

STEBEN COUNTY LAND BANK CORPORATION

**Financial Statements as of
December 31, 2023 and 2022
Together with Independent
Auditor's Report and Report on
*Government Auditing Standards***

Bonadio & Co., LLP
Certified Public Accountants

STEBEN COUNTY LAND BANK CORPORATION

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INDEPENDENT AUDITOR’S REPORT

March 6, 2024

To the Board of Directors of the
Steuben County Land Bank Corporation

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Steuben County Land Bank Corporation (the Corporation) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Corporation’s basic financial statements as listed in the table of contents.

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, 2023 and 2022, and the respective changes in financial position and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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 6, 2024 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.

STEBEN COUNTY LAND BANK CORPORATION

**Management’s Discussion and Analysis (Unaudited)
December 31, 2023 and 2022**

This section of the Steuben County Land Bank Corporation's (the Corporation), annual financial report presents discussion and analysis of the Corporation’s financial performance during the fiscal years ending December 31, 2023, 2022, and 2021. Please read it in conjunction with the Corporation’s financial statements and accompanying notes.

GENERAL INFORMATION

This Corporation was incorporated in 2016 to address the problems with vacant, abandoned, or tax delinquent property in the County of Steuben, New York (the County) with the intent to return the properties to productive use.

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 basic 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 Corporation’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

- The Corporation’s total net position at December 31, 2023 and 2022 was \$588,949 and \$443,270,
- Total current assets at December 31, 2023 and 2022 were \$660,553 and \$456,903, respectively. Current assets were comprised of cash, inventory, and prepaid insurance.
- Total current liabilities at December 31, 2023 and 2022 were \$71,604 and \$13,633, respectively. Current liabilities were comprised of accounts payable and advanced grant funds which had not yet been expended.
- Operating revenues consist of grant revenue, contract income, income from the sale of property, contributions toward property demolitions, property donations, and in-kind services provided by the County. Operating revenues for the years ended December 31, 2023 and 2022 were \$620,267 and \$401,219,
- Operating expenses for the years ended December 31, 2023 and 2022 were \$475,085 and \$552,309, respectively.
- For the year ended December 31, 2023, the Corporation had operating income of \$145,182. Operating loss for the year ended December 31, 2022 was \$151,090.

STEUBEN COUNTY LAND BANK CORPORATION

**Management’s Discussion and Analysis (Unaudited)
December 31, 2023 and 2022**

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

Summary of Assets, Liabilities, and Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current assets	\$ 660,553	\$ 456,903	\$ 593,923
Current liabilities	<u>71,604</u>	<u>13,633</u>	<u>155</u>
Total net position - unrestricted	<u>\$ 588,949</u>	<u>\$ 443,270</u>	<u>\$ 593,768</u>

Current Assets

Current assets at December 31, 2023, 2022, and 2021 were comprised of cash from grants and the sale of rehabilitated property, inventory, and prepaid expense for insurance premiums.

Inventory

As of December 31, 2023, inventory consists of fourteen properties. The Corporation acquired eleven new properties into inventory during the year and sold or transferred three properties. Inventory at December 31, 2022 consisted of six properties, and inventory as of December 31, 2021 consisted of two properties. As for the fourteen properties still held by the Corporation at December 31, 2023, management intends to sell these properties in 2024.

Capital Assets

As of December 31, 2023, 2022, and 2021, the Corporation did not possess any capital assets.

Current Liabilities

As of December 31, 2023, the Corporation had current liabilities of \$67,129, consisting of accounts payable and advanced grant funds on a grant award from the Land Bank Community Revitalization Program. As of December 31, 2022, current liabilities of \$13,633 were comprised of accounts payable and advanced grant funds on a grant award from the Land Bank Community Revitalization Program. As of December 31, 2021, current liabilities of \$155 were comprised of accounts payable.

