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, 2015 and 2014 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 29, 2016

To the Board of Directors of
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 year ended December 31, 2015 and 2014, 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.

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(Continued)

INDEPENDENT AUDITOR'S REPORT
(Continued)

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, 2015 and 2014, and the respective changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report On 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 29, 2016 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 29, 2016, 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).

Bonadio & Co., LLP

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 Greater Syracuse 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, 2015 and 2014. 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, 2015 and 2014 is $4,362,338 and $3,129,415, respectively.
- Total current assets at December 31, 2015 and 2014 are $5,696,183 and $3,699,726, respectively.
- Total current liabilities at December 31, 2015 and 2014 are $1,344,543 and $594,563, respectively. The Corporation's current ratio is 4.2 at December 31, 2015 and 6.2 at December 31, 2014. 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 indicates the Corporation is more than able to meet and pay its current liabilities.
- Operating revenues at December 31, 2015 and 2014 were $5,994,528 and $3,472,088, respectively.
- Operating expenses at December 31, 2015 and 2014 are $5,586,580 and $2,741,818, respectively.
- Operating income at December 31, 2015 and 2014 is $407,948 and $730,270, respectively.
- In 2015, budgeted revenues of approximately $4,900,000 compared to actual revenues of $6,820,000. However, this total of actual revenues includes the value of demolitions donated as an in-kind service, the value of donated office space, and the estimated value of real property donated by banks. Removing these non-cash revenues, which were not budgeted for by the Land Bank, the total actual (cash) revenues is reduced to $6,125,000, exceeding budgeted revenues by approximately $1.2 million. $336,000 of this is due to greater than anticipated sales revenue and the remaining variance is due to Attorney General funded projects that were completed more quickly than anticipated and so the corresponding income (and admin fees) and expense was booked in 2015 rather than 2016. The budget to actual comparison of revenues is found below.

FINANCIAL HIGHLIGHTS (Continued)

	2015 Budget	2015 Actual	Variance
City of Syracuse	$ 1,500,000	$ 1,500,000	$ -
Admin/Developers' Fees	92,492	136,471	43,979
Onondaga County	350,000	339,977	(10,023)
NY Attorney General	1,577,797	2,419,151	841,354
Rental Income	105,155	97,381	(7,774)
Sales Proceeds	1,145,773	1,481,477	335,704
REO-related cash donations	145,300	149,817	4,517
Side lot application fees	925	1,025	100
Total	$ 4,917,442	$ 6,125,299	$ 1,207,857

Our 2015 budget anticipated approximately $3.7 million in expenses and our actual expenses totaled approximately $5.4 million – an approximately $1.64 million variance. $1.58 million of this variance falls under Cost of Goods and $60,000 under Expenses. The additional expenses which do not fall under Cost of Goods are comprised mostly of additional insurance expense; these premiums are based on the total amount of subcontracted work for the year, so this overage stems from the overages that fall under Cost of Goods.

Most of this $1.58 million variance is due to the earlier-than-expected completion of Attorney General funded renovations and demolitions that would have otherwise been booked as expenses in 2016 and which are offset by grant income booked at the time each expense is incurred. Most of our expense accounts were actually under budget due to the City's slower-than-expected pace of renovations.

All other expense accounts associated with property costs actually came in $308,000 under budget due to a smaller than anticipated inventory. Renovation came in $1.15 million over as Home HeadQuarters finished a large number of renovations before 12/31 which had previously been budgeted for in 2016 – this additional expense was completely offset by higher than budgeted income booked from the AG grant. The variance in the demolition line is a bit more complex and is detailed in a table below.

In addition, we do not project in our budget the total amount of property maintenance expenses that will actually be capitalized and not expensed in that budget year – this amount was $315,000 in 2015 and we don't budget for the write-off of assets at year-end as we reassess whether the capitalized value of inventory exceeds its real Fair Market Value – this year we wrote off $134,000 at year-end.

