

**Erie County Land Bank
(A Component Unit of Erie County)**

Financial Statements and
Required Supplementary Information and
Supplementary Information

Year Ended December 31, 2025
with Independent Auditor's Report

MaherDuessel

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ERIE COUNTY LAND BANK
(A COMPONENT UNIT OF ERIE COUNTY)

YEAR ENDED DECEMBER 31, 2025

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Independent Auditor's Report

**Board of Directors
Erie County Land Bank**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Erie County Land Bank (Land Bank), a component unit of Erie County, as of and for the year ended December 31, 2025, 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 referred to above present fairly, in all material respects, the financial position of the business-type activities of the Land Bank, as of December 31, 2025, and the changes in financial position and cash flows thereof 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 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 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Land Bank's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Land Bank's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Land Bank's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2026, 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.

Maher Duessel

Pittsburgh, Pennsylvania
April 28, 2026

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2025

The Management's Discussion and Analysis (MD&A) of the Erie County Land Bank's (Land Bank) financial performance provides an overall review of the Land Bank's financial activities for the year ended December 31, 2025. The intent of this MD&A is to look at the Land Bank's financial performance as a whole; readers should also review the notes to financial statements to enhance their understanding of the Land Bank's financial performance.

Overview of Financial Statements

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

Financial Statements

The financial statements are designed to provide readers with a broad overview of the Land Bank's finances, in a manner similar to a private-sector business. The statement of net position presents information on the Land Bank'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 Land Bank'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 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 Land Bank as a Whole

The Land Bank's net position was \$3,879,212 and \$4,012,449 at December 31, 2025 and 2024, respectively.

Table A-1
Years Ended December 31, 2025 and 2024
Statements of Net Position

	2025	2024*	Increase (Decrease)
Assets:			
Current assets	\$ 4,104,513	\$ 4,365,453	\$ (260,940)
Total current assets	4,104,513	4,365,453	(260,940)
Noncurrent assets:			
Prepaid closing cost	8,356	-	8,356
Property held for resale	103,177	143,437	(40,260)
Right-of-use asset - leases, net	42,395	54,974	(12,579)
Total noncurrent assets	153,928	198,411	(52,839)
Total Assets	4,258,441	4,563,864	(305,423)
Liabilities:			
Current liabilities	347,199	496,441	(149,242)
Total current liabilities	347,199	496,441	(149,242)
Noncurrent liabilities:			
Lease liability, net of current portion	32,030	54,974	(22,944)
Total noncurrent liabilities	32,030	54,974	(22,944)
Total Liabilities	379,229	551,415	(172,186)
Net Position:			
Net investment in capital assets	(1,433)	-	(1,433)
Unrestricted	3,880,645	4,012,449	(131,804)
Total Net Position	\$ 3,879,212	\$ 4,012,449	\$ (133,237)

*Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

During 2025, the Land Bank's assets exceeded its liabilities by \$3,879,212. Compared to 2024, assets decreased \$305,423 (7.2%). This decrease was the result of lower cash balances. Liabilities decreased \$172,186 (45.4%) from 2024. The decrease was due to the change in the amount of unearned revenue related to PHARE grants.

The results of the current year's operations as a whole are reported in the statement of revenues, expenses and changes in net position. Table A-2 takes the information from

that statement and rearranges it slightly to present total revenues and expenses for the year.

Table A-2
Years Ended December 31, 2025 and 2024
Statements of Revenues, Expenses, and Changes in Net Position

	2025	2024	Increase (Decrease)
Operating Revenues:			
Grant revenue	\$ 1,130,000	\$ 1,000,000	\$ 130,000
Total operating revenues	1,130,000	1,000,000	130,000
Operating Expenses:			
Intergovernmental grants to related party	610,028	443,396	166,632
Intergovernmental grants	395,952	260,103	135,849
Salaries, taxes, and employee benefits	202,464	222,303	(19,839)
Other operating expenses	184,135	198,504	(14,369)
Total operating expenses	1,392,579	1,124,306	268,273
Net Income (Loss)	(262,579)	(124,306)	(138,273)
Nonoperating Revenues (Expenses):			
Gain (loss) on sale of property	(18,731)	(335,033)	316,302
Interest/other income	124,073	131,876	(7,803)
Total nonoperating revenues	105,342	(203,157)	308,499
Change in Net Position before Capital Contributions	(157,237)	(327,463)	170,226
Capital Contributions	24,000	65,000	(41,000)
Change in Net Position	\$ (133,237)	\$ (262,463)	\$ 129,226

During 2025, the Land Bank's operating expenses exceeded its operating revenues by \$262,579. Compared to 2024, operating revenues increased \$130,000 (11.5%). This increase resulted from additional grant revenue. Operating expenses increased \$268,273 (19.3%) from 2024. The increase was due to a increase in expenses related to renovations and the Erie Land Bank work plans.

