

**Finger Lakes Regional Land Bank Corporation
(A Discretely Presented Component Unit of the
County of Seneca, New York)**

**Financial Statements as of
December 31, 2016
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

**Finger Lakes Regional Land Bank Corporation
(A Discretely Presented Component Unit of the County of Seneca, New York)**

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INDEPENDENT AUDITOR'S REPORT

March 9, 2017

To the Board of Directors of
Finger Lakes Regional Land Bank Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the Finger Lakes Regional Land Bank Corporation (the Corporation), a discretely presented component unit of the County of Seneca, New York (the County), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2016, 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.

Report On Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, 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 9, 2017 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Corporation's internal control over financial reporting and compliance.

Other Reporting Required by New York State General Municipal Law

In accordance with New York State General Municipal Law, we have also issued our report dated March 9, 2017, on our consideration of the Corporation's compliance with Section 2925(3)(f) of the New York State (NYS) Public Authorities Law. The purpose of that report is to describe anything that came to our attention that caused us to believe the Corporation failed to comply with the Corporation's Investment Guidelines, the NYS Comptroller's Investment Guidelines and Section 2925 of the NYS Public Authorities Law (collectively, the Investment Guidelines).

**Finger Lakes Regional Land Bank
(A Discretely Presented Component Unit of the County of Seneca, New York)**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This section of the Finger Lakes Regional Land Bank Corporation (the Corporation), a discretely presented component unit of the County of Seneca, New York (the County) annual financial report presents discussion and analysis of the Corporation's financial performance during the fiscal year ending December 31, 2016. Please read it in conjunction with the Corporation's financial statements and accompanying notes.

GENERAL INFORMATION

This Corporation was incorporated in November 2015 to address the problems with vacant, abandoned, or tax delinquent property in the County with the intent to return the properties to productive use .

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of two parts: this section, the Management's Discussion and Analysis (MD&A) and the basic financial statements. The Corporation is a self-supporting entity and follows business-type activity reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Business-type activity statements offer short-term and long-term financial information about the activities and operations of the Corporation. This annual report consists of the financial statements and notes to those statements. The Statements of Net Position, Statements of Revenue, Expenses and Changes in Net Position, the Statements of Cash Flows and related notes provide a detailed look at the specific financial activities of the Corporation and generally provide an indication of the Company's financial health. The Statements of Net Position include all of the Corporation's assets and liabilities, using the accrual basis of accounting. The Statements of Revenue, Expenses and Changes in Net Position report all of the revenues and expenses during the time period indicated. The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for debt.

FINANCIAL HIGHLIGHTS

- The Corporation's total net position at December 31, 2016 is \$ (375).
- Total current assets at December 31, 2016 are \$74,625 comprised of cash on hand and a prepaid expense for NYLBA fees.
- Total current liabilities at December 31, 2016 are \$75,000. Current liabilities are comprised of a single \$75,000 grant advance payment which will be recognized as revenue upon completion of grant requirements. The Corporation has provided reasonable assurance that the requirements will be met.
- Operating revenues at December 31, 2016 were \$12,121 as a result of services rendered in-kind. Total in-kind costs were made up of salaries & benefits, travel expenses, and administration costs consisting of advertisement and mailing costs.
- Operating expenses at December 31, 2016 is \$12,496 of which \$375 represents 2016 membership fees and \$12,121 represents in-kind services.
- Operating loss at December 31, 2016 is \$375.

FINANCIAL ANALYSIS OF THE CORPORATION

Below is an analysis of the assets, liabilities, revenues and expenses of the Corporation.

Summary of Assets, Liabilities, and Net Position

	<u>2016</u>
Current assets	\$ <u>74,625</u>
Current liabilities	<u>75,000</u>
Total Net position - unrestricted: Unrestricted	\$ <u><u>(375)</u></u>

CURRENT ASSETS

Current assets at December 31, 2016 were comprised of mostly cash from a state provided grant, and a prepaid expense for 2017 NYLBA dues.

INVENTORY

At this moment, the Corporation does not own any inventory. Management is actively discussing plans to invest in inventory in the near future upon full recognition of the state provided grant.

CAPITAL ASSETS

At this moment, the Corporation does not possess any capital assets.