Sum of Property Costs Under Budget	$ (307,836.27)
Renovation	$ 1,151,354.98
Demolition	$ 923,179.63
Re-class to Balance Sheet	$ (315,676.69)
Impairment Loss	$ 133,702.13
	$ 1,584,723.78

FINANCIAL HIGHLIGHTS (Continued)

Demolitions expenditures exceeded the budgeted amount by $923,000. This was due to the fact that we did not budget for donated demolitions, demolitions that would be offset by cash donated by banks alongside the donation of a demolition candidate, or demolitions that would be offset by the County funds allocated to projects in Jordan, Elbridge, and Baldwinsville. In addition, Attorney General funded demolitions were completed ahead of schedule, incurring costs in 2015 that we had anticipated would occur in 2016. All of these variances are offset by corresponding income booked at the time the expense is incurred. In addition, in October 2015 we explained to the board of directors that demolition grant funds were running low and had, until that point, been focused on the most distressed demolition candidates that pose a threat to public health and safety, and that we had not been able to address eyesore properties that were located in highly visible locations, but that we'd identified nine such properties (one of which would be funded by cash donated by Wells Fargo, but the rest that would have to be paid for 'out of pocket') and received authorization to procure these demolitions, the cost of which would exceed our budget for demolitions for the year.

budget	$	498,519.00
actual	$	1,421,698.63
variance	$	923,179.63
Donated in-kind (not budgeted)	$	(480,080.00)
October approved above budget	$	(149,900.67)
2 Demos funded by bank donations	$	(35,841.33)
46 Hamilton (county funded)	$	(19,181.08)
AG demos completed ahead of schedule	$	(238,176.55)
sum	$	(923,179.63)

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

	2015	2014
Current assets	$ 5,696,183	$ 3,699,726
Capital assets	10,698	24,252
Total assets	5,706,881	3,723,978
Current liabilities	1,344,543	594,563
Net position:		
Net investment in capital assets	10,698	24,252
Unrestricted	4,351,640	3,105,163
Total net position	$ 4,362,338	$ 3,129,415

CURRENT ASSETS

Current assets at December 31, 2015 and 2014, were comprised of mostly cash, a receivable from the primary government, the City of Syracuse, New York, a receivable from a grant and government subsidy, New York Office of the Attorney General, and inventory.

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 is 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 virtually always be less than fair market value. The Greater Syracuse Land Bank did acquire 416 properties via the City of Syracuse foreclosure proceedings in 2015, in addition to nine (9) donations from banks, seven (7) private donations, four (4) purchases, and six (6) properties subsequent to County foreclosure. An estimated fair market value for donated properties, which are acquired at no cost, is booked to inventory at the time of acquisition.

A methodology for tracking a conservative estimate of the fair market value of properties held by the Greater Syracuse Land Bank values structures at ½ assessed value and vacant lots at one dollar each. Using this methodology, as of December 31, 2015 the estimated fair market value of properties held by the Greater Syracuse Land Bank was $7,721,044. However, if we also value the structures that are demolition candidates at one dollar each, that reduces the estimated value of the Land Bank's inventory to $5,736,788 and if we value those demolition candidates at negative $20,000 each to reflect the demolition liability that reduces the estimated value of the Land Bank's inventory to $2,836,643

CAPITAL ASSETS

Capital assets at December 31, 2015 and 2014, 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.

SUMMARY OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

	2015	Percentage of Total %	2014	Percentage of Total %
OPERATING REVENUES:				
Grant and government subsidy revenue	$ 4,395,599	73.3%	$ 2,385,608	68.7%
Sale of property	1,481,447	24.7%	965,015	27.8%
Rental revenue	97,381	1.6%	121,465	3.5%
Other revenue	20,101	.4%	-	-
Total operating revenues	5,994,528		3,472,088	
OPERATING EXPENSES:				
Cost of sales	4,328,834	77.5%	2,222,172	81.0%
Unrealized loss on inventory	133,702	2.4%	6,718	.2%
Relocation assistance	54,696	1.0%	-	-
Special assessment	272,944	4.9%	-	-
General & administrative expenses	25,483	.5%	12,860	.5%
Professional services	197,781	3.7%	178,129	6.5%
Salaries, wages and related expenses	265,755	4.8%	170,156	6.2%
Advertising	8,117	.1%	3,941	.1%
Bad debts	3,176	0%	4,434	.2%
Insurance	263,482	4.7%	112,121	4.1%
Rent	24,091	.4%	24,010	.9%
Travel	2,831	0%	2,172	.1%
Depreciation	5,688	0%	5,105	.2%
Total operating expenses	5,586,580		2,741,818	
OPERATING INCOME	407,948		730,270	
NON-OPERATING INCOME (EXPENSES):				
Miscellaneous	2,775		(3,627)	
TOTAL CONTRIBUTIONS	822,200		887,150	
CHANGE IN NET POSITION	$ 1,232,923		$ 1,613,793	

