

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

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

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

Table of Contents
December 31, 2023 and 2022

	<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	11
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>	15

INDEPENDENT AUDITOR’S REPORT

February 22, 2024

To the Board of Directors of
Livingston County Land Bank Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Livingston County Land Bank Corporation (the Corporation), a blended component unit of the County of Livingston, New York, 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 respective financial position of the Corporation, as of December 31, 2023 and 2022, and the respective changes in financial position and 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 audits. 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.

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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 February 22, 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.

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

Management’s Discussion and Analysis (Unaudited)
For the Years Ended December 31, 2023 and 2022

This section of the Livingston County Land Bank Corporation (the Corporation) annual financial report presents a 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 2017 to combat community deterioration by facilitating the return of vacant, abandoned, and tax-delinquent properties in the County of Livingston, New York (the County) to productive use. Operations commenced in 2018.

Overview of the Financial Statements

This annual financial report consists of two parts: the Management’s Discussion and Analysis (MD&A) and the basic financial statements. The Corporation is a self-supporting entity and follows business-type activity reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Business-type activity statements offer short-term and long-term financial information about the activities and operations of the Corporation. This annual report consists of the financial statements and notes to those statements. The Statements of Net Position, Statements of 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

Financial Analysis

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>
Total assets	<u>\$ 726,069</u>	<u>\$ 708,575</u>	<u>\$ 177,010</u>
Total liabilities	<u>\$ 485,117</u>	<u>\$ 548,351</u>	<u>\$ 114,361</u>
Total net position - unrestricted	<u>\$ 240,952</u>	<u>\$ 160,224</u>	<u>\$ 62,649</u>

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

Management’s Discussion and Analysis (Unaudited)
For the Years Ended December 31, 2023 and 2022

Total assets at December 31, 2023 were all current, and comprised of cash from grant revenue, prepaid insurance, grant and contract income receivables, and inventory of properties. Current assets at December 31, 2022 were comprised of cash from grant revenue, property deposits, and inventory of properties and at 2021 were comprised of cash from grant revenue.

During both 2023 and 2022, the Corporation purchased two properties, leading to the Corporation having two properties in inventory as of December 31, 2022 and four properties in inventory as of December 31, 2023.

Summary of Revenues, Expenses, and Change in Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 176,803	\$ 229,678	\$ 217,786
Operating expenses	<u>(96,075)</u>	<u>(132,103)</u>	<u>(221,148)</u>
Operating income (loss)	80,728	97,575	(3,362)
Non-operating revenue	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 80,728</u>	<u>\$ 97,575</u>	<u>\$ (3,362)</u>

Operating revenue in 2022 and 2021 consisted of in-kind services from the County and others, as well as grant revenue from Enterprise Community Partners, Inc. In 2022 and 2023, the Corporation had grant revenue from the Land Bank Initiative Grant and contract income related to a co-development agreement with Habitat for Humanity. Operating revenue increased in 2022 as the rehabilitation and demolition work on properties increased and the Corporation recognized additional grant revenue. Operating revenue decreased in 2023 as progress on rehabilitation of existing properties slowed and the Corporation recognized less revenue related to lower expenses.

Operating expenses in 2023 were comprised of property rehabilitation and maintenance costs, administrative services fee, other professional and general and administrative expenses, and an unrealized loss on inventory to reflect inventory at market value. In 2022, similar operating expenses were incurred, however, the Corporation recognized expenses for services rendered in-kind and salaries and benefits for the Program Specialist. In 2021, similar operating expenses were incurred, however, the Corporation recognized cost of sales. Operating expenses decreased approximately \$36,000 in 2023 compared to 2022, mainly related to a decrease in the level of property rehabilitation and demolition work done during 2023. Operating expenses decreased in 2021 from 2022 related to a decrease in the level of property rehabilitation work done through co-development agreements with Habitat for Humanity and the County of Livingston.

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

Management's Discussion and Analysis (Unaudited)
For the Years Ended December 31, 2023 and 2022

The following are highlighted activities for 2023:

