

**City of Syracuse Industrial Development Agency  
(A Component Unit of the City of Syracuse, New York)**

**FINANCIAL STATEMENTS**

**December 31, 2010 and 2009**

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**

**FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2010**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the City of  
Syracuse Industrial Development Agency  
Syracuse, New York

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the City of Syracuse Industrial Development Agency (a Component Unit of the City of Syracuse, New York), as of and for the year ended December 31, 2010, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Syracuse Industrial Development Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the Agency's 2009 financial statements and, in our report dated July 20, 2010, we expressed unqualified opinions on the respective financial statements of the business-type activities, each major fund, and the aggregate remaining fund information.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the City of Syracuse Industrial Development Agency as of December 31, 2010, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2011 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

New York State law requires supplemental schedules related to activities of the Agency. The supplemental schedules of Revenue Bonds and Other Financing on pages 24 through 28 are not a part of the basic financial statements but are supplementary information required by New York State General Municipal Law section 859. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Syracuse Industrial Development Agency's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Syracuse, New York  
May 17, 2011

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**(a Component Unit of the City of Syracuse, New York)**  
**Management's Discussion and Analysis for the year ended December 31, 2010**

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*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, 2010. 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 \$3,327,959 (net assets). 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 assets decreased by (\$2,882,703) for the 2010 fiscal year.*
- *During 2010 the Agency received \$4,280,114 for its role in various development projects. The bulk of the development fees (\$3,800,000) came from the Destiny USA project. This amount was passed through by SIDA to the City of Syracuse/Onondaga County.*
- *The Agency continued reducing its HUD-108 loans during 2010 by making \$2,412,000 in principal payments.*

**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 three components: 1) agency-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.*

**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 Assets presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the fiscal year. All changes in net assets 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 7 and 8 of this report.*

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**(a Component Unit of the City of Syracuse, New York)**  
**Management's Discussion and Analysis for the year ended December 31, 2010**

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***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 Agency, like other component units of state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Agency are currently treated as proprietary funds.*

***Proprietary funds** – Proprietary funds are used to account for essentially the same functions reported as proprietary activities in the agency-wide financial statements. However, unlike the agency-wide financial statements, proprietary fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Agency's near-term financing requirements.*

*Because the focus of proprietary funds is narrower than that of the agency-wide financial statements, it is useful to compare the information presented for proprietary funds with similar information presented for proprietary activities in the agency-wide financial statements. By doing so, readers may better understand the long-term impact of the Agency's near-term financing decisions. The Agency maintains six proprietary funds. Information is presented separately in the Funds Financial Statements for the Operating Fund, the Lakefront Development Fund, and the HUD-108 Fund, all of which are considered to be major funds. Data from the other three funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements and can be found on pages 22 and 23 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 contains certain supplementary information, which contain information concerning revenue bonds and other financing. This supplementary information can be found on pages 24 through 28 of this report.*

**AGENCY-WIDE FINANCIAL ANALYSIS**

*As noted earlier, net assets 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 \$3,327,959 as of December 31, 2010.*

*Cash and loans receivable constitute the largest portion of the Agency's net assets. These net assets are available for future repayment of HUD-108 loans payable and for future economic development projects. At December 31, 2010, a significant portion of the Agency's cash (\$2,259,337) is restricted for use in the City's Lakefront Development Area (\$1,542,750), and for downtown parking mitigation costs (\$716,587).*

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**(a Component Unit of the City of Syracuse, New York)**  
**Management's Discussion and Analysis for the year ended December 31, 2010**

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*All of the Agency's funds are treated as proprietary (business-type) funds. The following are summarized versions of the agency-wide financial statements for 2010:*

**Statement of Net Assets**

Cash and cash equivalents	\$ 6,657,592
Receivables	6,195,267
Investments in properties	985,220
Land and building, at cost, net of depreciation	950,902
Prepaid expenses	<u>10,857</u>
Total assets	<u><u>\$ 14,799,838</u></u>
HUD-108 loans payable	\$ 6,910,000
Bonds payable	1,265,000
Payable to City of Syracuse	2,020,255
All other liabilities	<u>1,276,624</u>
Total liabilities	11,471,879
Net assets	<u>3,327,959</u>
Total liabilities and net assets	<u><u>\$ 14,799,838</u></u>

**Statement of Activities**

Financing fees	\$ 4,280,114
Interest income	221,500
Grant income	50,000
PILOT revenue	1,036,406
All other income	<u>311,733</u>
Total income	<u>5,899,753</u>
Destiny USA fee to City of Syracuse/Onondaga County	3,800,000
Interest expense	434,557
Allowance for uncollectible loans	59,414
Development costs and public improvements	3,997,336
All other expenses	<u>491,149</u>
Total expenses	<u>8,782,456</u>
Decrease in net assets	(2,882,703)
Net assets – beginning of year	<u>6,210,662</u>
Net assets – end of year	<u><u>\$ 3,327,959</u></u>

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**(a Component Unit of the City of Syracuse, New York)**  
**Management's Discussion and Analysis for the year ended December 31, 2010**

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***HUD-108 DEBT***

*The Agency has HUD-108 loans payable as of December 31, 2010 of \$6,910,000. During 2010, the Agency made principal payments of \$2,412,000. The resources needed to repay these loans will come from a) amounts repaid by developers, b) a PILOT agreement assigned to the Agency, c) fee income, and d) allocations of Community Development Block Grant funds, which have been pledged to provide resources for these loan repayments.*

***FINANCING FEES***

*As reported earlier, SIDA received a substantial development fee from the Destiny USA project during 2010: \$3,800,000 to pass through to the City of Syracuse/Onondaga County for use by them in economic development. The \$3,800,000 fee is part of a twelve year fee structure, totaling \$60,000,000, all of which will be passed through by SIDA to the City of Syracuse/Onondaga County.*

***RECEIVABLES***

*The Agency had approximately \$6,001,000 (net) in loans receivable outstanding as of December 31, 2010. Most of these receivables are concentrated in one project, Dey's Centennial Plaza. The original general partner of this project is the Syracuse Economic Development Corporation (SEDCO), which, like the City of Syracuse Industrial Development Agency, is a component unit of the City of Syracuse. During 2009, SEDCO sold the project to a private developer.*

***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.*

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Agency-wide Statement of Net Assets**

