GREATER SYRACUSE SOUNDSTAGE DEVELOPMENT CORPORATION
(A Blended Component Unit of the County of Onondaga, New York)

Financial Statements as of
December 31, 2018
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

GREATER SYRACUSE SOUNDSTAGE DEVELOPMENT CORPORATION
(A Blended Component Unit of the County of Onondaga, New York)

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Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

March 26, 2019

To the Board of Directors of
Greater Syracuse Soundstage Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the Greater Syracuse Soundstage Development Corporation (the Corporation), a blended component unit of the County of Onondaga, New York (the County), which comprise the statement of net position as of December 31, 2018, and the related statements of revenues, expenses and change in net position, and cashflows for the period from inception May 22, 2018 to December 31, 2018 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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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 financial position of the Corporation as of December 31, 2018, and the respective change in its financial position and its cash flows for the initial period 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 26, 2019 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.

Bonadio & Co., LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This section of the Greater Syracuse Soundstage Development Corporation (the Corporation), annual financial report presents discussion and analysis of the Corporation's financial performance during the fiscal year ending December 31, 2018. Please read it in conjunction with the Corporation's financial statements and accompanying notes.

GENERAL INFORMATION

The Greater Syracuse Soundstage Development Corporation is registered under nonprofit corporation law. The purposes for which the Corporation operates are exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, to advance the film industry in the Central New York Region.

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 Statement of Net Position, Statement of Revenues, Expenses and Change in Net Position, the Statement 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 Statement of Net Position includes all of the Corporation's assets and liabilities, using the accrual basis of accounting. The Statement of Revenues, Expenses and Change in Net Position report includes all of the revenues and expenses during the time period indicated. The Statement of Cash Flows reports the cash provided and used by operating activities.

FINANCIAL HIGHLIGHTS

- The Corporation's total net position at December 31, 2018 is $7,983,402.
- Total current assets at December 31, 2018 are $31,732 In 2018 current assets are primarily comprised of cash and accounts receivable.
- Total current liabilities at December 31, 2018 are $144,357 and are comprised of accounts payable, accrued expenses and a loan payable.
- Operating revenues in 2018 consist of grant revenue, rental revenue, discounts received, and In-Kind revenue.
- Operating expenses at December 31, 2018 were approximately $326,000. 2018 is the Corporation's first year of operations.

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

	2018
Current Assets	$ 31,732
Noncurrent Assets	8,096,027
Total Assets	8,127,759
Current Liabilities	144,357
Total Net position:	
Net investment in capital asserts	$ 7,986,808
Unrestricted	(3,406)
	$ 7,983,402

CURRENT ASSETS

Current assets at December 31, 2018 were primarily comprised of cash and accounts receivable.

NONCURRENT ASSETS

Noncurrent assets at December 31, 2018 were comprised of capital assets.

CURRENT LIABILITIES

Current liabilities at December 31, 2018 are $144,357 due to accounts payable, accrued expenses, and a loan payable.

FINANCIAL ANALYSIS OF THE CORPORATION (Continued)

Summary of Revenues, Expenses, and Change in Net Position

	2018
OPERATING REVENUES:	
Grant revenue – Onondaga County	$ 65,305
Grant revenue	67,500
Rental revenue	25,130
Discounts received	2,615
In-kind revenue	81,836
Total operating revenues	242,387
OPERATING EXPENSES:	
Professional services	12,292
Office supplies & software	14,963
Repairs & maintenance	4,127
Office supplies & software	19,942
Utilities	13,507
Telephone & internet	1,209
Equipment rental	8,718
Regrant expense	67,500
Travel	3,000
Soundstage management services	3,500
Other business expense	507
Other expense	555
Depreciation	94,034
In-kind expense	81,836
Total operating expenses	325,690
OPERATING INCOME (LOSS)	(83,303)
CONTRIBUTIONS	
Land	1,184,000
Building	6,816,000
Various assets	66,705
Total contributions	8,066,705
CHANGE IN NET POSITION	7,983,402
NET POSITION - beginning of year	-
NET POSITION - end of year	$ 7,983,402

OPERATING REVENUES

Operating revenue consists of grant revenue, rental revenue, and discounts received and in-kind in 2018.

OPERATING EXPENSES

Operating expenses in 2018 are comprised of regrant expense, utilities, office supplies and software, insurance, and professional services, and other administrative costs.

OPERATING RESULTS

The Corporation had an operating loss of $83,303 at December 31, 2018.

