

**STEUBEN COUNTY LAND BANK CORPORATION**

**Financial Statements as of  
December 31, 2021 and 2020  
Together with Independent  
Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

# STEUBEN COUNTY LAND BANK CORPORATION

## Table of Contents December 31, 2021 and 2020

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	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4
FINANCIAL STATEMENTS:	
Statements of Net Position	8
Statements of Revenues, Expenses and Change in Net Position	9
Statements of Cash Flows	10
Notes to Basic Financial Statements	12
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 <i>GOVERNMENT AUDITING STANDARDS</i>	16

**INDEPENDENT AUDITOR'S REPORT**

March 2, 2022

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

**Report on the Audit of the Financial Statements**

***Opinion***

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, 2021 and 2020, 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 respective financial position of the Corporation, as of December 31, 2021 and 2020, 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 Opinion***

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

***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.

### ***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 2, 2022 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, 2021 and 2020**

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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, 2021, 2020, and 2019. 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, 2021 and 2020 was \$593,768 and \$624,536, respectively.
- Total current assets at December 31, 2021 and 2020 were \$593,923 and \$653,503, respectively. Current assets were comprised of cash, inventory, and prepaid insurance.
- Total current liabilities at December 31, 2021 and 2020 were \$155 and \$28,967, respectively. Current liabilities were comprised of accounts payable and, in 2020, advanced grant funds which had not yet been expended. The Corporation spent these funds in 2021.
- Operating revenues consist of grant revenue, 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, 2021 and 2020 were \$704,659 and \$460,315, respectively.
- Operating expenses for the years ended December 31, 2021 and 2020 were \$736,250 and \$239,904, respectively.
- For the year ended December 31, 2021, the Corporation had an operating loss of \$31,591. Operating income for the year ended December 31, 2020 was \$220,411.

## STEUBEN COUNTY LAND BANK CORPORATION

### Management's Discussion and Analysis (Unaudited) December 31, 2021 and 2020

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

#### Summary of Assets, Liabilities, and Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current assets	\$ 593,923	\$ 653,503	\$ 408,501
Current liabilities	<u>155</u>	<u>28,967</u>	<u>4,853</u>
Total net position - unrestricted	<u>\$ 593,768</u>	<u>\$ 624,536</u>	<u>\$ 403,648</u>

#### Current Assets

Current assets at December 31, 2021, 2020, and 2019 were comprised of cash from a grant and the sale of rehabilitated property, inventory, and prepaid expense for insurance premiums. Current assets at December 31, 2019 also included grants receivable.

#### Inventory

As of December 31, 2021, inventory consists of two properties. The Corporation acquired two new properties into inventory during the year and sold or transferred seven properties. Inventory at December 31, 2020 consisted of seven properties, and inventory as of December 31, 2019 consisted of six properties. As for the two properties still held by the Corporation at December 31, 2021, management intends to sell these properties early in 2022.

#### Capital Assets

As of December 31, 2021, 2020, and 2019, the Corporation did not possess any capital assets.

#### Current Liabilities

As of December 31, 2021, the Corporation only had current liabilities of \$155, consisting of accounts payable. As of December 31, 2020, current liabilities were comprised of accounts payable and advanced grant funds on a grant award from Enterprise Community Partners (Enterprise) that had been received but not yet spent for their designated purpose. The total grant award was \$550,000. As of December 31, 2020, \$428,769 had been received from Enterprise and \$415,861 had been spent to date. As of July 2021, the Corporation had fully spent the entire \$550,000 grant. As of December 31, 2019, current liabilities were comprised of advanced grant funds not yet spent from Local Initiatives Support Corporation (LISC). The \$4,853 unearned as of December 31, 2019 was fully spent in 2020.

# STEUBEN COUNTY LAND BANK CORPORATION

## Management's Discussion and Analysis (Unaudited) December 31, 2021 and 2020

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### Summary of Revenues, Expenses, and Change in Net Position

	<u>2021</u>	<u>2020</u>	<u>2019</u>
OPERATING REVENUES:			
Grant revenue	\$ 134,139	\$ 362,972	\$ 187,774
Sale of property	428,234	1,311	98,837
Contributions for demolitions	35,336	-	-
In-Kind revenue	106,950	81,032	60,392
Donation of property	<u>-</u>	<u>15,000</u>	<u>4,600</u>
Total operating revenues	<u>704,659</u>	<u>460,315</u>	<u>351,603</u>
OPERATING EXPENSES:			
Cost of sales	386,470	57,170	151,616
Unrealized loss on inventory	28,162	60,056	27,128
Property renovation, demolition, and maintenance	141,517	13,728	3,177
Management fees	47,308	47,309	37,465
Insurance	36,774	32,669	29,100
Professional services	8,240	7,500	7,500
General and administrative expenses	2,000	2,000	2,020
In-Kind expense	<u>85,779</u>	<u>19,472</u>	<u>41,259</u>
Total operating expenses	<u>736,250</u>	<u>239,904</u>	<u>299,265</u>
Operating income (loss)	<u>(31,591)</u>	<u>220,411</u>	<u>52,338</u>
NON-OPERATING REVENUE			
Interest income	<u>823</u>	<u>477</u>	<u>530</u>
Total non-operating revenues	<u>823</u>	<u>477</u>	<u>530</u>
CHANGE IN NET POSITION	(30,768)	220,888	52,868
NET POSITION - beginning of year	<u>624,536</u>	<u>403,648</u>	<u>350,780</u>
NET POSITION - end of year	<u>\$ 593,768</u>	<u>\$ 624,536</u>	<u>\$ 403,648</u>