	December 31,	
	2010	2009
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 6,104,854	\$ 9,629,118
Restricted Cash	552,738	834,898
Other loan receivable	76,300	71,700
Other receivables	70,838	229,328
Investment in properties, at cost	985,220	1,015,220
Prepaid expenses	10,857	10,944
Total current assets	<u>7,800,807</u>	<u>11,791,208</u>
<b>Long-term Assets</b>		
Other loan receivable	391,389	467,657
Loans receivable - SEDCO, net	5,656,740	5,929,593
Land and building, at cost, net of depreciation	950,902	1,063,515
Future Destiny USA fees receivable	30,400,000	34,200,000
Future fees payable to City and County	(30,400,000)	(34,200,000)
Total long-term assets	<u>6,999,031</u>	<u>7,460,765</u>
Total Assets	<u>\$ 14,799,838</u>	<u>\$ 19,251,973</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	386,805	146,015
Accrued interest payable	118,449	152,943
Grant payable	735,370	-
Deferred revenue	36,000	-
Federal government loans - current portion	2,539,000	2,412,000
Bonds payable - current portion	145,000	135,000
Total current liabilities	<u>3,960,624</u>	<u>2,845,958</u>
<b>Long-term Liabilities</b>		
Payable to City of Syracuse - long-term portion	2,020,255	2,020,353
Federal government loans - long-term portion	4,371,000	6,910,000
Bonds payable - long-term portion	1,120,000	1,265,000
Total long-term liabilities	<u>7,511,255</u>	<u>10,195,353</u>
Total Liabilities	<u>\$ 11,471,879</u>	<u>\$ 13,041,311</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	(304,070)	(327,433)
Restricted for:		
Lakefront Development	1,542,750	2,781,129
Parking Mitigation	652,494	2,200,000
Unrestricted	1,436,785	1,556,966
Total net assets	<u>3,327,959</u>	<u>6,210,662</u>
Total liabilities and net assets	<u>\$ 14,799,838</u>	<u>\$ 19,251,973</u>

The accompanying notes are an integral part of these financial statements

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Agency-wide Statement of Activities**  
**For the year ended December 31, 2010 with Comparative**  
**Summarized Financial Information for December 31, 2009**

	<u>Expenses</u>	<u>Fees, Interest Income and Rent</u>	<u>Operating Grants</u>	<u>Net (Expense) Revenue and Change in Net Assets</u>	
				<u>2010</u>	<u>2009</u>
<b>Governmental activities:</b>					
None	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Business-type activities:</b>					
Destiny USA fee to City of Syracuse/ Onondaga County	3,800,000	3,800,000	-	-	-
Economic Development	420,825	480,114	-	59,289	122,070
Development Projects	3,954,353	-	50,000	(3,904,353)	(3,233,736)
Loan Programs	494,664	185,081	-	(309,583)	(817,069)
Impairment of investment properties	-	-	-	-	(1,125,177)
Parking Garage	112,613	241,800	-	129,187	13,176
Total agency	<u>\$ 8,782,455</u>	<u>\$ 4,706,995</u>	<u>\$ 50,000</u>	<u>\$ (4,025,460)</u>	<u>\$ (5,040,736)</u>
<b>General revenues:</b>					
Interest on bank accounts				\$ 36,418	\$ 72,150
PILOT revenue				1,036,406	951,533
Other income				69,933	50,092
Total general revenues				<u>1,142,757</u>	<u>1,073,775</u>
Change in net assets				(2,882,703)	(3,966,961)
Net assets - beginning of year				<u>6,210,662</u>	<u>10,177,623</u>
Net assets - end of year				<u>\$ 3,327,959</u>	<u>\$ 6,210,662</u>

The accompanying notes are an integral part of these financial statements

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**(a Component Unit of the City of Syracuse, New York)**  
**Statement of Net Assets – Proprietary Funds**  
**For the year ended December 31, 2010 with Comparative**  
**Summarized Financial Information for December 31, 2009**

	Operating Fund	HUD-108 Fund	Lakefront Development Fund	Nonmajor Funds	Total 2010	Total 2009
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	1,737,919	1,504,345	\$ 1,542,750	\$ 1,319,840	\$ 6,104,854	\$ 9,629,118
Restricted cash	-	552,738	-	-	552,738	834,898
Loans receivable - current portion	76,300	-	-	-	76,300	71,700
Other receivables	70,838	-	-	-	70,838	229,328
Investment in properties, at cost	985,220	-	-	-	985,220	1,015,220
Prepaid expenses	-	10,857	-	-	10,857	10,944
Total current assets	<u>2,870,277</u>	<u>2,067,940</u>	<u>1,542,750</u>	<u>1,319,840</u>	<u>7,800,807</u>	<u>11,791,208</u>
<b>Long-term Assets</b>						
Loans receivable - long-term portion	391,358	5,656,771	-	-	6,048,129	6,397,250
Land and building, at cost, net of depreciation	-	-	-	950,902	950,902	1,063,515
Future Destiny USA fees receivable	-	-	-	-	-	-
Future fees payable to City and County	-	-	-	-	-	-
Interfund accounts	(318,793)	(704,309)	-	1,023,102	-	-
Total long-term assets	<u>72,565</u>	<u>4,952,462</u>	<u>-</u>	<u>1,974,004</u>	<u>6,999,031</u>	<u>7,460,765</u>
Total Assets	<u>\$ 2,942,842</u>	<u>\$ 7,020,402</u>	<u>\$ 1,542,750</u>	<u>\$ 3,293,844</u>	<u>\$ 14,799,838</u>	<u>\$ 19,251,973</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>Current Liabilities</b>						
Accounts payable	386,805	\$ -	\$ -	\$ -	386,805	\$ 146,015
Accrued interest payable	-	110,402	-	8,047	118,449	152,943
Grant payable	735,370	-	-	-	735,370	-
Deferred revenue	36,000	-	-	-	36,000	-
Payable to City of Syracuse - current portion	-	-	-	-	-	-
Federal government loans - current portion	-	2,539,000	-	-	2,539,000	2,412,000
Bonds payable - current portion	-	-	-	145,000	145,000	135,000
Total current liabilities	<u>1,158,175</u>	<u>2,649,402</u>	<u>-</u>	<u>153,047</u>	<u>3,960,624</u>	<u>2,845,958</u>
<b>Long-term Liabilities</b>						
Payable to City of Syracuse - long-term portion	347,882	-	-	1,672,373	2,020,255	2,020,353
Federal government loans - long-term portion	-	4,371,000	-	-	4,371,000	6,910,000
Bonds payable - long-term portion	-	-	-	1,120,000	1,120,000	1,265,000
Total long-term liabilities	<u>347,882</u>	<u>4,371,000</u>	<u>-</u>	<u>2,792,373</u>	<u>7,511,255</u>	<u>10,195,353</u>
Total Liabilities	<u>1,506,057</u>	<u>7,020,402</u>	<u>-</u>	<u>2,945,420</u>	<u>11,471,879</u>	<u>13,041,311</u>
<b>Net Assets</b>						
Net Assets	<u>1,436,785</u>	<u>-</u>	<u>1,542,750</u>	<u>348,424</u>	<u>3,327,959</u>	<u>6,210,662</u>
Total liabilities and net assets	<u>\$ 2,942,842</u>	<u>\$ 7,020,402</u>	<u>\$ 1,542,750</u>	<u>\$ 3,293,844</u>	<u>\$ 14,799,838</u>	<u>\$ 19,251,973</u>