CONTRIBUTIONS

During the year, the Corporation received contributions of Land, a Building, and other various assets in the amount of $8,066,705.

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 Greater Syracuse Soundstage Development Corporation – 24 Aspen Park Boulevard, East Syracuse, NY 13057.

GREATER SYRACUSE SOUNDSTAGE DEVELOPMENT CORPORATION
(A Blended Component Unit of the County of Onondaga, New York)

STATEMENT OF NET POSITION
DECEMBER 31, 2018

	2018
ASSETS	
CURRENT ASSETS:	
Cash	$ 24,310
Accounts receivable	5,422
Other asset	2,000
Total current assets	31,732
NONCURRENT ASSETS:	
Nondepreciable capital assets	1,184,000
Depreciable capital assets, net	6,912,027
Total noncurrent assets	8,096,027
Total assets	8,127,759
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	16,402
Accrued expenses	2,955
Loan payable	125,000
Total current liabilities	144,357
Total liabilities	144,357
NET POSITION	
Net investment in capital assets	7,986,808
Unrestricted	(3,406)
Total net position	$ 7,983,402

The accompanying notes are an integral part of these statements.

GREATER SYRACUSE SOUNDSTAGE DEVELOPMENT CORPORATION
(A Blended Component Unit of the County of Onondaga, New York)

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018
OPERATING REVENUES:	
Grant revenue - Onondaga County	$ 65,306
Grant revenue	67,500
Rental revenue	25,130
Discounts received	2,615
In-kind revenue	81,836
Total operating revenues	242,387
OPERATING EXPENSES:	
Professional services	12,292
Office supplies & software	14,963
Repairs & maintenance	4,127
Utilities	19,942
Insurance	13,507
Telephone & internet	1,209
Equipment rental	8,718
Regrant expense	67,500
Travel	3,000
Soundstage management services	3,500
Other business expense	507
Other expense	555
Depreciation	94,034
In-kind expense	81,836
Total operating expenses	325,690
OPERATING LOSS	(83,303)
CONTRIBUTIONS:	
Land	1,184,000
Building	6,816,000
Various assets	66,705
Total contributions	8,066,705
CHANGE IN NET POSITION	7,983,402
NET POSITION - beginning of year	-
NET POSITION - end of year	$ 7,983,402

The accompanying notes are an integral part of these statements.

GREATER SYRACUSE SOUNDSTAGE DEVELOPMENT CORPORATION
(A Blended Component Unit of the County of Onondaga, New York)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

		2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grant revenue	$	130,686
Cash received from rental revenue		21,828
Cash paid to subrecipient for re-grant expense		(67,500)
Cash paid for professional services		(12,292)
Cash paid for supplies and general operations		(48,056)
Net cash from operating activities		24,666
CASH FLOWS CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash received from loan payable		125,000
Cash paid for capital assets		(123,356)
Cash paid for other assets		(2,000)
Net cash from capital and related financing activities		(356)
CHANGE IN CASH		24,310
CASH - beginning of year		-
CASH - end of year	$	24,310
RECONCILIATION OF OPERATING LOSS TO CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	$	(83,303)
Adjustments to reconcile operating income to net cash flow from operating activities:		
Depreciation		94,034
Changes in:		
Accounts receivable		(5,422)
Accounts payable and accrued liabilities		19,357
Net cash from operating activities	$	24,666
NONCASH ACTIVITIES:		
Land contributions	$	1,184,000
Building contributions		6,816,000
Various asset contributions		66,705
	$	8,066,705

As part of a purchase agreement between the Corporation and Fort Schuyler in 2018, the Corporation received contributions in the form of small office supplies and equipment that did not meet the Corporation's capitalization policy. These transactions are reflected as in-kind operating revenue and operating expense in the amount of $81,386.

The accompanying notes are an integral part of these statements.

1. ORGANIZATION

The Greater Syracuse Soundstage Development Corporation (the Corporation), a blended component unit of the County of Onondaga, New York (the County, or Primary Government), is a local development corporation, registered under nonprofit law Section 501(c)(3) of the Internal Revenue Code. The Corporation was formed in 2018 for charitable purposes with a mission to advance the film industry in the Central New York Region.

In accordance with the Governmental Accounting Standards Board (GASB) pronouncements, the Corporation is considered a blended component unit of the County based upon the fact that the County is the sole member of the Corporation, per the Corporation's bylaws.

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 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 and liabilities (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.

