

FINANCIAL STATEMENTS

**GREATER SYRACUSE PROPERTY
DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK**

DECEMBER 31, 2013

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land Bank
Syracuse, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land Bank (the "Corporation"), a component unit of the City of Syracuse, New York (the "City"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Corporation's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Corporation as of December 31, 2013, and the respective changes in its financial position and, cash flows for the year 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 4-8 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 18, 2014 on our consideration of the 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Other Reporting Required by New York State General Municipal Law

In accordance with New York State General Municipal Law, we have also issued our report dated March 18, 2014, on our consideration of the Corporation's compliance with Section 2925(3)(f) of the New York State ("NYS") Public Authorities Law. The purpose of that report is to describe anything that came to our attention that caused us to believe the Corporation failed to comply with the Corporation's Investment Guidelines, the NYS Comptroller's Investment Guidelines and Section 2925 of the NYS Public Authorities Law (collectively, the "Investment Guidelines"). That report is intended solely for the information and use of management, the Board of Directors, and the Office of the State Comptroller of the State of New York.

March 18, 2014
Syracuse, New York

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a Greater Syracuse Land Bank
(A Component Unit of the City of Syracuse, New York)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This section of the Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land Bank (the "Corporation" or "Greater Syracuse Land Bank"), a component unit of the City of Syracuse, New York (the "City") annual financial report presents discussion and analysis of the Corporation's financial performance during the fiscal year ending December 31, 2013. Please read it in conjunction with the Corporation's financial statements and accompanying notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of two parts: this section, the Management's Discussion and Analysis ("MD&A") and the basic financial statements. The Corporation is a self-supporting entity and follows business-type activity reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Business-type activity statements offer short-term and long-term financial information about the activities and operations of the Corporation. This annual report consists of the financial statements and notes to those statements. The Statements of Net Position, Statements of Revenue, Expenses and Changes in Net Position, the Statements of Cash Flows and related notes provide a detailed look at the specific financial activities of the Corporation and generally provide an indication of the Company's financial health. The Statements of Net Position include all of the Corporation's assets and liabilities, using the accrual basis of accounting. The Statements of Revenue, Expenses and Changes in Net Position report all of the revenues and expenses during the time period indicated. The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for debt.

FINANCIAL HIGHLIGHTS

- The Corporation's total net position at December 31, 2013 is \$1,515,622
- Total current assets at December 31, 2013 are \$1,649,988
- Total current liabilities at December 31, 2013 are \$75,710
- The Corporation's current ratio is 21.8. This ratio provides an idea as to the Corporation's ability to pay back its short term liabilities. The higher the current ratio, the healthier the company. The Corporation's current ratio at December 31, 2013 indicates the Corporation is more than able to meet and pay its current liabilities.
- Operating revenues at December 31, 2013 are \$1,681,589
- Operating expenses at December 31, 2013 are \$165,871
- Operating income at December 31, 2013 are \$1,515,718
- Budgeted revenues of approximately \$1,140,000 compared to actual revenues of \$1,680,000. The reason for the favorable variance is the budget was prepared on a cash basis. There is a grant receivable of \$666,667 offset by a deferred inflow of \$83,333 at December 31, 2013, resulting in an approximate \$585,000 favorable variance.
- Budgeted expenses were approximately \$360,000 compared to actual operating expenses of approximately \$165,000. The favorable variance is a result of not considering approximately \$25,000 in capital assets as well as consideration of prepaid insurance expense of approximately \$35,000. In addition, more operational costs were budgeted for related to inspections, stabilization, evictions etc. Due to operations beginning mid-year it was difficult to gauge anticipated expenses for the year ended December 31, 2013.

(Continued)

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Component Unit of the City of Syracuse, New York)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

FINANCIAL ANALYSIS OF THE CORPORATION

Below is an analysis of the assets, liabilities, revenues and expenses of the Corporation.

Summary of Assets, Liabilities, and Net Position

	<u>December 31, 2013</u>
Current Assets	\$ 1,649,988
Capital Assets	<u>24,677</u>
Total Assets	<u>1,674,665</u>
Current Liabilities	<u>75,710</u>
Deferred Inflows of Resources - Deferred Grant and Government Subsidy Revenue	<u>83,333</u>
Net Position:	
Net investment in capital assets	24,677
Unrestricted	<u>1,490,945</u>
Total Net Position	<u>\$ 1,515,622</u>

CURRENT ASSETS

Current assets at December 31, 2013 were comprised of cash, grants receivable, inventory and prepaid expenses.