The accompanying notes are an integral part of these financial statements

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Agency-wide Statement of Activities**  
**For the year ended December 31, 2010 with comparative summarized**  
**financial information for the year ended December 31, 2009**

	Operating Fund	HUD-108 Fund	Lakefront Development Fund	Nonmajor Funds	Total 2010	Total 2009
<b>Revenue</b>						
Financing fees	\$ 4,280,114	\$ -	\$ -	\$ -	\$ 4,280,114	\$ 4,487,268
Grant income	50,000	-	-	-	50,000	2,225,035
PILOT revenue	1,036,406	-	-	-	1,036,406	951,533
Interest income	77,939	143,146	-	415	221,500	653,299
Garage rent	-	-	-	241,800	241,800	241,263
Loan subsidy	-	-	-	-	-	-
Other income	69,933	-	-	-	69,933	50,092
<b>Total revenue</b>	<b>\$ 5,514,392</b>	<b>\$ 143,146</b>	<b>\$ -</b>	<b>\$ 242,215</b>	<b>\$ 5,899,753</b>	<b>\$ 8,608,490</b>
<b>Expenses</b>						
Development costs -						
Destiny USA fee to City of Syracuse/ Onondaga County	\$ 3,800,000	\$ -	\$ -	\$ -	\$ 3,800,000	\$ 3,817,500
Lakefront projects	304,055	-	-	-	304,055	226,880
Other projects	-	-	-	-	-	-
Public improvements	172,028	-	1,238,379	1,547,506	2,957,913	5,231,892
Interest	-	328,610	-	105,947	434,557	552,660
Grants	735,368	-	-	-	735,368	-
Losses from uncollectible loans	-	59,414	-	-	59,414	996,014
Legal fees	87,595	-	-	-	87,595	119,252
Professional fees	233,186	-	-	-	233,186	338,923
Depreciation	-	-	-	112,613	112,613	112,613
Impairment of investment properties	-	-	-	-	-	1,125,177
Miscellaneous	57,061	400	-	294	57,755	54,540
<b>Total expenses</b>	<b>5,389,293</b>	<b>388,424</b>	<b>1,238,379</b>	<b>1,766,360</b>	<b>8,782,456</b>	<b>12,575,451</b>
Change in net assets	125,099	(245,278)	(1,238,379)	(1,524,145)	(2,882,703)	(3,966,961)
Net assets - beginning of year	1,556,966	-	2,781,129	1,872,567	6,210,662	10,177,623
Transfer between funds	(245,278)	245,278	-	-	-	-
<b>Net assets - end of year</b>	<b>\$ 1,436,787</b>	<b>\$ -</b>	<b>\$ 1,542,750</b>	<b>\$ 348,422</b>	<b>\$ 3,327,959</b>	<b>\$ 6,210,662</b>

The accompanying notes are an integral part of these financial statements

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Statement of Cash Flows – Proprietary Funds**

	<b>Years Ended December 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Cash flows from operating activities:</b>		
Inflows -		
Interest received	\$ 221,500	\$ 112,119
Loan fees and grants	1,566,520	4,380,961
Rents and miscellaneous fees received	470,223	291,154
Loan repayments	71,668	24,256
Destiny USA fee	3,800,000	3,800,000
Outflows -		
Interest payments	(469,051)	(667,635)
Supplies and services	(3,150,284)	(6,771,951)
Payment of operating loans	(2,412,000)	(2,792,000)
Destiny USA fee	(3,800,000)	(3,800,000)
Net cash used for operating activities	<u>(3,701,424)</u>	<u>(5,423,096)</u>
<b>Cash flows from investing activities:</b>		
Purchase of investment property	-	(422,108)
Sale of investment property	30,000	-
Net cash provided (used for) investing activities	<u>30,000</u>	<u>(422,108)</u>
<b>Cash flows from financing activities:</b>		
Payment on Center Armory Bonds	(135,000)	(125,000)
Net (decrease) increase in cash and cash equivalents	<u>(3,806,424)</u>	<u>(5,970,204)</u>
<b>Cash and cash equivalents - beginning of year</b>	<b>10,464,016</b>	<b>16,434,220</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 6,657,592</b>	<b>\$ 10,464,016</b>
* Reconciliation of changes in net assets to net cash (used for) provided by operating activities:		
Change in net assets	<u>\$ (2,882,705)</u>	<u>\$ (3,966,961)</u>
Adjustments -		
Depreciation	112,613	112,613
Impairment of investment properties	-	1,125,177
Allowance for loan losses	18,871	996,014
Decrease in loan receivable	71,668	65,665
Decrease (increase) in loan receivable - SEDCO	253,984	(539,656)
Increase (decrease) in prepaid expenses	87	-
Decrease in other receivables	158,490	(188,785)
(Decrease) in HUD-108 loans payable	(2,412,000)	(2,792,000)
Increase (decrease) in payable to City of Syracuse	(98)	(36,697)
Increase (decrease) in grant payable	735,370	-
Increase (decrease) in accounts payable	240,790	(129,721)
(Decrease) in interest payable	(34,494)	(68,745)
Increase in deferred revenue	36,000	-
Net adjustments	<u>(818,719)</u>	<u>(1,456,135)</u>
<b>Net cash (used for) provided by operating activities</b>	<b>\$ (3,701,424)</b>	<b>\$ (5,423,096)</b>

The accompanying notes are an integral part of these financial statements

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

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**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 (Note 2) and the making of loans under the HUD Section 108 Program (Note 3), the Downtown Commercial Rehabilitation Loan Program (Note 4) and the SIDA Development Fund (Note 5). 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 assets and fund balances, and b) changes in net assets 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 Assets 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.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include charges for services and grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Payments lieu of taxes (PILOT) revenue, gain on the sale of real property, and other revenue sources not properly included with program revenues are reported as general revenues.

**Fund financial statements** – Fund financial statements are provided to all of the Agency’s funds. Major individual agency funds are reported in separate columns with composite columns for nonmajor funds.

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

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**1. Nature of the organization and significant accounting policies, continued**

**Measurement focus, basis of accounting, and financial statement presentation**

The financial statements of the Agency are prepared in accordance with generally accepted accounting principles (GAAP). The Agency's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The agency-wide financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

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 (between or within funds). 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.

Proprietary fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are recorded when the related fund liability is incurred.

**Fund types and major funds**

The Agency reports all its activities as proprietary funds, since all of its activities are financed in whole, or in substantial part, by fees, loan repayments, and grants.

The Agency reports the following major proprietary funds:

***Operating fund*** – reports as the primary fund of the Agency. This fund is used to account for all financial resources not reported in other funds.

***Lakefront Development Fund*** – reports all activity of projects funded with resources available to the Agency from its involvement in the Destiny USA project. The primary activity of this fund is underwriting development projects in the lakefront area of Syracuse, NY.