OPERATING REVENUES

There were no property sales until 2014. Operating revenue is mostly comprised of grant and government subsidies revenue awarded to the Corporation to aid in meeting the objectives of the Corporation and sale of property.

OPERATING EXPENSES

Operating expenses in 2015 are mostly comprised of cost of sales, professional services and salaries and wages, and insurance. These expenses increased dramatically compared to the prior year as the result of the Land Bank's expanded inventory of properties and costs associated with their acquisition, one-time intake inspection and stabilization costs, and ongoing expenses associated with property maintenance, periodic inspections, and insurance. The increased volume of property acquisitions and dispositions are accompanied by an increase in associated legal fees and the increased volume of ongoing maintenance services resulted in increased accounting and bookkeeping fees. In addition, one staff position was added in March 2015 bringing the total number of full-time employees to four.

OPERATING RESULTS

The Corporation had operating income of $407,948 and $730,270 with miscellaneous non-operating income (expenses) of $2,775 and ($3,637) during 2015 and 2014, respectively. This resulted in respective changes in net position of $1,232,923 and $1,613,793. Ending net position is $4,362,338 at December 31, 2015 and $3,129,415 at December 31, 2014.

CAPITAL ASSET ADMINISTRATION

The Corporation's investment in capital assets at December 31, 2015 and 2014 amounts to $10,698 and $24,252, respectively (net of accumulated depreciation). This investment includes property owned by the Corporation rented to third parties as well as furniture equipment, computer hardware, and small amounts of software.

	2015	2014
Depreciable capital assets:		
Rental property	$ -	$ 9,142
Furniture and equipment	10,698	15,110
Total depreciable capital assets	$ 10,698	$ 24,252

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 St 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, 2015 AND 2014

	2015	2014
ASSETS		
CURRENT ASSETS:		
Cash	$ 3,337,706	$ 2,152,306
Accounts receivable	-	1,600
Due from primary government	666,667	666,667
Grant and government subsidy receivable	459,856	-
Inventory	713,035	534,328
Prepaid expenses	52,284	44,825
Restricted cash	466,635	300,000
Total current assets	5,696,183	3,699,726
NONCURRENT ASSETS:		
Capital assets, net	10,698	24,252
Total assets	5,706,881	3,723,978
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	597,528	53,707
Accrued expenses	261,720	114,781
Grant and government subsidy revenue advance	483,545	422,725
Other liabilities	1,750	3,350
Total liabilities	1,344,543	594,563
NET POSITION		
Net investment in capital assets	10,698	24,252
Unrestricted	4,351,640	3,105,163
Total net position	$ 4,362,338	$ 3,129,415

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 REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
OPERATING REVENUES:		
Grant and government subsidy revenue	$ 4,395,599	$ 2,385,608
Sale of property	1,481,447	965,015
Rent revenue	97,381	121,465
Other revenue	20,101	-
Total operating revenues	5,994,528	3,472,088
OPERATING EXPENSES:		
Cost of sales	4,328,834	2,222,172
Unrealized loss on inventory	133,702	6,718
Relocation assistance	54,696	-
Special assessment	272,944	-
Salaries, wages and related expenses	265,755	170,156
Insurance	263,482	112,121
Professional services	197,781	178,129
General and administrative expenses	25,483	12,860
Rent	24,091	24,010
Advertising	8,117	3,941
Depreciation	5,688	5,105
Bad debts	3,176	4,434
Travel	2,831	2,172
Total operating expenses	5,586,580	2,741,818
OPERATING INCOME	407,948	730,270
NON-OPERATING INCOME (EXPENSE):		
Miscellaneous income (expense)	2,775	(3,627)
INCOME BEFORE CONTRIBUTIONS	410,723	726,643
CONTRIBUTIONS:		
Cash contributions	149,817	73,000
Demolition contributions	480,080	604,735
Inventory contributions	185,300	185,405
Rent contributions	7,003	24,010
Total contributions	822,200	887,150
CHANGE IN NET POSITION	1,232,923	1,613,793
NET POSITION - beginning of year	3,129,415	1,515,622
NET POSITION - end of year	$ 4,362,338	$ 3,129,415