CAPITAL ASSETS

Capital assets at December 31, 2013 were comprised of property, furniture and equipment that was purchased and capitalized during 2013 in accordance with the Corporation's capitalization policy.

CURRENT LIABILITIES

Current liabilities are comprised of current obligations (both accounts payable and accrued liabilities) that are due currently, or in the next 12 months.

(Continued)

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Component Unit of the City of Syracuse, New York)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

DEFERRED INFLOWS OF RESOURCES

Deferred grant revenue and government subsidy is comprised of grant revenues or governmental subsidies that were received during the 2013 fiscal year, but were not yet earned by the Corporation and therefore not recorded in revenue. These amounts are expected to be earned during 2014.

SUMMARY OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

	<u>December 31,</u> <u>2013</u>	<u>Percentage</u> <u>of Total %</u>
OPERATING REVENUES:		
Grant and Government Subsidy Revenue	\$ 1,679,667	99.9%
Rental Revenue	<u>1,922</u>	.1%
Total operating revenues	<u>1,681,589</u>	
OPERATING EXPENSES:		
Cost of sales	995	.6%
General & administrative expenses	3,677	2.2%
Professional services	101,225	61.0%
Salaries, wages & related expenses	33,536	20.2%
Insurance	23,696	14.3%
Travel	979	.6%
Depreciation	<u>1,763</u>	1.1%
Total operating expenses	<u>165,871</u>	
OPERATING INCOME	1,515,718	
NON-OPERATING EXPENSES:		
Miscellaneous	<u>(96)</u>	
CHANGE IN NET POSITION	<u>\$ 1,515,622</u>	

OPERATING REVENUES

There were no property sales during 2013. Operating revenue is mostly comprised of grant and government subsidies revenue awarded to the Corporation to aid in meeting the objectives of the Corporation. As the Corporation experiences a full year with properties in inventory and available for sale in 2014, a larger portion of operating revenues will be derived from rental income and the sale of real estate.

(Continued)

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Component Unit of the City of Syracuse, New York)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

OPERATING EXPENSES

Operating expenses in 2013 are mostly comprised of professional services, salaries and wages, and insurance premiums, collectively comprising 95% of operating costs at \$158,457. The high proportion of overhead expenses in relation to other expenditures is to be expected in the Corporation's first year of operations, during which time the capacity to own properties and operate was developed prior to acquiring properties and incurring maintenance and redevelopment costs; furthermore such costs are not recorded as expenditures until properties are sold. Properties were not acquired until early October, while legal counsel and accounting professionals were retained in mid-2013 and the Executive Director hired in mid-August.

OPERATING RESULTS

The Corporation had operating income of \$1,515,718 at December 31, 2013 with miscellaneous non-operating expenses of \$96 with a change in net position and ending net position of \$1,515,622 at December 31, 2013.

CAPITAL ASSET ADMINISTRATION

The Corporation's investment in capital assets at December 31, 2013 amounts to \$24,677 (net of accumulated depreciation). This investment includes property owned by the Corporation rented to third parties as well as furniture equipment and small amounts of software.

	December 31, 2013
Depreciable Capital Assets:	
Rental Property	\$ 10,218
Furniture and Equipment	<u>14,459</u>
Total operating revenues	<u>\$ 24,677</u>

(Continued)

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Component Unit of the City of Syracuse, New York)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

INVENTORY

The fair market value of real estate held (as inventory) by the Corporation is not generally reflected in the Corporation's financial statements until it is sold. Generally Accepted Accounting Principles require inventory be booked at cost or fair market value, whichever is less. Costs are only booked as expenses once a property has been sold and routine maintenance costs are booked to the inventory balance on the balance sheet at the end of each month. Since the Greater Syracuse Land Bank acquires most properties for \$151 each, subsequent to municipal foreclosure, costs will virtually always be less than fair market value. The Greater Syracuse Land Bank did acquire 131 properties via the City of Syracuse foreclosure proceedings in 2013. A methodology for tracking a conservative estimate of the fair market value of properties held by the Greater Syracuse Land Bank at any given time is run each month and presented alongside the Corporation's financial statements. As of December 31, 2013 the estimated fair market value of properties held by the Greater Syracuse Land Bank was \$1,732,100.

