



Greater Syracuse Land Bank 2020 Annual Report to Onondaga County Legislature

Delivered April 14, 2021

As required by section 1612 of the New York Land Bank Act:

(c) In addition to any other report required by this chapter, the Land Bank, through its chairperson, shall annually deliver, in oral and written form, a report to the municipality. Such report shall be presented by March fifteenth of each year to the governing body or board of the municipality. The report shall describe in detail (1) the projects undertaken by the Land Bank during the past year, (2) the monies expended by the Land Bank during the past year, and (3) the administrative activities of the Land Bank during the past year. At the conclusion of the report, the chairperson of the Land Bank shall be prepared to answer the questions of the municipality with respect to the projects undertaken by the authority during the past year, the monies expended by the municipality during the past year, and the administrative activities of the municipality during the past year.

I. Introduction

The Land Bank is a local public authority created by the City and County in 2012 for this purpose: to acquire vacant and abandoned properties and facilitate their return to productive use. The Land Bank has partnered with the City to become the default recipient of their tax-foreclosed properties. In 2012, we decided that we already had strong not-for-profit affordable housing developers, but they can only do a limited number of projects each year based on available grant funds. The Land Bank was designed to complement their work and to take control of abandoned properties sooner in the cycle of abandonment:

- so we can address the scale of abandoned properties with “interim” strategies such as preventive maintenance
- take these properties off the rolls temporarily so the City and County aren’t sending tax bills to properties they know don’t pay
- by taking all the City’s foreclosures, help make the City a better collector of their own delinquent taxes and County taxes on City properties.
- by default, engage in site assembly (making bigger, more attractive sites available for development) and make site control available for these developers while they put together grant applications
- hold title to hundreds of shovel-ready projects, enabling us to apply for state and federal grants
- engage in land banking on their behalf so we can hold properties tax exempt until they’re ready to start construction (allowing more grant funds to go into brick and mortar expenses; on Housing Visions Butternut Street project this saved them nearly \$50k in carrying costs)
- position properties to attract private investors – by taking title proactively we clean them out and draft specs, so buyers can use traditional financing and know what they’re getting into, enabling us to expand

the number of properties redeveloped each year to leverage private investment in renovations and return a greater number of properties to tax-paying status

It took decades of neglect and property abandonment for our neighborhoods to get this way, and we are making significant progress, but it will take a sustained effort, and sustained public investment, to reposition our local real estate market. The partnership we've crafted between the Land Bank and the City is working:

- Since the City started issuing foreclosure notices to the 'backlog' of 4,000 seizable properties in 2012, they have collected \$19.7 million of overdue receivables over and above historic collection rates. Presumably, a corresponding \$13.1 million above historical levels has been collected on behalf of the County through this effort. This revenue is generated by the properties that pay and avoid foreclosure.
- In addition, we have sold over 1,000 properties post-foreclosure, leveraging over \$32.3 million in private renovation investment and those properties. Now returned to the tax rolls, these sold properties generate over \$1.5 million/year in local property tax.
- With \$8 million invested by the City of Syracuse and \$2.4 million from Onondaga County, the Land Bank has been able to attract and leverage over \$30 million in other grants from federal, state & local sources. These funds support renovations, new construction, demolition, and other neighborhood revitalization activities.
- Of the 1,916 properties conveyed to us so far, we have addressed 63% via sale or demolition.
- The number of residential vacant properties in the City has decreased by 20% since the Land Bank was established.¹
- Over time, we've been able to assemble larger sites for new development and an inventory of buildable lots for infill construction. It often takes several years of foreclosures and property purchases to assemble larger sites that are better able to attract new development, but the Land Bank's low carrying costs enable us to patiently go about this pre-development work. We're ready to go with shovel ready sites for commercial and residential development – including at least five half-acre commercial sites and hundreds of buildable residential lots. This puts our community development and business development partners in a stronger position when applying for grants and other funding.
- The ~920 properties still held in our inventory used to be tax-delinquent and the City would cite property owners for neglected maintenance and then bill them for trash pickup, mowing, board-ups, etc. Post-foreclosure, responsibility for maintenance and cleanup is transferred to the Land Bank. While that doesn't result in immediate renovation and beautification, it has transferred a significant maintenance obligation off the City's books. The Land Bank is able to perform many of these tasks at a much lower unit cost than can be achieved by the City.

¹ According to the latest data from the City's Department of Neighborhood & Business Development.

II. Annual Report

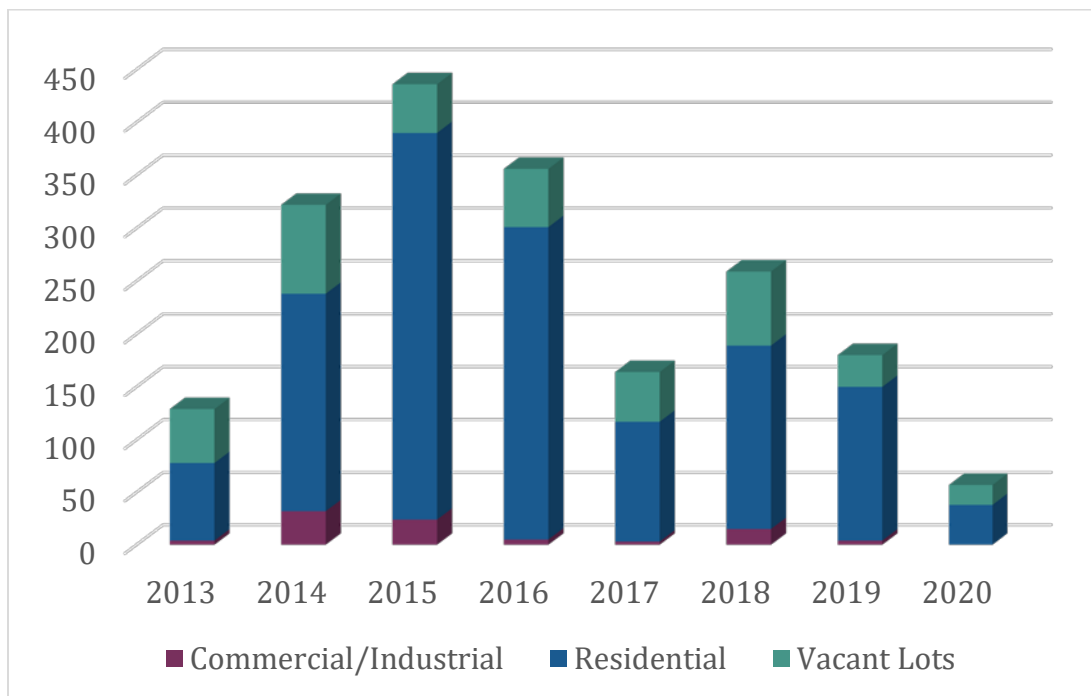
(1) Projects undertaken in 2020

A. Acquisitions

The Land Bank acquired 57 properties in 2020.