## **STEBEN COUNTY LAND BANK CORPORATION**

### **Management's Discussion and Analysis (Unaudited) December 31, 2021 and 2020**

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#### **Operating Revenues**

Operating revenue was comprised of revenue from grants, the sale of property, the donation of property to the Corporation, contributions toward demolition projects, and services rendered in-kind. In 2021, operating revenue increased approximately \$244,000. This resulted from an approximate \$427,000 increase in revenue from the sale of property, as five properties were sold in 2021 compared to only one in 2020, and an approximate \$26,000 increase in in-kind revenue related to additional demolition work contributed by the County Department of Public Works. These increases were partially offset by an approximate \$229,000 decrease in grant revenue, as the Corporation was expending Enterprise grant funds throughout the entirety of 2020, but the grant funding was fully spent after first quarter 2021.

Operating revenue also increased in 2020 compared to 2019 by approximately \$109,000. This increase was mainly due to an increase in grant revenue earned as the Corporation worked on property rehabilitations and demolitions funded through the Enterprise grant.

#### **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 2021, operating expenses increased approximately \$496,000. Approximately \$329,000 of this increase was related to an increase in cost of sales, as seven properties were sold or transferred during 2021, while only one was sold in 2020. Another \$128,000 of this increase was related to an increase in property renovation and demolition costs reported as expenses. In 2021, the Corporation had partnerships with Habitat for Humanity and others to rehabilitate or demolish properties that were not owned by the Corporation. In prior years, more of these costs were inventoried, as the rehabilitation and demolition work was done on Corporation-owned properties. Operating expenses decreased approximately \$59,000 in 2020 from 2019 as a result of fewer property sales, which caused cost of sales to be lower than in the prior year.

#### **Operating Results**

For the year ended December 31, 2021, the Corporation had an operating loss of \$31,591. Operating income for the years ended December 31, 2020 and 2019 was \$220,411 and \$52,338, respectively.

#### **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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$ 410,169	\$ 216,177
Restricted cash	-	12,908
Inventory	164,211	403,757
Prepaid expenses	<u>19,543</u>	<u>20,661</u>
Total current assets	<u>593,923</u>	<u>653,503</u>
Total assets	<u>593,923</u>	<u>653,503</u>
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
Accounts payable	155	16,059
Grant revenue advance	<u>-</u>	<u>12,908</u>
Total current liabilities	<u>155</u>	<u>28,967</u>
Total liabilities	<u>155</u>	<u>28,967</u>
<b>NET POSITION</b>		
Unrestricted	<u>593,768</u>	<u>624,536</u>
Total net position	<u>\$ 593,768</u>	<u>\$ 624,536</u>

The accompanying notes are an integral part of these statements.

# STEBEN COUNTY LAND BANK CORPORATION

## Statements of Revenues, Expenses and Change in Net Position For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUE:		
Grant revenue	\$ 134,139	\$ 362,972
Sale of property	428,234	1,311
Contributions for demolitions	35,336	-
In-Kind revenue	106,950	81,032
Donation of property	-	15,000
	<u>704,659</u>	<u>460,315</u>
Total operating revenues	<u>704,659</u>	<u>460,315</u>
OPERATING EXPENSES:		
Cost of sales	386,470	57,170
Unrealized loss on inventory	28,162	60,056
Property renovation, demolition, and maintenance	141,517	13,728
Management fees	47,308	47,309
Insurance	36,774	32,669
Professional services	8,240	7,500
General and administrative expenses	2,000	2,000
In-Kind expense	85,779	19,472
	<u>736,250</u>	<u>239,904</u>
Total operating expenses	<u>736,250</u>	<u>239,904</u>
Operating income (loss)	<u>(31,591)</u>	<u>220,411</u>
NON-OPERATING REVENUE		
Interest income	<u>823</u>	<u>477</u>
Total non-operating revenue	<u>823</u>	<u>477</u>
CHANGE IN NET POSITION	(30,768)	220,888
NET POSITION - beginning of year	<u>624,536</u>	<u>403,648</u>
NET POSITION - end of year	<u>\$ 593,768</u>	<u>\$ 624,536</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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grants	\$ 121,231	\$ 380,824
Cash received from sale of property	428,234	1,311
Cash received from contributions for demolitions	35,336	-
Cash paid for inventory	(169,389)	(288,272)
Cash paid for property renovation, demolition, and maintenance	(141,947)	(13,143)
Cash paid for management fees	(47,308)	(47,309)
Cash paid for insurance	(35,656)	(33,144)
Cash paid for professional services	(8,240)	(7,500)
Cash paid for general and administrative expenses	<u>(2,000)</u>	<u>(2,000)</u>
Net cash from operating activities	<u>180,261</u>	<u>(9,233)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash received from interest	<u>823</u>	<u>477</u>
Net cash from investing activities	<u>823</u>	<u>477</u>
CHANGE IN CASH	181,084	(8,756)
CASH - beginning of year	<u>229,085</u>	<u>237,841</u>
CASH - end of year	<u>\$ 410,169</u>	<u>\$ 229,085</u>
RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION:		
Cash	\$ 410,169	\$ 216,177
Restricted cash	<u>-</u>	<u>12,908</u>
Total	<u>\$ 410,169</u>	<u>\$ 229,085</u>

The accompanying notes are an integral part of these statements.