REQUEST FOR INFORMATION

This financial report is designed to provide the reader with a general overview of the Corporation's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Executive Director, 333 W. Washington Street, Suite 130, Syracuse NY 13202.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Component Unit of the City of Syracuse, New York)
STATEMENT OF NET POSITION
DECEMBER 31, 2013

ASSETS

CURRENT ASSETS:

Cash	\$ 874,824
Due from primary government	666,667
Inventory	75,163
Prepaid expenses	33,334
Total current assets	1,649,988

NONCURRENT ASSETS:

Capital assets, net	24,677
Total assets	1,674,665

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	39,817
Accrued expenses	35,893
Total current liabilities	75,710
Total liabilities	75,710

DEFERRED INFLOWS OF RESOURCES

Deferred grant and government subsidy revenue	83,333

NET POSITION

Net investment in capital assets	24,677
Unrestricted	1,490,945
Total net position	\$ 1,515,622

See Accompanying Notes to Financial Statements

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Component Unit of the City of Syracuse, New York)
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2013

OPERATING REVENUES:

Grant and government subsidy revenue	\$ 1,679,667
Rent revenue	<u>1,922</u>
Total operating revenues	<u>1,681,589</u>

OPERATING EXPENSES:

Cost of sales	995
General and administrative expenses	3,677
Professional services	101,225
Salaries, wages and related expenses	33,536
Insurance	23,696
Travel	979
Depreciation	<u>1,763</u>
Total operating expenses	<u>165,871</u>

OPERATING INCOME 1,515,718

NON-OPERATING EXPENSE:

Miscellaneous expense	<u>(96)</u>
Total non-operating expense	<u>(96)</u>

CHANGE IN NET POSITION 1,515,622

NET POSITION - JANUARY 1, 2013 -

NET POSITION - DECEMBER 31, 2013 \$ 1,515,622

See Accompanying Notes to Financial Statements

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Component Unit of the City of Syracuse, New York)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from grant and government subsidies	\$ 1,096,333
Cash received from rent	1,922
Cash payments for inventory	(43,074)
Cash paid for general and administrative expenses	(3,566)
Cash paid for professional services	(59,073)
Cash paid for salaries, wages and related expenses	(33,173)
Cash paid for insurance	(57,030)
Cash paid for travel	(979)
Net cash provided by operating activities	<u>901,360</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING
ACTIVITIES:**

Purchase of capital assets	<u>(26,440)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES:

Net change in miscellaneous expense	<u>(96)</u>
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NET CHANGE IN CASH

874,824

CASH - JANUARY 1, 2013

-

CASH - DECEMBER 31, 2013

\$ 874,824

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:**

Operating income	\$ 1,515,718
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,763
Changes in assets and liabilities:	
Due from primary government	(666,667)
Inventory	(75,163)
Prepaid expenses	(33,334)
Accounts payable	39,817
Accrued expenses	35,893
Deferred grant and government subsidy revenue	83,333
Net cash provided by operating activities	<u><u>\$ 901,360</u></u>

See Accompanying Notes to Financial Statements

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Component Unit of the City of Syracuse, New York)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land Bank (the “Corporation”), was formed in 2012 to address the problems of vacant, abandoned, or tax delinquent property in the City of Syracuse, New York (the “City” or “primary government”) and County of Onondaga, New York (the “County”) in a coordinated manner through the acquisition of real property. The mission of the Corporation is to return that property to productive use in order to strengthen the economy, improve the quality of life, and improve the financial condition of the municipalities, through the use of the powers and tools granted to land banks by New York State (“NYS”).

The Corporation is considered a discretely presented component unit of the City based upon the fact that the Corporation is fiscally dependent on the primary government and there is a financial benefit/burden relationship between the primary government and the Corporation.

Basis of Presentation

The basic financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) for governments as prescribed by the Governmental Accounting Standards Board (“GASB”), which is the primary standard-setting body for establishing governmental accounting and financial principles.

Measurement Focus and Basis of Accounting

The Corporation operates as a proprietary fund. Proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position.

The Corporation utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset is used.

(Continued)

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Component Unit of the City of Syracuse, New York)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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. Actual results could differ from these estimates.

Income Tax Status

The Corporation was organized as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. The Corporation is exempt from federal income taxes under Section 501(a) of the Code based upon pending 501(c)(3) status.

Due From Primary Government

Amounts due from the primary government are receivables stated at their outstanding balance. The Corporation considers all amounts to be fully collectible. If collection becomes doubtful, the Corporation will either set up an allowance for doubtful accounts, or if deemed completely uncollectible, the amounts will be charged against income in the current period. Management does not believe a reserve for uncollectible receivables is necessary at December 31, 2013.