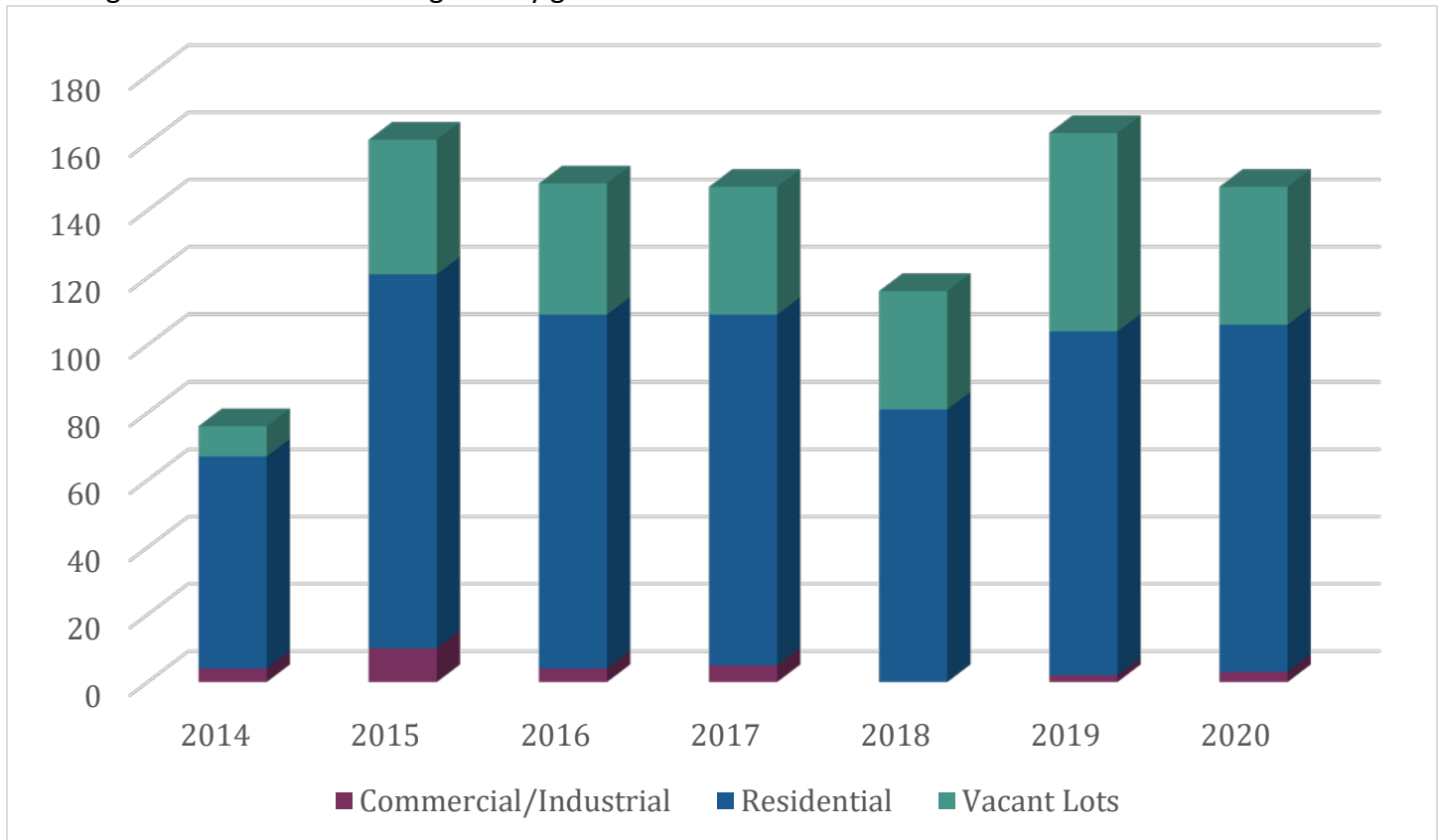
2020 Acquisitions	
Tax-Foreclosure – City	41
Transfer – City-owned	6
Purchase	4
Donation – Private	6
Total	57

Structure Type	
Single Family	17
Two Family	16
Three Family	1
Apartment	3
Vacant Lot	20
Total	57



B. Sales

Despite not being able to show properties from mid-March through June 1, the Land Bank sold 148 properties in 2020. For the first half of the year we had ~120 active listings at any given time. Since we've gotten very little new inventory into the Land Bank, we are running out of buildings in good condition to sell and we are now hovering around ~60 active listings at any given time.



2020 sales included:

Property Type	Total
Commercial Building	2
Residential Building	104
Vacant Lot	42
Total	148

146 of these sales were in the City of Syracuse. Two vacant lots were sold in the Village of Jordan.

To date, the Land Bank has sold just over 1,000 properties – 979 in the City of Syracuse. These are leveraging over \$32.3 million in private renovation investment, effectively crowdfunding revitalization:

Geographic Area	# Sold	Private Investment Leveraged
Downtown	2	\$4,823,953.00
Eastside	64	\$1,906,719.75
Eastwood	39	\$1,316,727.00
Lakefront	4	\$82,000.00
Northside	272	\$7,975,192.91
Southside	333	\$8,281,850.36
Valley	58	\$2,159,031.75
Westside	207	\$5,262,829.70
Outside of City	25	\$486,700.00
Total	1,004	\$32,295,004.47

Proceeds from the sale of property totaled ~\$1 million in 2020,

Year	Gross Sales Proceeds	Total Sold	Buildings Sold	Net Income*
2014	\$ 965,015.00	76	67	\$ 1,613,793.43
2015	\$ 1,481,447.00	161	121	\$ 1,232,922.72
2016	\$ 1,725,545.00	148	109	\$ 588,073.26
2017	\$ 1,378,313.00	147	109	\$ (198,084.68)
2018	\$ 1,014,853.00	116	81	\$ (806,618.64)
2019	\$ 1,559,798.00	163	103	\$ (110,267.29)
2020	\$ 1,035,660.10	148	106	\$ (840,725.72)

*Net income reflects the net of all revenue and expenses, not just sales proceeds.

A year ago, we expressed concern that the slowed pace of foreclosures in 2019 left us with less marketable inventory. In 2020, this problem got worse as the City only completed 41 foreclosures. Again, we are encouraging the City to quicken the pace of foreclosures for the following reasons:

- We need to increase unrestricted sales revenue to shrink our annual operating deficit. Other ways to shrink this deficit is to obtain more financial support from the City for property maintenance expenses, or to cut back on property maintenance expenses. Without significant assistance from the City to cover property maintenance expenses, we're projected to run out of unrestricted cash during the City's 2021-22 fiscal year.
- We added another full-time salesperson at the end 2019, largely due to the Council urging us to list more properties and now we're running out of properties to sell.
- Neighbors often inquire about seizable properties, eager for the Land Bank to stabilize the property and quickly get it on the market. We hate to leave them waiting and would like to return these to the tax rolls sooner rather than later.
- Customers complain that the quality of our listings has declined and there are fewer buildings in "good" condition to choose from. Not surprisingly, the average sales price for structures has fallen by about 50%, meaning we have to work that much harder to make sufficient revenue to shrink our deficit.
- It often takes years to assemble sites to make them more attractive for new development. We are working to help the City prioritize these parcels so that we can get more clusters listed as soon as possible. Given the recent improvements in the Syracuse real estate market, we are seeing increased interest in new construction sites from the private sector. We'd rather get these properties assembled and on the market as soon as possible.

The Land Bank's strategy of acquiring properties and marketing them in as-is condition for buyers to renovate is successfully leveraging private investment in neighborhood revitalization.

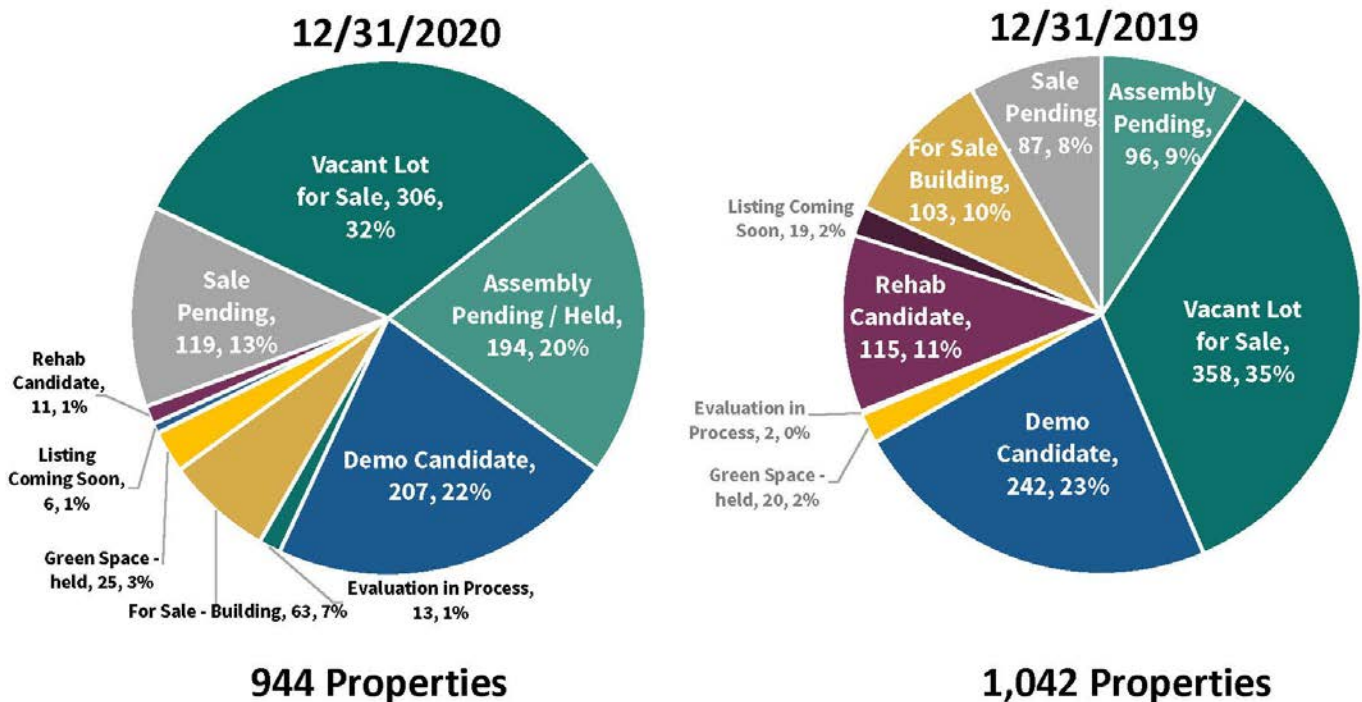
	# sold	Private Investment Leveraged	Local tax generated annually
2018	116	\$ 2.6 million	\$ 170,000
2019	163	\$ 4.9 million	\$ 268,849
2020	148	\$ 4.4 million	\$ 160,413

To date, the Land Bank has sold over 1,000 properties and approximately 100 more sales are pending closing. **Cumulatively, properties sold by the Land Bank to date are generating approximately \$1.5 million per year in local property taxes and have leveraged over \$32.3 million in private renovation investment.**

Since the City started issuing foreclosure notices to the ‘backlog’ of 4,000 seizable properties in 2012, they have collected \$19.7 million more of overdue receivables (delinquent taxes), and assuming a proportionate increase, the County should have received \$13.1 million from City properties above historic collection levels.