***HUD-108 fund*** – reports all loan activity received and disbursed under Section 108 of the Housing and Community Development Act of 1974. The primary activity of this fund is borrowing from the Department of Housing and Urban Development, and reloaning of the borrowing proceeds to qualified developers.

The Agency also reports other (nonmajor) proprietary funds in total on the funds financial statements, and provides details of these funds as supplemental information on the combining financial statements. In addition, this report includes supplemental schedules of revenue bonds and other financing as required by New York State law which display the Agency's financing activities that are not included in the Agency's basic financial statements.

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

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**1. Nature of the organization and significant accounting policies, continued**

**Significant accounting policies**

The financial statements have been prepared using the accrual basis of accounting.

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

SIDA's sole function is to enhance economic development activities through the making and facilitating of business loans. Virtually all of its expenses are incurred to fulfill this function.

SIDA uses the allowance method to report loans of doubtful collectability.

SIDA considers its lending activities, described in Notes 4 and 5, as operating activities for purposes of the statement of cash flows.

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. 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.

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.

**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. At the end of the lease term, the company has the option of purchasing the project for one dollar. 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. HUD Section 108 Loan Fund**

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 3<sup>rd</sup> 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.

Interest rates on these loans are typically pegged to yields on U.S. Treasury obligations of similar maturity to the principal amount at the time of the public offering. Rates vary from 1.75% to 4.99% on outstanding loans. An interest only payment is due each January 1<sup>st</sup>, while principal and interest are due each August 1<sup>st</sup>. The Agency did not issue any new HUD 108 loans for the years ended December 31, 2010 and 2009. The Agency has outstanding principal of \$6,910,000 and \$9,322,000 as of December 31, 2010 and 2009, respectively on these loans. The following is a schedule of annual principal payments due on the HUD-108 loans outstanding at December 31, 2010:

Year(s)	Principal	Interest	Yearly Total
2011	\$ 2,539,000	\$ 222,768	\$ 2,761,768
2012	2,687,000	122,881	2,809,881
2013	301,000	64,458	365,458
2014	277,000	55,132	332,132
2015	283,000	56,600	339,600
2016-2021	823,000	135,342	958,342
<b>Totals</b>	<b>\$ 6,910,000</b>	<b>\$ 657,181</b>	<b>\$ 7,567,181</b>
Current portion	\$ 2,539,000		
Noncurrent portion	\$ 4,371,000		

A summary of the activity of the HUD-108 loans:

	2010	2009
Beginning bond payable, 1/1	\$ 9,322,000	\$ 12,114,000
Payments made	(2,412,000)	(2,792,000)
New issuances	-	-
Bond payable, 12/31	<u>6,910,000</u>	<u>9,322,000</u>
Less: current portion of bond payable	<u>(2,539,000)</u>	<u>(2,412,000)</u>
Non-current portion of bond payable	<u>\$ 4,371,000</u>	<u>\$ 6,910,000</u>

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

**4. Loan Receivable - SEDCO**

The Agency has a loan receivable from a related party, Syracuse Economic Development Corporation (SEDCO) related to an economic development project that SEDCO undertook. SEDCO has since sold this project to a 3<sup>rd</sup> party developer and received a mortgage note totaling \$5,500,000. SEDCO has pledged all of the payments of principal and interest of this mortgage note to SIDA. The mortgage note bears interest at 3% and is recorded as interest income by SIDA. During the construction period for this project, interest only payments are made to SEDCO which are subsequently paid to SIDA. SIDA recorded interest income of \$137,500 and \$0, respectively for the years ended December 31, 2010 and 2009. Principal payments will begin to be made by SEDCO when the construction period for this project is complete, which will in turn be paid to SIDA and reduce the principal balance of the loan receivable from SEDCO.

The loan receivable from SEDCO consists of various components which include a previous outstanding loan which has been fully reserved for concerning its collectability and other components related to the previous development project that SEDCO undertook. SIDA uses the allowance method to record an estimate of uncollectible loans. SIDA recorded additional allowances of \$0 and \$996,014, for the years ended December 31, 2010 and 2009, respectively. A summary of the loan activity related to SEDCO is as follows:

	(A)	(B)	(C)	(D)	Totals
Balance - December 31, 2009	\$ 9,996,014	\$ 5,500,000	\$ 272,863	\$ 156,772	\$ 15,925,649
Reserve for doubtful accounts	(9,996,014)	-	-	-	(9,996,014)
Payments received	-	-	(253,993)	-	(253,993)
Write-offs	-	-	(18,870)	-	(18,870)
Balance, net - December 31, 2010	\$ -	\$ 5,500,000	\$ -	\$ 156,772	\$ 5,656,772

- (A) Represents the loan receivable from SEDCO prior to the sale of the development project.
- (B) Represents the loan receivable from the mortgage note pledged from the sale of the development project.
- (C) Represents a New York state tax refund from the former development project.
- (D) Represents other receivables related to the former development project.

**5. Other Loan Receivable**

The Agency has a loan receivable from a 3<sup>rd</sup> party for a development project within the City of Syracuse. The loan matures in 2016 and consists of monthly payments of \$8,611 which includes principal and interest at 6.25%. Interest received on such loan is \$31,678 and \$23,541, respectively for the years ended December 31, 2010 and 2009, respectively. A summary of the activity related to this loan is as follows:

	2010	2009
Beginning loan receivable, 1/1	\$ 539,317	\$ 584,667
Principal received	(71,659)	(45,350)
New loans	-	-
Loan Receivable, 12/31	467,658	539,317
Less: current portion of loan	(76,268)	(71,659)
Non-current portion of loan	\$ 391,390	\$ 467,658

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

**6. Payable to City of Syracuse**

SIDA has been designated by the City of Syracuse to receive, and subsequently loan for commercial use, funds collected by the City under a past tax amnesty program. Under this program, SIDA serves as a conduit between the loan recipient and the City of Syracuse. All earnings and potential losses from the activities are recorded in the fund titled "Development fund" and such fund reverts back to the City, as such, SIDA has no net assets in this fund. The payable to the City does not bear any interest. A summary of the activity related to this long term obligation is as follows:

	<u>2010</u>	<u>2009</u>
Beginning City of Syracuse payable, 1/1	\$ 2,020,353	\$ 2,057,050
Payments made	(98)	(36,697)
New issuances	-	-
City of Syracuse payable, 12/31	<u>2,020,255</u>	<u>2,020,353</u>
Less: current portion of payable	-	-
Non-current portion of payable	<u>\$ 2,020,255</u>	<u>\$ 2,020,353</u>

**7. Bonds Payable**

The Center Armory Garage Facility is owned by SIDA and is located in the Armory Square historic district in downtown Syracuse. The project was financed by SIDA with revenue bonds. Payments on the bonds are made on a bi-annual basis, with interest only payments made on June 1<sup>st</sup> and principal plus interest made on December 1<sup>st</sup> of each year through maturity. The following is a schedule of current and future principal and interest payments:

	Tax-Exempt Interest 6.75%		Taxable Interest 8.80%		Totals	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 85,000	\$ 48,600	\$ 60,000	\$ 47,960	\$ 145,000	\$ 96,560
2012	90,000	42,862	65,000	42,680	155,000	85,542
2013	95,000	36,788	70,000	36,960	165,000	73,748
2014	100,000	30,376	75,000	30,799	175,000	61,175
2015	110,000	23,626	85,000	24,199	195,000	47,825
2016	115,000	16,200	90,000	16,720	205,000	32,920
2017	125,000	8,438	100,000	8,800	225,000	17,238
	<u>\$ 720,000</u>	<u>\$ 206,890</u>	<u>\$ 545,000</u>	<u>\$ 208,118</u>	<u>\$ 1,265,000</u>	<u>\$ 415,008</u>

A summary of the bond principal activity for the years ended:

	<u>2010</u>	<u>2009</u>
Beginning bond payable, 1/1	\$ 1,400,000	\$ 1,525,000
Payments made	(135,000)	(125,000)
New issuances	-	-
Bond payable, 12/31	<u>1,265,000</u>	<u>1,400,000</u>
Less: current portion of bond payable	<u>(145,000)</u>	<u>(135,000)</u>
Non-current portion of bond payable	<u>\$ 1,120,000</u>	<u>\$ 1,265,000</u>

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

**7. Bonds Payable, continued**

SIDA leases the parking facilities to the Syracuse Economic Development Corporation (SEDCO), which subleases the facilities to the City of Syracuse (City). The lease and sublease, which expire on December 1, 2017, call for rent payments to be made by the City to SIDA in an amount sufficient to pay the interest and principal due on the bonds and to maintain various bond reserve funds at required levels.

**8. Land and Building**

SIDA owns the land and building of the Center Armory Garage Facility. The facility is 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, 2010 and 2009:

<b>Fiscal Year 2010</b>				
<b>Cost:</b>	<b>Beginning 1/1/2010</b>	<b>Purchases/ Additions</b>	<b>Disposals</b>	<b>Ending 12/31/2010</b>
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Buildings	2,815,320	-	-	2,815,320
Total	\$ 2,865,320	\$ -	\$ -	\$ 2,865,320
<b>Accumulated depreciation:</b>				
	<b>Beginning 1/1/2010</b>	<b>Current year Depreciation</b>	<b>Disposals</b>	<b>Ending 12/31/2010</b>
Accumulated depreciation	(1,801,805)	(112,613)	-	(1,914,418)
Buildings and land, net	\$ 1,063,515	\$ (112,613)	\$ -	\$ 950,902
<b>Fiscal Year 2009</b>				
<b>Cost:</b>	<b>Beginning 1/1/2009</b>	<b>Purchases/ Additions</b>	<b>Disposals</b>	<b>Ending 12/31/2009</b>
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Buildings	2,815,320	-	-	2,815,320
Total	\$ 2,865,320	\$ -	\$ -	\$ 2,865,320
<b>Accumulated depreciation:</b>				
	<b>Beginning 1/1/2009</b>	<b>Current year Depreciation</b>	<b>Disposals</b>	<b>Ending 12/31/2009</b>
Accumulated Depreciation	(1,689,192)	(112,613)	-	(1,801,805)
Buildings and land, net	\$ 1,176,128	\$ (112,613)	\$ -	\$ 1,063,515

**9. 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 are \$1,015,220 and \$1,718,289, as of December 31, 2010 and 2009, respectively.

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

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**10. Unused letter-of-credit**

During 2000, SIDA established a letter-of-credit with M & T Bank for \$1,285,000. As of December 31, 2010, SIDA has not drawn on the letter-of-credit. The letter-of-credit is designed to provide collateral to HUD for a restructured HUD-108 loan payment.

**11. 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, 2010, SIDA had drawn down the following amounts on these grants:

Received in fiscal year ending December 31	<u>BEDI grant</u>	
	<u>1998</u>	<u>1999</u>
2000	\$ 400,101	\$ -
2002	599,899	293,940
2003	-	91,430
Total drawn	<u>\$ 1,000,000</u>	<u>\$ 385,370</u>

The remainder of the 1999 grant (\$489,630) 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 each of the grants is as follows:

	<u>Ratio of loan \$ to grant \$</u>
1998 grant	3 to 1
1999 grant	2.5 to 1

As of December 31, 2010, 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, 2010, 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	\$ 385,370	\$ 1,385,370
Grant dollars "earned" by making loans			
1998: \$1,950,000 ÷ 3 =	650,000	-	650,000
1999: \$- ÷ 2.5 =	-	-	-
Balance	<u>\$ 350,000</u>	<u>\$ 385,370</u>	<u>\$ 735,370</u>

The Agency 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 \$735,370 as a liability due to HUD. The ultimate payment terms will be negotiated with HUD in the future.

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

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**12. Destiny USA fees**

Destiny USA Project —SIDA has participated in the financing of the Carousel Center Mall, holds nominal title to the project, and continues to be active in the financing of the project as it attempts to transform from Carousel Center into Destiny USA. In early 2007, the developer received financing for Phase I of the conversion to Destiny USA, and commenced construction of a major expansion to the existing mall. In February, 2007, SIDA received a development fee of \$5,400,000 for its participation in the financing of the project. The use of this fee is restricted to development projects in the lakefront area near the mall. A separate \$60,000,000 project fee is being paid to SIDA over twelve years, with \$11,000,000 paid to SIDA in February, 2007, \$11,000,000 in February, 2008 and \$3,800,000 per year in 2009 through 2018. This separate fee is being passed through by SIDA to the City of Syracuse, New York and the County of Onondaga, New York to be used for general economic development purposes.

**13. Conduit Debt Obligations**

The Agency has the ability to issue bonds which are deemed to be limited obligations of the Agency. These bonds are considered to be limited obligations as the payments for such bonds are pledged from a source outside the Agency 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 Agency pledged under the terms of each individual bond indenture agreement. Since the Agency does not have any obligation to repay the principal and interest of such bonds, the bonds are not reflected as long-term debt of the Agency. As of December 31, 2010 and 2009, the Agency has issued bonds with an aggregate principal amount outstanding of approximately \$1,441,078,000 and \$1,423,327,000, respectively.

**14. Contingent liabilities – Destiny USA Project**

**Tenant compensation:**

Pursuant to an agreement between SIDA and Pyramid Company of Onondaga (Pyramid), SIDA acquired certain real property interests in May, 2006 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 adjacent to 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 some of the condemnees and made advance payments to most of the other 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. However, certain claims are still being litigated and if additional just compensation is awarded to the condemnees, and if Pyramid fails to pay those amounts, SIDA will be directly responsible to pay just compensation and other costs to the claimants and under certain circumstances abandonment damages. 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 attached financial statements include no accrual for these contingent liabilities, since the amount of such liabilities (if any) can not be quantified at the time of this report.