Inventory

Inventory consists of vacant, abandoned, or tax delinquent property in the City and County purchased by the Corporation. Inventory is valued at the lower of cost or fair market value, in this case, cost. Cost includes but is not limited to, property purchase cost, appraisal, inspection and recording fees, renovation costs and professional services.

Capital Assets

Capital assets include property, furniture and equipment and rental properties. Capital assets other than rental properties are defined by the Corporation as assets with an initial individual cost of more than \$1,000 and having an estimated useful life in excess of one year. Rental properties are defined by the Corporation as all costs associated with the purchase of the rental property and having an estimated useful life in excess of one year. Assets will be depreciated using the straight-line method.

(Continued)

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Component Unit of the City of Syracuse, New York)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Operating and Non-operating Revenues and Expenses

As a business-type activity, the Corporation distinguishes operating revenues and expenses from non-operating items. Operating revenues are mostly comprised of grant and government subsidy revenue resulting from exchange transactions associated with the principal activities of the Corporation. Operating expenses generally result from the acquisition, demolition and renovation of properties, and general and administrative expenses in accordance with the Corporation's mission. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Net Position

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - net position with constraints placed on their use either by (1) external groups such as creditors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Corporation does not have restricted net position at December 31, 2013.
- c. Unrestricted net position - all other assets that do not meet the definition of net investment in capital assets or restricted net position.

It is the Corporation's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Subsequent Events

Subsequent events have been evaluated by management through March 18, 2014 which is the date the financial statements were available to be issued.

(Continued)

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Component Unit of the City of Syracuse, New York)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The Corporation follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conform with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Executive Director.

Monies must be deposited in Federal Deposit Insurance Corporation (“FDIC”) insured commercial banks or trust companies located within and authorized to do business in NYS. Collateral is required for deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are those identified in NYS General Municipal Law, Section 10 and outlined in the NYS Comptroller’s Financial Management Guide.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Corporation has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Corporation’s policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations.

(Continued)

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Component Unit of the City of Syracuse, New York)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONT'D)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Corporation's investment and deposit policy, all deposits of the Corporation including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act ("FDIA") shall be secured by a pledge of securities with an aggregate value equal to the aggregate amount of deposits.

The Corporation restricts the securities to the following eligible items:

- Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation;
- Obligations partially insured or guaranteed by an agency of the United States of America;
- Obligations issued or fully insured or guaranteed by NYS;
- Obligations issued by a municipal corporation, school district or district corporation of NYS;
- Obligations issued by states (other than NYS) of the United States of America rated in one of the two highest rating categories by at least one Nationally Recognized Statistical Rating Organization ("NRSRO").

At December 31, 2013 the Corporation maintained cash balances with financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per bank for interest bearing and non-interest bearing accounts. The Corporation's deposits consisted of approximately \$875,000 in cash and were insured by FDIC in the amount of \$250,000. The remaining balance of approximately \$625,000 was collateralized by a third party in accordance with NYS General Municipal Law, Section 10 and the Corporation's policies.

(Continued)

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Component Unit of the City of Syracuse, New York)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

3. CAPITAL ASSETS

The Corporation's capital assets activity for the year ended December 31, 2013 was as follows:

	Balance at January 1	Additions	Deductions	Balance at December 31
Rental property	\$ -	\$ 10,250	\$ -	\$ 10,250
Furniture and equipment	<u>-</u>	<u>16,190</u>	<u>-</u>	<u>16,190</u>
Total	<u>-</u>	<u>26,440</u>	<u>-</u>	<u>26,440</u>
Accumulated depreciation:				
Rental property	-	(32)	-	(32)
Furniture and equipment	<u>-</u>	<u>(1,731)</u>	<u>-</u>	<u>(1,731)</u>
Total	<u>-</u>	<u>(1,763)</u>	<u>-</u>	<u>(1,763)</u>
Capital assets, net	<u>\$ -</u>	<u>\$ 24,677</u>	<u>\$ -</u>	<u>\$ 24,677</u>

4. INTERMUNICIPAL AGREEMENT

Within the parameters of the New York Land Bank Act of Article 16 of the New York Not-for-Profit Corporation Law, any or any two or more foreclosing governmental units are permitted to enter into an intergovernmental cooperation agreement to establish a land bank. In 2012 the County and the City entered into an intermunicipal agreement for the creation of the Corporation to exercise the powers, duties, functions, and responsibilities of a land bank under the Land Bank Act.

5. TRANSACTIONS WITH PRIMARY GOVERNMENT

The Corporation and the City entered into an agreement in 2013 whereas the City was to assist in the operations of the Corporation pursuant to Not-For-Profit Corporation Section 1610 (a). As part of this agreement, the Corporation was awarded and recorded \$1,500,000 of grant revenue. Of this amount \$666,667 is recorded in due from primary government at December 31, 2013.