Buyers are required to complete the mandatory scope of renovations and sign an enforcement mortgage agreement at the time of purchase, which is not discharged until the renovations are complete. Of the 1,000 properties sold to date, only seven have been taken back by the Land Bank due to a default on their enforcement mortgage. Two of these has already been re-sold and two are under contract. **The enforcement mortgage mechanism works and guarantees more predictable, better quality results than an auction.**

At this point, about 63% of the structures in our inventory are demo candidates and the rest are renovation candidates (compared to 48% last year). While for many years we have maintained about 50-60 active sales listings at any given time, we doubled our in-house sales staff at the City’s urging and got to a point where we had at least 100 listings at any given time. We made significant progress addressing a perceived “backlog” of inventory and have sold off most of the properties in the best condition. You can see by comparing the two pie charts below how our inventory has changed over the past year. We are



C. Renovations

To date, the Land Bank has received \$9.6 million from the NY OAG’s Community Revitalization Initiative (CRI) program.

CRI Round	Amt.	Demos	Rehab or New Construction
1	\$ 3,000,000.00	20	50
2	\$ 1,971,533.00	23	18
3	\$ 2,000,000.00	56	8
4	\$ 2,000,000.00	56	8
4.2	\$ 660,000.00	11	5
total	\$ 9,631,533.00	166	89

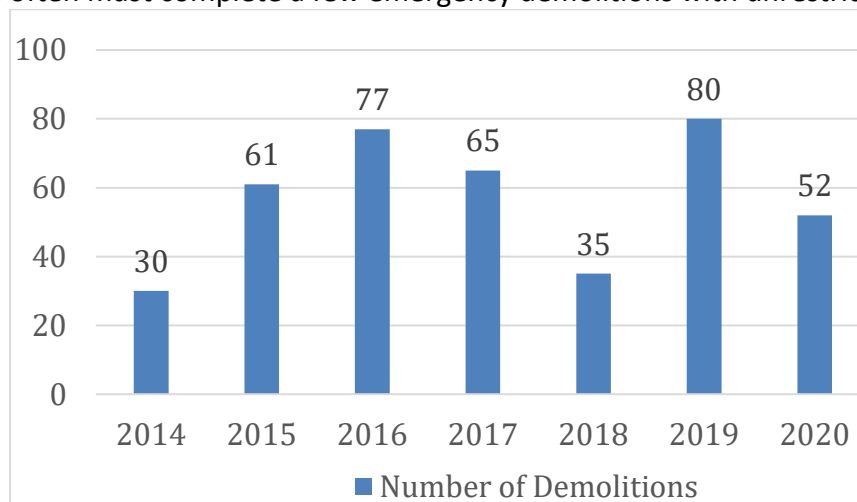
All of the rehab/new construction projects were completed in partnership with Home HeadQuarters. In Round 1 we also did 10 rehabs with the County’s Community Development Office. The first two grant rounds’ projects were completed in 2017. All Round 3-4.2 CRI funding projects were located in the City’s Neighborhood Revitalization Strategy Area (NRSA).

Completing our Round 4 deliverables ahead of schedule, and the fact that we have shovel-ready projects in inventory, put us in a good position to apply for additional CRI funds in February of 2020 and we were awarded another \$660,000 in “Round 4.2.” Round 4.2 funded 11 demolitions, which were completed in 2020, and five new construction projects, one of which is nearly complete and the other four which are about to begin on Woodland and Baker Avenues. These will complement multiple RNI new construction projects planned in the Woodland/Baker/Garfield area.

The Land Bank’s primary strategy to date to complete a large volume of renovations has been to attract well-screened private buyers who are required to renovate within a set period of time per an enforcement mortgage. This strategy has proved an effective way to leverage private investment for mission-related activities (see above re: over \$32.3 million in private renovation investment); although it is rare that we can attract private investment to pay for demolitions (see below). That said, many of our buyers have struggled to manage these renovation projects (especially those that have another full time job or aren’t in the construction industry) and to adapt when unforeseen issues arise (as they often do with older buildings). We look forward to RNI putting more move-in ready homes on the market. We are also seeing more flippers take an interest in renovating homes for resale to owner-occupants as Syracuse home values increase.

D. Demolitions

The Land Bank completed 52 demolitions in 2020 and has completed 403 date. Each year we do as many as grant funds allow and often must complete a few emergency demolitions with unrestricted cash:



To do so, the Land Bank has utilized over \$7.8 million to date in grant funds from a variety of sources:

Source	Total
CDBG	\$ 1,205,418.82
City	\$ 1,000,000.00
County	\$ 494,854.17
CRI (AG)	\$ 4,161,284.00
SIDA	\$ 1,000,000.00
Total	\$ 7,861,556.99

In addition to the restricted funds listed above, in 2016 the Land Bank spent over \$1 million in unrestricted cash on demolitions. Of the 359 demolitions completed to date, 23 were funded by sources not listed above. The average demolition is costing \$27,000. The Land Bank currently owns over 250 demolition candidates, meaning we need to identify an additional ~\$6.75 million to address all the demo candidates currently held in inventory. In addition, we expect there are over 100 demolition candidates that the City has yet to foreclose upon and convey to the Land Bank.

We anticipated \$200,000 from the County General Fund in 2020 for demolitions, but due to COVID's impact on the County budget those funds were not released. There is \$200,000 in the County's general fund for the Land Bank in 2021. We are requesting that ½ of it fund demolitions and ½ fund stabilization, but the Legislature still needs to vote to release these funds. We are under contract with the County to spend \$250,000 of their CARES funds on demolitions, but these demolitions must result in replacement with low-income housing per the terms of their CARES plan approved by HUD. So we are using those funds to clear away homes that will be replaced by new housing through the Resurgent Neighborhood Initiative. Usually we use grant funds to target demolition candidates that pose the biggest threat to health/safety. We will need to secure additional demo funds in 2021 to meet those needs. We are optimistic that with the influx of federal funds coming to the City and County they will see fit to invest in blight removal, an area in which the Land Bank has shovel ready projects, and that this investment will be followed by the construction of additional RNI buildings. Removing the blighted buildings will remove a drag on surrounding property values and high quality new construction will help increase property values in distressed areas, helping long-time homeowners in those neighborhoods grow home equity.

Even without sufficient demolition funds secured to address the number of demolition candidates held in inventory, it still makes sense for the Land Bank to hold these properties until demo funds become available rather than leaving them on the seizable list for a prolonged period of time:

1. The City continues to send tax bills to the property until the foreclosure is completed and must make the SCSD whole during that time so the City loses money every quarter these properties remain taxable, but not yet foreclosed.

For example, the sum of assessed values at the time of acquisition for all demo candidates the Land Bank currently holds is approx. \$6.5 million. Prior to foreclosure, these properties would be issued City/School tax bills each year even though they were unlikely to pay. Those bills would total approx. \$209,779 of which the City collected \$0, but was still obligated to pay \$136,757 to the Syracuse City School District because the properties were still taxable. It doesn't make sense to postpone foreclosure and continue to bill properties that we know will not pay because not only does it mean \$0 collections for the City, leaving uncollectable properties on the rolls actually puts the City in the negative because they make SCSD whole.

2. The City maintains the property and bills the owner (who won't pay) for these services. Post-foreclosure the Land Bank can provide those services more cost effectively than the City can (\$54 v. \$12 to mow a lawn; \$200 v. \$30 to board a window) plus the Land Bank shovels the sidewalks, a service which the City does not provide on seizable properties.