CURRENT LIABILITIES

Current liabilities are comprised of a single state provided grant advance. This is part of a two part, \$150,000 grant awarded from the Local Initiatives Support Corporation (LISC). Each portion (\$75,000) will be recognized as revenue upon satisfaction of agreed upon conditions laid out by LISC. The Corporation has provided reasonable assurance that these conditions will be met in the near future.

BUDGET

The Corporation budgeted total revenues of \$78,600 of which \$75,000 related to grant revenue and \$3,600 to other municipal subsidy grants. In-kind transactions were not budgeted for and the \$75,000 grant revenue was recorded as a grant advance given no related expenses have been incurred as of December 31, 2016. There was no activity related to the \$3,600 other municipal subsidy grant.

The Corporation budgeted \$41,200 of expenses for the year ending December 31, 2016, of which \$25,000 related to salaries and wages and benefits and \$16,200 relating to service contracts, supplies and materials. These expenses were all zero for the year end given the fact that no employees were hired and no projects commenced nor were properties obtained.

FINANCIAL ANALYSIS OF THE CORPORATION (Continued)

Summary of Revenues, Expenses, and Change in Net Position

	<u>2016</u>
OPERATING REVENUES:	
In-Kind Revenue	\$ <u>12,121</u>
Total operating revenues	<u>12,121</u>
OPERATING EXPENSES:	
Miscellaneous Expense	375
In-Kind Expense	<u>12,121</u>
Total operating expenses	<u>12,496</u>
OPERATING INCOME	<u>(375)</u>
CHANGE IN NET POSITION	(375)
NET POSITION - beginning of year	<u>-</u>
NET POSITION - end of year	<u>\$ (375)</u>

OPERATING REVENUES

There were no property sales during the year ended December 31, 2016. Operating revenue is made up of services rendered in-kind consisting of salaries, allocated based on number of hours worked per individual, travel expenses incurred, and administration costs consisting of advertisement and mailing costs.

OPERATING EXPENSES

Operating expenses in 2016 were comprised of services rendered in-kind, as well as a \$375 miscellaneous expense to pay for NYLBA fees.

OPERATING RESULTS

The Corporation had operating income of \$ (375) for the year ended December 31, 2016. The negative balance is the result of a state provided grant which cannot yet be recognized as revenue, and the fact that the Corporation has not yet invested in any inventory that would be able to generate a profit.

REQUEST FOR INFORMATION

This financial report is designed to provide the reader with a general overview of the Corporation's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Finger Lakes Regional Land Bank Corporation - Seneca County Department of Planning and Community Development, One DiPronio Drive, Waterloo, NY 13165.

Finger Lakes Regional Land Bank Corporation
(A Discretely Presented Component Unit of the County of Seneca, New York)

STATEMENT OF NET POSITION
DECEMBER 31, 2016

ASSETS

CURRENT ASSETS:

Cash	\$	73,125
Prepaid expenses		<u>1,500</u>
Total current assets		<u>74,625</u>
Total assets		<u>74,625</u>

LIABILITIES

CURRENT LIABILITIES:

Grant advance		<u>75,000</u>
Total current liabilities		<u>75,000</u>
Total liabilities		<u>75,000</u>

NET POSITION

Unrestricted		<u>(375)</u>
Total net position	\$	<u><u>(375)</u></u>

The accompanying notes are an integral part of these statements.

Finger Lakes Regional Land Bank Corporation
(A Discretely Presented Component Unit of the County of Seneca, New York)

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

OPERATING REVENUES:

In-Kind revenue \$ 12,121

Total operating revenues 12,121

OPERATING EXPENSES:

Miscellaneous expense 375

In-Kind expense 12,121

Total operating expenses 12,496

OPERATING LOSS (375)

CHANGE IN NET POSITION (375)

NET POSITION - beginning of year -

NET POSITION - end of year \$ (375)

The accompanying notes are an integral part of these statements.

Finger Lakes Regional Land Bank Corporation
(A Discretely Presented Component Unit of the County of Seneca, New York)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from grant subsidies	\$ 75,000
Cash paid for membership dues	<u>(1,875)</u>

Net cash from operating activities	<u>73,125</u>
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CHANGE IN CASH	73,125
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CASH - beginning of year	<u>-</u>
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CASH - end of year	<u>\$ 73,125</u>
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RECONCILIATION OF OPERATING LOSS TO CASH FLOWS
FROM OPERATING ACTIVITIES:

Operating loss	\$ (375)
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Adjustments to reconcile operating loss to net cash flow
from operating activities:

Changes in:

Prepaid expenses	(1,500)
Grant advance	<u>75,000</u>

Net cash from operating activities	<u>\$ 73,125</u>
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NONCASH ACTIVITIES:

The County paid \$12,121, mostly comprised of salaries and benefits, to manage and operate the Corporation during the fiscal year ending December 31, 2016. This transaction is reflected as in-kind operating revenue and operating expense.

