

**ERIE COUNTY LAND BANK
A COMPONENT UNIT OF ERIE COUNTY**

ERIE, PENNSYLVANIA

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

Buseck, Barger, Bleil & Co., Inc.

ERIE COUNTY LAND BANK
A COMPONENT UNIT OF ERIE COUNTY

ERIE, PENNSYLVANIA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Erie County Land Bank

Opinion

We have audited the accompanying financial statements of the Erie County Land Bank ("the Organization"), a component unit of Erie County, of Erie, PA as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Organization'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 financial position of the Erie County Land Bank as of December 31, 2022 and 2021, and the changes in its 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 (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (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 Erie County 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 opinions.

Responsibilities of Management 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, 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 Organization's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS and Government auditing standards, we

- exercise professional judgement 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 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate 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 on pages 6-7 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 the 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 April 28, 2023, on our consideration of the Erie County 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 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 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 Erie County Land Bank's internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Erie County Land Bank and do not purport to, and do not present fairly the financial position of Erie County as of December 31, 2022 and 2021, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Busch, Banger, Bleil & Co. Inc.

Certified Public Accountants
Erie, Pennsylvania



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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*

To the Erie County Land Bank
Erie, PA

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 Erie County Land Bank, a component unit of the County of Erie, Pennsylvania, and the related notes to the financial statements, which collectively comprise the Erie County Land Bank's basic financial statements, and have issued our report thereon dated April 28, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Erie County 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Erie County Land Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of the Erie County 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 Organization'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Erie County Land Bank's financial statements are free from material misstatement, we performed tests of 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. 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 result 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 another purpose.

Busch, Barger, Bleil & Co. Inc.

Certified Public Accountants
Erie, Pennsylvania

**ERIE COUNTY LAND BANK
ERIE, PA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
December 31, 2022**

The discussion and analysis of the Erie County Land Bank's financial performance provides an overall review of the Organization's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the Organization's financial performance as a whole; readers should also review the notes to the financial statements to enhance their understanding of the Organization's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

OVERVIEW OF FINANCIAL STATEMENTS

The Organization's basic financial statements are comprised of enterprise financial statements and the accompanying notes to the financial statements.

Financial Statements

The financial statements are designed to provide readers with a broad overview of the Organization's finances, in a manner similar to a private-sector business. The statement of net position presents information on the Organization's assets and liabilities, with the difference between the two reported as net position. The statement of revenues, expenses and changes in net position shows how the Organization's net position changed during the most recent year. Revenues and expenses are reported in this statement for some items that will result in cash flows in future years, (e.g. investment income earned but not received). The statement of cash flows reconciles the change in net position reported on the statement of revenues, expenses, and changes in net position to the increase or decrease in cash reported for the year.

Notes to the Financial Statements

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE

The Organization's net position was \$3,818,377 and \$3,141,174 at December 31, 2022 and 2021, respectively.

Table A-1
Fiscal Year ended December 31, 2022 and 2021
Net Position

	<u>2022</u>	<u>2021</u>
Assets		
Current assets	\$ 3,688,138	\$ 3,077,758
Inventory held for resale	<u>222,129</u>	<u>115,371</u>
Total Assets	<u>3,910,267</u>	<u>3,193,129</u>
Liabilities		
Current liabilities	<u>91,890</u>	<u>51,955</u>
Net Position		
Restricted	648,820	649,012
Unrestricted	<u>3,070,617</u>	<u>2,492,162</u>
Total Net Position	<u><u>\$ 3,818,377</u></u>	<u><u>\$ 3,141,174</u></u>

A portion of the Organization's net position is restricted for expenditure reimbursement payable to the Erie Land Bank. The Erie County Land Bank has agreed to share 41.4% (2019), 12.4% (2020), 14.1% (2021) & 50.0% (2022) of its yearly Gaming Revenue with the Erie Land Bank because they share a similar mission. The Erie Land Bank may draw on these funds at their discretion.

The results of this year's operations as a whole are reported in the Statement of Revenues, Expenses and Changes in Net Position (Exhibit II). Table A-2 takes the information from that Statement, rearranges it slightly, to present total revenues and expenses for the year.