## STEUBEN COUNTY LAND BANK CORPORATION

### Statements of Cash Flows (Continued)

For the years ended December 31, 2021 and 2020

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	<u>2021</u>	<u>2020</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ (31,591)	\$ 220,411
Adjustments to reconcile operating loss to net cash flow from operating activities:		
Changes in:		
Grants receivable	-	9,797
Inventory	239,546	(263,080)
Prepaid expenses	1,118	(475)
Grant revenue advance	(12,908)	8,055
Accounts payable	<u>(15,904)</u>	<u>16,059</u>
Net cash from operating activities	<u>\$ 180,261</u>	<u>\$ (9,233)</u>

#### Schedule of Noncash Investing, Capital and Financing Activities

In 2021 and 2020, the Corporation received \$21,171 and \$61,560, respectively, in inventory through the contribution of in-kind demolition services by the County Department of Public Works.

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, 2021 and 2020

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### 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.

#### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates, particularly given the economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, and such differences may be significant.

#### Income Tax Status

The Corporation was organized as a not-for-profit corporation under 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.

## STEUBEN COUNTY LAND BANK CORPORATION

### Notes to Basic Financial Statements

For the years ended December 31, 2021 and 2020

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#### 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, not to be in excess of assessed value. 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, 2021 and 2020 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, 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.

#### 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, 2021 or 2020.
- 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, 2021 or 2020.
- 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.

## **STEBEN COUNTY LAND BANK CORPORATION**

### **Notes to Basic Financial Statements**

**For the years ended December 31, 2021 and 2020**

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#### **3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

The Corporation's investment policies are governed by State statutes. 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.

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. As of December 31, 2021 and 2020, the reported amount of the Corporation's deposits was \$410,169 and \$229,085, and the bank balance was \$410,325 and \$229,435, respectively. The entire bank balance was covered by federal depository insurance each year.

#### **4. CONCENTRATIONS OF CREDIT RISK**

The Corporation receives significant support from certain governmental entities. The primary source of grant funding is through an award from Enterprise Community Partners, Inc. (Enterprise). Funding from Enterprise comprised 19% of revenue in 2021 and 78% in 2020.

#### **5. AGREEMENT WITH ARBOR HOUSING AND DEVELOPMENT**

In July 2019, the Corporation renewed the 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. The original agreement stipulated quarterly payments made by the Corporation to the Agent in the amount of \$11,827 and was effective until June 30, 2021. Effective July 1, 2021, the Corporation entered into a new agreement with the Agent, which stipulates a total annual payment of \$44,550, made in equal quarterly installments of \$11,137.50. This agreement is effective until June 30, 2022. Management fees paid to the Agent were \$47,308 and \$47,309 for the years ended December 31, 2021 and 2020, 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 \$106,950 for the year ended December 31, 2021 and \$81,032 for the year ended December 31, 2020 and is recorded as in-kind revenue and expense. In 2021 and 2020, in-kind expenses were lower than in-kind revenues by \$21,171 and \$61,560, respectively, which is the value of demolition services provided by the County that was added to inventory of properties.

## **STEBEN COUNTY LAND BANK CORPORATION**

### **Notes to Basic Financial Statements**

**For the years ended December 31, 2021 and 2020**

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#### **7. COVID-19**

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

**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 2, 2022

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, 2021, and the related notes to the basic financial statements, and have issued our report thereon dated March 2, 2022.

**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.

March 2, 2022

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

We have audited the financial statements of Steuben County Land Bank Corporation (the Corporation), for the years ended December 31, 2021 and 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated December 6, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### **SIGNIFICANT AUDIT MATTERS**

#### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Corporation are described in Note 2 to the financial statements.

***No new accounting policies were adopted, and the application of existing policies was not changed during 2021. We noted no transactions entered by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.***

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Valuation of inventory
- Valuation of in-kind services

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

***There are no particularly sensitive financial statement disclosures. The financial statement disclosures are neutral, consistent, and clear.***

**Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

***In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.***

**Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

***We are pleased to report that no such disagreements arose during the course of our audit.***

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated as of the date of the Independent Auditor's Report.

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

***To our knowledge, there were no such consultations with other accountants.***

**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Corporation's auditors.

***However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.***

**Other Matters**

We applied certain limited procedures to management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.***

**Restriction on Use**

This information is intended solely for the use of the Board of Directors and management of the Corporation and is not intended to be and should not be used by anyone other than these specified parties.