The accompanying notes are an integral part of these statements.

**Finger Lakes Regional Land Bank Corporation
(A Discretely Presented Component Unit of the County of Seneca, New York)**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016**

1. ORGANIZATION

The Finger Lakes Regional Land Bank Corporation (the Corporation), was formed in 2015 to address the problems of vacant, abandoned, or tax delinquent property in the County of Seneca, New York (the County), in a coordinated manner through the acquisition of real property. The mission of the Corporation is to return that property to productive use in order to strengthen the economy, improve the quality of life, and improve the financial condition of the municipalities, through the use of the powers and tools granted to land banks by New York State (NYS).

The Corporation is considered a discretely presented component unit of the County based upon the fact that the County appoints a voting majority of the Corporation's governing body and there is a financial benefit/burden relationship between the County and the Corporation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The basic financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for establishing governmental accounting and financial principles.

Measurement Focus and Basis of Accounting

The Corporation operates as a proprietary fund. Proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position.

The Corporation utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset is used.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Corporation was organized as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code.

Prepaid Expenses

Prepaid expenses are comprised of 2017 membership fees paid prior to fiscal year ending December 31, 2016.

Grant and Government Subsidy Revenue Advance

In one instance, the Corporation received grant and government subsidy revenue prior to meeting the definition of earned. Such amounts are reflected as a liability, grant advance, until the amount is deemed earned and then recognized as revenue. Currently the Corporation is in the process of satisfying agreed upon conditions to recognize revenue of a two part \$75,000 loan (\$150,000 total) from Local Initiatives Support Corporation (LISC).

Operating and Non-operating Revenues and Expenses

As a business-type activity, the Corporation distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses are mostly comprised of grant and government subsidy revenue resulting from in-kind services associated with the principal activities of the Corporation. There are no non-operating revenues and expenses at December 31, 2016.

Net Position

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Corporation does not have net investment in capital assets at December 31, 2016.
- b. Restricted net position - net position with constraints placed on their use either by (1) external groups such as creditors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Corporation does not have restricted net position at December 31, 2016.
- c. Unrestricted net position - all other net position that does not meet the definition of net investment in capital assets or restricted net position.

It is the Corporation's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The Corporation follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conform with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the CFO.

Monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within and authorized to do business in New York State (NYS). Collateral is required for deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are those identified in NYS General Municipal Law, Section 10 and outlined in the NYS Comptroller's Financial Management Guide.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Corporation has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Corporation's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Corporation's investment and deposit policy, all deposits of the Corporation 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 Corporation restricts the securities to the following eligible items:

- Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation;
- Obligations partially insured or guaranteed by an agency of the United States of America;
- Obligations issued or fully insured or guaranteed by NYS;
- Obligations issued by a municipal corporation, school district or district corporation of NYS;
- Obligations issued by states (other than NYS) of the United States of America rated in one of the two highest rating categories by at least one Nationally Recognized Statistical Rating Organization (NRSRO).

The Corporation maintained cash balances with a financial institution insured by the FDIC up to \$250,000, for interest bearing and non-interest bearing accounts. At December 31, 2016 the Corporation's deposits consisted of \$75,000 in cash and was insured in full by FDIC.

4. AGREEMENT WITH COUNTY OF SENECA, NEW YORK

The Corporation entered into an agreement with the County for the period of January 1, 2016 through December 31, 2016. As part of this agreement, the Corporation will conduct various neighborhood revitalization services such as promoting safe and affordable housing within the County, and revitalizing and returning to use vacant properties. In exchange, the County will provide all administrative functions necessary for the Corporation in connection with this agreement.

As part of this agreement the Corporation is to pay \$200/ hour for services provided to them by the County Attorney or Assistant County Attorney. In addition, the Corporation agrees to reimburse the County for all reasonable expenses incurred by the County in the performance of administrative services on its behalf. The County agrees to invoice the Corporation on a quarterly basis. Based upon on this agreement, the County may, at its discretion, offer all or a portion of these services as an in-kind contribution of the County to the operations of the Corporation. The Corporation has not received any billings from the County as of December 31, 2016.

