

LIVINGSTON COUNTY LAND BANK CORPORATION
(A Blended Component Unit of the County of
Livingston, New York)

Communication of Matters Related to Internal Control
Over Financial Reporting and Other Matters
February 9, 2021

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

In planning and performing our audit of the financial statements of the Livingston County Land Bank Corporation (the Corporation) as of and for the years ended December 31, 2020 and 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing auditing 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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OTHER MATTERS FOR THE CONSIDERATION OF MANAGEMENT

1. INVENTORY VALUATION

Observation

The Corporation's inventory consists of properties held for rehabilitation, sale or demolition. When a property is to be acquired or sold, the Corporation will have an appraisal done to value the property. There is, however, no formal process in place to value each property in inventory at year-end for reporting in the financial statements.

Recommendation

The Corporation's activity level and number of properties is anticipated to increase in the future. Therefore, we recommend the Corporation document a formal process to assess the value of each property in inventory at year-end for reporting in the financial statements.

Management Response

Management agrees with the recommendation that the Land Bank have a formal process to assess the value of each property in inventory at year-end. The Land Bank currently maintains an inventory of properties held for rehabilitation, sale or demolition. The inventory can be expanded to include an estimated end of year value. The inventory will be presented to the Board for its review and approval in the month of January of the following year.