There has been some discussion of whether the Land Bank is taking on too much inventory. This inventory of abandoned homes is here in our community and it's become the public's responsibility to maintain them whether or not they've been foreclosed on yet. The Land Bank can provide that service more cost effectively.

3. The Land Bank files a trespass affidavit against the property enabling the Syracuse Police Department to arrest people on the spot and we are a cooperative local owner willing to work with Codes, DPW, SPD, and SFD to address problems as they arise.

4. Holding demo candidates in inventory makes us very competitive grant applicant applicants. We have "shovel ready" demos whereas other land banks might take 9-12 months to take title before they can start demos. We've brought home more AG money than any other land bank and this is partly why.
5. Proactively foreclosing enables us to assemble more attractive sites for new development and, as those opportunities become apparent, we can prioritize demos to get these properties to market. We currently have two ~half-acre sites on South Ave available for development (one out to bid and one going out to bid soon) and a third in the works; one ~half acre site at Seymour and Geddes that's been on the market available for commercial infill, and other similar commercial sites in the works.

Properties acquired over the past eight years are now providing the site control needed for the City's Resurgent Neighborhoods Initiative, which will include the construction of 200 new units of affordable housing.² Land banking is making thoughtful planned development possible, although when they started taking title to these properties they only knew that the Land Bank could be a better interim steward than their tax-delinquent property owners and that public site-control would be useful in the long-term.

² <https://www.syracuse.com/news/2020/01/syracuse-to-revive-neighborhoods-with-200-new-homes-for-low-income-buyers-renters.html>

(2) Monies expended in 2020

Our 2020 Profit & Loss Statement and Balance Sheet as of 12/31/20 are attached. Our annual independent audit is currently underway and will be completed and reported to NYS Authorities Budget Office by the end of the month.

Our balance sheet estimates the value of properties held at ~\$681,000, but this does not reflect long-term liabilities associated with maintaining these properties or the looming cost of demolitions (which is not accounted for in our P&L since each demo expense is offset with grant revenues). In addition, for the 250 demolition candidates currently on the books we estimate that cost to be \$6.75 million. For this, we must continue to seek local and state financial support.

The Land Bank's work generates a wide array of benefits: making the City a more effective collector of delinquent taxes, properties returned to the rolls paying on-time taxes, private renovation investment leveraged, grant funds leveraged, quality of life improvements of people living next to land bank homes that are either sold and renovated or demolished – but all of those benefits are external to our organization. The only benefit captured internally is sales revenue. In order to keep generating these externalized benefits that accrue to the City, County, neighboring property owners, and Onondaga County residents, we we need assistance from local and state government.

(3) Administrative Activities

A. Staff and Operations

The Land Bank's staff has remained stable over the course of 2020, other than one vacant administrative assistant position that we left unfilled until June 1 when the office re-opened. While we were not able to show houses from mid-March until June 1, our sales team took the opportunity to re-inspect properties that had been in our inventory for quite some time and prepare many new listings. When we resumed showings on June 1, there was significantly increased demand for properties locally and we received a high volume of offers over the summer and fall. Our office has been open to the public by appointment only since June 1 due to COVID and three of our staff are still mostly working from home with some fieldwork required, two are in the office full-time, and four (maintenance and sales) are partly in the field, partly from home, and partly in the office, social distancing to the greatest extent possible.

The Land Bank received a \$101,000 PPP Loan in 2020, which was entirely forgiven. We obtained another \$120,000 PPP loan in 2021 and anticipate it will be completely forgiven.

B. Planning, Land Banking/Site Assembly

In 2019 the City, County, NYS DEC, and Land Bank signed an MOU giving the City and County the ability to foreclose on tax-delinquent brownfields with limited liability and convey them to the Land Bank to facilitate their return to productive use. At the end of 2019 the Land Bank, SIDA, and OCIDA were awarded a \$600,000 Brownfields Assessment Grant by the USEPA, which provides funds to test suspected brownfields. We started spending these funds in earnest in 2020. As of 12/31, we had completed 6 Phase I Environmental Site Assessments (ESAs) and had five Phase II ESAs underway. We are preparing to take title to a handful of brownfield properties and facilitate their return to productive use. It is our goal to have 70% of these grant funds expended by October so we will be eligible to apply for another Assessment grant and we are working to have one or more sites sufficiently evaluated so that we might apply for Cleanup funds.

We anticipate that we will complete 1-2 environmental assessments outside of the City using our EPA assessment grant. We are also working with the County Law Department, DEC, some of the parties responsible for contamination, and with the Town of Lysander to develop a plan for a tax-delinquent contaminated site there that is under a consent-order to be cleaned up. The Land Bank hopes to play a role in getting this site redeveloped and returned to productive use once the cleanup is complete and may take title in the near-term to help address the long-term tax-delinquency.

We are currently doing outreach to Towns and Villages to remind elected officials there that the Land Bank is an available resource to help them address vacant and abandoned properties. We anticipate that we will request a handful of properties be diverted from the County auction this fall, as we have done in past years, so that we can partner with the local municipality to plan for their return to productive use. We are also looking for opportunities to address bank-foreclosed zombie properties in collaboration with local governments.

Properties acquired over the past eight years are now providing the site control needed for the City's Resurgent Neighborhoods Initiative, which will include the construction of 200 new units of affordable housing. The first RNI new construction projects are already underway and are being planned in clusters that will transform the blocks they're being built on, replace blighted properties with safe and healthy homes, improve quality of life for the future occupants and neighbors, and increase property values to the benefit of surrounding homeowners.

Over the course of 2020, the Land Bank completed more than 16 resubdivisions (involving more than 40 parcels) to combine lots or move lot lines to create new building sites, such as this case where we moved the lot line over to create two lots with roughly equal street frontage.

We just put 11 structures out to bid to be demolished using County CARES funds so that construction can start on these sites later this year. And we are conveying the following lots to HHQ for them to start new construction as soon as possible, three of which we previously demolished and five of which required resubs prior to sale:

- 202 Woodland Ave.
- 214 Woodland Ave.
- 230 Woodland Ave.
- 135 Baker Ave.
- 143 Baker Ave.
- 120 Baker Ave.



In addition to those six properties, we have another 61 sites flagged for RNI and we are working closely with NBD to identify additional sites for all RNI projects and for future phases of this project. We expect Phase I of RNI will return of ~180 Land Bank properties to the tax rolls. The “land banking” we’ve done over the past eight years is making thoughtful planned development possible. We have also been working with other partners such as Blueprint 15 to assemble development sites in their target area.

C. Board of Directors

All Board of Directors meetings are open to the public. The Board of Directors met frequently in 2020 in order to approve a large number of property sales, property acquisitions, oversee contracts and the procurement of services for the maintenance and redevelopment of Land Bank-owned properties.

- January 22 – Annual Board Meeting
- February 18 – Regular Board Meeting
- March 30 – Audit Committee Meeting
- March 30 – Regular Board Meeting
- April 21 – Regular Board Meeting
- May 19 – Regular Board Meeting
- June 30 – Regular Board Meeting
- July 21 – Regular Board Meeting
- August 18 – Regular Board Meeting
- August 25 – Special Board Meeting
- September 15 – Regular Board Meeting
- October 20 – Regular Board Meeting
- November 17 – Regular Board Meeting
- December 15 – Regular Board Meeting

I encourage you to review all the Greater Syracuse Property Development Corporation’s Policies and Procedures published at www.syracuselandbank.org, which were all reviewed and readopted in January 2021.

