

SYRACUSE LOCAL DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

December 31, 2020 and 2019

SYRACUSE LOCAL DEVELOPMENT CORPORATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Syracuse Local Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Syracuse Local Development Corporation as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Syracuse Local Development Corporation's basic financial statements as listed in the table of contents.

Management's Responsibilities for the Financial Statements

Syracuse Local Development Corporation'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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Syracuse Local Development Corporation 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 generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2021, on our consideration of the Syracuse Local Development Corporation'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 solely 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 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 Syracuse Local Development Corporation's internal control over financial reporting and compliance.



Syracuse, New York
March 23, 2021

Syracuse Local Development Corporation
Management's Discussion and Analysis
For the Years Ended December 31, 2020 and 2019 (unaudited)

As management of the Syracuse Local Development Corporation (the "Corporation"), we offer readers of this Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the fiscal year ended December 31, 2020 and 2019. 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 Corporation primarily receives revenues from financing and application fees. However, during 2020, the Corporation did not receive any financing fees.
- The Corporation's net position decreased by \$9,217 in 2020. The decrease of \$9,217 is attributed to expenses exceeding revenues. The Corporation currently manages the City of Syracuse owned parking garage at the AXA towers, as such, the Corporation receives parking revenues offset by the 3rd party contractual expenses who manages the garage on behalf of the Corporation. The majority of expenses relate to AXA parking garage, totaling \$54,132, with the remaining expenses of \$13,743 primarily ordinary operating expenses of the Corporation, related to insurance, professional fees and office expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Corporation's assets and liabilities, with the difference between the two reported as net positions. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The Statement of Activities presents information showing how the Corporation's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods. Both of the government-wide financial statements report only business-type (proprietary) activities, since none of the Corporation's activities are considered to be governmental activities supported primarily by taxes.

Syracuse Local Development Corporation
Management's Discussion and Analysis
For the Years Ended December 31, 2020 and 2019 (unaudited)

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation, like other component units of state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Corporation does not have any finance-related legal requirements for funds, as such maintains its books and records consistent with other proprietary funds, which is on a basis consistent with business-type activities. The Corporation's financial statements are considered a proprietary fund (enterprise fund) which is the same information as presented within the Statements of Net Position and Statements of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements. The notes to the financial statements can be found on pages 9 through 12 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Corporation's financial position. In the case of the Corporation, assets exceeded liabilities by \$25,473 as of December 31, 2020. This net position balance consists of cash and cash equivalents of \$78,550, however \$53,077 represents current payables, as such, only \$25,473 may be used by the Corporation for future economic development needs as more fully described in the Corporation's mission statement.

Syracuse Local Development Corporation
Management's Discussion and Analysis
For the Years Ended December 31, 2020 and 2019 (unaudited)

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

Net Position			
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 78,550	\$ 100,834	\$ 182,836
Total assets	<u>\$ 78,550</u>	<u>\$ 100,834</u>	<u>\$ 182,836</u>
Accounts payable	\$ 53,077	\$ 66,144	\$ 80,752
Total liabilities	<u>53,077</u>	<u>66,144</u>	<u>-</u>
Net position	<u>25,473</u>	<u>34,690</u>	<u>102,084</u>
	<u>\$ 78,550</u>	<u>\$ 100,834</u>	<u>\$ 102,084</u>

Change in Net Position			
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenue and other support:			
Parking garage	\$ 58,643	\$ 50,187	\$ -
Interest income	15	103	211
Total revenue and other support	<u>58,658</u>	<u>50,290</u>	<u>211</u>
Expenses:			
Insurance	1,695	3,390	-
Professional Fees	6,750	32,984	16,900
Parking garage contractual	54,132	54,132	-
Legal fees	5,224	21,696	119,002
Office expenses	74	5,482	-
Total expenses	<u>67,875</u>	<u>117,684</u>	<u>135,902</u>
Change in net position	(9,217)	(67,394)	(135,691)
Net position at beginning of year	<u>34,690</u>	<u>102,084</u>	<u>237,775</u>
Net position at end of year	\$ 25,473	\$ 34,690	\$ 102,084

REQUEST FOR INFORMATION

This financial report is designed to provide readers with a general overview of the Corporation's finances. If you have questions about this report or need additional information, contact the Corporation's board at the Syracuse Local Development Corporation, 201 East Washington St, Suite 700, Syracuse, NY 13202-1432.