The total value of these in-kind services provided by the County are \$12,121 for the year ending December 31, 2016 and are recorded as in-kind operating revenue and expenses for the year ending December 31, 2016.

5. NEW AND UPCOMING PRONOUNCEMENTS

New Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This standard addresses accounting and financial reporting issues related to fair value measurements and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Corporation adopted the provisions of Statement No. 72 for the year ending December 31, 2016 with no material effect on the financial statements.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provision of GASB Statement 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purposes external financial reports of statement local governments for making decision and assessing accountability. The Corporation is required to adopt portions of the provisions of Statement No. 73 for the years ending December 31, 2016 and 2017, pending applicability. The Corporation considered the provisions related to GASB Statement No. 73 as of December 31, 2016, and concluded there is no material effect on the financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP) and reduce the GAAP hierarchy to two categories of authoritative GAAP and address the use of authoritative and nonauthoritative literature. The Corporation adopted the provisions of Statement No. 76 for the year ending December 31, 2016 with no material effect on the financial statements.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this Statement is to assist financial statement users in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The Corporation adopted the provisions of Statement No. 77 for the year ending December 31, 2016 with no material effect on the financial statements.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided Through Certain Multi-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68 and pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The Corporation adopted the provisions of Statement No. 78 for the year ending December 31, 2016 with no material effect on the financial statements.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The objective of this Statement is to establish criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; (3) calculations and requirements of a shadow price. The Corporation is required to adopt the provisions of Statement No. 79 for the year ending December 31, 2016 and 2017, pending applicability. The Corporation considered the provisions related to GASB Statement No. 79 as of December 31, 2016, and concluded there is no material effect on the financial statements.

5. NEW AND UPCOMING PRONOUNCEMENTS (Continued)

Upcoming Pronouncements

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pension (other postemployment benefits or OPEB) included in the general purposes external financial reports of statement local governmental OPEB plans for making decisions and assessing accountability. The Corporation is required to adopt the provisions of Statement No. 74 for the year ending December 31, 2017.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pension (other postemployment benefits or OPEB). The Corporation is required to adopt the provisions of Statement No. 75 for the year ending December 31, 2018.

In January 2016, the GASB issues Statement No. 80, *Blending Requirements for Certain Component Units; an Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirement established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. The Corporation is required to adopt the provisions of Statement No. 80 for the year ending December 31, 2017.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Corporation is required to adopt the provisions of Statement No. 81 for the year ending December 31, 2017.

In March 2016, the GASB issued Statement No. 82, *Pension Issues; an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Corporation is required to adopt the provisions of Statement No. 82 for the year ended December 31, 2017 or 2018, pending the measurement date of the employer's pension liability.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. This Statement also requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. The Corporation is required to adopt this Statement for the year ended December 31, 2019.

The Corporation has not yet assessed the impact of these pronouncements on its future financial statements.

**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**

March 9, 2017

To the Board of Directors of
Finger Lakes Regional Land Bank Corporation:

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 Finger Lakes Regional Land Bank Corporation (the Corporation), a discretely presented component unit of the County of Seneca, New York, (the County), as of and for the year ended December 31, 2016, and the related notes to the financial statements, and have issued our report thereon dated March 9, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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*

(Continued)

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**REPORT ON SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC
AUTHORITIES LAW**

March 9, 2017

To the Board of Directors of
Finger Lakes Regional 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 Finger Lakes Regional Land Bank Corporation, (the Corporation) a discretely presented component unit of the County of Seneca, New York (the County), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated March 9, 2017.

In connection with our audit, nothing came to our attention that caused us to believe that the Corporation failed to comply with the Corporation's Investment Guidelines, The New York State (NYS) Comptroller's Investment Guidelines and Section 2925 of the NYS Public Authorities Law (collectively, the Investment Guidelines), which is the responsibility of the Corporation's management, insofar as they relate to the financial accounting knowledge of noncompliance with such Investment Guidelines. However, our audit was not directed primarily towards obtaining knowledge of noncompliance with such Investment Guidelines. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Corporation's noncompliance with the Investment Guidelines.

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

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