STEUBEN COUNTY LAND BANK CORPORATION

Management's Discussion and Analysis (Unaudited) December 31, 2023 and 2022

Summary of Revenues, Expenses, and Change in Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
OPERATING REVENUES:			
Grant revenue	\$ 272,827	\$ 29,302	\$ 134,139
Sale of property	166,927	152,201	428,234
Contract income	-	20,250	-
Contributions for demolitions	829	-	35,336
In-kind revenue	<u>179,684</u>	<u>199,466</u>	<u>106,950</u>
Total operating revenues	<u>620,267</u>	<u>401,219</u>	<u>704,659</u>
OPERATING EXPENSES:			
Cost of sales	51,183	207,765	386,470
Unrealized loss on inventory	245,486	221,603	28,162
Property renovation, demolition, and maintenance	54,881	13,917	141,517
Management fees	50,000	45,896	47,308
Insurance	37,736	32,294	36,774
Professional services	8,896	8,725	8,240
General and administrative expenses	1,610	121	2,000
In-kind expense	<u>25,293</u>	<u>21,988</u>	<u>85,779</u>
Total operating expenses	<u>475,085</u>	<u>552,309</u>	<u>736,250</u>
Operating income (loss)	<u>145,182</u>	<u>(151,090)</u>	<u>(31,591)</u>
NON-OPERATING REVENUE			
Interest income	<u>497</u>	<u>592</u>	<u>823</u>
Total non-operating revenues	<u>497</u>	<u>592</u>	<u>823</u>
CHANGE IN NET POSITION	145,679	(150,498)	(30,768)
NET POSITION - beginning of year	<u>443,270</u>	<u>593,768</u>	<u>624,536</u>
NET POSITION - end of year	<u>\$ 588,949</u>	<u>\$ 443,270</u>	<u>\$ 593,768</u>

STEBEN COUNTY LAND BANK CORPORATION

**Management’s Discussion and Analysis (Unaudited)
December 31, 2023 and 2022**

Operating Revenues

Operating revenues in 2023 was comprised of revenue from grants, the sale of property, contributions toward demolition projects, and services rendered in-kind. In 2023, operating revenue increased approximately \$219,000. This resulted from an approximate \$243,000 increase in grant revenue, as the Corporation was approved for grant funding of \$554,400 under the Land Bank Community Revitalization Program Phase II in 2023 in addition to \$100,000 for the year previously awarded under Phase I. This increase was offset by a decrease of approximately \$20,000 from services rendered in-kind by County employees.

Operating revenue also decreased in 2022 compared to 2021 by approximately \$303,000. This decrease was mainly due to an decrease in revenue from the sale of properties.

Operating Expenses

Operating expenses in each of the past three years were comprised mainly of cost of property sales, property renovation, demolition, and maintenance costs, management fees, insurance premiums, unrealized loss on inventory, and services rendered in-kind. In 2023, operating expenses decreased approximately \$77,000. A decrease of \$157,000 in expenses was related to a decrease in cost of sales, as only three properties were sold or transferred in 2023 while four properties were sold or transferred during 2022. Additionally, properties sold in 2023 had significantly lower inventoried costs than did properties sold in 2022. This was offset by an increase of approximately \$41,000 in property demolition, renovation, and maintenance expenses as well as an increase of \$24,000 in unrealized loss on properties during the year. In 2023 and 2022, the costs were inventoried, as the rehabilitation and demolition work was done on Corporation-owned properties. In 2021, more of the property rehabilitation and demolition work was done in conjunction with Habitat for Humanity on properties not owned by the Corporation; thus, the costs were expensed rather than inventoried.

Operating Results

For the year ended December 31, 2023, the Corporation had operating income of \$145,182. Operating loss for the year ended December 31, 2022 was \$151,090. Operating loss for the year ended December 31, 2021 was \$31,591.

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 Steuben County Land Bank Corporation - Steuben County Office Building, 3 East Pulteney Square, Bath, NY 14810.

STEBEN COUNTY LAND BANK CORPORATION

**Statements of Net Position
December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 291,895	\$ 310,697
Restricted cash	26,038	13,551
Inventory	188,794	108,500
Accounts receivable	2,650	-
Grants receivable	125,138	-
Prepaid expenses	<u>26,038</u>	<u>24,155</u>
 Total current assets	 <u>660,553</u>	 <u>456,903</u>
 Total assets	 <u>660,553</u>	 <u>456,903</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	45,566	82
Grant revenue advance	<u>26,038</u>	<u>13,551</u>
 Total current liabilities	 <u>71,604</u>	 <u>13,633</u>
 Total liabilities	 <u>71,604</u>	 <u>13,633</u>
NET POSITION		
Unrestricted	<u>588,949</u>	<u>443,270</u>
 Total net position	 <u>\$ 588,949</u>	 <u>\$ 443,270</u>

The accompanying notes are an integral part of these statements.

