

**CITY OF SYRACUSE
INDUSTRIAL DEVELOPMENT AGENCY**

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

FINANCIAL STATEMENTS

December 31, 2021 and 2020

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

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CERTIFIED PUBLIC ACCOUNTANTS PLLC

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of City of Syracuse Industrial Development Agency, a component unit of the City of Syracuse, New York as of and for the years ended December 31, 2021 and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City of Syracuse Industrial Development Agency as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Syracuse Industrial Development Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The City of Syracuse Industrial Development Agency's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Syracuse Industrial Development Agency's ability to continue as a going concern for one year after the date that the financial statements are issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Syracuse Industrial Development Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Syracuse Industrial Development Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

Supplementary 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 for the purpose of additional analysis and are not a required part of 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 15, 2022 on our consideration of the City of Syracuse Industrial Development Agency's 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 solely 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 effectiveness of 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.



Syracuse, New York
March 15, 2022

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis (unaudited) For the Year Ended December 31, 2021

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, 2021. 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 \$3,863,334 (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 \$470,772 for the 2021 fiscal year.
- During 2021, the Agency received \$1,127,709 for its role in various development projects. Significant project fees received were from: a) \$370,182 - 400 S. Salina Street LLC, b) \$191,110 - JMA Tech Properties LLC, and c) \$143,367 - 101 North Salina Street LLC.
- The Agency paid off its HUD-108 guaranteed bonds payable balance during 2021 by making \$16,000 in principal payments. SIDA paid off its outstanding principal on these loans which had an outstanding balance of \$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, 2021

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 21 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 22 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 \$3,863,334 as of December 31, 2021.

Cash and cash equivalents constitute the largest portion of the Agency's net position, totaling \$4,006,875. This net position is available for future repayment of outstanding liabilities and for future economic development projects, including those for which the Agency has already committed funding towards. These committed funds are described in Note 4 and Note 9 to these financial statements. The estimated committed funding, through commitments, agreements and contracts in place, total approximately \$1,604,000.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

**Management's Discussion and Analysis (unaudited)
For the Year Ended December 31, 2021**

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

| Statements of Net Position | | | |
|------------------------------------|----------------------------|---------------------|---------------------|
| | 2021 | 2020 | 2019 |
| Cash and cash equivalents | \$ 4,006,875 | \$ 3,809,658 | \$ 3,174,840 |
| Receivables | 25,000 | - | 2,961 |
| Other assets | 578,223 | 578,223 | 663,403 |
| Total assets | <u>\$ 4,610,098</u> | <u>\$ 4,387,881</u> | <u>\$ 3,841,204</u> |
| | | | |
| Bonds payable | \$ - | \$ 16,000 | \$ 32,000 |
| All other liabilities | 746,764 | 979,319 | 784,290 |
| Total liabilities | <u>746,764</u> | <u>995,319</u> | <u>816,290</u> |
| | | | |
| Net position | <u>3,863,334</u> | <u>3,392,562</u> | <u>3,024,914</u> |
| Total liabilities and net position | <u>\$ 4,610,098</u> | <u>\$ 4,387,881</u> | <u>\$ 3,841,204</u> |

ASSETS

Cash provided by operations was \$213,217 compared to cash used by operations of \$650,818 in the previous year.

LIABILITIES

The Agency paid off the HUD Section 108 guaranteed bonds payable during the year ending December 31, 2021. During 2020, the Agency made principal payments of \$16,000.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

