

BROOME COUNTY
LAND BANK CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2016

BROOME COUNTY LAND BANK CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2016

CONTENTS

Independent Auditors' Report

Statements of Net Position at December 31, 2016 and 2015

Statements of Activities and Changes in Net Position for the Years Ended
December 31, 2016 and 2015

Statements of Cash Flows for the Years Ended December 31, 2016 and 2015

Notes to Financial Statements

Independent Auditors' 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*

Independent Auditors' Report on Internal Control

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Alan D. Piaker, CPA
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John R. May, CPA*
Angelo J. Gallo, CPA
Richard A. Lynch, CPA
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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Broome County Land Bank Corporation
Binghamton, New York

Report on the Financial Statements

We have audited the accompanying financial statements of **BROOME COUNTY LAND BANK CORPORATION** (a nonprofit organization), a component unit of Broome County, New York, which comprise the statements of net position as of December 31, 2016 and 2015, and the related statements of activities and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

Piaker & Lyons

The Board of Directors
Broome County Land Bank Corporation
Page Two

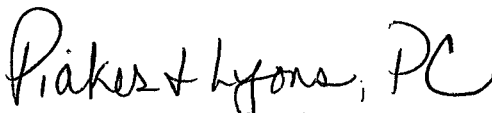
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Broome County Land Bank Corporation as of December 31, 2016 and 2015, and the related statements of activities and changes in net position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 10, 2017 on our consideration of Broome County Land Bank 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 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 internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.


PIAKER & LYONS, P.C.

Binghamton, New York
February 10, 2017

BROOME COUNTY LAND BANK CORPORATION
STATEMENTS OF NET POSITION
DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and Cash Equivalents	\$ 80,048	\$ 35,653
Due from Other Governments	10,227	-
Prepaid Insurance	3,425	4,268
Property Held for Resale	<u>237,518</u>	<u>118,046</u>
 TOTAL ASSETS	 <u>\$ 331,218</u>	 <u>\$ 157,967</u>
 LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts Payable	\$ -	\$ 37,414
Due to Other Governments	<u>1,333</u>	<u>1,333</u>
 Total Liabilities	 <u>1,333</u>	 <u>38,747</u>
 Net Position		
Unrestricted	<u>329,885</u>	<u>119,220</u>
 Total Net Position	 <u>\$ 329,885</u>	 <u>\$ 119,220</u>

See the accompanying notes to financial statements.

BROOME COUNTY LAND BANK CORPORATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues		
Grant Income	\$ 436,308	\$ 233,890
Sale of Property	<u>500</u>	<u>-</u>
 Total Operating Revenues	 <u>436,808</u>	 <u>233,890</u>
 Operating Expenses		
Cost of Sale	35,458	-
Salaries and Benefits	89,608	77,087
Contracted Services and Professional Fees	4,200	31,408
Insurance	9,227	8,973
Office and Computer Expense	12,156	172
Administrative Fee Expense - The Agency	-	1,330
Joint Venture Project Expenditures	75,392	-
Travel and Conferences	<u>102</u>	<u>100</u>
 Total Operating Expenses	 <u>226,143</u>	 <u>119,070</u>
 Change in Net Position	 210,665	 114,820
 Net Position at the Beginning of the Year	 <u>119,220</u>	 <u>4,400</u>
 Net Position at the End of the Year	 <u>\$ 329,885</u>	 <u>\$ 119,220</u>

See the accompanying notes to financial statements.

BROOME COUNTY LAND BANK CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Cash Received from Grants and Fees	\$ 426,081	\$ 233,890
Cash Received from Sale of Property	500	-
Cash Received from Refunds of Overpayments and Prior Year Expenses	-	2,729
Cash Payments for Contractual Expenses	<u>(382,186)</u>	<u>(209,835)</u>
Net Cash Provided By Operating Activities	44,395	26,784
Cash at Beginning of Year	<u>35,653</u>	<u>8,869</u>
Cash at End of Year	<u>\$ 80,048</u>	<u>\$ 35,653</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:		
Operating Income	\$ 210,665	\$ 114,820
Changes in Assets and Liabilities:		
Due from Other Governments	(10,227)	-
Prepaid Insurance	843	2,182
Property Held for Resale	(119,472)	(115,930)
Accounts Payable	(37,414)	36,059
Due to Other Governments	<u>-</u>	<u>(10,347)</u>
Net Cash Provided By Operating Activities	<u>\$ 44,395</u>	<u>\$ 26,784</u>

See the accompanying notes to financial statements.

BROOME COUNTY LAND BANK CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities - The Broome County Land Bank Corporation (the "Corporation") was established in June 2013 to foster economic and community development by acquiring, holding, managing, developing and marketing distressed, vacant, abandoned and underutilized properties in Broome County through the use of funds and powers granted under the New York State (NYS) Community Revitalization Initiative Program (CRI). The Corporation was formed by Broome County within the parameters of the New York Land Bank Act, under Article 16 of the New York Not-For-Profit Corporation Law.

B. Revenue and Expense Recognition - The Corporation is a nonprofit corporation and is a component unit of Broome County. The Corporation operates as a proprietary fund (a business-type activity), distinguishing operating revenues and expenses from non-operating items. Operating revenues are mostly comprised of grant and government subsidy revenue resulting from exchange transactions associated with the principal activities of the Corporation. Operating expenses generally result from the acquisition, demolition and renovation of properties, and general and administrative expenses in accordance with the Corporation's mission. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses. Revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset is used.

C. Basis of Accounting and Presentation - As a proprietary fund, the financial statements of the Corporation have been prepared on the accrual basis of accounting and are presented utilizing an "economic resources" measurement focus as prescribed under the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards Part II, Section P80, *Proprietary Fund Accounting and Financial Reporting*. 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 under the following components:

Net Investment in Capital Assets - Represents capital assets, including restricted capital assets, net of accumulated depreciation. The Corporation has no capital assets as of December 31, 2016 and 2015.