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

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**15. Prior-year summarized comparative financial information**

The financial statements include certain prior-year summarized comparative financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

**16. Subsequent Events**

In preparing the financial statements, management of the Agency has evaluated events and transactions for potential recognition or disclosure through May 17, 2011, 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.

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Combining Statement of Net Assets – Nonmajor Funds**  
**December 31, 2010**

	<u>Center Armory Garage</u>	<u>Parking Mitigation</u>	<u>Development Fund</u>	<u>Total Nonmajor Funds</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 3,396	\$ 716,587	599,857	\$ 1,319,840
Interest receivable	-	-	-	-
Loans receivable - current portion	-	-	-	-
Other receivables	-	-	-	-
Investment in properties, at cost	-	-	-	-
Prepaid expenses	-	-	-	-
Total current assets	<u>3,396</u>	<u>716,587</u>	<u>599,857</u>	<u>1,319,840</u>
<b>Long-term Assets</b>				
Loans receivable - long-term portion	-	-	-	-
Land and building, at cost, net of depreciation	950,902	-	-	950,902
Future Destiny USA fees receivable	-	-	-	-
Future fees payable to City and County	-	-	-	-
Interfund accounts	15,025	(64,093)	1,072,170	1,023,102
Total long-term assets	<u>965,927</u>	<u>(64,093)</u>	<u>1,072,170</u>	<u>1,974,004</u>
Total Assets	<u>\$ 969,323</u>	<u>\$ 652,494</u>	<u>\$ 1,672,027</u>	<u>\$ 3,293,844</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued interest payable	8,047	-	-	8,047
Payable to City of Syracuse - current portion	-	-	-	-
Federal government loans - current portion	-	-	-	-
Bonds payable - current portion	145,000	-	-	145,000
Total current liabilities	<u>153,047</u>	<u>-</u>	<u>-</u>	<u>153,047</u>
<b>Long-term Liabilities</b>				
Payable to City of Syracuse - long-term portion	-	-	1,672,373	1,672,373
Federal government loans - long-term portion	-	-	-	-
Bonds payable - long-term portion	1,120,000	-	-	1,120,000
Total long-term liabilities	<u>1,120,000</u>	<u>-</u>	<u>1,672,373</u>	<u>2,792,373</u>
Total Liabilities	<u>1,273,047</u>	<u>-</u>	<u>1,672,373</u>	<u>2,945,420</u>
<b>Net Assets</b>				
Net Assets	<u>(303,724)</u>	<u>652,494</u>	<u>(346)</u>	<u>348,424</u>
Total liabilities and net assets	<u>\$ 969,323</u>	<u>\$ 652,494</u>	<u>\$ 1,672,027</u>	<u>\$ 3,293,844</u>

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances – Nonmajor Funds**  
**For the year ended December 31, 2010**

	<u>Center Armory Garage</u>	<u>Parking Mitigation</u>	<u>Development Fund</u>	<u>Total Nonmajor Funds</u>
<b>Revenue</b>				
Financing fees	\$ -	\$ -	\$ -	\$ -
Grant income	-	-	-	-
PILOT revenue	-	-	-	-
Interest income	0	-	415	415
Garage rent	241,800	-	-	241,800
Loan subsidy	-	-	-	-
Other income	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	\$ 241,800	\$ -	\$ 415	\$ 242,215
<b>Expenses</b>				
Development costs -				
Lakefront project	\$ -	\$ -	\$ -	\$ -
OM Edwards project	-	-	-	-
City Crossroads project	-	-	-	-
Public improvements	-	1,547,506	-	1,547,506
Interest	105,947	-	-	105,947
Losses from uncollectible loans	-	-	-	-
Legal fees	-	-	-	-
Professional fees	-	-	-	-
Depreciation	112,613	-	-	112,613
Miscellaneous	-	-	294	294
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	218,560	1,547,506	294	1,766,360
Change in net assets	23,240	(1,547,506)	121	(1,524,145)
Net assets - beginning of year	<hr/> (326,965)	<hr/> 2,200,000	<hr/> (468)	<hr/> 1,872,567
Transfers between funds	-	-	-	-
Net assets - end of year	<hr/> <u>\$ (303,725)</u>	<hr/> <u>\$ 652,494</u>	<hr/> <u>\$ (347)</u>	<hr/> <u>\$ 348,422</u>

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Supplemental Schedule of Revenue Bonds - Unaudited**  
**For the Year Ended December 31, 2010**

Project Purpose of the Financing	Description of the Financing	Date of Issue or Renewal	At Issuance	If Variable, Range	Principal of the Issue				Final Maturity Date
					Outstanding at January 1, 2010	Issued During 2010	Paid During 2010	Outstanding at December 31, 2010	
Services 31029101	James Square Associates Nursing Home Facility FHA – Insured Mortgage Revenue Refunding Bonds – 1991 Series Term	9/30/1991	7.000%	-	\$ 1,875,000	\$ -	\$ -	\$ 1,875,000	8/1/2025
Services 31029101	James Square Associates Nursing Home Facility FHA – Insured Mortgage Revenue Refunding Bonds – 1991 Series Capital Appreciation	9/30/1991	0.000%	-	\$ 3,630,349	\$ -	\$ 220,344	\$ 3,410,005	8/1/2025
Real Estate 31029201	SIDA – Center Armory Garage Taxable Parking Facilities Revenue Bond Series B	12/12/1992	8.800%	-	\$ 600,000	\$ -	\$ 55,000	\$ 545,000	12/1/2017
Real Estate 31029201	SIDA – Center Armory Garage Non-Taxable Parking Facilities Revenue Bond Series A	12/12/1992	4.200%	4.200% - 6.600%	\$ 800,000	\$ -	\$ 80,000	\$ 720,000	12/1/2017
Civic Facility 31029501	Vanderbilt/Larned Project Civic Facility Revenue Bonds – 1991 Series	3/30/1995	7.000%	.320% - .400%	\$ 6,780,000	\$ -	\$ 570,000	\$ 6,210,000	4/1/2018
Civic Facility 31020303C	Crouse Health Hospital, Inc. Facility Series 1997A – Maternity Center	12/1/1997	5.125%	-	\$ 9,770,000	\$ -	\$ 490,000	\$ 9,280,000	1/1/2023
Civic Facility 31020303C	Crouse Health Hospital, Inc. Cardiology Project	9/24/2003	3.200%	1.810% - 3.050%	\$ 3,620,000	\$ -	\$ 190,000	\$ 3,430,000	1/1/2017
Civic Facility 31020303C	Crouse Health Hospital, Inc. Series 2003A	9/24/2003	3.200%	1.080% - 3.040%	\$ 18,395,000	\$ -	\$ 950,000	\$ 17,445,000	1/1/2023
Civic Facility 31029803B	Crouse Health, Inc. Series 1997 – Garage	12/1/1997	5.250%	-	\$ 4,795,000	\$ -	\$ 510,000	\$ 4,285,000	1/1/2017
Civic Facility 31029803B	Crouse Health, Inc. Series 2003A	9/24/2003	3.170%	.240% - .570%	\$ 10,440,000	\$ -	\$ 535,000	\$ 9,905,000	1/1/2023
Civic Facility 31029803B	Crouse Health, Inc. Series 2003B	9/24/2003	4.400%	.450% - 2.430%	\$ 4,195,000	\$ -	\$ 200,000	\$ 3,995,000	1/1/2023
Civic Facility 31020707A	Crouse Health, Inc. Series 2007A	12/10/2007	3.250%	.770% - 2.860%	\$ 20,000,000	\$ -	\$ -	\$ 20,000,000	1/1/2033
Civic Facility 31020707A	Crouse Health, Inc. Series 2007B	12/10/2007	3.250%	.560% - 3.040%	\$ 6,715,000	\$ -	\$ 1,150,000	\$ 5,565,000	1/1/2023
Civic Facility 31029910A	Syracuse University Capital Finance Series 1999A	11/19/1999	3.520%	PARS	\$ 60,000,000	\$ -	\$ -	\$ 60,000,000	12/1/2029
Civic Facility 31029910A	Syracuse University Capital Finance Series 1999B	11/19/1999	3.520%	PARS	\$ 60,000,000	\$ -	\$ -	\$ 60,000,000	12/1/2029