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, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grant and government subsidies	$ 3,996,563	$ 2,725,000
Cash received from property sales	1,481,447	965,015
Cash received from rent	95,805	115,431
Cash received from other revenue	20,101	-
Cash paid for inventory	(3,221,442)	(1,781,837)
Cash paid for expenses associated with impairment on inventory	(133,702)	(6,718)
Cash paid for general and administrative expenses	(11,428)	(2,540)
Cash paid for professional services	(143,672)	(202,088)
Cash paid for salaries, wages and related expenses	(265,478)	(169,749)
Cash paid for advertising	(8,117)	(3,941)
Cash paid for insurance	(270,941)	(123,612)
Cash paid for rent	(17,088)	-
Cash paid for relocation assistance and special assessment	(327,640)	-
Cash paid for travel	(2,831)	(2,172)
Net cash from operating activities	1,191,577	1,512,789
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(4,345)	(14,781)
Disposal of capital assets	12,211	10,101
Proceeds from cash contribution	149,817	73,000
Net cash from capital and related financing activities	157,683	68,320
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net miscellaneous income (expense)	2,775	(3,627)
Net cash from investing activities	2,775	(3,627)
CHANGE IN CASH	1,352,035	1,577,482
CASH - beginning of year	2,452,306	874,824
CASH - end of year	$ 3,804,341	$ 2,452,306
RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION:		
Cash	$ 3,337,706	$ 2,152,306
Restricted cash	466,635	300,000
Total	$ 3,804,341	$ 2,452,306
RECONCILATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	$ 407,948	$ 730,270
Adjustments to reconcile operating income to net cash flow from operating activities		
Depreciation	5,688	5,105
Unrealized loss on inventory	(133,702)	(6,718)
Bad debts	3,176	4,434
Inventory and demolition contributions	665,380	790,140
Rent contributions	7,003	24,010
Changes in:		
Accounts receivable	(1,576)	(6,034)
Grant and government subsidy receivable	(459,856)	-
Inventory	(45,005)	(452,447)
Prepaid expenses	(7,459)	(11,491)
Accounts payable	543,821	13,890
Other liabilities	(1,600)	3,350
Accrued expenses	146,939	78,888
Grant and government subsidy revenue advance	60,820	339,392
Net cash from operating activities	1,191,577	1,512,789
NONCASH ACTIVITIES:		
Inventory and demolition contributions	665,380	790,140
Rent contributions	7,003	24,010
Total noncash activities	$ 672,383	$ 814,150

The accompanying notes are an integral part of these statements.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Restricted Cash
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, 2015 and 2014.

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, 2015 and 2014.

Grant and government subsidy receivable
Grant and government subsidy receivable represent funds earned but not yet received by the Corporation under the New York Office of the Attorney General.

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. 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.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unrealized Loss
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, 2015 and 2014.

Contributions
The Corporation received contributions of property, donated demolition and cash during the fiscal year ending December 31, 2015 and 2014. These amounts are reflected in the statements of revenue, expenses and changes 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, 2015 and 2014.
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.

Reclassification
Certain prior year assets and expenses have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations at December 31, 2015 or 2014.

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.

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.

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

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, 2014 and 2013 the Corporation's deposits consisted of approximately $3,752,000 and $2,729,000, respectively, in cash and were insured each year by FDIC in the amount of $250,000. The remaining balance of approximately $3,502,000 and $2,479,000 at December 31, 2015 and 2014, respectively, was collateralized by a third party in accordance with NYS General Municipal Law, Section 10 and the Corporation's policies.

