

FRANKLIN COUNTY LAND BANK CORPORATION
(A Discretely Presented Component Unit of the County of
Franklin, New York)

Financial Statements As of
December 31, 2024
Together With Independent
Auditors' Reports

FRANKLIN COUNTY LAND BANK CORPORATION
(A Discretely Presented Component Unit of the County of Franklin, New York)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Franklin County Land Bank Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Franklin County Land Bank Corporation (the "Land Bank"), a discretely presented component unit of the County of Franklin, New York, (the "County"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Land Bank's basic financial statements as listed in the table of contents.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Land Bank as of December 31, 2024, and the changes in the financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. 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 Land Bank 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 Land Bank's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 ABC Organization'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 ABC Organization'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.

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 20, 2025, on our consideration of the Land Bank'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 Land Bank'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 Land Bank's internal control over financial reporting and compliance.

R.A. Mercer & Co., P.C.



West Seneca, New York
March 20, 2025

FRANKLIN COUNTY LAND BANK CORPORATION
(A Discretely Presented Component Unit of the County of Franklin, New York)

Management's Discussion and Analysis (Unaudited)
December 31, 2024

The following is a discussion and analysis of the Land Bank's financial performance for the fiscal year ended December 31, 2024. The section is a summary of the Land Bank's financial activities based on currently known facts, decisions, or conditions. This section is only an introduction and should be read in conjunction with the Land Bank's financial statements which immediately follow this section.

Financial Highlights

The Land Bank's net position increased \$62,781 this year. Much of this increase is attributable to donations of properties with a combined value of \$55,000, and interest income of \$12,017. The Land Bank received an additional \$30,173 in grant revenue. This revenue was offset by the cost of sales of approximately \$24,231 and expenses of \$10,178.

Overview of Financial Statements

The basic financial statements include the statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows, and notes to the financial statements.

The first of these statements is the statement of net position. This is the statement of financial position presenting information that includes all of the Land Bank's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Land Bank as a whole is improving or deteriorating. Evaluation of the overall economic health of the Land Bank must include other non-financial factors such as the economic picture of the City, County and the State, in addition to the financial information provided in this report.

The second statement is the statement of revenues, expenses and changes in net position, which reports how the Land Bank's net position changed during the current and previous fiscal year. Revenues and expenses are included when earned or incurred, regardless of when cash is received or paid. The third statement is the statement of cash flows, which shows the sources and uses of cash.

The accompanying notes to the financial statements provide information essential to a full understanding of the financial statements.

Financial Analysis

Below is a summary of the statements of net position and the statements of revenues, expenses and changes in net position for the year ended December 31, 2024, and the two months ended December 31, 2023:

Summary of Net Position

	Year ended 12/31/2024	Two Months ended 12/31/2023	\$ Change
Assets	<u>\$ 562,779</u>	<u>499,998</u>	<u>62,781</u>
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources	<u>499,998</u>	<u>499,998</u>	<u>-</u>
Net Position			
Unrestricted - property held for sale	55,000	-	55,000
Unrestricted - available for operations	<u>7,781</u>	<u>-</u>	<u>7,781</u>
	<u>\$ 62,781</u>	<u>-</u>	<u>62,781</u>

The Land Bank's net position increased approximately \$62,781 compared to 2023. Assets increased due to property held for sale increasing \$55,000, prepaid insurance of \$3,870, unreimbursed grant income of \$4,216, and a small decrease in cash of \$306.

Deferred inflows of resources remained the same at \$499,998 due the American Rescue Act grant funding that was awarded in 2023 but not spent.

Summary of Changes In Net Position

	Year ended 12/31/2024	Two Months ended 12/31/2023	\$ Change
Operating Revenue:			
Grants	<u>\$ 30,173</u>	<u>2</u>	<u>30,171</u>
Total Operating Revenues	<u>30,173</u>	<u>2</u>	<u>30,171</u>
Operating Expenses	<u>34,409</u>	<u>2</u>	<u>34,407</u>
Operating Loss	<u>(4,236)</u>	<u>-</u>	<u>(4,236)</u>
Non-Operating Revenues:			
Interest	<u>12,017</u>	<u>-</u>	<u>12,017</u>
Total Non-Operating Revenues	<u>12,017</u>	<u>-</u>	<u>12,017</u>
Gain/(Loss) Before Contributions	7,781	-	7,781
Contributions - Donation of Property for Sale	<u>55,000</u>	<u>-</u>	<u>55,000</u>
Change in Net Position	62,781	-	62,781
Net Position - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Net Position - End of Year	<u>\$ 62,781</u>	<u>-</u>	<u>62,781</u>

The Land Bank's net position increased \$62,781 this year. Much of this increase is attributable to the transfer of new property inventory to the Land Bank in the amount of \$55,000. Nonoperating revenue increased by \$12,017 which was interest income. These revenues were partially offset by an operating loss of (\$4,236).