Attachments:

- 2020 Audited
 - Balance Sheet
 - Profit & Loss Statement
- 2020 independently audited financial statements

10:09 AM

Greater Syracuse Property Development Corporation

04/12/21

Profit & Loss

Accrual Basis

January through December 2020

	Jan - Dec 20
Ordinary Income/Expense	
Income	
40000 · Government Grants	
40200 · AmeriCorps	3,520.35
45000 · HOME	54,166.86
44000 · Save America's Grant	223.36
40110 · CNY Lead	
40190 · CNY Community Lead Grant #2	
40190.1 · CNY Lead#2 Admin/Developer Fees	7,326.77
40190 · CNY Community Lead Grant #2 - Other	120,914.05
Total 40190 · CNY Community Lead Grant #2	128,240.82
40110 · CNY Lead - Other	15.27
Total 40110 · CNY Lead	128,256.09
40160 · EPA_Brownfield_Petroleum	
40160.1 · EPA BP - Admin/Developer Fees	3,581.98
40160 · EPA_Brownfield_Petroleum - Other	119,399.10
Total 40160 · EPA_Brownfield_Petroleum	122,981.08
40150 · EPA_Brownfield_Hazardous	
40150.1 · EPA BH - Admin/Developer Fees	2,859.60
40150 · EPA_Brownfield_Hazardous - Other	95,319.75
Total 40150 · EPA_Brownfield_Hazardous	98,179.35
40010 · City of Syracuse	
41004 · City of Syracuse '20-21	486,335.40
41001 · City of Syracuse '19-'20	416,291.05
40010 · City of Syracuse - Other	0.00
Total 40010 · City of Syracuse	902,626.45
40030 · Admin/Developer's Fee	1,439.49
40040 · Onondaga County	
41003 · County- Purchase of Vacant Prop	120,493.85
41002 · County- Building Stabilization	
41002.1 · County-BS Admin/Developer Fees	8,616.90
41002 · County- Building Stabilization - Other	115,892.75
Total 41002 · County- Building Stabilization	124,509.65
40040 · Onondaga County - Other	1,735.00
Total 40040 · Onondaga County	246,738.50
40060 · NY Attorney General	
40060.4 · CRI 2020 Demo	235,680.96
40060.3 · CRI 2019 Rehab	215,724.12
40060.2 · CRI 2019 Demo	60,461.41
40060.1 · CRI Admin/Developer Fees	32,453.08
40060 · NY Attorney General - Other	3,265.02
Total 40060 · NY Attorney General	547,584.59
40100 · CDBG Grant Income	
40100.1 · CDBG Admin/Developer Fees	17,524.63
40100 · CDBG Grant Income - Other	232,349.91
Total 40100 · CDBG Grant Income	249,874.54
Total 40000 · Government Grants	2,355,590.66

Greater Syracuse Property Development Corporation

04/12/21

Profit & Loss

Accrual Basis

January through December 2020

	Jan - Dec 20
40090 · Neighbors for Neighbors Income	79,768.09
41000 · Donated Property	27,505.00
42000 · REO Donated Funds	19,485.41
43000 · In-Kind Donation	25,000.00
48000 · Side Lot Application Income	900.00
49000 · Rental Income	30,450.00
49500 · Sale of Property	1,035,660.10
Total Income	3,574,359.26
Cost of Goods Sold	
50000 · Cost of Sales	
500VI · Vacant COS Inventorial	
50010 · Property Purchase Cost	131,548.00
50015 · Donated Property Value	27,505.00
50020 · Recording Fees	474.00
50050 · Debris Removal - Initial	218,516.00
50090 · Renovation Inventory	241,196.50
50095 · Sidewalk Replacement/Repair	17,315.00
50100 · Stabilization	237,375.00
50115 · Environ. Assess. Inventorial	3,007.00
50116 · Survey/Abatement Pre-Reno	900.00
50145 · Title Searches	2,748.20
50170 · Architectural Prof. Services	21,574.00
50180 · Land Survey Prof. Services	25,125.00
50200 · Property Appraisal	1,600.00
50990 · Impairment Loss	447,542.45
50999 · Spec Reclass to/from Inventory	-249,506.56
Total 500VI · Vacant COS Inventorial	1,126,919.59
500PC · Periodic COS	
50025 · Property Materials and Supplies	10,189.02
50029 · General Inspections	30,800.75
50045 · Pest Exterminations	1,731.00
50051 · Debris Removal - Periodic	280,816.79
50070 · Lawn Maintenance	293,912.53
50080 · Snow Removal	26,721.50
50110 · Demolition/Deconstruction	1,138,143.14
50111 · Renovation Expensed	114,314.57
50117 · Survey/Abatement Pre-Demo	61,165.00
50120 · Permits/Fees	325.00
50130 · Utilities	57,843.70
50190 · Evictions	1,990.00
50205 · Legal & Closing Costs	25,614.70
50220 · Brokerage - Sale	15,054.00
50230 · Sale of Property Closing Costs	1,500.00
53100 · Stabilization	1,895.00
53200 · Property Appraisal	225.00
Total 500PC · Periodic COS	2,062,241.70
Total 50000 · Cost of Sales	3,189,161.29
Total COGS	3,189,161.29
Gross Profit	385,197.97
Expense	
60604 · Admin/Developer's Fee	0.00
60000 · Accounting Fees	79,390.00
60100 · Automobile	7,705.19
60200 · Depreciation	2,378.97
60300 · Legal Fees	37,106.60
60400 · Office Expense	35,108.24

Greater Syracuse Property Development Corporation

04/12/21

Profit & Loss

Accrual Basis

January through December 2020

	Jan - Dec 20
60500 · Payroll	
60535 · Employer 401(K) Match expense	
60545 · Forfeited amount of ER Match	-6,763.22
60540 · Employer 401(k) Match	21,079.50
Total 60535 · Employer 401(K) Match expense	14,316.28
60510 · Salary	508,927.18
60520 · Payroll Taxes	39,480.78
60530 · Employee Health Insurance	47,446.97
60550 · Payroll Processing Fees	9,280.56
Total 60500 · Payroll	619,451.77
60600 · Professional Services	229,568.85
60602 · Relocation Assistance Expense	26,209.81
60603 · Special Assessments Expense	21,369.73
60700 · Insurance	
60701 · Property	-6,060.75
60702 · Liability	187,952.28
60700 · Insurance - Other	121,876.14
Total 60700 · Insurance	303,767.67
60800 · Telephone	4,735.23
60905 · Conference/Meeting	115.00
61000 · Bank Service Charge	-55.00
61200 · License and Fees	2,345.00
61300 · Events & Marketing	11,099.95
61400 · Rent Expense	30,861.60
Total Expense	1,411,158.61
Net Ordinary Income	-1,025,960.64
Other Income/Expense	
Other Income	
73000 · PPP Forgiveness of Debt	101,710.00
70700 · Interest Income - 1800 Lodi St	507.50
70200 · Salvage Income	13,672.03
70300 · Rental Late Fee Income	70.00
70500 · Defaulting on Residency Req.	9,250.00
70600 · Project Extension Fees	53,878.00
71000 · Reimbursement Income	
71001 · Insurance Reimbursement	66.39
Total 71000 · Reimbursement Income	66.39
72000 · Forfeited Down Payment on Sale	4,980.00
79000 · Misc. Income	1,101.00
Total Other Income	185,234.92
Other Expense	
80000 · Unallocated	0.00
Total Other Expense	0.00
Net Other Income	185,234.92
Net Income	-840,725.72

Greater Syracuse Property Development Corporation

Balance Sheet

As of December 31, 2020

	Dec 31, 20
ASSETS	
Current Assets	
Checking/Savings	
10000 · Checking	2,272,412.21
Total Checking/Savings	2,272,412.21
Accounts Receivable	
11001 · Accounts Receivable	5,250.00
Total Accounts Receivable	5,250.00
Other Current Assets	
12400 · Note Receivable - Lodi Street	86,832.99
12001 · Undeposited Funds	14,402.00
12100 · Contract Receivable	
12117 · Save America's Treasures	499,774.41
12116 · City of Syracuse '20-21	250,000.00
12114 · 2020 CRI Receivable-Rehab	375,000.00
12111 · EPA_Brownfield_Petroleum	25,279.36
12110 · EPA_Brownfield_Hazardous	350,081.09
12109 · HOME	54,166.86
Total 12100 · Contract Receivable	1,554,301.72
12500 · Prepaid Insurance	47,050.51
12900 · Prepaid Expense	12,173.68
Total Other Current Assets	1,714,760.90
Total Current Assets	3,992,423.11
Fixed Assets	
14000 · Computer	13,399.86
15000 · Furniture and Equipment	6,381.08
16000 · Software and Website	13,050.00
17000 · Accumulated Depreciation	-30,302.88
Total Fixed Assets	2,528.06
Other Assets	
18000 · Cost of Properties Held	680,905.95
Total Other Assets	680,905.95
TOTAL ASSETS	4,675,857.12
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 · Accounts Payable	93,471.22
Total Accounts Payable	93,471.22
Credit Cards	
20002 · M&T Visa 7079	1,068.13
Total Credit Cards	1,068.13
Other Current Liabilities	
20600 · FSA Liability	680.90
20900 · 401(K) Liability	
21000 · 401(k) Payable	2,032.54
Total 20900 · 401(K) Liability	2,032.54
20500 · Down Payment on Property Sale	34,705.00

