

HERKIMER COUNTY  
LAND BANK  
CORPORATION

(A BLENDED COMPONENT  
UNIT OF THE COUNTY OF  
HERKIMER, NEW YORK)

MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS AND BASIC  
FINANCIAL  
STATEMENTS

For the Year Ended  
December 31, 2024

**HERKIMER COUNTY LAND BANK CORPORATION**  
**(A BLENDED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NEW YORK)**

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# D'Arcangelo & Co., LLP

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## **Independent Auditor's Report**

Board of Directors  
Herkimer County Land Bank Corporation

### **Report on the Audit of the Financial Statements**

#### **Opinions**

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Herkimer County Land Bank Corporation, as of December 31, 2024, and the respective changes in 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 Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Herkimer County Land Bank Corporation 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 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 Herkimer County Land Bank Corporation'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 Herkimer Tobacco Asset Securitization Corporation'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 Herkimer Tobacco Asset Securitization Corporation'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.

#### **Other Matters**

##### *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, is the responsibility of management, and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2025, on our consideration of the Herkimer County Land Bank Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Herkimer Tobacco Asset Securitization Corporation'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 Corporation's internal control over financial reporting and compliance.

*D'Arcangelo & Co., LLP*

March 10, 2025

Rome, New York

**D'Arcangelo & Co., LLP**  
Certified Public Accountants & Consultants

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

Board Members

Herkimer County 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 Herkimer County Land Bank Corporation (Corporation) a blended component unit of the county of Herkimer, New York, as of and for the year ended December 31, 2024, 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 10, 2025.

**Report on 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) 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 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 Corporation'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 been identified.

**Report on 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 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*D'Arcangelo + Co., LLP*

March 10, 2025

Rome, New York

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200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300  
315-336-9220 Fax: 315-336-0836

## **Independent Auditor's Report on Compliance with Section 2925(3)(f) of the New York State Public Authorities Law**

Board Members

Herkimer County 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 Herkimer County Land Bank Corporation (the Corporation), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our opinion thereon dated March 10, 2025.

In connection with our audit, we have examined the Corporation's compliance with Section 2925(3)(f) of the New York State Public Authorities Law during the year ended December 31, 2024. Management is responsible for the Corporation's compliance with those requirements. Our responsibility is to express an opinion on the Corporation's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Corporation complied in all material respects with the aforementioned requirements during the year ended December 31, 2024.

This report is intended solely for the information and use of management, the Board of Directors, 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 parties.

*D'Arcangelo + Co., LLP*

March 10, 2025

Rome, New York

**HERKIMER COUNTY LAND BANK CORPORATION**  
**(A BLENDED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NEW YORK)**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the Year Ended December 31, 2024**

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

**1. INTRODUCTION**

This Corporation was incorporated in 2024 to address the problems with vacant, abandoned, or tax delinquent property in the County of Herkimer, New York (the County) with the intent to return the properties to productive use. Operations commenced in June 2024.

**2. 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.

**3. SUMMARY OF FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal years 2024 are as follows:

- The Corporation's total net position at December 31, 2024 is \$18,806.
- Total current assets at December 31, 2024 are \$53,806 comprised of cash and cash equivalents of \$37,709 and grants receivable of \$16,097.
- Total current liabilities at December 31, 2024 are \$35,000. Current liabilities are comprised of amounts due to a contractor for demolition of a site.
- Operating revenues at December 31, 2024 are \$78,204 consisting mainly of grant funds and government contributions, as well as in-kind services provided by the County.
- Operating expenses at December 31, 2024 are \$59,398.



**HERKIMER COUNTY LAND BANK CORPORATION**  
**(A BLENDED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NEW YORK)**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the Year Ended December 31, 2024**

**4. FINANCIAL ANALYSIS**

A summary of the Corporation's Statement of Net Position for December 31, 2024, is as follows:

<b>Table A-1 Statement of Net Position</b>	
	2024
<b>Assets</b>	
Cash and Cash Equivalents	\$ 37,709
Grants Receivable	16,097
Total Assets	<u>\$ 53,806</u>
<b>Liabilities</b>	
Accounts Payable	35,000
Total Liabilities	<u>35,000</u>
<b>Net Position</b>	
Unrestricted (Deficit)	18,806
Total Net Position	18,806
Total Liabilities and Net Position	<u>\$ 53,806</u>

- A majority of the assets of the Corporation is made up of Cash and a Certificate of Deposit as well as amounts that have been submitted for reimbursement by New York State.
- Accounts Payable represent amounts due to a vendor for demolition work perform as of December 31, 2024.