Income Tax Status

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets
Capital assets include land, building and building improvements, furniture and equipment. Capital assets are defined by the Corporation as assets with an initial individual cost of more than $5,000 and having an estimated useful life in excess of two years. Assets will be depreciated using the straight-line method. Building and building improvements will be assigned an estimated useful life of 39 years, while all other assets will have an estimated useful life of 10.

Grant Revenue
The Corporation applied for grant funding through an Economic Growth Fund in October 2018 on behalf of a third party film developer. Upon receipt and revenue recognition of the grant award in the amount of $67,500, the full amount was subsequently passed through to the third party film developer and a re-grant expense was recorded in the amount of $67,500 for the fiscal year ending December 31, 2018.

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 associating with the principal activities of the Corporation. Operating expenses generally result from the general and administrative expenses in accordance with the Corporation's mission. There are no non-operating revenues and expenses at December 31, 2018. The Corporation received contributions as fully described in Note 7.

Revenue Recognition
Rental revenue is recognized when earned. In the case of grant revenue, the revenue is considered earned when the Corporation received the funds and there were no additional requirements for the Corporation to fulfill the purpose of those funds.

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. The Corporation has net investment in capital assets of $7,986,808 at December 31, 2018.
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, 2018.
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 those charged with governance.

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 a financial institution insured by the FDIC up to $250,000, for interest bearing and non-interest bearing accounts. At December 31, 2018, the Corporation's deposits consisted of $27,150, and was insured in full by FDIC.

4. CAPITAL ASSETS

The Corporation's capital assets activity for the year ended December 31, 2018 was as follows:

	Balance at January 1	Additions	Deductions	Balance at December 31
Nondepreciable Assets:				
Land	$ -	$ 1,184,000	$ -	$ 1,184.000
Total Nondepreciable Assets	-	1,184,000	-	1,184,000
Depreciable Assets:				
Building	-	6,816,000	-	6,816,000
Building improvements	-	14,137	-	14,137
Furniture	-	38,316	-	38,316
Soundstage lighting equipment	-	53,317	-	53,317
Other equipment	-	28,389	-	28,389
Vehicles	-	55,902	-	55,902
Total Depreciable Assets	-	7,006,061	-	7,006,061
Accumulated depreciation:				
Building	-	(87,385)	-	(87,385)
Building improvements	-	(60)	-	(60)
Furniture	-	(2,299)	-	(2,299)
Soundstage lighting equipment	-	(1,777)	-	(1,777)
Other equipment	-	(1,581)	-	(1,581)
Vehicles	-	(932)	-	(932)
Total	-	(94.034)	-	(94.034)
Capital assets, net	$ -	$ 8,096,027	$ -	$ 8,096,027

5. LOAN PAYABLE

In October 2018, the Onondaga Civic Development Corporation (the Lender) entered into a loan agreement with Corporation (the Borrower) in the amount of $125,000 at 0% interest.

Provided that an event of default has not occurred, the Borrower shall, upon the maturity date, pay the original principal amount and accrued interest thereon, and all other amounts payable pursuant to this note, in one (1) balloon payment. Entire loan amount of $125,000 is expected to be paid in 2019.

The purpose of the note is for the purchase of capital equipment and the funding of working capital to support the Corporation's operations.

Activity for the year ended December 31, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Loan payable	$ -	$ 125,000	$ -	$ 125,000	$ 125,000

6. TRANSACTIONS WITH THE PRIMARY GOVERNMENT

The Corporation has entered into a management agreement with the County in connection with the operations of the Corporation. The scope of these services includes obtaining funds, and accounting services provided by the County Office of Management and Budget. For the year ended December 31, 2018, a total expense of $1,970 is recognized for services provided by the County. Of this, $1,839 represents accounting services provided.

During 2018 the Corporation was the recipient of the funds remaining from a grant awarded to Fort Schuyler Management Corporation (FSMC) by the County in 2016. Said funds were to be used to support film production and to promote Onondaga County and Central New York as a location for film and television production. Such uses include purchasing equipment and making improvements to the facility, as well as paying for the goods and/or services provided by individuals or companies that improve and/or promote the facility. The Corporation received $65,306 which is reflected as grant revenue in the Statement of Revenues, Expenses and Change in Net Position and was considered unrestricted in nature.

7. TRANSACTION WITH FORT SCHUYLER MANAGEMENT CORPORATION (FSMC)

In June of 2018 the Corporation (the Buyer) entered into a purchase agreement with FSMC (the Seller). As part of this agreement, the Seller would transfer the land and building located at 24 Aspen Park Boulevard, DeWitt, New York for the purchase price of $1. As part of this transfer the Buyer would have ownership and rights to the building, land and various contents within the building.