**Management's Discussion and Analysis (unaudited)
For the Year Ended December 31, 2021**

Statements of Revenues, Expenses and Changes in Net Position

| | 2021 | 2020 | 2019 |
|-------------------------------------|---------------------|--------------|--------------|
| Financing fees | \$ 1,127,709 | \$ 1,103,697 | \$ 1,012,738 |
| All other income | 43,086 | 896,044 | 25,132 |
| Total income | 1,170,795 | 1,999,741 | 1,037,870 |
| Interest expense | 971 | 1,931 | 4,220 |
| Public improvements | 12,396 | 546,223 | 156,272 |
| Legal fees | 78,428 | 112,053 | 138,862 |
| Professional fees | 419,064 | 325,605 | 859,573 |
| Professional fees - SURA | 117,779 | 206,479 | 217,773 |
| COVID-19 Emergency Grants | 35,785 | 216,515 | - |
| Loss on disposal of property | - | 85,180 | 267,317 |
| All other expenses | 35,600 | 138,107 | 48,891 |
| Total expenses | 700,023 | 1,632,093 | 1,692,908 |
| (Decrease) Increase in net position | 470,772 | 367,648 | (655,038) |
| Net position – beginning of year | 3,392,562 | 3,024,914 | 3,679,952 |
| Net position – end of year | \$ 3,863,334 | \$ 3,392,562 | \$ 3,024,914 |

FINANCING FEES

SIDA received monies for financing fees totaling \$1,127,709 from developers and other projects undertaken by the Agency. Financing fees were similar to fees in 2020.

PUBIC IMPROVEMENTS & PROFESSIONAL FEES

Public improvements include \$5,000 related to maintenance for the City's creekwalk and Franklin Square area and \$4,000 for SIDA's portion of the Hiawatha Blvd project. Professional fees include economic development activities of the Agency and other activities to benefit the City of Syracuse. Significant professional fees included the following: a) \$74,025 for the 100 Madison Street Renovation Project; b) \$82,002 for the National Development Council ("NDC") contract; and c) \$209,513 for the Downtown Committee of Syracuse related to the security and environmental maintenance contract. Professional fees - SURA or \$117,779, relate to salaries and benefits (allocated from the City of Syracuse).

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

**Management's Discussion and Analysis (unaudited)
For the Year Ended December 31, 2021**

COVID 19 - EMERGENCY GRANTS & LOANS

The Agency provided \$35,785 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 12 grants were issued ranging from \$500 to the maximum of \$10,000. In addition, one loan, totaling \$25,000 was disbursed, whereby such loan is due in full by March 1, 2022.