**HERKIMER COUNTY LAND BANK CORPORATION**  
**(A BLENDED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NEW YORK)**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**For the Year Ended December 31, 2024**

The results of this year's operations as a whole are reported in the Statement of Activities in the accompanying financial statements. A summary of this statement for the seven months ended December 31, 2024 is as follows.

<b>Table A-2 Changes in Net Position</b>	
<b>Revenues</b>	
	2024
Grant and Contract Revenue Revenue	103,411
(Loss) on Sale of Property	(36,037)
In-Kind Revenue	10,100
Interest	730
Total Revenues	78,204
<b>Expenses</b>	
Salaries and Wages	26,212
Professional Fees	5,745
Advertising and Marketing	9,249
Office Supplies	5,153
Postage	40
Telecommunications	42
In-Kind Expenditures	10,100
Liability Insurance	639
Dues and Subscriptions	2,218
Total Expenditures	59,398
Excess Revenues Over Expenditures	18,806
Net Position, Beginning of Year	0
Net Position, End of Year	\$ 18,806

**5. FACTORS BEARING ON THE CORPORATION'S FUTURE**

The Corporation will continue to rehabilitate properties in Herkimer County, New York. The Corporation has acquired seven properties from the County as of December 31, 2024 that will be rehabilitated in 2025.

**6. CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Herkimer County Department of Finance at the Herkimer County Office Building, 109 Mary Street, Suite 1310, Room 314, Herkimer, New York 13350.

**HERKIMER COUNTY LAND BANK CORPORATION**  
**(A BLENDED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NEW YORK)**

**STATEMENT OF NET POSITION**

**For the Year Ended December 31, 2024**

**Assets**

Current Assets

Cash and Cash Equivalents	\$ 37,709
Grants Receivable	<u>16,097</u>
Total Current Assets	<u><u>\$ 53,806</u></u>

**Liabilities**

Current Liabilities

Accounts Payable	\$ <u>35,000</u>
Total Current Liabilities	<u>35,000</u>

**Net Position**

Unrestricted	<u>18,806</u>
Total Net Position	<u>18,806</u>

Total Liabilities and Net Position	<u><u>\$ 53,806</u></u>
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The Accompanying Notes are an Integral Part of These Financial Statements.

**HERKIMER COUNTY LAND BANK CORPORATION**  
**(A BLENDED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NEW YORK)**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES NET POSITION**

**For the Seven Months Ended December 31, 2024**

**Revenues**

Grants and Contracts	\$ 103,411
Gain(Loss) on Sale of Property	(36,037)
In-Kind Contribution	10,100
Interest	730
	<u>78,204</u>

**Expenditures**

Salaries and Wages	26,212
Professional Fees	5,745
Advertising and Marketing	9,249
Office Supplies	5,153
Postage	40
Telecommunications	42
In-Kind Expenditures	10,100
Liability Insurance	639
Dues and Subscriptions	2,218
Total Expenditures	<u>59,398</u>

Excess Revenues Over Expenditures	<u>18,806</u>
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Net Position, Beginning of Year	<u>0</u>
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Net Position, End of Year	<u><u>\$ 18,806</u></u>
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The Accompanying Notes are an Integral Part of These Financial Statements.