As part of this purchase agreement, capital assets and contributions were recorded in the Statement of Net Position and the Statement of Revenues, Expenses and Change in Net Position, respectively, for the land, building and building contents in an aggregate amount of $8,066,705 as of, and for the year ending December 31, 2018.

In addition, there building contents obtained as part of this purchase agreement that did not qualify as capital assets. The estimated value of these items were $81,836 and recorded as in-kind revenue and in-kind expense in the Statement of Revenues, Expenses and Change in Net Position for the year ending December 31, 2018.

8. OTHER BUSINESS MATTERS

As of December 31, 2018, the Corporation had no available positive unrestricted net position and had current assets of $31,732 and current liabilities of $144,357.

In late 2018 management of the Corporation secured Upstate Revitalization Initiative grant funding in the amount of $1,700,000 from the New York State Urban Development Corporation d/b/a Empire State Development Corporation. Cash receipt on this award is expected during 2019.

Bonadio & Co., LLP
Certified Public Accountants

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 26, 2019

To the Board of Directors of
Greater Syracuse Soundstage Development Corporation:

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 Soundstage Development Corporation (the Corporation), a blended component unit of the County of Onondaga, New York (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2019.

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 described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 did identify deficiencies in internal control, which are described in the accompanying schedule of findings and responses as items 2018-001 and 2018-002 that we consider to be material weaknesses.

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. We consider the deficiency described in the accompany schedule of findings and questioned costs as item 2018-003 to be a significant deficiency.

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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*.

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

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

Bonadio & Co., LLP

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018

Reference Number: **2018-001**

Criteria:

Adequate controls must be in place that will ensure all transactions are recorded in a manner consistent with generally accepted accounting principles in the United States (U.S. GAAP).

Condition/Cause:

Management did not have a capitalization policy and/or means for consistently identifying and recording capital assets through purchases or other means such as contributions from third parties. In addition, depreciation expense was not calculated and recorded for the year ending December 31, 2018.

Effect:

Net capital assets were materially understated by approximately $7,987,000 and required numerous material audit adjustments.

Recommendation:

We recommend that the Corporation develop procedures to properly account for capital asset additions obtained throughout the year. In addition, depreciation expense should be calculated and recorded to ensure the estimated net book value of capital assets is reported in accordance with accounting principles generally accepted in the United States of America.

Management's Response:

Management agrees to develop procedures to account for capital asset additions obtained throughout the year and to calculate and record depreciation expense.

Reference Number: 2018-002

Criteria:

Adequate controls must be in place that will ensure all transactions are recorded in a manner consistent with generally accepted accounting principles in the United States (U.S. GAAP).

Condition/Cause:

The Corporation failed to record the estimated value of those building contents that do not qualify as a capital asset that were obtained as part of a $1 purchase agreement with a third party during the fiscal year ending December 31, 2018.

Effect:

In-Kind revenue and expense were materially understated by approximately $82,000.

Recommendation:

We recommend the Corporation give consideration to all transactions occurring through means of in-kind contributions from third parties. Transactions should be considered and recorded in accordance with U.S. GAAP.

Management's Response:

Management acknowledges that it did not record the estimated value of building contents that did not qualify as capital assets and thanks its outside auditor for providing the calculations that have made it possible to record such estimated value.

Reference Number: **2018-003**

Criteria:

Adequate internal controls over the authorization, record keeping and custody of assets.

Condition/Cause:

Currently the General Manager has the authority to initiate and record transactions as well as serve as an authorized check signer causing a lack of segregation of duties.

Currently the bank reconciliations are prepared by the County Accountant but are not subsequently reviewed.

Effect:

There is an increased risk that error and/or fraud could occur and not be corrected in a timely manner.

Recommendation:

We recommend that the General Manager not serve as an authorized check signer, or that management and the governing body consider requiring dual signature on checks. In addition, we recommend that authorization of purchases over a certain dollar amount require review and/or approval of another individual, such as a Board member.

We recommend that all bank reconciliations and original bank statements be reviewed by an independent individual. Evidence of such approval should be retained in the form of a date and signature.

Management's Response:

Management has reviewed its current internal control procedures and will now require that a member of the governing body, that is not a member of management, serve as the primary authorized check signer, rather than the General Manager. In addition, bank statements and bank reconciliations prepared by the County Accountant will now be provided to a member of the governing body, that is not a member of management, for subsequent review.