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Supplemental Schedule of Revenue Bonds - Unaudited**  
**For the Year Ended December 31, 2010**

Project Purpose of the Financing	Description of the Financing	Date of Issue or Renewal	At Issuance	If Variable, Range	Principal of the Issue				Final Maturity Date
					Outstanding at January 1, 2010	Issued During 2010	Paid During 2010	Outstanding at December 31, 2010	
Civic Facility 31029910A	Syracuse University Capital Finance Series 2005A	12/1/2005	2.850%	VRDB	\$ 40,000,000	\$ -	\$ -	\$ 40,000,000	12/1/2035
Civic Facility 31029910A	Syracuse University Capital Finance Series 2005B	12/1/2005	2.850%	VRDB	\$ 40,000,000	\$ -	\$ -	\$ 40,000,000	12/1/2035
Services 31020101A	Jewish Home of Central NY First Mortgage Revenue Bonds Series 2001A	4/2/2001	6.250%	-	\$ 16,066,000	\$ -	\$ 315,000	\$ 15,751,000	3/1/2031
Services 31020101A	Jewish Home of Central NY First Mortgage Revenue Bonds Series 2001B	3/15/2006	5.000%	-	\$ 1,420,000	\$ -	\$ 30,000	\$ 1,390,000	3/1/2031
Real Estate 31020707B	Destiny USA Series 2007A	2/27/2007	5.000%	-	\$ 228,085,000	\$ -	\$ -	\$ 228,085,000	1/1/2036
Real Estate 31020707B	Destiny USA Series 2007B	2/27/2007	5.660%	-	\$ 3,398,385	\$ -	\$ -	\$ 3,398,385	1/1/2018
Real Estate 31020707B	Destiny USA Series 2007B	2/27/2007	5.693%	-	\$ 94,250,000	\$ -	\$ -	\$ 94,250,000	1/1/2028
Real Estate 31020705	Masonic Lofts Project Mortgage	10/1/2007	6.250%	4.100% - 6.100%	\$ 4,050,000	\$ -	\$ 492,000	\$ 3,558,000	8/1/2039
Civic Facility 31020813	Syracuse University Capital Finance Series 2008A1	1/30/2008	1.050%	0.060% - 9.000%	\$ 19,625,000	\$ -	\$ 400,000	\$ 19,225,000	7/1/2037
Civic Facility 31020813	Syracuse University Capital Finance Series 2008A2	1/30/2008	6.000%	0.060% - 9.000%	\$ 50,000,000	\$ -	\$ -	\$ 50,000,000	12/1/2037
Civic Facility 31020801	MESA of NY, Inc. Project Series 2008	1/29/2008	2.315%	3.500% - 6.000%	\$ 6,345,000	\$ -	\$ 330,000	\$ 6,015,000	1/1/2033
School Facility 31020803	Syracuse Joint Schools Construction Board Project Series 2008A	3/26/2008	4.000%	3.000% - 5.250%	\$ 48,290,000	\$ -	\$ 1,125,000	\$ 47,165,000	4/1/2030
To be assigned	Joint School Construction Board School Facility Revenue Bonds Series 2010	12/23/2010	3.000%	3.000% - 6.000%	\$ -	\$ 31,470,000	\$ -	\$ 31,470,000	4/1/2030

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Supplemental Schedule of Other Financing - Unaudited**  
**For the Year Ended December 31, 2010**

Project Purpose of the Financing	Description of the Financing	Date of Issue or Renewal	At Issuance	If Variable, Range	Principal of the Issue				Final Maturity Date
					Outstanding at January 1, 2010	Issued During 2010	Paid During 2010	Outstanding at December 31, 2010	
Services 31029102	Greater Syracuse Services Amended Permanent Mortgage	3/27/2008	8.000%	-	\$ 1,143,389	\$ -	\$ 53,216	\$ 1,090,173	11/1/2016
Real Estate 31029702	Onondaga Galleries Sale/Leaseback, Mortgage Note	12/21/2007	6.682%	-	\$ 6,465,515	\$ -	\$ 68,411	\$ 6,397,104	1/1/2018
Real Estate 31029902B	Plant #2 Associates Sale/Leaseback, Mortgage	3/29/1999	7.980%	-	\$ 7,148,672	\$ -	\$ 251,413	\$ 6,897,259	4/1/2024
Real Estate 31029907B	Continental Towers B12 Sale/Leaseback, Senior Note	8/7/2007	6.750%	-	\$ 34,367,734	\$ -	\$ 437,107	\$ 33,930,627	9/1/2017
Real Estate 31020403C	Carousel Center Facility/Destiny USA	12/28/2005	6.280%	Libor + 1.900%	\$ 310,000,000	\$ -	\$ -	\$ 310,000,000	1/11/2010
Real Estate 31020403C	Carousel Center Facility/Destiny USA	12/28/2005	6.280%	Libor + 2.950%	\$ 86,618,695	\$ -	\$ -	\$ 86,618,695	1/5/2011
Real Estate 31020403C	Carousel Center Facility/Destiny USA	12/28/2005	6.280%	Libor + 6.500%	\$ 100,000,000	\$ -	\$ -	\$ 100,000,000	1/11/2010
Real Estate 31020204B	Syrwil, LLC Sale/Leaseback, Mortgage	11/22/2002	7.000%	Current - 6.750%	\$ 11,322,270	\$ -	\$ 259,436	\$ 11,062,834	11/1/2022
Real Estate 31020205A	455 North Franklin, LLC Sale/Leaseback, Mortgage	12/23/2002	7.000%	Current - 6.680%	\$ 4,907,400	\$ -	\$ 223,413	\$ 4,683,987	12/1/2022
Real Estate 31020301C	Atrium Associates Facility	8/20/2003	5.000%	Current - 4.610%	\$ 4,386,977	\$ -	\$ 416,001	\$ 3,970,976	1/20/2018
Real Estate 31020302A	Franklin Lofts Facility	6/5/2005	5.970%	-	\$ 4,603,316	\$ -	\$ 78,715	\$ 4,524,601	7/1/2035
Real Estate 31020302A	Franklin Lofts Facility	11/18/2005	6.090%	-	\$ 5,776,512	\$ -	\$ 93,919	\$ 5,682,593	12/1/2035
Real Estate 31020304B	COR Erie Boulevard Facility	10/15/2003	5.700%	-	\$ 6,318,413	\$ -	\$ 306,451	\$ 6,011,962	5/1/2022
Real Estate 31020305A	432 North Franklin Facility	11/12/2003	7.500%	Libor + 2.500%	\$ 5,181,423	\$ -	\$ 75,893	\$ 5,105,530	6/1/2017
Real Estate 31020501A	Willow Street Lofts Sale/Leaseback, Mortgage	6/28/2005	0.000%	-	\$ 396,000	\$ -	\$ 1,000	\$ 395,000	6/30/2027