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, | |
|---|---------------------|---------------------|
| | 2021 | 2020 |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 4,006,875 | \$ 3,809,658 |
| Other loan receivables | 25,000 | - |
| Total current assets | <u>4,031,875</u> | <u>3,809,658</u> |
| Long-term Assets | | |
| Investment in properties, at cost | 528,223 | 528,223 |
| Land and building, at cost, net of depreciation | 50,000 | 50,000 |
| Total long-term assets | <u>578,223</u> | <u>578,223</u> |
| Total assets | <u>\$ 4,610,098</u> | <u>\$ 4,387,881</u> |
| LIABILITIES AND NET POSITION | | |
| Current Liabilities | | |
| Accounts payable | \$ 11,396 | \$ 243,951 |
| Grant payable | 735,368 | 735,368 |
| Bonds payable - HUD guaranteed, current portion | - | 16,000 |
| Total current liabilities | <u>746,764</u> | <u>995,319</u> |
| Net Position | | |
| Net investment in capital assets | 50,000 | 50,000 |
| Unrestricted | 3,813,334 | 3,342,562 |
| Total net position | <u>3,863,334</u> | <u>3,392,562</u> |
| Total liabilities and net position | <u>\$ 4,610,098</u> | <u>\$ 4,387,881</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, | |
|----------------------------------|--------------------------------|---------------------|
| | 2021 | 2020 |
| Revenue | | |
| Financing fees | \$ 1,127,709 | \$ 1,103,697 |
| Legal fee settlement | - | 884,708 |
| Interest income | 338 | 1,336 |
| Rental and other income | 42,748 | 10,000 |
| Total revenue | <u>1,170,795</u> | <u>1,999,741</u> |
| Expenses | | |
| Development costs - | | |
| Lakefront projects | 4,118 | 24,996 |
| Public improvements | 8,278 | 521,227 |
| Interest | 971 | 1,931 |
| Legal fees | 78,428 | 112,053 |
| Professional fees | 419,064 | 325,605 |
| Professional fees - SURA | 117,779 | 206,479 |
| Loss on disposal of property | - | 85,180 |
| Insurance | 15,367 | 16,227 |
| Taxes - nonexempt | 8,179 | 8,136 |
| Office and other | 12,054 | 113,744 |
| COVID-19 Emergency Grants | 35,785 | 216,515 |
| Total expenses | <u>700,023</u> | <u>1,632,093</u> |
| Change in net position | 470,772 | 367,648 |
| Net position - beginning of year | <u>3,392,562</u> | <u>3,024,914</u> |
| Net position - end of year | <u>\$ 3,863,334</u> | <u>\$ 3,392,562</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, | |
|--|---------------------------------|----------------------------|
| | 2021 | 2020 |
| Cash flows from operating activities: | | |
| Inflows - | | |
| Interest received | \$ 338 | \$ 1,336 |
| Loan fees and grants | 1,127,709 | 1,103,697 |
| Legal settlement | - | 884,708 |
| Rents, contributions and miscellaneous fees received | 42,748 | 12,961 |
| Outflows - | | |
| Public improvements | (143,498) | (386,784) |
| Professional fees | (616,494) | (482,779) |
| COVID-19 emergency grants | (50,416) | (201,884) |
| Interest payments | (971) | (1,931) |
| Legal fees | (81,001) | (115,169) |
| Supplies and services | (40,198) | (163,337) |
| Disbursement of funds COVID Loan | (25,000) | - |
| Net cash provided by operating activities | <u>213,217</u> | <u>650,818</u> |
| Cash flows from noncapital financing activities: | | |
| Payments on bonds payable | <u>(16,000)</u> | <u>(16,000)</u> |
| Net increase in cash and cash equivalents | 197,217 | 634,818 |
| Cash and cash equivalents - beginning of year | <u>3,809,658</u> | <u>3,174,840</u> |
| Cash and cash equivalents - end of year | <u><u>\$ 4,006,875</u></u> | <u><u>\$ 3,809,658</u></u> |
| Reconciliation of change in net position to cash provided by operating activities: | | |
| Change in net position | \$ 470,772 | \$ 367,648 |
| Loss on disposal of property | - | 85,180 |
| Changes in assets and liabilities: | | |
| Other receivables | - | 2,961 |
| Other loans receivables | (25,000) | - |
| Accounts payable | (232,555) | 195,029 |
| Net cash provided by operating activities | <u><u>\$ 213,217</u></u> | <u><u>\$ 650,818</u></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, 2021 and 20120.

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, 2021 is estimated as follows:

| <u>Tax abatement program</u> | <u>12/31/2021</u> |
|----------------------------------|----------------------|
| Mortgage recording tax exemption | \$ 903,123 |
| Sale and use tax exemption | 6,544,012 |
| Payment in lieu of tax (PILOT) | <u>16,426,195</u> |
| Total taxes abated | <u>\$ 23,873,330</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 \$11,604,000. 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 was approximately \$1,668,000 in 2018 at the time of the agreement. 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. As of December 31, 2021, the estimated costs are \$2,116,000; therefore, SIDA's required contribution is approximately \$211,600. As of December 31, 2021, SIDA has expended approximately \$15,900; therefore, SIDA remaining contribution is approximately \$195,700.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

5. Land and Building

SIDA owns the Center Armory Garage Facility (the "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, 2021 and 2020:

| | <u>Balance at</u> <u>12/31/2020</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance at</u> <u>12/31/2021</u> |
|----------------------------------|--|------------------|------------------|--|
| Capital assets at cost: | | | | |
| Land | \$ 50,000 | \$ - | \$ - | \$ 50,000 |
| Buildings | <u>2,815,320</u> | <u>-</u> | <u>-</u> | <u>2,815,320</u> |
| Total | <u>2,865,320</u> | <u>-</u> | <u>-</u> | <u>2,865,320</u> |
| Accumulated depreciation: | | | | |
| Accumulated depreciation | <u>(2,815,320)</u> | <u>-</u> | <u>-</u> | <u>(2,815,320)</u> |
| Capital assets, net | <u>\$ 50,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 50,000</u> |

SIDA and the City of Syracuse (the "City") have entered into a one dollar lease agreement for the Facility whereby the City will operate, maintain, manage and utilize the property as a public parking facility. The City, since 1992, assumes all responsibility for the operation and maintenance of the Facility and the lease agreement further extends is responsibility through December 31, 2024.