Table A-2
Fiscal Year ended December 31, 2022 and 2021
Changes in Net Position

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Erie County Gaming Revenue	\$ 1,000,000	\$ 1,000,000
Gain/(loss) on sale of inventory	<u>32,064</u>	<u>(54,841)</u>
Total Operating Revenues	<u>1,032,064</u>	<u>948,159</u>
Operating Expenses		
Erie Land Bank	308,602	129,409
Department of planning reimbursement	80,495	95,261
Other operating expenses	<u>69,833</u>	<u>50,481</u>
Total Operating Expenses	<u>458,930</u>	<u>275,151</u>
Net Income from Operations	<u>573,134</u>	<u>673,008</u>
Non-Operating Revenues		
Interest income	<u>5,129</u>	<u>4,241</u>
Increase in Net Position, Before Capital Contributions	<u>578,263</u>	<u>677,249</u>
Capital Contributions	<u>98,940</u>	<u>44,100</u>
Increase (Decrease) in Net Position	<u>\$ 677,203</u>	<u>\$ 721,349</u>

During 2022, the Organization's revenues exceeded its expenses by \$677,203. Compared to 2021, operating revenues increased \$83,905 (8.8%). This increase was the result of increased gains from the sale of properties. Expenses increased \$183,779 (67.0%) from 2021. The increase was due to more project costs incurred by the Erie Land Bank.

INVENTORY SALES

Inventory Held for Resale

At December 31, 2022, the Organization had \$222,129 invested in properties to re-develop for resale. This amount represents a net increase (92.5%), including additions and deletions from 2021.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Organization's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Erie County Land Bank, 1230 Townhall Road West, Erie, PA 16509.

ERIE COUNTY LAND BANK
A COMPONENT UNIT OF ERIE COUNTY
STATEMENT OF NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2022 & 2021

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	\$ 3,677,104	\$ 3,068,049
Prepaid expenses	11,034	9,709
Inventory held for resale	<u>222,129</u>	<u>115,371</u>
<u>Total Assets</u>	<u>\$ 3,910,267</u>	<u>\$ 3,193,129</u>
 <u>Liabilities</u>		
Current Liabilities:		
Accounts payable	\$ 90,855	\$ 51,836
Credit cards	<u>1,035</u>	<u>119</u>
<u>Total Liabilities</u>	<u>91,890</u>	<u>51,955</u>
 <u>Net Position</u>		
Restricted	648,820	649,012
Unrestricted	<u>3,169,557</u>	<u>2,492,162</u>
<u>Total Net Position</u>	<u>3,818,377</u>	<u>3,141,174</u>
 <u>Total Liabilities and Net Position</u>	<u>\$ 3,910,267</u>	<u>\$ 3,193,129</u>

ERIE COUNTY LAND BANK
A COMPONENT UNIT OF ERIE COUNTY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2022 & 2021

	<u>2022</u>	<u>2021</u>
<u>Operating Revenues:</u>		
Grants - Erie County Gaming Revenue	\$ 1,000,000	\$ 1,000,000
Gain/(loss) on sale of inventory	32,064	(51,841)
<u>Total Operating Revenue</u>	<u>1,032,064</u>	<u>948,159</u>
<u>Operating Expenditures:</u>		
Advertising	1,374	597
Bank fees and charges	15	30
Conferences and meetings	10,344	2,691
Department of planning reimbursement	80,495	95,261
Dues and subscriptions	325	325
Erie Land Bank	308,602	129,409
Insurance expense	8,037	8,546
Legal and professional fees	20,915	21,327
Office expense	28,823	16,965
<u>Total Expenditures</u>	<u>458,930</u>	<u>275,151</u>
Net Income from Operations	573,134	673,008
<u>Non-Operating Revenue (Expense)</u>		
Interest income	5,129	4,241
<u>Increase in Net Position, Before Capital Contributions</u>	578,263	677,249
Capital contributions	98,940	44,100
<u>Increase in Net Position</u>	677,203	721,349
<u>Net Position, Beginning of Year</u>	<u>3,141,174</u>	<u>2,419,825</u>
<u>Net Position, End of Year</u>	<u>\$ 3,818,377</u>	<u>\$ 3,141,174</u>

ERIE COUNTY LAND BANK
A COMPONENT UNIT OF ERIE COUNTY
STATEMENTS OF CASH FLOWS
AS OF DECEMBER 31, 2022 & 2021

	<u>2022</u>	<u>2021</u>
<u>Cash flows from operating activities</u>		
Change in net position	\$ 677,203	\$ 721,349
Adjustments to reconcile increase in net position to net cash provided by (used in) operating activities:		
Changes in:		
Prepaid expenses	(1,325)	(3,559)
Accounts payable	39,019	23,691
Credit card liabilities	916	119
<u>Net cash provided by (used in) operating activities</u>	<u>38,610</u>	<u>20,251</u>
<u>Cash flows from (used in) investing activities:</u>		
Property purchased for resale	(106,758)	(39,632)
<u>Net cash provided by (used in) investing activities:</u>	<u>(106,758)</u>	<u>(39,632)</u>
<u>Net increase (decrease) in cash and cash equivalents</u>	609,055	701,968
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>3,068,049</u>	<u>2,366,081</u>
<u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 3,677,104</u>	<u>\$ 3,068,049</u>