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Supplemental Schedule of Other Financing - Unaudited**  
**For the Year Ended December 31, 2010**

Project Purpose of the Financing	Description of the Financing	Date of Issue or Renewal	At Issuance	If Variable, Range	Principal of the Issue				Final Maturity Date
					Outstanding at January 1, 2010	Issued During 2010	Paid During 2010	Outstanding at December 31, 2010	
~~~~~	Willow Street Lofts Sale/Leaseback	6/22/2007	6.380%	-	\$ 3,787,163	\$ -	\$ 52,010	\$ 3,735,153	7/1/2037
Real Estate 31020601A	Amos Building Project Sale/Leaseback, Mortgage	9/28/2007	5.980%	-	\$ 3,100,000	\$ -	\$ 44,179	\$ 3,055,821	10/1/2017
Civic Facility 31020701	Forest View at Fayette CDBG – City of Syracuse	12/1/2007	0.000%	-	\$ 50,000	\$ -	\$ -	\$ 50,000	12/31/2038
Civic Facility 31020701	Forest View at Fayette Loretto Properties Loan	12/1/2007	0.000%	-	\$ 182,810	\$ -	\$ -	\$ 182,810	12/31/2038
Real Estate 31020702	The Bradford Hill Haven Apts Project	7/3/2007	5.500%	-	\$ 3,150,000	\$ -	\$ -	\$ 3,150,000	12/31/2019
Real Estate 31020703	Jefferson Clinton Commons SEDCO	12/19/2007	0.000%	-	\$ 599,499	\$ -	\$ -	\$ 599,499	11/1/2014
Real Estate 31020703	Jefferson Clinton Commons SEDCO	12/4/2007	5.000%	-	\$ 675,000	\$ -	\$ -	\$ 675,000	11/1/2037
Real Estate 31020703	Maple Heights Development Mortgage - HHAP	6/26/2007	0.000%	-	\$ 2,000,000	\$ -	\$ -	\$ 2,000,000	6/30/1937
Real Estate 31020703	Maple Heights Development Mortgage - ESDC	6/26/2007	5.500%	-	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000	6/30/1937
Real Estate 31020806	VIP Architectural Associates Mortgage	3/1/2008	6.100%	-	\$ 2,869,998	\$ -	\$ 84,886	\$ 2,785,112	4/1/2018
Real Estate 31020808	Franklin Lofts Facility Mortgage	3/28/2008	7.010%	-	\$ 930,270	\$ -	\$ 13,055	\$ 917,215	12/1/2035
Real Estate 31020802	East Side Business Center, LLC Mortgage	2/13/2008	6.730%	-	\$ 1,009,444	\$ -	\$ 18,386	\$ 991,058	7/1/2023
Real Estate 31020805	Third National Associates Sale/Leaseback Mortgage Refinancing	2/13/2008	6.160%	-	\$ 2,293,350	\$ -	\$ 97,435	\$ 2,195,915	3/1/2018
Services 31020901A	Intrepid Lane Realty Refinance Sale/Leaseback, Mortgage	5/6/2009	6.110%	-	\$ 1,812,109	\$ -	\$ 79,717	\$ 1,732,392	6/1/2009
Services 31020901B	Intrepid Lane Realty Construction Loan	5/6/2009	3.250%	-	\$ 1,400,000	\$ -	\$ 32,301	\$ 1,367,699	6/1/2019

**CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**  
**Supplemental Schedule of Other Financing - Unaudited**  
**For the Year Ended December 31, 2010**

Project Purpose of the Financing	Description of the Financing	Date of Issue or Renewal	At Issuance	If Variable, Range	Principal of the Issue				Final Maturity Date
					Outstanding at January 1, 2010	Issued During 2010	Paid During 2010	Outstanding at December 31, 2010	
Services 31020902	Specialists One Day Surgery Refinance Sale/Leaseback, Mortgage	11/2/2001	5.140%	-	\$ 530,000	\$ -	\$ 120,000	\$ 410,000	6/1/2014
Real Estate 31020808	Atrium Associates Facility	4/9/2008	6.390%	-	\$ 1,114,300	\$ -	\$ 27,965	\$ 1,086,335	1/20/2018
Real Estate 31020810	EDR Syracuse, LLC Sale/Leaseback, Mortgage	9/1/2008	Var	LIBOR + 1.75%	\$ 8,825,600	\$ -	\$ -	\$ 8,825,600	9/29/2011
Real Estate 31020903	Jefferson Clinton Commons Mortgage	8/31/2009	1.250%	-	\$ 8,000,000	\$ -	\$ -	\$ 8,000,000	8/31/2015
Real Estate 31020904	Prospect Hill Homes, LLC	1/14/2009	Var	-	\$ 7,514,030	\$ -	\$ 792,719	\$ 6,721,311	4/30/2011
Real Estate 31020907	Cinton Street SOMA	7/1/2009	Var	-	\$ 7,184,000	\$ -	\$ -	\$ 7,184,000	12/31/2011
To be assigned	Near West Side	12/31/2009	5.000%	-	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	12/1/2011
To be assigned	Landmark Theatre Renovation	12/29/2010	6.000%	-	\$ -	\$ 1,984,034	\$ -	\$ 1,984,034	12/31/2012