Economic Factors

Franklin County faces significant housing challenges with 23.4% of households classified as cost-burdened and 57% of workers struggling to find adequate housing. The county has the oldest housing stock in the four-county northern region, and from 2010 to 2020, there was no net increase in housing inventory.

Between 2015 and 2021, the median housing sales price increased by 54%, making homeownership increasingly difficult for the local workforce. Workers in the most common occupations would need to earn 26% more income to afford a median-priced home. To meet demand, an additional 944 workforce housing units will be needed over the next decade.¹

2025 Housing Initiatives

To help alleviate this crisis, the Franklin County Land Bank plans to:

- Rehabilitate one of our currently owned properties.
- Demolish and replace an existing structurally unsound house with a modular home on another property.
- Sell these properties as workforce housing, helping to ease the burden on the county and municipalities.
- Reinvest any profits into acquiring additional properties to continue expanding workforce housing availability.

Additionally, the Land Bank has received over \$200,000 in LBI non-capital funding, which will be used to purchase properties and further address the workforce housing shortage. The first of these additional properties will be an abandoned house in the Village of Saranac Lake.

Through these efforts, we aim to create more affordable housing opportunities and support the long-term economic stability of Franklin County.

Contacting Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Land Bank's finances and to show the accountability for the money received. If you have questions about this report or need additional financial information, contact the Franklin County Land Bank Corporation's Executive Director at 355 West Main Street, 4th Floor, Malone, New York 12953.

¹ Building Balanced Communities for the North Country: A Comprehensive Housing Study and Strategy. Lake Champlain and Lake George Regional Planning Commission and Camion Associates. March 2023

FINANCIAL STATEMENTS

FRANKLIN COUNTY LAND BANK CORPORATION
(A Discretely Presented Component Unit of the County of Franklin, New York)

Statement of Net Position
December 31, 2024

ASSETS

Cash and Cash Equivalents	\$ 499,692
Grants Receivable	4,216
Property Held for Sale	55,000
Prepaid Expenses	<u>3,871</u>
Total Assets	<u>562,779</u>

LIABILITIES

Total Liabilities	<u>-</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred Inflows of Resources - American Rescue Act	<u>499,998</u>
Total Deferred Inflow of Resources	<u>499,998</u>

Total Liabilities and Deferred Inflow of Resources	<u>499,998</u>
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NET POSITION

Unrestricted - Property Held for Sale	55,000
Unrestricted - available for Operations	<u>7,781</u>
Total Net Position	<u>\$ 62,781</u>

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

FRANKLIN COUNTY LAND BANK CORPORATION**(A Discretely Presented Component Unit of the County of Franklin, New York)****Statement of Revenue, Expenses and Change in Net Position****For the year ended December 31, 2024**

OPERATING REVENUE:

Grant Revenue - LBI	\$ 30,173
Total Operating Revenue	<u>30,173</u>

OPERATING EXPENSES:

Cost of Sales	24,231
Marketing and Advertising	606
Office Expense	247
Dues and Subscriptions	1,660
Insurance	6,727
Bank Service Charges	8
Accounting Fees	300
Legal Fees	<u>630</u>
Total Operating Expenses	<u>34,409</u>
Operating Gain/(Loss)	(4,236)

NON-OPERATING REVENUE:

Interest	<u>12,017</u>
Total Non-Operating Revenue	<u>12,017</u>
Gain/(Loss) Before Contributions	7,781
Contributions - Donations of Property for Sale	<u>55,000</u>
Change in Net Position	62,781
Net Position - Beginning of the year	<u>499,998</u>
Net Position - End of the Year	<u>\$ 562,779</u>

The accompanying notes are an integral part of these financial statements

FRANKLIN COUNTY LAND BANK CORPORATION
(A Discretely Presented Component Unit of the County of Franklin, New York)

Statement of Cash Flows

For the year ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Operating Grants	\$ 25,957
Payments to Vendors for Goods and Services	<u>(38,280)</u>
Net Cash Flows from Operating Activities	(12,323)

CASH FLOWS FROM INVESTING ACTIVITIES:

Receipts from Interest Earnings	<u>12,017</u>
Net Cash Flows from Investing Activities	<u>12,017</u>
Net Change in Cash	(306)
Cash, Beginning of the Year	<u>499,998</u>
Cash, End of the Year	<u><u>\$ 499,692</u></u>

RECONCILIATION OF OPERATING GAIN TO NET CASH FROM OPERATING ACTIVITIES:

Operating Gain	\$ (4,236)
Cost of Property Sales/Valuation Adjustment (Non-Cash Item)	(55,000)
Change in Assets and Liabilities and Deferred Inflows of Resources:	
Grants Receivable	(4,216)
Property Held for Sale	55,000
Prepaid Expenses	<u>(3,871)</u>
Net Cash Flows from Operating Activities	<u><u>\$ (12,323)</u></u>

SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:

Donation of Property Held for Sale	<u><u>\$ 55,000</u></u>
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The accompanying notes are an integral part of these financial statements.