Syracuse Local Development Corporation

Statements of Net Position

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	<u>\$ 78,550</u>	<u>\$ 100,834</u>
	<u>\$ 78,550</u>	<u>\$ 100,834</u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable	<u>\$ 53,077</u>	<u>\$ 66,144</u>
	<u>53,077</u>	<u>66,144</u>
Net position		
Unrestricted	<u>25,473</u>	<u>34,690</u>
Total net position	<u>25,473</u>	<u>34,690</u>
	<u>\$ 78,550</u>	<u>\$ 100,834</u>

The accompanying notes are an integral part of the financial statements

Syracuse Local Development Corporation

Statements of Activities and Changes in Net Position

	Years ended December 31,	
	2020	2019
Revenue and other support:		
Parking garage	\$ 58,643	\$ 50,187
Interest income	15	103
Total revenue and other support	58,658	50,290
 Expenses:		
Insurance	1,695	3,390
Professional Fees	6,750	32,984
Parking garage contractual	54,132	54,132
Office	74	5,482
Legal fees	5,224	21,696
Total expenses	67,875	117,684
Change in net position	(9,217)	(67,394)
Net position at beginning of year	34,690	102,084
Net position at end of year	\$ 25,473	\$ 34,690

The accompanying notes are an integral part of the financial statements

Syracuse Local Development Corporation

Statements of Cash Flows – Proprietary fund

	Years ended December 31,	
	2020	2019
Cash flows from operating activities:		
Inflows -		
Parking garage fees received	\$ 58,643	\$ 50,187
Interest income earned	15	103
Outflows -		
Other services	<u>(80,942)</u>	<u>(132,292)</u>
Net cash provided by (used in) operating activities*	<u>(22,284)</u>	<u>(82,002)</u>
 Net increase (decrease) in cash and cash equivalents	 (22,284)	 (82,002)
 Cash - Beginning of year	 <u>100,834</u>	 <u>182,836</u>
Cash - End of year	<u>\$ 78,550</u>	<u>\$ 100,834</u>
 *Reconciliation of change in net position to net cash provided by (used in) operating activities:		
Change in net position:	\$ (9,217)	\$ (67,394)
Changes in operating assets and liabilities:		
Accounts payable	<u>(13,067)</u>	<u>(14,608)</u>
Net cash provided by (used in) operating activities	<u>\$ (22,284)</u>	<u>\$ (82,002)</u>

The accompanying notes are an integral part of the financial statements

Syracuse Local Development Corporation

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of Operations

On March 15, 2010, the Common Council of the City of Syracuse formed the Syracuse Local Development Corporation under section 1411 of the Not-for-Profit Corporation Law of the State of New York. The main purpose of the Corporation is to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of the City of Syracuse by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses and other entities to access low interest tax-exempt and non-tax-exempt financing for their eligible projects and undertaking projects and activities within the City of Syracuse for the purpose of relieving and reducing unemployment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of adding the City of Syracuse by attracting new industry to the City of Syracuse or by encouraging the development of, or retention of, an industry in the City of Syracuse, and lessening the burdens of government and acting in the public interest. The Corporation's tax-exempt status is pending with taxing authorities, however, the Corporation believes it will be classified as a governmental not-for-profit corporation exempt from federal income tax under Section 115 of the Internal Revenue Code and under Section 402 and 1411 of the New York Not-For-Profit Corporation Law.

The Corporation is considered a public authority and is subject to rules and regulations of the New York State Public Authorities Act of 2009. The Corporation must provide various reports to New York State officials on a frequent basis. Failure to follow public authority regulations or to provide accurate and timely information to the New York State officials could impair the ability for the Corporation to act under the public authority laws of the State of New York.

Basis of Presentation

The Corporation is considered a governmental entity for accounting and financial reporting purposes. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Governance

The Corporation is managed by a Board of Directors which establishes the general policies governing the organization. The Board of Directors is comprised of five voting directors who are all subject to confirmation by the City of Syracuse.

Annual Budgets

The Corporation is required to provide to the New York State authorities budget office an annual budget on operations and capital construction setting forth the estimated receipts and expenditures for the next fiscal year and the current fiscal year. This budget is submitted to the authority's budget office and can be found on the Corporation's website at www.syracuse.ny.us/SLDC.aspx

Syracuse Local Development Corporation

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk

Financial instruments that potentially subject the Corporation to concentration of credit risk consist principally of cash and cash equivalents. The Corporation places its temporary cash investments with limited financial institutions and its cash balances have not exceeded the Federal Deposit Insurance Corporation limits.

