ("UTEP") (last revised 6/21/16) which provides guidelines for the granting of real property, mortgage recording, and sales and use tax exemptions. To be eligible for financial assistance, the recipient of the financial assistance must abide by the requirements of this policy and complete an application process as instituted by SIDA. The governing board of SIDA is required to approve all financial incentive assistance requests by recipients in accordance with the UTEP.

In accordance with New York State General Municipal Law, SIDA has instituted a Recapture Policy (last revised 6/21/16) which allows for the recapture of financial incentive assistance provided to recipients for failure to comply with such Recapture Policy. New York State requires a mandatory recapture of the New York State portion of sales and use taxes for recipients for which the recipient was a) not entitled to; b) in excess of the amounts authorized by SIDA; c) for property or services not authorized by SIDA; and/or d) for a recipient that has failed to comply with material term or condition to use of the property or services in the manner required by any of the project documents between the recipient and SIDA. With respect to all other financial assistance provided to the recipient, SIDA shall have the right to suspend, discontinue, recapture or terminate financial assistance to any recipient to the extent that: a) for projects that utilized local sales and use tax exemptions, the project was not entitled to such exemptions, such exemptions were in excess of the amounts authorized by SIDA, and/or such exemptions were for property or services not authorized by SIDA; b) the recipient, upon completion of their project, fails to reach and maintain at least 85% of its employment requirements for job creation and/or retention; c) the total investment actually made with respect to the project at the project's completion date is less than 85% of its investment requirement; d) the recipient fails to provide annually to SIDA certain information to confirm that the project is achieving the investment, job retention, job creation, and other objectives of the project; or e) there otherwise occurs any event of default under any project document or material violation of the terms and conditions of any project document.

SIDA has not made any commitments as part of the agreements other than to reduce taxes. SIDA has chosen to disclose information about some of its tax abatement agreements individually. It established a quantitative threshold of 10% of the total dollar amount of taxes abated during the year.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

3. Tax Abatement Programs (continued)

Information relevant to the disclosure of tax abatement programs induced and in effect for the fiscal year ended December 31, 2020 is estimated as follows:

<u>Tax abatement program</u>	<u>12/31/2020</u>
Mortgage recording tax exemption	\$ 257,467
Sale and use tax exemption	745,814
Payment in lieu of tax (PILOT)	<u>16,683,959</u>
Total taxes abated	<u>\$ 17,687,240</u>

The most significant PILOT pertains to Pyramid Companies, related to the Carousel Mall (now Destiny USA) dated December 31, 2005, whereby taxes abated during the current year approximated \$11,967,000. This PILOT expires on December 31, 2035.

4. Investment in Properties

SIDA from time to time will purchase and hold title to properties for future sale and development by a third party. The investment in properties represents capital assets of SIDA which are reported at historical cost. SIDA periodically reviews its capital assets for impairments. Impairment is indicated when events or changes in circumstances suggest that the service utility of the capital asset may have significantly and unexpectedly declined.

Investment in properties is as follows:

Properties:	
309-311, 315-321 S. Warren Street	\$ 323,100
341 Peat Street	176,044
Others	<u>29,079</u>
	<u>\$ 528,223</u>

In addition, the property at Peat Street (also known as the City Crossroads project) has identified pollution concerns as identified in the record of decision by the New York State Department of Environmental Conservation (NYSDEC) dated March 2012. The NYSDEC recommends a remedy that includes excavation, petroleum recovery and site cover to remedy this property. The estimated cost of this pollution remediation is approximately \$1,668,000. Any sales of this property to a third party would need to implement this pollution remediation remedy prior to the property being used by the third party. The Agency has not been compelled by the NYSDEC to take remediation action at this time, as such, no pollution remediation liability has been recognized in these financial statements. In July 2019, the Agency and the NYSDEC entered into the 2018 Environmental Restoration Program Agreement for the property, whereby the NYSDEC will begin to implement the pollution remedy in late fiscal year 2020. The Agency is required to contribute 10% of the costs to remedy the pollution in accordance with the agreement.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

5. Land and Building

SIDA owns the Center Armory Garage Facility which consists of a parcel of land and the parking garage facility. The facility was being depreciated on a straight-line basis over an estimated useful life of twenty-five years. The following is a summary of the cost and accumulated depreciation of the facility for the years ended December 31, 2020 and 2019:

	<u>Balance at 12/31/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 12/31/2020</u>
Capital assets at cost:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Buildings	2,815,320	-	-	2,815,320
Total	<u>2,865,320</u>	<u>-</u>	<u>-</u>	<u>2,865,320</u>
Accumulated depreciation:				
Accumulated depreciation	(2,815,320)	-	-	(2,815,320)
Capital assets, net	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>

6. HUD Section 108 Guaranteed Bonds Payable

The U.S. Department of Housing and Urban Development (“HUD”) has a loan guarantee assistance program for community and economic development. Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program.