A portion of the Land Bank's expenses is for reimbursements payable to the Erie Land Bank. The Land Bank has agreed to share 27.5% (2024), and 50% (2025) 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.

Property Sales

At December 31, 2025, the Land Bank had \$103,177 invested in properties to re-develop for resale. This amount represents a net decrease (28.1%), including additions and deletions from 2024.

Budget Highlights

The budget is prepared on the accrual basis of accounting. The budget is reviewed and approved by the Board of Directors annually. In the current year, the budget had the following fluctuations between actual amounts:

- \$30,000 favorable variance for PHARE grant revenue due to receiving more grant funds than anticipated.
- \$26,729 unfavorable variance for educational program expense due to left over materials from the previous program, there for the Land Bank did not have to spend the full amount in the current year.
- \$20,423 unfavorable variance for office expense due to the Land Bank budgeting more conservatively and based on prior years.
- \$103,536 unfavorable variance for salaries, taxes, and employee benefits expense due to staff reconstruction.
- \$108,297 favorable variance for intergovernmental grants to related party expense due to timing of expense requests in relation to the budget period.
- \$45,297 favorable variance related to property management and supplies expense due to timing of projects and budgeting based on prior year actuals.
- \$60,731 unfavorable variance related to gain/loss on sale of property due to costs being higher for current properties that were sold.
- \$24,000 favorable variance related to capital contributions due to the Land Bank not budgeting for this line as it is unpredictable for the Land Bank to know what they will receive each year.

Future Outlook

The financial outlook for the Land Bank is solid with the stable funding provided by Erie County Gaming Revenue funds, additional grants awarded, real estate sales proceeds, and solid investments of available funds. All of these factors combined with low overhead and sound fiscal management provide for a positive outlook on the future of the Erie County Land Bank.

Requests for Information

This financial report is designed to provide a general overview of the Land Bank'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

DECEMBER 31, 2025

Assets	
Current assets:	
Cash and cash equivalents	\$ 3,589,832
Certificates of deposit	503,119
Prepaid expenses	11,562
Total current assets	4,104,513
Noncurrent assets:	
Prepaid closing cost	8,356
Property held for resale	103,177
Right-of-use asset - leases, net	42,395
Total noncurrent assets	153,928
Total Assets	\$ 4,258,441
Liabilities and Net Position	
Liabilities:	
Current liabilities:	
Accounts payable	\$ 58,437
Accrued expenses	6,964
Lease liability	11,798
Unearned revenue	270,000
Total current liabilities	347,199
Noncurrent liabilities:	
Lease liability, net of current portion	32,030
Total Liabilities	379,229
Net Position:	
Net investment in capital assets	(1,433)
Unrestricted	3,880,645
Total Net Position	3,879,212
Total Liabilities and Net Position	\$ 4,258,441

See accompanying notes to financial statements.

ERIE COUNTY LAND BANK
(A COMPONENT UNIT OF ERIE COUNTY)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED DECEMBER 31, 2025

Operating Revenues:	
Grants - Erie County Gaming Revenue	\$ 1,000,000
Grants - PHARE	130,000
	1,130,000
Operating Expenses:	
Advertising	774
Bank fees and charges	3,408
Conferences and meetings	24,682
Dues and subscriptions	6,586
Educational programs	3,271
Insurance expense	11,060
Legal and professional fees	50,757
Intergovernmental grants to related party	608,297
Intergovernmental grants	395,952
Office expense	43,619
Property management and supplies	26,989
Salaries, taxes, and employee benefits	202,464
Amortization	12,579
Other	2,141
	1,392,579
Operating Income (Loss)	(262,579)
Nonoperating Revenues (Expenses):	
Gain (loss) on sale of property	(18,731)
Interest income	114,245
Other nonoperating revenue	9,828
	105,342
Income (Loss) Before Capital Contributions	(157,237)
Capital Contributions	24,000
	(133,237)
Change in Net Position	
Net Position:	
Beginning of year	4,012,449
End of year	\$ 3,879,212
	3,879,212

See accompanying notes to financial statements.