4. CAPITAL ASSETS

The Corporation's capital assets activity for the year ended December 31, 2015 was as follows:

	Balance at January 1	Additions	Deductions	Balance at December 31
Rental property	$ 9,200	$ 3,268	$ (12,468)	$ -
Furniture and equipment	21,771	1,077	-	22,848
Total	30,971	4,345	(12,468)	22,848
Accumulated depreciation:				
Rental property	(58)	(199)	257	-
Furniture and equipment	(6,661)	(5,489)	-	(12,150)
Total	(6,719)	(5,688)	257	(12,150)
Capital assets, net	$ 24,252	$ (1,343)	$ (12,211)	$ 10,698

The Corporation's capital assets activity for the year ended December 31, 2014 was as follows:

	Balance at January 1	Additions	Deductions	Balance at December 31
Rental property	$ 10,250	$ 9,200	$ (10,250)	$ 9,200
Furniture and equipment	16,190	5,581	-	21,771
Total	26,440	14,781	(10,250)	30,971
Accumulated depreciation:				
Rental property	(32)	(175)	149	(58)
Furniture and equipment	(1,731)	(4,930)	-	(6,661)
Total	(1,763)	(5,105)	149	(6,719)
Capital assets, net	$ 24,677	$ 9,676	$ (10,101)	$ 24,252

5. 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.

6. TRANSACTIONS WITH PRIMARY GOVERNMENT

The Corporation and the City entered into an agreement in 2013, and renewed the agreement in 2014 and 2015, 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 and government subsidy revenue in 2015 and 2014. Of this amount, $666,667 is recorded in due from primary government at December 31, 2015 and 2014.

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.

7. NEW AND UPCOMING PRONOUNCEMENTS

New Pronouncements

As of January 1, 2015 the Corporation adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. The objective of this Statement is to establish accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of these provisions. The Corporation adopted the provisions of this Statement for the year ending December 31, 2015 with no material effect on the financial statements.

In November 2013, the GASB issued Statement No. 71, *Pension Transitions for Contributions Made Subsequent to the Transition Date - an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The Corporation adopted the provisions of this Statement for the year ending December 31, 2015 with no material effect on the financial statements.

Upcoming Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application.* This standard addresses accounting and financial reporting issues related to fair value measurements and provide guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Corporation is required to adopt the provisions of Statement No. 72 for the year ending December 31, 2016.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provision of GASB Statement 67 and 68.* The objective of this Statement is to improve the usefulness of information about pensions included in the general purposes external financial reports of statement local governments for making decision and assessing accountability. The Corporation is required to adopt portions of the provisions of Statement No. 73 for the years ending December 31, 2016 and 2017, pending applicability.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pension (other postemployment benefits or OPEB)included in the general purposes external financial reports of statement local governmental OPEB plans for making decisions and assessing accountability. The Corporation is required to adopt the provisions of Statement No. 74 for the year ending December 31, 2017.

7. NEW AND UPCOMING PRONOUNCEMENTS (Continued)

Upcoming Pronouncements (Continued)

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pension (other postemployment benefits or OPEB). The Corporation is required to adopt the provisions of Statement No. 75 for the year ending December 31, 2018.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP) and reduce the GAAP hierarchy to two categories of authoritative GAAP and address the use of authoritative and nonauthoritative literature. The Corporation is required to adopt the provisions of Statement No. 76 for the year ending December 31, 2016.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this Statement is to assist financial statement users in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The Corporation is required to adopt the provisions of Statement No. 77 for the year ending December 31, 2016.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided Through Certain Multi-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68 and pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The Corporation is required to adopt the provisions of Statement No. 78 for the year ending December 31, 2016.

The Corporation has not yet assessed the impact of these pronouncements on its future financial statements.

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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*

March 29, 2016

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, 2015, and the related notes to the financial statements, and have issued our report thereon dated March 29, 2016.

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.

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. 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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*
(Continued)

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*.

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.

Bonadio & Co., LLP

Bonadio & Co., LLP
Certified Public Accountants

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

March 29, 2016

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, 2015, 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 29, 2016.

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 Agency's noncompliance with the 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.

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