STEUBEN COUNTY LAND BANK CORPORATION

Statements of Revenues, Expenses and Change in Net Position For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUE:		
Grant revenue	\$ 272,827	\$ 29,302
Sale of property	166,927	152,201
Contract income	-	20,250
Contributions for demolitions	829	-
In-kind revenue	<u>179,684</u>	<u>199,466</u>
Total operating revenues	<u>620,267</u>	<u>401,219</u>
OPERATING EXPENSES:		
Cost of sales	51,183	207,765
Unrealized loss on inventory	245,486	221,603
Property renovation, demolition, and maintenance	54,881	13,917
Management fees	50,000	45,896
Insurance	37,736	32,294
Professional services	8,896	8,725
General and administrative expenses	1,610	121
In-kind expense	<u>25,293</u>	<u>21,988</u>
Total operating expenses	<u>475,085</u>	<u>552,309</u>
Operating income (loss)	<u>145,182</u>	<u>(151,090)</u>
NON-OPERATING REVENUE		
Interest income	<u>497</u>	<u>592</u>
Total non-operating revenue	<u>497</u>	<u>592</u>
CHANGE IN NET POSITION	145,679	(150,498)
NET POSITION - beginning of year	<u>443,270</u>	<u>593,768</u>
NET POSITION - end of year	<u>\$ 588,949</u>	<u>\$ 443,270</u>

The accompanying notes are an integral part of these statements.

STEBEN COUNTY LAND BANK CORPORATION

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from sale of property	\$ 164,277	\$ 152,201
Cash received from grants	160,176	42,853
Cash received from contract income	-	20,250
Cash received from contributions for demolitions	829	-
Cash paid for inventory	(222,572)	(196,179)
Cash paid for management fees	(50,000)	(45,896)
Cash paid for insurance	(39,619)	(36,906)
Cash paid for property renovation, demolition, and maintenance	(9,397)	(13,990)
Cash paid for professional services	(8,896)	(8,725)
Cash paid for general and administrative expenses	<u>(1,610)</u>	<u>(121)</u>
Net cash from operating activities	<u>(6,812)</u>	<u>(86,513)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash received from interest	<u>497</u>	<u>592</u>
Net cash from investing activities	<u>497</u>	<u>592</u>
CHANGE IN CASH	(6,315)	(85,921)
CASH - beginning of year	<u>324,248</u>	<u>410,169</u>
CASH - end of year	<u>\$ 317,933</u>	<u>\$ 324,248</u>
RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION:		
Cash	\$ 291,895	\$ 310,697
Restricted cash	<u>26,038</u>	<u>13,551</u>
Total	<u>\$ 317,933</u>	<u>\$ 324,248</u>

The accompanying notes are an integral part of these statements.

STEBEN COUNTY LAND BANK CORPORATION

Statements of Cash Flows (Continued)

For the years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ 145,182	\$ (151,090)
Adjustments to reconcile operating loss to net cash flow from operating activities:		
Unrealized loss on inventory	245,486	221,603
Inventoried in-kind demolition services	(154,391)	(177,478)
Changes in:		
Grants receivable	(125,138)	-
Accounts receivable	(2,650)	-
Grant revenue advance	12,487	13,551
Inventory	(171,389)	11,586
Prepaid expenses	(1,883)	(4,612)
Accounts payable	<u>45,484</u>	<u>(73)</u>
Net cash from operating activities	<u>\$ (6,812)</u>	<u>\$ (86,513)</u>

The accompanying notes are an integral part of these statements.

STEBEN COUNTY LAND BANK CORPORATION

**Notes to Basic Financial Statements
For the years ended December 31, 2023 and 2022**

1. ORGANIZATION

The Steuben County Land Bank Corporation (the Corporation), was formed in 2016 to assist communities within the County of Steuben, New York (the County) in addressing the issues of blight caused by vacant, abandoned, condemned and foreclosed properties. Operations commenced in 2017. The Corporation endeavors to reverse the trend of declining property values and further deterioration of Steuben County’s housing and commercial stock by stabilizing neighborhoods, encouraging private investment and improving the quality of life for County residents.

The Corporation was formed with the County as its sole member; however, due to the immateriality of the Corporation to the County, it is not presented as a blended component unit.

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.

Cash

Custodial credit risk related to cash deposits 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 policy, all deposits of the Land Bank, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Corporation (FDIC) shall be secured by a pledge of securities with an aggregate value equal to the aggregate amount of deposits.

As of December 31, 2023 and 2022, the reported amount of the Corporation's deposits was \$317,933 and \$324,248, and the bank balance was \$318,141 and \$324,266, respectively. The entire bank balance was covered by federal depository insurance each year.

Restricted cash is to be used in accordance with grant parameters. Restricted cash amounted to \$26,038 and \$13,551 as of December 31, 2023 and 2022, respectively.

STEUBEN COUNTY LAND BANK CORPORATION

Notes to Basic Financial Statements

For the years ended December 31, 2023 and 2022

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 and such differences may be significant.