ERIE COUNTY LAND BANK
(A COMPONENT UNIT OF ERIE COUNTY)

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2025

Cash Flows From Operating Activities:	
Other operating receipts	\$ 1,400,000
Payments to employees	(199,435)
Payments to suppliers	(1,213,193)
	(12,628)
Net cash provided by (used in) operating activities	
	(12,628)
Cash Flows From Capital and Related Financing Activities:	
Purchase of property held for sale	(4,352)
Proceeds from sale of property held for sale	49,881
Proceeds from prepaid closing costs	(8,356)
Payments on lease liability	(11,146)
Other capital and related financing receipts	9,828
	35,855
Net cash provided by (used in) capital and related financing activities	
	35,855
Cash Flows From Investing Activities:	
Interest income	114,245
Purchase of certificates of deposit	(503,119)
	(388,874)
Net cash provided by (used in) investing activities	
	(388,874)
Net Increase (Decrease) in Cash and Cash Equivalents	
	(365,647)
Cash and Cash Equivalents:	
Beginning of year	3,955,479
End of year	\$ 3,589,832
	3,589,832

(Continued)

See accompanying notes to financial statements.

ERIE COUNTY LAND BANK
(A COMPONENT UNIT OF ERIE COUNTY)

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2025
(Continued)

Reconciliation of Operating Income (Loss) to Net Cash

Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ (262,579)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Amortization expense	12,579
Change in:	
Accounts receivable	400,000
Prepaid expenses	(1,588)
Accounts payable	(34,069)
Accrued expenses	3,029
Unearned revenue	(130,000)
Net cash provided by (used in) operating activities	<u>\$ (12,628)</u>

Schedule of Noncash Capital and Related Financing Activities:

Noncash contribution of property	<u>\$ 24,000</u>
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(Concluded)

See accompanying notes to financial statements.

ERIE COUNTY LAND BANK (A COMPONENT UNIT OF ERIE COUNTY)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

1. Organization and Operations

The Erie County Land Bank (Land Bank) was formed in June 2018 pursuant to Act 153 of 2012, enacted by the Pennsylvania General Assembly and signed into law by the Governor on October 24, 2012 (the Pennsylvania Land Bank Law). The Land Bank is a public entity and qualifies as a tax-exempt organization under Section 501(c)(1) of the Internal Revenue Code.

The Board of Directors (Board) is comprised of nine (9) volunteer members. Seven (7) members are appointed by the Erie County Council, and two (2) members are appointed by the County Executive with the advice of Council. The Board selects management and approves budgets.

Nature of Operations

The purpose of the Land Bank is to acquire, hold, and transfer interest in real property throughout Erie County (County) as approved by the Board 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.

Reporting Entity

The Land Bank is a component unit of the County. The County is considered to be financially accountable for the Land Bank as the County has an obligation to finance any deficits that may occur and the Land Bank receives significant subsidies from the County.

The accompanying financial statements present only the activity of the Land Bank and do not present the financial activity of the County taken as a whole.

ERIE COUNTY LAND BANK

(A COMPONENT UNIT OF ERIE COUNTY)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

2. Summary of Significant Accounting Policies

Measurement Focus and Basis of Accounting

The Land Bank is engaged in only business-type activities. The financial statements are presented on the accrual basis of accounting. In this method of accounting, revenues and expenses are identified with specific periods of time and are recorded as incurred without regard to the date of receipt or disbursement of cash. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary fund statements are reported using the economic resources measurement focus and present increases (revenues) and decreases (expenses) in total net position.

The Land Bank distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Land Bank's principal operations. Operating revenues include grants received from Erie County. Operating expenses include the cost of professional services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents and Certificates of Deposit

The Land Bank considers all liquid investments with original maturities of three months or less to be cash equivalents. Certificates of deposit with original maturities greater than three months are reported separately as certificates of deposit and are not included in cash and cash equivalents. At December 31, 2025, cash equivalents consisted primarily of cash on hand and demand deposits with financial institutions.

Prepaid Assets

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements.

ERIE COUNTY LAND BANK
(A COMPONENT UNIT OF ERIE COUNTY)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

Prepaid Closing Costs

Certain legal costs incurred in advance of a property purchase are recorded as prepaid closing costs in the financial statements.

Property Held for Sale

Properties are purchased and rehabilitated for future sale and are considered inventory until sold. Property held for sale is valued at the lower of cost (including acquisition costs, closing costs, and certain demolition/rehabilitation costs) or estimated realizable sale value. If costs exceed net realizable sale value, the property is adjusted down to net realizable sale value.