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 pledged 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 was Bank of NY Mellon for SIDA's HUD 108 loans. Although HUD may act as an intermediate lender, ultimately a 3rd party commercial financial institution is the lender.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

6. HUD Section 108 Guaranteed Bonds Payable (continued)

The Section 108 program provided additional security to the lender in the form of a guarantee by HUD. Even though a guarantee was provided by HUD, the Agency continued 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 have reduced the amount of monies available to the Agency and the City of Syracuse through the CDBG program. A summary of changes in the Agency's indebtedness is as follows:

| | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Balance at 12/31/20</u> | <u>Payments</u> | <u>Balance at 12/31/21</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 | \$ 16,000 | \$ (16,000) | \$ - | \$ - |

The HUD Section 108 loans were paid off during the year ending December 31, 2021.

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, 2021, SIDA had drawn down the following amounts on these grants:

| | <u>BEDI Grant</u> | |
|--------------|---------------------|-------------------|
| | <u>1998</u> | <u>1999</u> |
| Received in: | | |
| 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, 2021, 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. As of December 31, 2020, the grant funds which have been earned by the issuance of loans are as follows:

| | <u>BEDI grant</u> | | |
|-------------------------|-------------------|-------------------|-------------------|
| | <u>1998</u> | <u>1999</u> | <u>Total</u> |
| 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 | <u>\$ 350,000</u> | <u>\$ 385,368</u> | <u>\$ 735,368</u> |

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

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

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, 2021 and 2020. 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, 2021 and 2020, SIDA has issued bonds with an aggregate principal amount outstanding of \$575,335,000 and \$602,255,000, respectively.

9. Commitments, Agreements and Contracts

SIDA participates in a cooperation agreement with the Syracuse Local Development Corporation (SLDC) related to the 100 Madison Street Renovation Project (the "Project"). The Project includes renovations to the underground parking garages, which will include structural, mechanical, electrical, plumbing and fire protection repairs and upgrades to the parking garages as well as renovations to the plaza level including removal and replacement of the waterproofing membrane, removal and resetting of pavers and replacement of the expansion joints and repair and/or replacement of planters. The cost of the Project for SLDC is estimated to exceed \$9,000,000. SIDA, in accordance with the cooperation agreement, has agreed to advance some or all of the funding related to the Project, in an amount not to exceed \$1,500,000. SIDA had advanced funds totaling \$74,025 and \$31,384, for the years ended December 31, 2021 and 2020, respectively related to this agreement. SIDA has advanced funds totaling approximately \$441,000 as of December 31, 2021, therefore leaving \$1,059,000 committed to the Project. These advances are recorded by SIDA as expenses and are included in professional fees in these financial statements.

SIDA has contracted with the National Development Council ("NDC") to provide certain support services, including but not limited to, assistance with board and staff training and project review. NDC has provided these contract services for the past several years. A contract with NDC is in effect for the term July 1, 2021 through June 30, 2020 and is for an amount not to exceed \$84,000. Costs for the NDC contract were \$82,002 and \$80,421, for the years ended December 31, 2021 and 2020, respectively and are included in professional fees in these financial statements.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements

9. Commitments, Agreements and Contracts (continued)

SIDA has contracted the Downtown Committee of Syracuse ("DCS") to provide funding for security patrols and for performance of environmental maintenance and improvements within the downtown metropolitan area of the City of Syracuse for a period January 1, 2020 through December 31, 2021. The total 2-year cost of the contract was \$292,920. The contract was extended in January 2022, through June 30, 2022 at a cost not to exceed \$42,511, as this represented unused funds by DCS under the original contract. Costs for the DCS contract were \$209,513 and \$40,896, for the years ended December 31, 2021 and 2020, respectively and are included in professional fees in these financial statements.