ERIE COUNTY LAND BANK
A COMPONENT UNIT OF ERIE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Erie County Land Bank (the “Organization”) was formed on June 7, 2018. The purpose of the Organization is to acquire, hold, and transfer interest in real property throughout Erie County as approved by the board of directors for the following purposes: to deter the spread of blight; to promote redevelopment and reuse of vacant, abandoned, and tax-delinquent properties; to support targeted efforts to stabilize neighborhoods; to stimulate residential, commercial and industrial development; all in ways that are consistent with goals and priorities established by the Ordinance. The Organization is a component unit of Erie County.

Component units, although legally separate entities are, in substance, part of the primary government’s operations. The criteria used to determine a component unit is based upon the control or dependency on the County. Control by or dependence on the County was determined on the basis of: budget adoption, taxing authority; outstanding debt secured by revenues or general obligation of the County; and obligation of the County to finance any deficits that may occur or receipt of significant subsidies from the County.

These financial statements include only the activities of the component unit. The operations of Erie County are addressed in a separate financial statement, which may be obtained at the administrative offices of the County.

B. Basis of Presentation and Accounting

The Organization’s financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, and the Accounting Principles Board (APB) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The accrual basis of accounting recognizes revenues when they are earned, and it recognizes expenditures in the accounting period in which the liability is incurred.

C. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles sometimes requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Cash Equivalents, Deposits and Investments

Cash and cash equivalents, for purpose of the statement of cash flows, include restricted and unrestricted cash on hand or on deposit, certificates of deposit and investments with a maturity of three months or less.

The deposit policy of the Organization adheres to state statutes and prudent business practice.

E. Inventory (Properties Held for Resale)

The fair market value of real estate held as inventory by the Erie County Land Bank is not generally reflected in the entity's financial statements until it is sold. Generally Accepted Accounting Principles require inventory be booked at cost or fair market value, whichever is less. Costs, including those related to the acquisition, demolition and rehabilitation of properties held for resale are capitalized. These costs are reclassified as expenses once a property is sold.

F. Capitalization and Depreciation

Improvements and equipment purchases are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is recorded on capitalized assets using the straight-line method.

G. Budget

An operating budget will be adopted each year for the Organization. Adoption of the budget by the Erie County Land Bank constitutes appropriations for the expenditures for the fiscal year. Encumbrances are not liabilities and therefore, are not recorded as expenditures until receipt of material or service.

For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are appropriated in the next year.

H. Net Position

Net position is classified as follows:

Restricted: This category includes items that contain constraints of the government from its highest level of decision-making authority. The amounts in the restricted portion of net position are to be held for future improvements to be made by the Erie Land Bank.

Unrestricted: This represents the remainder of the Organization's net position.

I. Receivables and Payables

Receivables and payables resulting from transactions between primary government and the component unit for services provided or goods received are classified as "Due to Primary Government" or Due from Component Unit" on the financial statements.

J. Claims and Judgements

These events and obligations are recorded on the accrual basis, when the event occurs and the obligation arises.

K. Capital Contributions

Contributions are recognized in the Statement of Revenues, Expenses, and Changes in Net Position when earned. Contributions include the fair market value of the land for properties donated to the Organization for revitalization, demolition, and future disposition.

As of December 31, 2022 and 2021, the Erie County Land Bank has received \$98,940 and \$44,100, respectively, in property donations (capital contributions) to carry on their mission of neighborhood stabilization.

NOTE 2 – CASH

Cash:

Custodial Credit Risk – Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Erie County Land Bank does not have a policy for custodial credit risk. At December 31, 2022, the carrying amount was \$3,677,104 and the bank balance was \$3,702,530. Of the bank balance, \$250,000 was covered by federal depository insurance at their financial institution. The remaining \$3,452,530 was exposed to custodial credit risk.

NOTE 3 – RELATED PARTY TRANSACTIONS

The Erie Land Bank is a similar organization that operates within the city limits of Erie, Pennsylvania. The Erie Land Bank is a Component Unit of the City of Erie. As of 2022, the Organization had awarded a total of \$1,589,000 to the Erie Land Bank to be used for the Erie Land Bank Workplan I & II, 2021, 2022 & 2023, respectively. The ECLB will continue to evaluate further projects in accordance with their Intergovernmental Cooperation Agreement. As of December 31, 2022, the Erie Land Bank had drawn the following from Work Plan I & II, 2021, 2022, & 2023:

Work Plan I:

Share of ECGRA Revenue	\$ 414,000
Paid out as of 12/31/2022	(332,569)
Project completed: underspent	<u>(81,431)</u>
Funds remaining 12/31/2022	<u><u>-</u></u>

Work Plan II

Share of ECGRA Revenue	\$ 124,000
Paid out as of 12/31/2022	(93,841)
Project completed: underspent	<u>(30,159)</u>
Funds remaining 12/31/2022	<u><u>-</u></u>

Work Plan 2021

Share of ECGRA Revenue	\$ 141,000
Paid out as of 12/31/2022	<u>(139,427)</u>
Funds remaining 12/31/2022	<u><u>1,573</u></u>

Work Plan 2022

Share of ECGRA Revenue	\$ 500,000
Paid out as of 12/31/2022	<u>(233,879)</u>
Funds remaining 12/31/2022	<u><u>266,121</u></u>

Work Plan 2023

Share of ECGRA Revenue	\$ 410,000
Paid out as of 12/31/2022	<u>(28,874)</u>
Funds remaining 12/31/2022	<u><u>381,126</u></u>

Total remaining funds all Work Plans	<u><u>\$ 648,820</u></u>
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NOTE 4 – INVENTORY HELD FOR RESALE

Properties held for resale are recorded by the Organization at cost, which totaled approximately \$222,129 and \$115,371 as of 2022 and 2021, respectively. All property held by the Organization is considered property held for resale and therefore no depreciation was recorded during the years ended December 31, 2022 and 2021. Seven properties were sold and released from the Erie County Land Bank's possession in 2022. These transactions amounted to a total book gain/(loss) of \$32,064 and (\$51,841) as of December 31, 2022 and 2021.

NOTE 5 – RENT

Due to the conclusion of the management agreement with the Erie County Department of Planning, the Organization rents office space from Summit Township, located in the Summit Township Municipal Building at 1230 Townhall Road West, Erie, PA 16509 as of November 1, 2022. The lease requires fixed annual rent payments of \$4,800/year or \$400/month until December 31, 2023, the end of the initial lease term. The lease can be extended on yearly increments through lease amendments at the discretion of the Organization and Summit Township. The financial statements include rent expense of \$800 for the year ended December 31, 2022, and no expense as of December 31, 2021, as this is the first year with a leased office space. Although the lease falls under the guidance of the recently implemented GASB 87 – Leases, it is considered immaterial to the financial statements and is, therefore, accounted for in a manner consistent with lease accounting prior to GASB 87.

The following lease payments are due for next year:

<u>Year Ended December 31,</u>	
2023	<u>\$ 4,800</u>

NOTE 6 – RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts, theft of, damage to, and construction of assets, injury and natural disasters. As of December 31, 2022 and 2021, the Organization has adequate insurance coverage for those risks.

NOTE 7 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 28, 2023, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

ERIE COUNTY LAND BANK
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2022

	For the Year Ended December 31, 2022			
	Original and Final Budget	Actual	Variance: Favorable (Unfavorable)	2021
<u>Operating Revenue</u>				
Grants - Erie County Gaming Revenue	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,000,000
Gain/(loss) on sale of inventory	6,000	32,064	26,064	(51,841)
<u>Total Operating Revenue</u>	<u>1,006,000</u>	<u>1,032,064</u>	<u>26,064</u>	<u>948,159</u>
<u>Operating and Administrative Expenses</u>				
Advertising	2,400	1,374	1,026	597
Bank fees and charges	30	15	15	30
Conferences and meetings	10,000	10,344	(344)	2,691
Department of planning reimbursement	110,000	80,495	29,505	95,261
Dues and subscriptions	325	325	-	325
Erie Land Bank	500,000	308,602	191,398	129,409
Insurance expense	12,000	8,037	3,963	8,546
Legal and professional fees	41,000	20,915	20,085	21,327
Office expense	16,948	28,823	(11,875)	16,965
<u>Total Operating and Administrative Expenses</u>	<u>692,703</u>	<u>458,930</u>	<u>233,773</u>	<u>275,151</u>
<u>Net Operating Income</u>	<u>313,297</u>	<u>573,134</u>	<u>(207,709)</u>	<u>673,008</u>
<u>Non-Operating Revenue (Expense)</u>				
Interest income	3,000	5,129	2,129	4,241
<u>Increase in Net Position, Before Capital Contributions</u>	<u>316,297</u>	<u>578,263</u>	<u>(205,580)</u>	<u>677,249</u>
Capital contributions	-	98,940	98,940	44,100
<u>Increase (Decrease) in Net Position</u>	<u>\$ 316,297</u>	<u>\$ 677,203</u>	<u>\$ 360,906</u>	<u>\$ 721,349</u>