Under this section, HUD offers communities a source of financing for certain community development activities, such as housing rehabilitation, economic development, and large-scale physical development projects. As with the CDBG program, all projects and activities must meet CDBG’s rules and requirements and meet the primary objective of CDBG programs whereby the use of 70% of funds must benefit low and moderate income persons and meet one of the following three national objectives: (a) principally benefit low and moderate income persons, (b) assist in eliminating or preventing slums or blight, or (c) assist with community development needs having a particular urgency. Under this program, SIDA and the City of Syracuse pledges its current and future CDBG funds as the principal for the loan guarantee.

Section 108 obligations are financed through underwritten public offerings. Financing between public offerings is provided through an interim lending facility established by HUD. As such, after the public offering, such loans are with a commercial financial institution, which is Bank of NY Mellon for SIDA’s current HUD 108 outstanding loans. Although HUD may act as an intermediate lender, ultimately a 3rd party commercial financial institution is the lender.

The Section 108 program provides additional security to the lender in the form of a guarantee by HUD. Even though a guarantee is provided by HUD, the Agency continues to be subject to risk as any inability for the Agency to make payments would allow HUD to first use CDBG monies to pay the loans in default, which would reduce the amount of monies available to the Agency and the City of Syracuse through the CDBG program.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

6. HUD Section 108 Guaranteed Bonds Payable (continued)

A summary of changes in the Agency's indebtedness is as follows:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at 12/31/19</u>	<u>Payments</u>	<u>Balance at 12/31/20</u>	<u>Due in One Year</u>
HUD Section 108 Guaranteed bonds:						
Series 2002-A B-99-MC-36-0108-A	5.8%	8/1/2021	\$ 32,000	\$ (16,000)	\$ 16,000	\$ 16,000

The following is a summary of the principal and interest payments outstanding at December 31, 2020:

HUD Section 108 Guaranteed Bonds		
Due in:	<u>Principal</u>	<u>Interest</u>
2021	<u>16,000</u>	<u>972</u>

7. Brownsfields Economic Development Incentive (BEDI) Grants

In 1998 and 1999, SIDA received approval for (2) Brownfields Economic Development Incentive (BEDI) grants in the amounts of \$1,000,000 and \$875,000, respectively, for the City Crossroads project. As of December 31, 2020, SIDA had drawn down the following amounts on these grants:

		<u>BEDI Grant</u>	
Received in:		<u>1998</u>	<u>1999</u>
2000	\$	400,101	\$ -
2002		599,899	293,940
2003		-	91,428
Total drawn	\$	<u>1,000,000</u>	<u>\$ 385,368</u>

The remainder of the 1999 grant (\$489,632) has not been drawn down by SIDA.

Each of the grants contains a provision which requires SIDA to enter into HUD-108 loans to development projects sited in the City Crossroads area. The required ratio of loans to grant dollars for the 1998 grant is \$3 to \$1, respectively, and \$2.50 to \$1 for the 1999 grant, respectively.

As of December 31, 2020, SIDA had made \$1,950,000 of HUD-108 loans to City Crossroads projects. Additional HUD-108 loans in the City Crossroads area would be needed to meet the required ratios of loan dollars to grant dollars noted above.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

7. Brownsfields Economic Development Incentive (BEDI) Grants (continued)

As of December 31, 2020, the grant funds which have been earned by the issuance of loans are as follows:

	1998	BEDI grant 1999	Total
Grant dollars received	\$ 1,000,000	\$ 385,368	\$ 1,385,368
Grant dollars earned:			
1998: \$1,950,000 ÷ 3 =	650,000	-	650,000
1999: \$-0- ÷ 2.5 =	-	-	-
Balance	\$ 350,000	\$ 385,368	\$ 735,368

SIDA has not met the requirements of the grant and does not have any immediate plans on meeting the grant requirements, as such, has recorded the \$735,368 as a liability due to HUD as of December 31, 2020 and 2019. The BEDI grant program is no longer active.

8. Conduit Debt Obligations

SIDA has the ability to provide financial assistance to businesses through the issuance of low interest Industrial Development Revenue Bonds and tax exemptions from real property tax, mortgage recording tax, and sales and use tax. Proceeds of the obligations as well as debt service payments are administered by the business through a trustee bank. The obligations are not obligations of SIDA; the primary function of SIDA is to arrange financing between the business and the bond holders. This is a financing arrangement and SIDA merely acts as the financing conduit. These transactions are considered conduit debt obligations. SIDA does not have any obligation to repay the principal and interest of such bonds; as such the bonds are not reflected as long-term obligations. As of December 31, 2020 and 2019, SIDA has issued bonds with an aggregate principal amount outstanding of \$602,255,000,000 and \$594,895,000, respectively. On January 21, 2021, SIDA issued school facility revenue refunding bonds totaling \$26,440,000 (Series 2021A) for the Syracuse City School District Project, which will refund the Syracuse School District's 2010 and 2011A bonds outstanding, totaling \$17,380,000 and \$11,855,000, respectively. The Series 2021A represents conduit debt for SIDA.