The City has a fiscal year which ends June 30, therefore resulting in potential inconsistencies in amounts reported due to and/or due from between the City and Corporation.

(Continued)

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Component Unit of the City of Syracuse, New York)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

6. NEW PRONOUNCEMENTS

As of January 1, 2013, the Corporation adopted the provision of GASB Statement No. 61 - *The Financial Reporting Entity: Omnibus an amendment of GASB Statement No. 14 and No. 34*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity by requiring that a financial benefit or burden relationship also be present between the primary government and the potential component unit.

As of January 1, 2013, the Corporation adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement clarifies the appropriate reporting for items previously classified as assets and liabilities consistent with the definitions in GASB Concepts Statement No. 4.

On January 1, 2013, the Corporation implemented GASB Statement No. 66, *Technical Corrections - 2012 - An Amendment of GASB Statements No. 10 and No. 62*. This statement clarifies and improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that result from the issuance of two pronouncements, GASB Statement No. 54 and GASB Statement No. 62.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land Bank
Syracuse, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land Bank (the "Corporation"), a component unit of the City of Syracuse, New York (the "City"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated March 18, 2014.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 13-01 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 13-02.

Greater Syracuse Property Development Corporation's Responses to Findings

The Corporation's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Corporation's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 18, 2014
Syracuse, New York

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Component Unit of the City of Syracuse, New York)
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2013

Reference Number: 13-01

Criteria:

Governmental Accounting and Standards Board (“GASB”) Statement No. 51, Accounting and Financial Reporting for Intangible Assets, para.6, requires an intangible asset be recognized in the Statement of Net Position only if it is identifiable. An intangible asset is considered identifiable when either of the following conditions is met: the asset is capable of being separated or divided from the government and sold, transferred, licensed, rented or exchanged either individually or together with a related contract, asset or liability; or the asset arises from contractual or other legal rights, regardless of whether those rights are transferrable or separable from the entity or from other rights and obligations.

Condition/Cause:

The Corporation erroneously capitalized professional services that did not meet the conditions of GASB Statement No. 51 rather than expensing the entire amount for the year ended December 31, 2013.

Effect:

A material audit adjustment was necessary to decrease net capital assets and increase professional services expense by \$40,398 at and for the year ended December 31, 2013.

Recommendation:

We recommend that the Corporation review and consider GASB Statement No. 51 in the determination of all potential intangible capital assets.

Response:

The Corporation’s external bookkeepers have reviewed GASB Statement No. 51 and agree with the auditors’ recommendation; the December 31, 2013 financial statements have been amended accordingly, and this practice will be adhered to in all future budgeting and bookkeeping.

(Continued)

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Component Unit of the City of Syracuse, New York)
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2013

Reference Number: 13-02

Criteria:

Pursuant to Section 2801 of Public Authorities Law, public authorities are required to submit a budget report 60 days prior to the start of the fiscal year.

Condition/Cause:

The Corporation failed to satisfy this requirement and did not submit a 2014 fiscal year end budget report by November 1, 2013.

Effect:

The Corporation is not in compliance with Section 2801 of Public Authorities Law.

Recommendation:

We recommend that the Corporation submit a budget report in accordance with Section 2801 of Public Authorities Law.

Response:

Due to an administrative oversight, the Corporation's 2014 budget was not submitted to the Authorities Budget Office ("ABO") by the November 1, 2013 deadline; however the 2014 budget was reviewed and approved by the Board of Directors in October 2013. Electronic reminders have been put in place to ensure that these and all other ABO deadlines are adhered to in the future.



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW**

To the Board of Directors
Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land Bank
Syracuse, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land Bank, (the "Corporation") a component unit of the City of Syracuse, New York (the "City"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated March 18, 2014.

In connection with our audit, nothing came to our attention that caused us to believe that the Corporation failed to comply with the Corporation's Investment Guidelines, The New York State ("NYS") Comptroller's Investment Guidelines and Section 2925 of the NYS Public Authorities Law (collectively, the "Investment Guidelines"), which is the responsibility of the Corporation's management, insofar as they relate to the financial accounting knowledge of noncompliance with such Investment Guidelines.

This report is intended solely for the information and use of management, the Board of Directors, and the Office of the State Comptroller of the State of New York. It is not intended to be and should not be used by anyone other than these parties.

March 18, 2014
Syracuse, New York