Cash and Cash Equivalents

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

All deposits of the Corporation, including certificates of deposit and special time deposits in excess of the amount insured under the Federal Deposit Insurance Act (FDIC) shall be secured by eligible collateral. Eligible collateral is defined as consisting of any one, or combination, of the following: (a) pledge of eligible securities with an aggregate market value as provided by General Municipal Law equal to the aggregate amount of deposits or (b) by an eligible surety bond payable to the Trust for an amount equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims-paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations. The Corporation has no cash balances in excess of the FDIC insured amounts as of December 31, 2019.

Net Position

The unrestricted component of net position consists of unrestricted assets reduced by liabilities.

Income Taxes

The Corporation believes it will be classified as exempt from taxation under Section 115 of the Internal Revenue Code, and has been classified as an organization that is not a private foundation under Section 509(a) of the Code. The Corporation also believes that none of its activities are subject to unrelated business income tax; therefore no provision for such income tax has been made in the financial statements for the years ended December 31, 2020 and 2019.

Revenue Recognition

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

Syracuse Local Development Corporation

Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Risks and Uncertainties

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

2. Investments

The Corporation has a written investment policy. This investment policy allows the Corporation to invest in a variety of appropriate investment vehicles, including but not limited to special time deposits, certificates of deposits, obligations of the United States of America, obligations guaranteed by agencies of the United States of America and obligations of the State of New York. All investments held on behalf of the Corporation shall be held in the custody of a bank or trust company and shall be held pursuant to a written custodial agreement. As of December 31, 2020 and 2019, all of the assets of the Corporation are invested within either a general checking account or a money market account which are considered cash and cash equivalents for financial statement reporting.

3. Conduit Debt Obligations

The Corporation has the ability to issue bonds which are deemed to be limited obligations of the Corporation. These bonds are considered to be limited obligations as the payments for such bonds are pledged from a source outside the Corporation which has the obligation to pay the principal and interest of such bonds. These bonds are paid solely from the net revenues and other funds of the Corporation pledged under terms of each individual bond indenture agreement. Since the Corporation does not have any obligation to repay the principal and interest of such bonds, the bonds are not reflected on the statement of net position as long-term debt. As of December 31, 2020, the Corporation has issued bonds with an aggregate principal amount outstanding of approximately \$54,455,000.

Syracuse Local Development Corporation

Notes to Financial Statements

3. Conduit Debt Obligations (continued)

A summary of the conduit debt obligations is as follows:

Issuance Description	Date of Issuance	Principal at Issuance	Interest Rate(s)	Final Maturity Date
Multi-Modal Revenue Bonds (Crouse Health Hospital, Inc. Project), Series 2016A	3/9/2016	\$ 12,800,000	3.84%	1/1/2042
Multi-Modal Revenue Bonds (Crouse Health Hospital, Inc. Project), Series 2016B	3/9/2016	\$ 9,800,000	3.60%	1/1/2042
Multi-Modal Revenue Bonds (Crouse Health Hospital, Inc. Project), Series 2016C	3/9/2016	\$ 20,000,000	Libor + 2.75%	1/1/2042
Revenue Refunding Bonds (Crouse Health Hospital, Inc.), Series 2017A	11/15/2017	\$ 17,465,000	3.85%	1/1/2033
		<u>\$ 60,065,000</u>		

Issuance Description	Principal at 12/31/2019	Principal Issuances	Principal Payments	Principal at 12/31/2020
Multi-Modal Revenue Bonds (Crouse Health Hospital, Inc. Project), Series 2016A	\$ 11,735,000	\$ -	\$ 560,000	\$ 11,175,000
Multi-Modal Revenue Bonds (Crouse Health Hospital, Inc. Project), Series 2016B	8,990,000	-	440,000	\$ 8,550,000
Multi-Modal Revenue Bonds (Crouse Health Hospital, Inc. Project), Series 2016C	18,270,000	-	955,000	\$ 17,315,000
Revenue Refunding Bonds (Crouse Health Hospital, Inc.), Series 2017A	17,465,000	-	50,000	\$ 17,415,000
	<u>\$ 56,460,000</u>	<u>\$ -</u>	<u>\$ 2,005,000</u>	<u>\$ 54,455,000</u>

4. Related Party Transactions

The Corporation shares space with the City of Syracuse and uses staff of either City of Syracuse or the Syracuse Urban Renewal Agency to conduct its business. These on-behalf payments are not deemed significant to these financial statements therefore are not recorded in the statement of activities.

5. Subsequent Events

In preparing financial statements, management of the Corporation 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 additional events or transactions that were discovered during the evaluation that required further disclosure.