Greater Syracuse Property Development Corporation

Balance Sheet

As of December 31, 2020

	Dec 31, 20
22000 · Accrued Expenses	
24800 · CDBG Liability	8,400.00
22000 · Accrued Expenses - Other	46,613.38
Total 22000 · Accrued Expenses	55,013.38
Total Other Current Liabilities	92,431.82
Total Current Liabilities	186,971.17
Long Term Liabilities	
28000 · Deferred Grant Inflow	
29505 · Save America's Treasures	499,776.64
29504 · City of Syracuse '20-21	13,664.60
28024 · CRI 2020 Rehab	375,000.00
28023 · CRI 2020 Demo	24,422.96
29503 · Community Fou. Lead Grant #2	20,319.69
29020 · EPA_Brownfield_Petroleum '19-22	25,279.36
29010 · EPA_Brownfield_Hazardous '19-22	350,081.09
28004 · County Deconstruction '14	11,030.17
28006 · County Bank Purchase	139,663.91
28012 · County 2017	1,205.34
28017 · CRI 2019 Demo	8,947.20
28019 · County- Building Stabilization	490.35
28020 · County-Purchase of Vacant Prop.	4,506.15
28021 · City of Syracuse '19-'20	18,783.00
Total 28000 · Deferred Grant Inflow	1,493,170.46
29500 · Parks Conservancy Grant	1,000.00
Total Long Term Liabilities	1,494,170.46
Total Liabilities	1,681,141.63
Equity	
32000 · Unrestricted Net Assets	3,835,441.21
Net Income	-840,725.72
Total Equity	2,994,715.49
TOTAL LIABILITIES & EQUITY	4,675,857.12

**GREATER SYRACUSE PROPERTY DEVELOPMENT
CORPORATION D/B/A GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of
Syracuse, New York)**

**Financial Statements as of
December 31, 2020 and 2019
Together with Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

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INDEPENDENT AUDITOR'S REPORT

March 30, 2021

To the Board of Directors of the

Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land Bank

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 discretely presented component unit of the City of Syracuse, New York (the City), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic 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 audits. We conducted our audits 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.

INDEPENDENT AUDITOR'S REPORT

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 30, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's 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 30, 2021, 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).

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented 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 Land Bank), a discretely presented 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 years ending December 31, 2020 showing 2019 and 2018 for comparison. 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 Revenues, Expenses and Change 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 Revenues, Expenses and Change 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

- Below are the Corporation's total net position, total current assets, total current liabilities, and current ratio at December 31, 2020, December 31, 2019, and December 31, 2018, respectively:

	2020	2019	2018
Total Net Position	\$ 2,994,716	\$ 3,835,443	\$ 3,945,709
Total Current Assets	\$ 3,393,275	\$ 4,865,196	\$ 4,985,577
Total Current Liabilities	\$ 398,559	\$ 1,029,753	\$ 1,047,805
Current Ratio	8.5	4.7	4.8

The current 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. This ratio indicates the Corporation is more than able to meet and pay its current liabilities.

- Below are the Corporation's operating revenues, operating expenses, and operating income at December 31, 2020, December 31, 2019, and December 31, 2018, respectively:

	2020	2019	2018
Operating Revenues	\$ 3,685,924	\$ 4,925,720	\$ 2,501,405
Operating Expenses	\$ 4,600,375	\$ 5,299,030	\$ 3,717,423
Operating Loss	\$ (914,451)	\$ (373,310)	\$ (1,216,018)

- Revenues – Budget to Actual:** The Land Bank's 2020 budget anticipated revenues of about \$3,470,000 and our actual revenues were \$3,685,924, a variance of \$215,924. This excess revenue stems from grant deliverables completed ahead of schedule (income is booked at the time the expense is incurred), as well as the value of donated real estate, cash donated with that real estate, and in-kind donations, which we typically do not anticipate or budget for.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

- **Expenses – Budget to Actual:** The Land Bank's 2020 budget anticipated approximately \$4.5 million in expenses and our actual expenses totaled approximately \$4.6 million, a variance of \$72,707 or about 1.6% over budget.

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

Summary of Assets, Liabilities, and Net Position

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current assets	\$ 3,390,747	\$ 4,860,289	\$ 4,985,577
Capital assets	<u>2,528</u>	<u>4,907</u>	<u>7,937</u>
Total assets	<u>3,393,275</u>	<u>4,865,196</u>	<u>4,993,514</u>
Current liabilities	<u>398,559</u>	<u>1,029,753</u>	<u>1,047,805</u>
Net position:			
Net investment in capital assets	2,528	4,907	7,937
Unrestricted	<u>2,992,188</u>	<u>3,830,536</u>	<u>3,937,772</u>
Total net position	<u>\$ 2,994,716</u>	<u>\$ 3,835,443</u>	<u>\$ 3,945,709</u>

CURRENT ASSETS

Current assets at December 31, 2020 were comprised mostly of cash, restricted grant funds, and inventory. Cash on hand less any liabilities and plus contract receivables at the end of 2020 totaled \$2,159,974, sufficient to cover more than nine (9) months of operating expenses (not inclusive of demolitions or other expenses such as renovations and stabilization that are typically only undertaken using restricted grant funds).

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, not considered period costs or routine maintenance which are expensed when incurred, are only booked as expenses once a property has been sold. Since the Greater Syracuse Land Bank acquires most properties for \$151 each, subsequent to municipal foreclosure, costs will in most cases be less than fair market value.

In 2020, the Land Bank acquired 42 properties via the City of Syracuse foreclosure proceedings (down from 174 properties in 2019 and 261 in 2018); additional acquisitions include four (4) purchases, six (6) vacant lots previously owned by the City of Syracuse, and six (6) private donations. For donated properties, which are acquired at no cost, an estimated fair market value is booked to inventory at the time of acquisition.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

CAPITAL ASSETS

Capital assets at December 31, 2020, December 31, 2019 and December 31, 2018, were comprised of property, furniture and equipment that was purchased and capitalized during the years 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 as well as advances of grant and government subsidy revenue that have not yet been earned.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Summary of Revenues, Expenses, and Change in Net Position

	<u>2020</u>	<u>% of Total</u>	<u>2019</u>	<u>% of Total</u>	<u>2018</u>	<u>% of Total</u>
OPERATING REVENUES:						
Grant and government subsidy revenue	\$ 2,435,358	66.07%	\$ 3,290,826	66.43%	\$ 1,416,526	56.63%
Sale of property	1,035,660	28.10%	1,559,798	31.49%	1,014,853	40.57%
Rental revenue	30,450	0.83%	47,662	0.96%	61,486	2.46%
Other revenue	28,868	0.78%	44,045	0.89%	8,540	0.34%
Project extension fees	53,878	1.46%	11,310	0.23%	-	0.00%
PPP forgiveness	<u>101,710</u>	2.76%	<u>-</u>	0.00%	<u>-</u>	0.00%
Total operating revenues	<u>3,685,924</u>		<u>4,953,641</u>		<u>2,501,405</u>	
OPERATING EXPENSES:						
Cost of sales	2,741,621	59.60%	3,762,431	71.00%	2,194,969	59.05%
Unrealized loss on inventory	447,542	9.73%	383,871	7.24%	501,338	13.49%
Relocation assistance	26,210	0.57%	37,834	0.71%	39,021	1.05%
Special assessment	21,370	0.46%	13,381	0.25%	25,364	0.68%
General & admin expenses	42,300	0.92%	46,670	0.88%	37,104	1.00%
Professional services	346,066	7.52%	148,561	2.80%	162,917	4.38%
Salaries, wages and related expenses	619,453	13.47%	498,581	9.41%	422,765	11.37%
Advertising	11,100	0.24%	3,507	0.07%	10,702	0.29%
Bad debts	-	0.00%	1,637	0.03%	2,967	0.08%
Insurance	303,767	6.60%	356,106	6.72%	280,963	7.56%
Rent	30,862	0.67%	31,115	0.59%	26,326	0.71%
Travel	7,705	0.17%	12,306	0.23%	8,615	0.23%
Depreciation	<u>2,379</u>	0.05%	<u>3,030</u>	0.06%	<u>4,372</u>	0.12%
Total operating expenses	<u>4,600,375</u>		<u>5,299,030</u>		<u>3,717,423</u>	
OPERATING LOSS	<u>(914,451)</u>		<u>(345,389)</u>		<u>(1,216,018)</u>	
NON-OPERATING INCOME (EXPENSES):						
Miscellaneous	<u>1,734</u>		<u>(127)</u>		<u>8,459</u>	
CONTRIBUTIONS	<u>71,990</u>		<u>235,250</u>		<u>400,942</u>	
CHANGE IN NET POSITION	<u>\$ (840,727)</u>		<u>\$ (110,266)</u>		<u>\$ (806,617)</u>	

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

OPERATING REVENUES

Operating revenue is mostly comprised of grant and government subsidies awarded to the Corporation to aid in meeting the objectives of the Corporation and revenue from the sale of property.