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FRANKLIN COUNTY LAND BANK CORPORATION
(A Discretely Presented Component Unit of the County of Franklin, New York)

Notes to Basic Financial Statements
For the year ended December 31, 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Franklin County Land Bank Corporation (Land Bank) was formed January 13, 2023, and is governed by its articles of incorporation, bylaws and the laws of the State of New York. The Land Bank was established to reduce the number of and concentration of vacant, abandoned and tax-foreclosed properties that are impacting communities in the County of Franklin (County) and promote the responsible redevelopment of these properties to revitalize neighborhoods and improve the quality and quantity of housing. The Land Bank's board of directors is comprised of specific individuals as noted in the bylaws based on their term of office in which they represent. The Land Bank is considered a discretely presented component unit of the County.

The Land Bank acquired 2 parcels during the year-ended December 31, 2024.

Basis For Presentation

The basic financial statements of the Land Bank 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 Land Bank operates as a proprietary fund and utilizes 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 outflow 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 Land Bank utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or an economic asset is used.

Cash

Custodial credit risk related to cash deposits is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Land Bank's investment policy, all deposits of the Land Bank including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIA) shall be secured by a pledge of securities with an aggregate value equal to the aggregate amount of deposits.

The Land Bank had bank balances of \$499,692 at December 31, 2024, of which \$494,191 was insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2024, the remaining bank balance was not collateralized with securities held in the Land Bank's name.

Prepaid Expenses

Prepaid expenses represent payments made by the Land Bank for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are reported in the statement of net position as an asset using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense is reported in the year the goods or services are consumed.

Property Held For Sale

The Land Bank primarily acquires its property held for sale from the County for the purpose of improving those properties and returning them to productive use on the tax rolls. These properties are recorded at the assessed value at the time of donation which management believes approximates acquisition cost. Depending on the condition of the property at the time of donation, certain capital costs may be required to improve that property and will be added to the value of the property held for sale as incurred.

Property held for sale consists primarily of vacant, abandoned or tax foreclosed property donated to the Land Bank by Franklin County. Property held for sale is valued at the estimated market value. Market value is defined as estimated sales price based upon the information available. Costs of property held for sale include acquisition value, renovation costs and other costs that enhance the property's market value.

Capital Assets, Net

Capital assets are reported at actual cost. Donated assets are reported at estimated acquisition cost at the time received. The Land Bank capitalizes furniture and equipment with cost of greater than \$1,000 and depreciates those assets on a straight-line basis generally over 5 years. The Land Bank does not implement a capitalization threshold for leased assets. Leased assets are amortized on a straight-line basis over the term of the lease. There were no capital assets for the year ended December 31, 2024.

Net Position Classifications

In the financial statements, there are three possible classifications of net position:

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt, if any, that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position is the 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. The Land Bank did not have restricted net position as of December 31, 2024.

The unrestricted component of net position is net investment of capital assets and all other net position that does not meet the definition of restricted.

The Land Bank's policy is to first utilize available restricted, and then unrestricted resources in the conduct of its operations.

Classification of Revenue and Expense

Operating revenues are those that result from the provision of services related to the Land Bank's principal purposes and are generally associated with exchange transactions. Nonoperating revenues result from activities that are not directly related to the Land Bank's principal purposes, but that exist in order to support them and generally consist of nonexchange transactions. Other additions arise from nonexchange transactions which provide for the value of donated properties and resources for related capital improvements and are non-exchange transactions.

Grant Revenue – County of Franklin

The Land Bank received a \$500,000 grant from the County for administrative costs in the month of December 2023 and recorded as a deferred inflow for the period ended December 31, 2024. These funds received from the County were American Rescue Act funds.

Grant Revenue

The Land Bank has been awarded various grants to promote community revitalization efforts and to complete its recapitalization and rehabilitation projects. Payments under the grants are based on the estimated needs of the Land Bank on a quarterly basis or based upon project budgets. Revenues from the grants are recognized as eligible project expenditures are incurred. Disbursements exceeding amounts received are recognized as due from New York State (Grants Receivable).