SIDA has contracted with CenterState CEO Foundation and/or CenterState Corporation for Economic Opportunity ("CenterState") to provide funding not to exceed \$100,000 related to the Syracuse Build Initiative, led by the City of Syracuse, which is designed to build an inclusive workforce of City of Syracuse residents to help ensure the pool of experienced candidates from the local community have access to jobs in the construction field. CenterState has submitted requisitions under the contract totaling \$75,442 in January 2022, which will be paid in fiscal year 2022.

SIDA contracted with Clarion Associates for an amount not to exceed \$80,000 to work with the City of Syracuse to create an administrative manual, prepare new development applications and provide service to evaluate the new zoning ordinance's performance over a period of time. The contract expires on December 31, 2022. As of December 31, 2021, no amounts have been expended for this contract by SIDA.

In January 2022, SIDA contracted with the City of Syracuse to provide up to \$85,000 of funding to offset the cost of a grant application for the City's Transformation Project. The City's Transformation Project is a project whereby a 118 acre neighborhood abutting Interstate 81, including the 15th Ward will undergo renovations and redevelopment of the 118 acres. These renovations and redevelopment will consist of newly constructed affordable and market rate housing units, mixed-use buildings, and new street and site designs that will create a more sustainable and walkable neighborhood and a variety of other amenities to create a neighborhood of opportunity and economic mobility.

10. Related Party Transactions

The City of Syracuse, Syracuse Economic Development Corporation, and Syracuse Urban Renewal Agency ("SURA") 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 - SURA and totaled \$117,779 and \$206,479, respectively for the years ended December 31, 2021 and 2020. 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

11. 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.

12. Subsequent Events

In preparing the financial statements, management of SIDA has evaluated events and transactions for potential recognition or disclosure through March 15, 2022, 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.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
Supplemental Schedule of Revenue Bonds and Other Bonds (Conduit Debt Obligations)
For the Year Ended December 31, 2021

| Project Purpose | Description of the Financing | Closing Date | Interest | | Principal of the Issue | | | | Term Ending Date |
|--|--|--------------|-------------|--------------------|--------------------------------------|----------------------|----------------------------|--|------------------|
| | | | At Issuance | If Variable, Range | Bonds Outstanding at January 1, 2021 | Incurred During 2021 | Developer Paid During 2021 | Bonds Outstanding at December 31, 2021 | |
| Real Estate 31020707B | PILOT Revenue Bonds, Carousel Center Project, Series 2016A | 10/19/2016 | 3.000% | 3% - 5% | \$ 198,770,000 | \$ - | \$ 25,000 | \$ 198,745,000 | 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% | - | \$ 76,460,000 | \$ - | \$ 7,335,000 | \$ 69,125,000 | 1/1/2028 |
| School Facility 31020803 | Syracuse City School District Project Series 2010 | 12/23/2010 | 3.000% | 3.000%- 5.000% | \$ 17,380,000 | \$ - | \$ 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% | \$ 11,855,000 | \$ - | \$ 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% | \$ 24,460,000 | \$ - | \$ 2,910,000 | \$ 21,550,000 | 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% | \$ 64,175,000 | \$ - | \$ 3,250,000 | \$ 60,925,000 | 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% | \$ 37,590,000 | \$ - | \$ 1,865,000 | \$ 35,725,000 | 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 | \$ - | \$ 5,555,000 | \$ 59,880,000 | 5/1/2035 |
| 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 | | \$ 390,000 | \$ 80,140,000 | 5/1/2037 |
| School Facility 31020803 | Syracuse City School District Project, School Facility Revenue Bonds Series 2021A | 1/21/2021 | 5.000% | - | \$ - | \$ 26,440,000 | \$ 2,795,000 | \$ 23,645,000 | 5/1/2028 |
| Grand Total - Revenue Bonds and Other Bonds (Conduit Debt Obligations) | | | | | \$ 602,255,000 | \$ 26,440,000 | \$ 53,360,000 | \$ 575,335,000 | |