OPERATING EXPENSES

Operating expenses in 2020 are mostly comprised of cost of sales, salaries and wages, insurance, and professional services.

Cost of sales includes property acquisition and stabilization costs as well as the ongoing expenses associated with property maintenance. The number of staff remained steady at nine (9) full-time staff members in 2020.

OPERATING RESULTS

Below are the Corporation's operating loss, non-operating income(loss), contributions, change in net position, and net position at December 31, 2020, December 31, 2019, and December 31, 2018, respectively:

	2020	2019	2018
Operating Loss	\$ (914,451)	\$ (345,389)	\$ (1,216,018)
Non-operating Income(Loss)	\$ 1,734	\$ (127)	\$ 8,459
Contributions	\$ 71,990	\$ 235,250	\$ 400,942
Change in Net Position	\$ (840,727)	\$ (110,266)	\$ (806,617)
Net Position	\$ 2,994,716	\$ 3,835,443	\$ 3,945,709

CAPITAL ASSET ADMINISTRATION

Below are the Corporation's investment in capital assets (net of accumulated depreciation) at December 31, 2020, December 31, 2019, and December 31, 2018, respectively. This investment includes furniture, equipment, computer hardware, and small amounts of software.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Depreciable capital assets:			
Furniture and equipment	\$ 2,528	\$ 4,907	\$ 7,937
Total depreciable capital assets	<u>\$ 2,528</u>	<u>\$ 4,907</u>	<u>\$ 7,937</u>

FUTURE FACTORS

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID - 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Corporation and its future results and financial position is not presently determinable.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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, 431 E Fayette Street, Suite 375, Syracuse, NY 13202.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 2,066,826	\$ 2,960,914
Accounts receivable	5,250	-
Grant and government subsidy receivable	271,719	371,210
Note receivable	86,833	-
Inventory	680,906	878,942
Prepaid expenses	59,225	90,331
Restricted cash	<u>219,988</u>	<u>558,892</u>
Total current assets	3,390,747	4,860,289
NONCURRENT ASSETS:		
Capital assets, net	<u>2,528</u>	<u>4,907</u>
Total assets	<u>3,393,275</u>	<u>4,865,196</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	94,539	375,058
Accrued expenses	46,613	62,132
Grant and government subsidy revenue advance	219,988	558,892
Other liabilities	<u>37,419</u>	<u>33,671</u>
Total current liabilities	<u>398,559</u>	<u>1,029,753</u>
NET POSITION		
Net investment in capital assets	2,528	4,907
Unrestricted	<u>2,992,188</u>	<u>3,830,536</u>
Total net position	<u>\$ 2,994,716</u>	<u>\$ 3,835,443</u>

The accompanying notes are an integral part of these statements.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

Statements of Revenues, Expenses and Change in Net Position
For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES:		
Grant and government subsidy revenue	\$ 2,435,358	\$ 3,290,826
Sale of property	1,035,660	1,559,798
Rent revenue	30,450	47,662
Project extension fees	53,878	11,310
Paycheck Protection Program forgiveness	101,710	-
Other revenue	<u>28,868</u>	<u>44,045</u>
Total operating revenues	<u>3,685,924</u>	<u>4,953,641</u>
OPERATING EXPENSES:		
Cost of sales	2,741,621	3,762,431
Unrealized loss on inventory	447,542	383,871
Relocation assistance	26,210	37,834
Special assessment	21,370	13,381
Salaries, wages and related expenses	619,453	498,581
Insurance	303,767	356,106
Professional services	346,066	148,561
General and administrative expenses	42,300	46,670
Rent	30,862	31,115
Advertising	11,100	3,507
Depreciation	2,379	3,030
Bad debts	-	1,637
Travel	<u>7,705</u>	<u>12,306</u>
Total operating expenses	<u>4,600,375</u>	<u>5,299,030</u>
OPERATING LOSS	<u>(914,451)</u>	<u>(345,389)</u>
NON-OPERATING INCOME:		
Miscellaneous income (expense)	<u>1,734</u>	<u>(127)</u>
LOSS BEFORE CONTRIBUTIONS	<u>(912,717)</u>	<u>(345,516)</u>
CONTRIBUTIONS:		
Cash contributions	19,485	-
Demolition contributions	25,000	225,000
Inventory contributions	<u>27,505</u>	<u>10,250</u>
Total contributions	<u>71,990</u>	<u>235,250</u>
CHANGE IN NET POSITION	(840,727)	(110,266)
NET POSITION - beginning of year	<u>3,835,443</u>	<u>3,945,709</u>
NET POSITION - end of year	<u>\$ 2,994,716</u>	<u>\$ 3,835,443</u>

The accompanying notes are an integral part of these statements.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grant and government subsidies	\$ 2,195,945	\$ 2,892,081
Cash received from property sales	948,827	1,559,798
Cash received from rent	25,200	47,662
Cash received from other revenue	28,868	42,543
Cash received from project extensions	53,878	11,310
Cash received from PPP loan forgiveness	101,710	-
Cash paid for inventory	(3,272,962)	(3,420,716)
Cash paid for general and administrative expenses	(26,583)	(57,369)
Cash paid for professional services	(317,753)	(151,026)
Cash paid for salaries, wages and related expenses	(621,432)	(497,856)
Cash paid for advertising	(11,100)	(3,507)
Cash paid for insurance	(272,662)	(318,301)
Cash paid for rent	(30,862)	(31,115)
Cash paid for relocation assistance and special assessment	(47,580)	(51,215)
Cash paid for travel	(7,705)	(12,306)
	<u>(1,254,211)</u>	<u>9,983</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from cash contributions	<u>19,485</u>	<u>-</u>
	<u>19,485</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net miscellaneous income (expense)	<u>1,734</u>	<u>(127)</u>
	<u>1,734</u>	<u>(127)</u>
CHANGE IN CASH	(1,232,992)	9,856
CASH - beginning of year	<u>3,519,806</u>	<u>3,509,950</u>
CASH - end of year	<u>\$ 2,286,814</u>	<u>\$ 3,519,806</u>
RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION:		
Cash	\$ 2,066,826	\$ 2,960,914
Restricted cash	<u>219,988</u>	<u>558,892</u>
Total	<u>\$ 2,286,814</u>	<u>\$ 3,519,806</u>
RECONCILIATION OF OPERATING LOSS TO CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	\$ (914,451)	\$ (345,389)
Adjustments to reconcile operating loss to net cash flow from operating activities:		
Depreciation	2,379	3,030
Unrealized loss on inventory	447,542	383,871
Bad debts	-	1,637
Inventory and demolition contributions	52,505	235,250
Changes in:		
Accounts receivable	(5,250)	(1,502)
Grant and government subsidy receivable	99,491	(264,675)
Note receivable	(86,833)	-
Inventory	(249,506)	(21,992)
Prepaid expenses	31,106	37,805
Accounts payable	(280,519)	60,776
Accrued expenses	(15,519)	39,650
Grant and government subsidy revenue advance	(338,904)	(134,070)
Other liabilities	<u>3,748</u>	<u>15,592</u>
Net cash from operating activities	<u>\$ (1,254,211)</u>	<u>\$ 9,983</u>
NONCASH ACTIVITIES:		
Inventory and demolition contributions	<u>52,505</u>	<u>\$ 235,250</u>
Total noncash activities	<u>\$ 52,505</u>	<u>\$ 235,250</u>

The accompanying notes are an integral part of these statements.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

Notes to Basic Financial Statements
December 31, 2020 and 2019

1. ORGANIZATION

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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, particularly given the economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, and such differences may be significant.

Income Tax Status

The Corporation was organized as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

Notes to Basic Financial Statements
December 31, 2020 and 2019

Cash and Restricted Cash

Cash consists primarily of demand deposits. Certain amounts of cash are classified as restricted because their use is restricted by grant agreements. Restricted cash balances have been offset by grant and government subsidy revenue advances at December 31, 2020 and 2019.

Grant and government subsidy receivable

Grant and government subsidy receivable represents funds earned but not yet received by the Corporation related to grant and government subsidy revenue. Management does not believe a reserve for uncollectible receivables is necessary at December 31, 2020 and 2019.

Note receivable

The Corporation holds a note receivable related to a property sale. See footnote 5 for more information. Management does not believe an allowance for doubtful accounts is necessary.

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 market. Market value is defined as ½ the assessed value of the property except for vacant lots which are valued at \$151 and properties listed for sale, which are valued at listing price. Cost includes but is not limited to, property purchase cost, appraisal, inspection and recording fees, renovation costs and professional services.