In fiscal year 2024, the Land Bank received the Land Bank Initiative grant funding to support services and expenses of the Land Bank from the Housing Trust Fund Corporation. Phase I will provide essential funding for Land Bank operations and non-capital expenses.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for the deferred inflows of resources. The deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows or resources relate to American Rescue Act funding that has been awarded but not earned.

Income Taxes

The Land Bank is a not-for-profit local public authority formed under Section 402 of New York State not-for-profit corporation law and is exempt from federal income taxes and New York State taxes. Accordingly, no income tax provision has been made.

Use of Estimates

The preparation of the 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 revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of depreciation using useful lives of assets and the fair value of donated property.

2. PROPERTY HELD FOR SALE

The Land Bank's activity related to property held for sale during the fiscal year ending December 31, 2024, is as follows:

Balance at January 1, 2024	Donated Property Acquisitions	Purchased Property Acquisitions	Capital Improvements	Cost of Property Sales	Donated Property Revaluation	Balance at December 31, 2024
\$ -	-	2	-	-	54,998	55,000

The Land Bank acquired 2 parcels of property during the year, donated at acquisition value. The Land Bank did not sell any property in the fiscal year 2024.

3. CONCENTRATIONS

The Land Bank received 99% of its operating revenue from state and local government grants for the year ended December 31, 2024.

4. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Land Bank is subject to various lawsuits and claims. Management believes that the ultimate resolution of these matters will not have a significant effect on the Land Bank's financial position.

The Land Bank participates in grant programs. These programs could be subject to financial and compliance audits and may be conducted in accordance with grantor requirements on a periodic basis. The amounts, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although the Land Bank believes, based upon its review of current activity, the amount of such disallowances, if any, will be immaterial.

5. REVENUE SHARING

As noted in Franklin County Resolution #312 of 2023 for the sale of County owned land, the Franklin County Land Bank Corporation will follow the stated bylaws section 3.4(d) for the remaining unpaid taxes. Section 3.4(d) states that when the Land Bank sells a property, excess revenues from the sale of the property will be used to pay Franklin County the taxes owed on the property minus the interest and penalties.

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 20, 2025, the date on which the financial statements were available to be issued.

A grant application was submitted to the NY Land Bank Initiative (LBI) and FCLB has been awarded \$1.25 million of Capital Funding that will be used to renovate or replace the two properties that are in the FCLB portfolio. Additional properties can also be acquired with the money.



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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

To the Board of Trustees of the
Franklin 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 Franklin County Land Bank Corporation (the "Land Bank"), a discretely presented component unit of the County of Franklin, New York (the "County"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Land Bank's basic financial statements, and have issued our report thereon dated March 20, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Land Bank'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 Land Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of the Land Bank'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 Land Bank'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 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 Land Bank's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

R.A. Mercer & Co., P.C.



West Seneca, New York
March 20, 2025



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
§2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW**

Board of Directors
Franklin County Land Bank Corporation
Malone, New York

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 Franklin County Land Bank (the "Land Bank"), a nonprofit organization and a component unit of the County of Franklin, as of and for the years ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Land Bank's financial statements, and have issued our opinion thereon dated March 20, 2025.

In connection with our audit, nothing came to our attention that caused us to believe the Land Bank failed to comply with the Land Bank's Investment Guidelines, the New York State Comptroller's Investment Guidelines, or §2925 of the New York State Public Authorities Law (collectively, Investment Guidelines), which is the responsibility of the Land Bank's management, insofar as they relate to the financial accounting knowledge of noncompliance with such Investment Guidelines.

This communication is intended solely for the information and use of the Board of Directors and management of the Franklin County Land Bank and the Office of the Comptroller of the State of New York and is not intended to be, and should not be, used by anyone other than these specified parties.

West Seneca, New York
March 20, 2025

R.A. Mercer & Co., P.C.



Kenneth S. Frank, CPA
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Raymond A. Mercer, CPA 1931-1983
Kathryn A. Larracuenta, CPA

March 20, 2025

Board of Directors of the Franklin County Land Bank Corporation
Malone, New York 12953

We have audited the financial statements of Franklin County Land Bank Corporation for the year ended December 31, 2024, and we will issue our report thereon dated March 20, 2025. 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 to you dated March 10, 2025. 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 Franklin County Land Bank Corporation are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year. We noted no transactions entered into by the Organization 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 estimate affecting the financial statements was:

Management's estimate of the values of property held for sale is based on appraisal. We evaluated the methods, assumptions, and data used to develop the asset in determining that it is 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. We noted no such 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 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 disagreement on 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 March 20, 2025.

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 Organization'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 Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and Executive Director of Franklin County Land Bank Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



R.A. Mercer & Co., P.C.