9. Related Party Transactions

The City of Syracuse, Syracuse Economic Development Corporation, and Syracuse Urban Renewal Agency are related entities of SIDA. Various transactions occur between SIDA and these entities during the ordinary course of business. The City of Syracuse allocates salaries and benefits for employees of the City that work on behalf of the Agency. These salaries and benefits are included in professional fees and totaled \$206,479 and \$217,773, respectively for the years ended December 31, 2020 and 2019. Amounts due to or from these entities are ordinarily settled in the current fiscal year.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

10. Contingent Liabilities – Destiny USA Project

Pursuant to an agreement between SIDA and Pyramid Company of Onondaga (Pyramid), SIDA acquired certain real property interests in May 2006 – 2009 in furtherance of the Carousel Expansion Project (first phase of conversion of Carousel Center into Destiny USA and closure of Hiawatha Boulevard) from land owners in the vicinity of Carousel Center and certain tenants/condemnees at the Carousel Center (collectively condemnees) by use of eminent domain. Pursuant to State law, the condemnees are entitled to be paid just compensation by SIDA based on the value of the property interest acquired from them by SIDA, and SIDA has settled with most of the condemnees and made advance payment to all condemnees. Certain condemnees have filed claims seeking additional compensation. As part of the SIDA/Pyramid agreement, Pyramid has agreed to indemnify and hold SIDA harmless with regard to all claims and expenses associated with the eminent domain actions and real property acquisitions. Pyramid provided the funds used by SIDA to make the advance payments and funds to settle those compensation claims which have been settled to date. As of the date of this report, SIDA's attorneys are unable to express an opinion as to the likelihood of an outcome in any of these claims. The financial statements include no accrual for these potential contingent liabilities.

11. Subsequent Events

In preparing the financial statements, management of SIDA has evaluated events and transactions for potential recognition or disclosure through March 23, 2021, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in this financial statement except for the item described herein and in Note 8.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Supplemental Schedule of Revenue Bonds and Other Bonds (Conduit Debt Obligations)
For the Year Ended December 31, 2020

Project Purpose	Description of the Financing	Closing Date	Interest At Issuance	If Variable, Range	Principal of the Issue				
					Bonds Outstanding at January 1, 2020	Incurred During 2020	Developer Paid During 2020	Bonds Outstanding at December 31, 2020	Term Ending Date
Real Estate 31020707B	PILOT Revenue Bonds, Carousel Center Project, Series 2016A	10/19/2016	3.000%	3% - 5%	\$ 198,840,000	\$ -	\$ 70,000	\$ 198,770,000	1/1/2036
Real Estate 31020707B	PILOT Revenue Bonds, Carousel Center Project, Taxable Series 2016B	10/19/2016	5.000%	-	\$ 10,600,000	\$ -	\$ -	\$ 10,600,000	1/1/2036
Real Estate 31020707B	PILOT Revenue Bonds, Carousel Center Project, Series 2007B	2/27/2007	5.693%	-	\$ 87,600,000	\$ -	\$ 11,140,000	\$ 76,460,000	1/1/2028
School Facility 31020803	Syracuse City School District Project Series 2010	12/23/2010	3.000%	3.000%- 5.000%	\$ 19,415,000	\$ -	\$ 2,035,000	\$ 17,380,000	5/1/2027
School Facility 31020803	Syracuse City School District, Tax exempt bonds Series 2011A	7/12/2011	3.000%	3.0% - 5.0%	\$ 14,960,000	\$ -	\$ 3,105,000	\$ 11,855,000	5/1/2028
School Facility 31020803	Syracuse City School District, Federally taxable bonds Series 2011B	7/12/2011	5.428%	5.428%	\$ 15,000,000	\$ -	\$ -	\$ 15,000,000	5/1/2027
School Facility 31020803	Syracuse City School District Project, School Facility Revenue Refunding Bonds Series 2017	4/20/2017	4.000%	3.0%-5.0%	\$ 27,280,000	\$ -	\$ 2,820,000	\$ 24,460,000	5/1/2030
School Facility 31020803	Syracuse City School District Project, School Facility Revenue Bonds Series 2018A	3/15/2018	5.000%	3.25%-5.0%	\$ 67,265,000	\$ -	\$ 3,090,000	\$ 64,175,000	5/1/2034
School Facility 31020803	Syracuse City School District Project, School Facility Revenue Bonds Series 2018B	6/20/2018	5.000%	3.0%-5.0%	\$ 38,500,000	\$ -	\$ 910,000	\$ 37,590,000	5/1/2035
School Facility 31020803	Syracuse City School District Project, School Facility Revenue Bonds Series 2019A	4/11/2019	4.000%	4.000%- 5.000%	\$ 65,435,000	\$ -	\$ -	\$ 65,435,000	5/1/2035
Civic Facility 31020813	Syracuse University Capital Finance Series 2008A-2	1/30/2008	6.000%	.01% - .10%	\$ 50,000,000	\$ -	\$ 50,000,000	\$ -	12/1/2037
School Facility 31020803	Syracuse City School District Project, School Facility Revenue Bonds Series 2020A	3/3/2020	4.000%	4.000%- 5.000%	\$ -	\$ 80,530,000	\$ -	\$ 80,530,000	5/1/2037
Grand Total - Revenue Bonds and Other Bonds (Conduit Debt Obligations)					\$ 594,895,000	\$ 80,530,000	\$ 73,170,000	\$ 602,255,000	