Prepaid Expenses

Prepaid expenses consist primarily of amounts paid for the portion of insurance policies that provide coverage for the following fiscal year.

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.

Grant and Government Subsidy Revenue Advance

In certain instances, the Corporation receives grant and government subsidy revenue prior to meeting the definition of earned. Such amounts are reflected as a liability, grant and government subsidy revenue advances, until amounts are deemed earned and then recognized as revenue.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

Notes to Basic Financial Statements
December 31, 2020 and 2019

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. Other sources of operating revenues include sales of property and rental revenue. 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.

Unrealized Loss on Inventory

Deterioration, damage, changing prices and other factors have caused certain inventory's cost to exceed its market value. In accordance with GAAP, inventory has been reduced to market value and an unrealized loss has been recognized in both December 31, 2020 and 2019.

Contributions

The Corporation received contributions of property, donated demolition and cash during the fiscal year ending December 31, 2020 and 2019. These amounts are reflected in the statements of revenues, expenses and change in net position.

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, 2020 and 2019.
- c. Unrestricted net position - all other net position that does 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.

3. 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.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
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Notes to Basic Financial Statements
December 31, 2020 and 2019

Monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within and authorized to do business in New York State (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.

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).

The Corporation maintained cash balances with financial institutions insured by the FDIC up to \$250,000, per bank, for interest bearing and non-interest bearing accounts. At December 31, 2020 and 2019 the Corporation's deposits consisted of approximately \$2,273,828 and \$3,480,222, respectively, in cash and were insured each year by FDIC in the amount of \$250,000. The remaining balance of approximately \$2,023,828 and \$3,230,222 at December 31, 2020 and 2019, respectively, was collateralized by a third party in accordance with NYS General Municipal Law, Section 10 and the Corporation's policies.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

Notes to Basic Financial Statements
December 31, 2020 and 2019

4. CAPITAL ASSETS

The Corporation's capital assets activity for the year ended December 31, 2020 was as follows:

	Balance at January 1	Additions	Deductions	Balance at December 31
Furniture and equipment	\$ 32,831	\$ -	\$ -	\$ 32,831
Total	32,831	-	-	32,831
Accumulated depreciation:				
Furniture and equipment	(27,924)	(2,379)	-	(30,303)
Total	(27,924)	(2,379)	-	(30,303)
Capital assets, net	<u>\$ 4,907</u>	<u>\$ (2,379)</u>	<u>\$ -</u>	<u>\$ 2,528</u>

The Corporation's capital assets activity for the year ended December 31, 2019 was as follows:

	Balance at January 1	Additions	Deductions	Balance at December 31
Furniture and equipment	\$ 32,831	\$ -	\$ -	\$ 32,831
Total	32,831	-	-	32,831
Accumulated depreciation:				
Furniture and equipment	(24,894)	(3,030)	-	(27,924)
Total	(24,894)	(3,030)	-	(27,924)
Capital assets, net	<u>\$ 7,937</u>	<u>\$ (3,030)</u>	<u>\$ -</u>	<u>\$ 4,907</u>

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

Notes to Basic Financial Statements
December 31, 2020 and 2019

5. NOTE RECEIVABLE

On November 1, 2020, the Corporation entered into a note receivable agreement for \$87,000 to be paid back in monthly installments of \$675, including interest at 7% through November 1, 2040. At December 31, 2020, the receivable balance is \$86,833.

Maturities of the note receivable at December 31, 2020 is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,082	\$ 6,012	\$ 8,094
2022	2,232	5,862	8,094
2023	2,394	5,700	8,094
2024	2,567	5,527	8,094
2025	2,752	5,342	8,094
2026-2030	17,049	23,423	40,472
2031-2035	24,169	16,302	40,471
2036-2040	<u>33,588</u>	<u>6,208</u>	<u>39,796</u>
Total	<u>\$ 86,833</u>	<u>\$ 74,376</u>	<u>\$ 161,209</u>

6. 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 one 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.

7. TRANSACTIONS WITH PRIMARY GOVERNMENT

The Corporation and the City entered into agreements in 2019 and 2020, whereas the City was to assist in the operations of the Corporation pursuant to Not-For-Profit Corporation Section 1610(a). The Corporation recognized \$902,626 and \$689,926 of grant and government revenue for the years ended December 31, 2020 and 2019, respectively. Related to these agreements, \$217,552 and \$314,926 was due from the City to the Corporation at December 31, 2020 and 2019, respectively. These amounts are included in grant and government subsidy receivable on the statements of net position.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

Notes to Basic Financial Statements
December 31, 2020 and 2019

8. LOAN GUARANTEE PROGRAM

The Corporation entered into an agreement with Home HeadQuarters, Inc. for a Loan Guarantee Program to encourage the purchase and rehabilitation of properties within the City of Syracuse owned by the Corporation. Under the program, Home HeadQuarters, Inc. provided \$1,500,000 into mortgages, of which the Corporation provided a guarantee up to \$150,000. The Corporation is under obligation for 10 years after the last loan is issued. The last loan was issued on October 14, 2016.

9. PAYCHECK PROTECTION PROGRAM ARRANGEMENT

In April 2020, the Corporation entered into a promissory note payable to M&T Bank in the amount of \$101,710. The note was entered into as part of the U.S. Small Business Administration's Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

The PPP provides for this borrowing, or a portion of the borrowing to be forgiven to the extent the Corporation meets defined requirements related to expenditure of the funds and management of the personnel complement. During the year ended December 31, 2020, the Land Bank satisfied all requirements and obtained a notice of forgiveness for the PPP loan from the bank. As a result, the amount of \$101,710 is recognized in revenue and no liability remains for the year ended December 31, 2020.

10. COVID-19

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID - 19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Corporation and its future results and financial position is not presently determinable.

11. RECLASSIFICATIONS

Certain amounts in the 2019 financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. The reclassifications did not have any effect on total net position or change in net position as previously reported.

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

March 30, 2021

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

We have audited, 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, the financial statements of the Greater Syracuse Property Development Corporation d/b/a Greater Syracuse Land Bank (the Corporation), a discretely presented component unit of the City of Syracuse, New York, (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, 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 preceding paragraph 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 have not been identified. However, as discussed below, 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 number 2020-001 to be a material weakness.

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

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Corporation's Response to Finding

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

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.

GREATER SYRACUSE PROPERTY DEVELOPMENT CORPORATION
d/b/a GREATER SYRACUSE LAND BANK
(A Discretely Presented Component Unit of the City of Syracuse, New York)

Schedule of Findings and Responses
For the year ended December 31, 2020

Reference Number: 2020-001

Criteria:

Inventory is required to be valued at the lower of cost or market value, as prescribed by U.S. GAAP. Market value should be applied consistently in accordance with the Corporation's accounting policies.

Condition/Cause:

The accumulation of significant renovation costs was used as a basis for market value on certain properties, which did not comply with the Corporation's accounting policies.

Effect:

As a result, inventory was materially overstated. An audit adjustment to increase impairment expense and decrease inventory by \$176,756 was required to properly state financial statements in accordance with U.S. GAAP.

Recommendation:

We recommend that the Corporation review accounting policies for estimating market value and apply consistently to all properties in inventory to identify potential impairment.

Management's Response:

Inventory is valued at the lower of cost or fair market value. Inventorial costs accumulate over the course of the year and at the end of each year, we compare inventorial values for all properties to fair market value. In cases where inventory has come to exceed fair market value, we write off the excess as an impairment loss. For vacant lots and demolition candidates we assume fair market value to be \$151. For improved buildings that are not demolition candidates, we assume fair market value to be ½ of assessed value. In cases where the Land Bank has made improvements or renovations to the property, we assume the list price of the renovated property is fair market value.

In this case, we still held in inventory five properties that were partially renovated using a blend of County funds and CNY Community Foundation funds and inadvertently booked the cost of the renovations as the inventorial value, instead of their list price. Since the list price was less than the value of the renovations made, this overvalued the inventory. In the future, we will be sure to consult this policy as a refresher when doing the annual inventorial write-down.

**REPORT ON SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES
LAW**

March 30, 2021

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

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 discretely presented component unit of the City of Syracuse, New York (the City), as of and for the year ended December 31, 2020, 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 30, 2021.

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. However, our audit was not directed primarily towards obtaining knowledge of noncompliance with such Investment Guidelines. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Corporation's noncompliance with the

This report is intended solely for the information and use of management of the Corporation, the Board of Directors of the Corporation, 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 specified parties.

432 North Franklin Street, #60
Syracuse, New York 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com