- The Land Bank acquired two single-family properties:
 - 1 Price Street in the Village of Nunda (rehabilitation)
 - 52 West Main Street in the Village of Avon (demolition)
- Completed a Derelict Properties Inventory and Acquisition Strategy with LaBella Associates.
- Closed out NYS Homes and Community Renewal (HCR) Land Bank Initiative (LBI) Year 1 operations funding and successfully applied for Year 2 operational funding from the same source.
- Partnered with Livingston County to contract with Montrose Environmental for submission of an application for a US Environmental Protection Agency (EPA) Brownfield Coalition Assessment Grant.
- Completed demolition on 32 Jefferson Street in the Village of Dansville and commenced development of site plan with LiRo Engineers for the construction of a modular home on the vacant lot.
- Re-bid and hired a contractor, Vonglis Enterprises, LLC, for the rehabilitation of 24 Stanley Street in the Village of Mt. Morris.
- Continued work on the NYS CDBG-funded Mobile Home Replacement Project in partnership with the County and Cattaraugus Community Action, Inc. (CCA). Completed a property lottery to select program recipients. Executed a Sub-Recipient Agreement with CCA and a Co-Development Agreement with Livingston County for the project.
- Continued work as part of a housing group on a supportive housing project in the County.
- Continued active engagement in the NYS Land Bank Association (NYLBA) and the County's Homelessness and Housing Task Force (HHTF).
- As part of NYLBA, successfully advocated for additional state funding for Land Banks in the 2023-2024 NYS Executive Budget.

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

Management's Discussion and Analysis (Unaudited)
For the Years Ended December 31, 2023 and 2022

FUTURE FACTORS

Plans for 2024

- Work with CCA on the Mobile Home Replacement Program.
- Focus on ARPA Strategy and activities that 1) improve existing housing stock and demolish blighted properties; 2) address homelessness, and; 3) contribute to County and local economic development goals (such as explore second-floor downtown revitalization).
- Continue participation on the County's Homelessness and Housing Task Force and NYS Land Bank Association.
- Continue to seek state, federal and other funding opportunities to continue its mission to remove blight and revitalize communities.

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 Livingston County Land Bank Corporation - Livingston County Office Building, 6 Court Street, Room 305, Geneseo, New York 14454.

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

Statements of Net Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 79,868	\$ 145,562
Cash - restricted	451,605	507,530
Inventory	126,793	43,286
Contract income receivable	10,000	-
Grant receivable	46,980	5,197
Prepaid insurance	10,823	-
Property deposit	-	7,000
	<u>726,069</u>	<u>708,575</u>
Total current assets	<u>726,069</u>	<u>708,575</u>
	<u>726,069</u>	<u>708,575</u>
Total assets	<u>726,069</u>	<u>708,575</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	33,512	40,821
Unearned grant revenue	451,605	507,530
	<u>485,117</u>	<u>548,351</u>
Total current liabilities	<u>485,117</u>	<u>548,351</u>
	<u>485,117</u>	<u>548,351</u>
Total liabilities	<u>485,117</u>	<u>548,351</u>
NET POSITION		
Unrestricted	<u>240,952</u>	<u>160,224</u>
	<u>240,952</u>	<u>160,224</u>
Total net position	<u>\$ 240,952</u>	<u>\$ 160,224</u>

The accompanying notes are an integral part of these financial statements.

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

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 REVENUES:		
Grant revenue	\$ 166,803	\$ 140,127
Contract income	10,000	50,000
In-kind revenues	<u>-</u>	<u>39,551</u>
Total operating revenues	<u>176,803</u>	<u>229,678</u>
OPERATING EXPENSES:		
Administrative services fee	37,075	5,944
Insurance	15,805	15,131
Unrealized loss on inventory	14,491	51,071
Consulting fees	12,040	-
Property maintenance	8,455	8,349
Accounting/auditing fees	6,000	5,000
Dues	1,500	1,000
Travel, training, and conferences	244	82
General and administrative expenses	240	240
Advertising	225	834
In-kind expenses	-	39,551
Salaries and benefits	-	3,358
Property rehabilitation grant	<u>-</u>	<u>1,543</u>
Total operating expenses	<u>96,075</u>	<u>132,103</u>
CHANGE IN NET POSITION	80,728	97,575
NET POSITION - beginning of year	<u>160,224</u>	<u>62,649</u>
NET POSITION - end of year	<u>\$ 240,952</u>	<u>\$ 160,224</u>

The accompanying notes are an integral part of these financial statements.

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

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 grants	\$ 69,095	\$ 606,050
Cash received from contract income	-	50,000
Payments to suppliers for goods and services	(81,893)	(75,253)
Cash paid for inventory	(97,998)	(94,357)
Cash paid for property deposits	-	(7,000)
Payments to employee	-	(3,358)
Cash paid for prepaid insurance	(10,823)	-
	<u>(121,619)</u>	<u>476,082</u>
Net cash from operating activities		
	(121,619)	476,082
CHANGE IN CASH		
	(121,619)	476,082
CASH - beginning of year	<u>653,092</u>	<u>177,010</u>
CASH - end of year	<u>\$ 531,473</u>	<u>\$ 653,092</u>
Cash	\$ 79,868	\$ 145,562
Cash - restricted	451,605	507,530
Total cash	<u>\$ 531,473</u>	<u>\$ 653,092</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS		
Operating income (loss)	<u>\$ 80,728</u>	<u>\$ 97,575</u>
Adjustments to reconcile operating income (loss) to net cash flow from operating activities:		
Unrealized loss on inventory	14,491	51,071
Change in:		
Unearned grant revenue	(55,925)	471,120
Accounts payable	(7,309)	(37,130)
Inventory	(97,998)	(94,357)
Property deposit	7,000	(7,000)
Prepaid insurance	(10,823)	-
Contract income receivable	(10,000)	-
Grants receivable	(41,783)	(5,197)
	<u>(121,619)</u>	<u>476,082</u>
Net cash from operating activities		
	<u>\$ (121,619)</u>	<u>\$ 476,082</u>

The accompanying notes are an integral part of these financial statements.