As of December 31, 2025, the Land Bank holds 24 properties ranging from approximately \$300 to \$16,200.

Leases

The Land Bank lease agreement is recognized as a lease liability and an intangible right-of-use lease asset (lease asset) at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. At the commencement of a lease, the lease liability is measured at the present value of payments expected to be made during the lease term, less any lease incentives. The lease asset is measured at the amount of the initial measurement of the lease liability, adjusted for any payments made to the lessor at or before the commencement of the lease term plus certain initial direct costs. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is amortized on the straight-line method over the shorter of the lease term or the useful life of the underlying asset. Short-term leases are defined as leases that, at the commencement of the lease term, have a maximum possible term under the lease contract of 12 months or less, including any options to extend, regardless of their probability of being exercised. Short-term lease payments are recognized as expenditures based on the payment provisions of the lease contract. An asset is recognized if payments are made in advance or a liability for rent due if payments are to be made subsequent to the reporting period.

Key estimates and judgments related to leases include how the Land Bank determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

ERIE COUNTY LAND BANK

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

- The Land Bank uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Land Bank generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Land Bank is reasonably certain to exercise.

The Land Bank monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Leases are reported as right-of-use asset - leases and lease liability on the statement of net position.

Net Position

Assets are classified into three components – net investment in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
 - Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
 - Unrestricted Net Position – This category represents net position of the Land Bank not restricted for any project or other purpose.
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ERIE COUNTY LAND BANK

(A COMPONENT UNIT OF ERIE COUNTY)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

Budget

An operating budget will be adopted each year for the Land Bank. Adoption of the budget by the 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.

Revenue, Receivables, and Unearned Revenue

Grants and contributions are recorded as revenue when all applicable eligibility requirements are met. Unearned revenue consists primarily of grant funds received prior to incurring eligible expenditures.

Capital Contributions

Contributions are recognized in the statements of revenues, expenses, and changes in net position when earned. Contributions include the fair market value of the land for properties donated to the Land Bank for revitalization, demolition, and future disposition.

As of December 31, 2025, the Land Bank received \$24,000 in property donations (capital contributions) to carry on their mission of neighborhood stabilization.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Adopted Pronouncements

The following Governmental Accounting Standards Board (GASB) Statement was adopted for the year ended December 31, 2025: Statement No. 102 (Certain Risk Disclosures). This statement had no significant impact on the Land Bank's financial statements for the year ended December 31, 2025.

ERIE COUNTY LAND BANK

(A COMPONENT UNIT OF ERIE COUNTY)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

Pending Pronouncements

GASB has issued statements that will become effective in future years, including Statement Nos. 103 (Financial Reporting Model Improvements), 104 (Disclosure of Certain Capital Assets), and 105 (Subsequent Events). Management has not yet determined the impact of these statements on the financial statements.

3. Cash and Cash Equivalents and Certificates of Deposit

Under Section 2007.11 of the Pennsylvania Land Bank Act, the Land Bank is permitted to invest its monies at the discretion of the Board in instruments, obligations, securities, or property determined proper by the Board. Currently, the Land Bank's cash is deposited in bank accounts with two financial institutions.

Custodial Credit Risk - Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Land Bank's deposits may not be returned to it. As of December 31, 2025, the book balance of all deposits totaled \$3,589,832. \$3,106,776 of the Land Bank's bank balance of \$3,606,776 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, as required by PA Act 72 of 1972, but not in the Land Bank's name.

Certificates of Deposit

During 2025, the Land Bank purchased certificates of deposit through two financial institutions. As of December 31, 2025, the book and bank balance was \$503,119. Interest rates on the certificates of deposit varied from 1.0% to 3.93%. Maturities for all certificates of deposits are less than one year.

4. Related Party Transactions and Funding Commitments

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 December 31, 2025, the Land Bank had awarded \$608,297 to the Erie Land Bank to be used for various Erie Land Bank Workplans. As of December 31, 2025, the Land Bank owes Erie Land Bank

ERIE COUNTY LAND BANK

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NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

\$56,856 related to ongoing operations. The Land Bank will continue to evaluate further projects in accordance with their Intergovernmental Cooperation Agreement.