**HERKIMER COUNTY LAND BANK CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2024**

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Cash Flows From (Used By) Operating Activities	
Cash Received from Government Grants	\$ 87,314
Cash Received from Customers	2,000
Cash Paid for Goods and Services	<u>(51,605)</u>
Net Cash From Operating Activities	<u>37,709</u>
 Net Increase in Cash and Cash Equivalents	 37,709
 Cash and Cash Equivalents, Beginning of Year	 <u>                    </u>
 Cash and Cash Equivalents, End of Year	 <u><u>\$ 37,709</u></u>
 Reconciliation of Income Before Non-Operating to Net Cash Flows From (Used By) Operating Activities:	
Income From Operations	\$ 18,806
Adjustments to Reconcile (Loss) from Operations to Cash Flows From Operating Activities:	
(Increase) Decrease in Operating Assets:	
Grants Receivable	(16,097)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	<u>35,000</u>
 Net Cash Flows From Operating Activities	 <u><u>\$ 37,709</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**HERKIMER COUNTY LAND BANK CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Corporation is a nonprofit corporation and a blended component unit of the County of Herkimer, New York (the County). The financial activities of the Corporation are combined with the financial activities of the County and other component units, which in turn constitute the entire reporting entity for the County. The Corporation is a component unit of the County, but the Corporation is legally separate from the County.

**Basis of Accounting**

The financial statements of the Herkimer County Land Bank Corporation (the “Corporation”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Corporation’s accounting policies are described below.

The accounts of the Corporation are maintained on the accrual basis of accounting. As such, revenues are recognized in the period in which they are incurred. The significant accounting and reporting policies used by the Corporation are described below to enhance the usefulness and understandability of the financial statements.  
in perpetuity.

**Tax Status**

The Corporation is incorporated exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code (“IRC”), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC).

In accordance with GASB standards, the accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. As required by GASB standards, the transactions of the Authority are accounted for on a flow of economic resources measurement focus and accrual basis of accounting.

**Net Position Classifications**

In the financial Statements, there are three classes of Net Position:

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions, or improvements of those assets.

Restricted Net Position – reports Net Position when constraints placed on the assets are either externally imposed by grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**HERKIMER COUNTY LAND BANK CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

The Corporation did not report any restricted net position at December 31, 2022 or 2021, respectively.

Unrestricted Net Position – reports the balance of Net Position that does not meet the definition of the above two classifications and are deemed to be available for general use by the Authority.

**Use of 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 those estimates.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Corporation has adopted the direct method of reporting net cash flows from operating activities and considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

**Grants Receivable**

The Corporation considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

**Revenue Recognition**

The Corporation distinguishes operating revenues and expenses from non-operating items in the preparation of its financial statements. Operating revenues and expenses generally result from providing services in connection with the Corporation's principal ongoing operations. Operating revenues are mostly comprised of government grants and sale of property. The Corporation's operating expenses include operations and maintenance expenses.

**NOTE 2      CUSTODIAL AND CONCENTRATION OF CREDIT RISK**

Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. The Corporation's cash consists of demand deposits. New York State Public Authority Law governs the Corporation's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates

**HERKIMER COUNTY LAND BANK CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2      CUSTODIAL AND CONCENTRATION OF CREDIT RISK (Cont'd)**

of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities.

At December 31, 2024, the Corporation's bank deposits of \$37,709 were fully secured by the FDIC.

**NOTE 3      PROPERTY HELD FOR SALE**

Property held for sale consists of the following components at December 31, 2024:

During the year ended December 31, 2024, the Corporation incurred demolition and rehabilitation costs of \$38,037 on all properties held by the Corporation. During the year ended December 31, 2024, the Corporation sold one property to an unrelated party for a total of \$2,000. The carrying costs of such properties was \$38,037. The remaining basis of the property held for resale is reflected in assets in the accompanying statements of net position in the amount of a loss of \$36,037 at December 31, 2024.

**NOTE 4      IN-KIND – HERKIMER COUNTY**

On June 10, 2024, the Corporation entered into an Administrative Services Agreement with the County for administrative support for office space, telephone, and other supplies.

The provided support for to the Corporation totaled \$10,100 for the seven months ended December 31, 2024.

**NOTE 5      CONTINGENCIES**

In the normal course of operations, the Corporation receives grant funds from State and other agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenses resulting from such audits could become a liability to the Corporation. While the amount of any expense that may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

**NOTE 6      SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 10, 2025, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.