Restricted Net Position - Represents net position with constraints placed on either their use by either (1) external groups such as creditors or laws or regulations of other governments; or by (2) law through constitutional provisions or enabling legislation. The Corporation does not have amounts in restricted net position as of December 31, 2016 and 2015.

Unrestricted Net Position - Represents all other assets that do 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.

BROOME COUNTY LAND BANK CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Federal Income Taxes - The Corporation is tax exempt under Section 170(b)(1)(A)(vi) of the Internal Revenue Code. Accordingly, it is not liable for income taxes or federal unemployment insurance. The Corporation files annual informational returns to the Internal Revenue Service and to New York State Department of Law (Office of the Attorney General). The Corporation has not been informed of any tax examinations by either the Internal Revenue Service or New York State.

E. Support and Revenue - The Corporation is funded principally through grants from the New York State Community Revitalization Initiative Program. The Corporation recognizes the grant funds from New York State when received, which is provided to reimburse the disbursement of funds by Corporation for various operation expenses and the acquisition of property.

F. Cash and Cash Equivalents - The Corporation considers short-term, highly liquid investments with original maturities of three months or less to be cash equivalents. The Corporation's investment policies are governed by New York State statutes. Per those statutes, the Corporation must deposit funds in FDIC insured commercial banks or trust companies located within the state. Collateral is required for demand and time deposits not covered by the FDIC. All Corporation funds were covered by FDIC insurance at December 31, 2016 and 2015.

G. Related Party Transactions - In 2014, the Corporation had a one year agreement in place with the Broome County Industrial Development Agency (The Agency), a component unit of Broome County, New York, for administrative services. The agreement was extended through the first four months of 2015. The accompanying financial statements includes a \$1,330 administrative fee for 2015.

H. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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 those estimates.

I. Subsequent Events - The Corporation has evaluated events and transactions that occurred between January 1, 2017 and February 10, 2017, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

BROOME COUNTY LAND BANK CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 2 - PROPERTY HELD FOR RESALE

In April 2014, the Corporation purchased a property on Front Street in Binghamton, New York for \$1. Appraisal costs of \$1,800 and \$315 fee for recording the deed were capitalized as part of the cost, which is reflected in Assets in the accompanying Statements of Net Position for \$2,116 for 2016 and 2015. The Corporation intends on developing the property for future resale.

In July 2015, the Corporation purchased eight properties in Binghamton, New York for \$80,000. A fee of \$315 for recording the deeds and engineering fees of \$35,615 were capitalized as part of the cost, which was reflected in Assets in the accompanying Statements of Net Position for \$115,930 for 2015. During 2016, additional engineering fees of \$30,995 and \$123,935 demolition costs were capitalized as part of the cost of the properties held for resale. In October 2016, one of these properties was sold to an unrelated party for \$500. The carrying cost of such property was \$35,458. Subsequent to December 31, 2016, but prior to the issuance of the auditors' report, the Corporation completed the sale of the seven remaining properties to the City of Binghamton for \$1. The City of Binghamton will be including the Corporation in development plans of such properties.

In August 2015, the Corporation received title for two properties located on Burdick Road in Binghamton, New York and Lagrange Street in Vestal, New York. The properties were purchased by Broome County using funds from the Community Development Block Grant, a grant being administered by the Corporation.

NOTE 3 - JOINT VENTURE PROJECT EXPENDITURES

In 2016, the Corporation entered into a Memorandum of Understanding with both the Village of Windsor and the First Ward Action Council. In both agreements, the Corporation agreed to aid and assist with the cost of demolition and site work for properties owned by the Village of Windsor and the First Ward Action Council. The amount committed in total was \$100,000. In 2016, the Corporation expended \$75,392 under these agreements, which is included in the accompanying Statements of Activities in 2016 Operating Expenses.

NOTE 4 - NEW PRONOUNCEMENT

The Corporation has adopted Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP) and reduce the GAAP hierarchy to two categories of authoritative GAAP and address the use of authoritative and nonauthoritative literature.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Broome County Land Bank Corporation
Binghamton, New York

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 Broome County Land Bank Corporation (a nonprofit organization), which comprise the statements of net position as of December 31, 2016 and 2015, and the related statements of activities and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated February 10, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Broome County Land Bank Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Broome County Land Bank 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 may exist that have not been identified.

Piaker & Lyons

To the Board of Directors
Broome County Land Bank Corporation

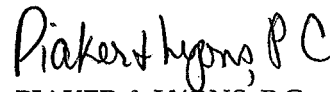
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Broome County Land Bank Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, others within the entity, the Board of Directors, and New York State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


PIAKER & LYONS, P.C.

Binghamton, New York
February 10, 2017

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

Board of Directors
Broome County Land Bank Corporation
Binghamton, New York

We have audited management's assertion that Broome County Land Bank Corporation maintained effective internal control over financial reporting as of December 31, 2016 and 2015. The entity's management is responsible for maintaining effective internal control over financial reporting, and for its assertion of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assertion based on our examination.

We conducted our audit in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

An entity's internal control over financial reporting is a process affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in a reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity, (2) provides reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorization of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Piaker & Lyons

To the Board of Directors
Broome County Land Bank Corporation

In our opinion, management's assertions that Broome County Land Bank Corporation maintained effective internal control over financial reporting as of December 31, 2016 and 2015 is fairly stated, in all material aspects.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the authority and our report dated February 10, 2017 expressed an unqualified opinion.

This report is intended solely for the information and use of management, others within the entity, the Board of Directors, and New York State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


PIAKER & LYONS, P.C.

Binghamton, New York
February 10, 2017