The Land Bank has approved project workplans with the Erie Land Bank that outlines eligible activities and maximum funding amounts. Under these workplans, the Land Bank agrees to reimburse eligible costs incurred by the Erie Land Bank, subject to annual budget appropriation and continued compliance with program requirements. Workplan payments are recognized as expenses when the recipient incurs eligible costs and reimbursement requests are approved by the Land Bank. Although the workplans identify a maximum level of funding, they may be amended or rescinded by the Land Bank and do not create a legally enforceable obligation for amounts not yet incurred and approved. Accordingly, no liability has been recorded in the accompanying financial statements for unpaid workplan amounts as of December 31, 2025.

As of December 31, 2025, the Board had approved workplans with Erie Land Bank with an aggregate remaining balance of \$482,843.

5. Pension Plan

The Land Bank has a 457(b) deferred compensation plan open to all employees. Pension expense was \$17,944 for the year ended December 31, 2025.

6. Risk Management

The Land Bank is exposed to various risks related to property loss and errors and omissions. The Land Bank purchased commercial insurance for claims. The Land Bank has not incurred claims.

7. Leases

In 2024, the Land Bank entered into a lease agreement for office space. The terms of the lease began in July 2024 for a period of five years through June 2029 with monthly principal and interest payments totaling \$1,125 and an incremental borrowing rate of 4.44%. An

ERIE COUNTY LAND BANK
(A COMPONENT UNIT OF ERIE COUNTY)

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

initial lease liability was recorded during fiscal year 2024 in the amount of \$60,565. As of December 31, 2025, the value of the lease liability was \$43,828. The value of the right-of-use asset as of the end of December 31, 2025 was \$60,565 and had accumulated amortization of \$18,170.

The future principal and interest lease payments as of December 31, 2025, were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 11,798	\$ 1,702	\$ 13,500
2027	12,333	1,167	13,500
2028	12,892	608	13,500
2029	<u>6,805</u>	<u>86</u>	<u>6,891</u>
	<u>\$ 43,828</u>	<u>\$ 3,563</u>	<u>\$ 47,391</u>

SUPPLEMENTARY INFORMATION

ERIE COUNTY LAND BANK
(A COMPONENT UNIT OF ERIE COUNTY)

BUDGETARY COMPARISON SCHEDULE

YEAR ENDED DECEMBER 31, 2025

	Year Ended December 31, 2025		
	Original and Final Budget	Actual	Variance
Operating Revenues:			
Grants - Erie County Gaming Revenue	\$ 1,000,000	\$ 1,000,000	\$ -
Grants - PHARE	100,000	130,000	30,000
Total operating revenues	<u>1,100,000</u>	<u>1,130,000</u>	<u>(30,000)</u>
Operating Expenses:			
Advertising	1,990	774	1,216
Bank fees and charges	4,200	3,408	792
Conferences and meetings	17,500	24,682	(7,182)
Dues and subscriptions	5,820	6,586	(766)
Educational programs	30,000	3,271	26,729
Insurance expense	7,221	11,060	(3,839)
Legal and professional fees	65,000	50,757	14,243
Intergovernmental grants to related party	500,000	608,297	(108,297)
Intergovernmental grants	-	395,952	(395,952)
Office expense	64,042	43,619	20,423
Property management and supplies	386,000	26,989	359,011
Salaries, taxes, and employee benefits	306,000	202,464	103,536
Amortization	-	12,579	(12,579)
Other	3,600	2,141	1,459
Total operating expenses	<u>1,391,373</u>	<u>1,392,579</u>	<u>(1,206)</u>
Operating Income (Loss)	<u>(291,373)</u>	<u>(262,579)</u>	<u>(28,794)</u>
Nonoperating Revenues (Expenses):			
Gain (loss) on sale of property	42,000	(18,731)	(60,731)
Interest income	104,769	114,245	9,476
Other nonoperating revenue	-	9,828	9,828
Total nonoperating revenues (expenses)	<u>146,769</u>	<u>105,342</u>	<u>41,427</u>
Income (Loss) Before Contributions	(144,604)	(157,237)	12,633
Capital Contributions	-	24,000	24,000
Change in Net Position	<u>\$ (144,604)</u>	<u>\$ (133,237)</u>	<u>\$ (11,367)</u>

Erie County Land Bank

Independent Auditor's Report in Accordance
with *Government Auditing Standards*

Year Ended December 31, 2025

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
Erie County Land Bank**

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 business-type activities of the Erie County Land Bank (Land Bank), as of and for the year ended December 31, 2025, 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 April 28, 2026.

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 Land Bank’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 Land Bank'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.

Maher Duessel

Pittsburgh, Pennsylvania
April 28, 2026