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

Notes to Basic Financial Statements
December 31, 2023 and 2022

1. ORGANIZATION

The Livingston County Land Bank Corporation (the Corporation), was formed in 2017 to assist communities within the County of Livingston, New York (the County) in combating community deterioration by facilitating the return of vacant, abandoned, and tax-delinquent properties to productive use in order to eliminate the harms and liabilities caused by such properties, lessen the burden of government, and act in the public interest. The Corporation engages in real estate development and management, real estate project finance, and other community-based economic and human services development activities permissible under the Not-for-Profit Corporation Law. Operations commenced in 2018.

The Corporation was formed with the County as its sole member. Therefore, it is presented as a blended component unit within the County's financial statements.

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.

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

Notes to Basic Financial Statements
December 31, 2023 and 2022

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.

Cash

The Corporation's cash as of December 31, 2023 and 2022 consists of demand deposits. Restricted cash represents money received which is to be used in accordance with grant parameters. Restricted cash amounted to \$451,605 and \$507,530 as of December 31, 2023 and 2022, respectively. The Corporation has adopted an investment policy that follows 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).

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. At December 31, 2023 and 2022, the reported amount of the Corporation's deposits was \$531,473 and \$653,092, and the bank balance was \$531,473 and \$653,092, respectively. For the year ended December 31, 2023, \$250,000 was covered by federal depository insurance and the remaining bank balance was collateralized. For the year ended December 31, 2022, \$250,000 was covered by federal depository insurance and the remaining bank balance was uncollateralized.

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. As of December 31, 2023, the Corporation had four properties in inventory. The Corporation had two properties in inventory as of December 31, 2022.

Grant Receivable

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

Property Deposit

Property deposits consists of down payments on properties for which the title has not yet passed to the Corporation as of year end.

Grant Revenue

Grant revenue is recognized when eligible expenses are incurred by the Corporation. When amounts are received prior to incurring eligible expenses, these amounts are recorded as unearned grant revenue. Such amounts are reflected as a liability until the amount is deemed earned and then recognized as revenue.

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

Notes to Basic Financial Statements
December 31, 2023 and 2022

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, the value of donated property, contract income earned on property rehabilitation work done with outside organizations, grant revenue received for operations, 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 subsidies received. There was no non-operating revenue in 2023 or 2022.

Cost of Sales

At the time of sale of inventory, the recorded value of inventory is recognized as an expense under cost of sales.

Unrealized Loss on Inventory

Deterioration, damage, changing prices and other factors have caused certain inventory's cost to exceed its market value. In accordance with GAAP, inventory was reduced to market value and an unrealized loss was recognized for the years ended December 31, 2023 and December 31, 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. At both December 31, 2023 and 2022, the Corporation did not have net investment in capital assets.
- b. Restricted net position - net position with constraints placed on their use either by (1) external groups such as creditors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Corporation 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.

Absent a formal policy, it is the Corporation's practice to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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

Notes to Basic Financial Statements
December 31, 2023 and 2022

3. CONCENTRATIONS OF CREDIT RISK

The Corporation received significant support from governmental entities. In 2023, the primary source of funding was through the Land Bank Initiative Grant from the New York State Division of Homes and Community Renewal. Funding from the Land Bank Initiative comprised 92% of revenue in 2023. In 2022, the Corporation received its primary source of funding through a grant from Enterprise Community Partners, Inc (Enterprise). Funding from Enterprise comprised 59% of revenue in 2022.

4. RELATED PARTY TRANSACTIONS

In 2022, the County contributed in-kind services to the Corporation valued at \$15,131. These services relate to managerial and administrative support of Corporation activities.

On September 21, 2022, the Corporation entered into an Administrative Services Agreement with the County for support services necessary for the performance of the duties associated with the title of Land Bank Program Specialist. The Corporation is to reimburse the County for the services provided, not to exceed \$36,000. During 2023, the Corporation incurred expenses of \$6,000 related to this agreement.

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

February 22, 2024

To the Board of Directors of
Livingston County Land Bank Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Livingston County Land Bank Corporation (the Corporation), a blended component unit of the County of Livingston, New York, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated February 22, 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.

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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.