Income Tax Status

The Corporation was organized as a not-for-profit corporation under the laws of the State of New York and has been granted Exempt Status by the Internal Revenue Service with respect to Section 501(c)(3) of the Internal Revenue Code.

Grants Receivable

Grants receivable consists of grant funding that was earned but not yet received from grant administrators as of year end.

Inventory

Inventory consists of vacant, abandoned, or tax delinquent property in the County purchased by the Corporation or donated by the County. Inventory is valued at the lower of cost or market. Market value is defined as estimated selling price, typically not to be in excess of assessed value. When a property is listed for sale, consideration is given to actual listed sale price when determining the market value of the property. Cost includes but is not limited to, property purchase cost, appraisal, inspection and recording fees, renovation costs and professional services.

Prepaid Expenses

Prepaid expenses at December 31, 2023 and 2022 were comprised of amounts paid for insurance policies for the subsequent fiscal year.

Grant Revenue Advance

Grant advances consist of grant revenue which has been received in cash prior to meeting the definition of earned revenue. Therefore, these amounts are reflected as a liability on the balance sheet until revenue is deemed earned and recognized on the statement of revenues, expenses, and change in net position.

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 comprised of receipts from the sale of property, donation of property, contract income earned on property rehabilitation work done with outside organizations, grant revenue received for operations, contributions received toward demolition projects, and in-kind services from the County. Operating expenses generally result from the acquisition, demolition and renovation of properties, and general and administrative expenses in accordance with the Corporation's mission. Non-operating revenues consist of interest income.

STEUBEN COUNTY LAND BANK CORPORATION

**Notes to Basic Financial Statements
For the years ended December 31, 2023 and 2022**

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 did not have net investment in capital assets at December 31, 2023 or 2022.
- 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 did not have restricted net position at December 31, 2023 or 2022.
- 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.

Reclassification

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

3. CONCENTRATIONS

The Corporation receives significant support from certain governmental entities. The primary source of grant funding in 2022 and 2023 was through awards from the Land Bank Community Revitalization Program's Land Bank Initiative Grant. Funding from the Land Bank Initiative comprised 7% of revenue in 2022 and comprised 44% of revenue in 2023.

4. NEW YORK STATE LAND BANK INITIATIVE

The 2022-23 NYS budget included \$50 million to support services and expenses of land banks in the State. NYS Division of Homes and Community Renewal (HCR) is allocating these resources to land banks in two phases. Phase I provides essential funding for Land Bank operations and non-capital expenses, and Phase II will support expenses including property acquisition, building stabilization, demolition, pre-development, technical assistance & capacity building for new land banks.

In 2022, the Corporation applied for Phase I of this funding and was awarded \$100,000 per year for three years. As of December 31, 2023, the Corporation recognized \$100,000 in revenue associated with Phase I - Year 1 of this grant and \$29,162 in revenue associated with Phase I - Year 2. In 2023, the Corporation applied for Phase II of this funding and was awarded \$554,400. As of December 31, 2023, the Corporation recognized \$172,966 in revenue associated with Phase II of this grant.

STEUBEN COUNTY LAND BANK CORPORATION

Notes to Basic Financial Statements

For the years ended December 31, 2023 and 2022

5. AGREEMENT WITH ARBOR HOUSING AND DEVELOPMENT

In July 2019, the Corporation renewed its agreement with Arbor Housing and Development (the Agent) wherein the Agent will provide services including program management related to administering grant awards, as well as construction, demolition and rehabilitation oversight. The agreement was effective for an initial period of two years and can be renewed up to five years by mutual agreement of the parties. Effective July 18, 2022, the Corporation entered into a new agreement with the Agent, which stipulates a total annual payment of \$50,000, or four quarterly payments of \$12,500. This agreement was effective until June 30, 2023. In May 2023, the Corporation approved a renewal to this agreement effective until June 30, 2024. Management fees paid to the Agent were \$50,000 and \$45,896 for the years ended December 31, 2023 and 2022, respectively.

6. AGREEMENT WITH COUNTY OF STEUBEN, NEW YORK

The Corporation has an agreement with the County wherein the County provides legal, managerial and demolition services. The total value of these in-kind services provided by the County was \$179,684 for the year ended December 31, 2023 and \$199,466 for the year ended December 31, 2022 and is recorded as in-kind revenue and expense. In 2023 and 2022, in-kind expenses were lower than in-kind revenues by \$154,391 and \$177,478, respectively, which is the value of demolition services provided by the County that was added to inventory of properties.

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 6, 2024

To the Board of Directors of the
Steuben County Land Bank 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 Steuben County Land Bank Corporation (the Corporation) as of and for the year ended December 31, 2023, 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 6, 2024.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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.