

LANCASTER COUNTY LAND BANK AUTHORITY  
Lancaster, Pennsylvania

COMPARATIVE FINANCIAL STATEMENTS  
December 31, 2023 and 2022

LANCASTER COUNTY LAND BANK AUTHORITY  
Lancaster, Pennsylvania  
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## MANAGEMENT'S DISCUSSION AND ANALYSIS Lancaster County Land Bank Authority

As Management of the Lancaster County Land Bank Authority (Land Bank), we offer readers of the Land Bank's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the Land Bank's financial statements as presented elsewhere in this Report.

### A - Financial Highlights

1 - The assets of the Land Bank exceeded its liabilities at the close of the fiscal year by \$551,766 as opposed to \$399,899 in the prior year (net position).

2 - As of the close of the fiscal year, the Land Bank's Proprietary Fund reported ending Unrestricted Net Position – Available for Operations of 202,804, and Unrestricted Net Position – Property Held for Resale of \$348,962.

3 - The Land Bank's cash and cash equivalent balance at December 31, 2022 was \$134,185. The Land Bank's restricted cash was \$147,761 representing proceeds from a (PHARE) Pennsylvania Affordability and Rehabilitation Enhancement Fund Grants received in 2019.

4 - The Land Bank had Total Operating Revenues of \$282,600, total Operating Expenses of \$141,315, and Non-operating Revenue of \$10,582 for the fiscal year ended December 31, 2023.

5 - The Land Bank had seven properties in its property held for resale, amounting to \$348,962.

6 - The Land Bank received a total of \$244,110 in grant revenue. \$23,341 which was received from the Pennsylvania Housing Finance Agency to acquire properties through the (PHARE) Pennsylvania Affordability and Rehabilitation Enhancement Fund and a \$157,929 grant from CDBG passed through the Lancaster County Redevelopment Authority.

### B - Using the Annual Report

#### 1 - Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Land Bank's financial statements. The Land Bank's statements and Notes to Financial Statements included in this Report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for Proprietary Fund types.

## MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

### 2 – 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. They consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows.

The Statement of Net Position presents information on all the Land Bank's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Land Bank is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Land Bank's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of unrelated cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The financial statements report on the Land Bank's activities. The activities are primarily supported by member fees and contributions. The Land Bank's mission is to deter blight and to return vacant property to productive status using a unified, predictable, and transparent process, thereby revitalizing neighborhoods and strengthening Lancaster County's tax base. The financial statements can be found on pages 7 through 9.

### 3 – Notes to Financial Statements

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The Notes to Financial Statements can be found in this Report after the financial statements.

### C – The Land Bank as a Whole

The Land Bank's Net Position increased by \$151,867 from the prior fiscal year. The Land Bank's revenues are primarily derived from member fees, grants and contributions. These funds provide the resources necessary to facilitate the return of vacant, blighted, abandoned and/or tax delinquent properties to productive use.

## MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

### D – Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Land Bank's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Lancaster County Land Bank Authority, 28 Penn Square, Suite 200, Lancaster, PA. 17603-4297, or call 717-394-0793.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Cash and Other Assets	\$ 1,292,054	\$ 606,680
Less: Total Liabilities	<u>(740,288)</u>	<u>(206,781)</u>
Net Position	<u>\$ 551,766</u>	<u>\$ 399,899</u>
Computation of Changes in Net Position as follows:		
<u>Revenues</u>		
Member Fees & Grant Revenue	<u>\$ 282,600</u>	<u>\$ 195,215</u>
Total Operating Expenses	<u>282,600</u>	<u>195,215</u>
<u>Expenses</u>		
Loss on Sale of Properties	61,105	3,992
Other Operating Expenses	<u>80,210</u>	<u>69,243</u>
Total Operating Expenses	<u>141,315</u>	<u>73,235</u>
Operating Income (Loss)	<u>141,285</u>	<u>121,980</u>
<u>Non-Operating Revenues</u>		
Interest Income	10,582	-
Bad Debt Expense	<u>-</u>	<u>-</u>
Total Non-Operating Revenue	<u>10,582</u>	<u>-</u>
Change In Net Position for the year	\$ 151,867	\$ 121,980
Net Position - Beginning of Year	<u>399,899</u>	<u>277,919</u>
Net Position - End of Year	<u>\$ 551,766</u>	<u>\$ 399,899</u>



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Lancaster County Land Bank Authority  
Lancaster, Pennsylvania

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities Lancaster County Land Bank Authority, herein referred to as the Land Bank as of and for the year ended December 31, 2023, and 2022, and the related Comparative Statements of Revenue, Expenses and Changes in Net Position and Cash Flows for the year then and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Land Bank, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof 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 Lancaster County Land Bank Authority 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 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.

## INDEPENDENT AUDITOR'S REPORT

(Continued)

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 management's discussion and analysis information on pages 1-4 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 July 9, 2024, 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.

  
POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
July 9, 2024



LANCASTER COUNTY LAND BANK AUTHORITY  
Lancaster, Pennsylvania

COMPARATIVE STATEMENTS OF NET POSITION  
As of December 31, 2023 and 2022

	2023	2022
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalents	\$ 241,907	\$ 134,185
Due from Related Party	77,400	-
Prepaid Expenses	-	3,427
Total Current Assets	319,307	137,612
Noncurrent Assets		
Restricted Cash	623,785	147,761
Property Held for Resale	348,962	321,307
Total Noncurrent Assets	972,747	469,068
 TOTAL ASSETS	 \$ 1,292,054	 \$ 606,680
 <u>LIABILITIES</u>		
Current Liabilities		
Accounts Payable	116,503	61,655
Deferred Revenue	623,785	145,126
Total Current Liabilities	740,288	206,781
 TOTAL LIABILITIES	 740,288	 206,781
 <u>NET POSITION</u>		
Restricted Net Position	-	2,635
Unrestricted Net Position - Property Held for Resale	348,962	321,307
Unrestricted Net Position - Available for Operations	202,804	75,957
 TOTAL NET POSITION	 \$ 551,766	 \$ 399,899

LANCASTER COUNTY LAND BANK AUTHORITY  
Lancaster, Pennsylvania

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
For the Years Ended December 31, 2023 and 2022

	2023	2022
<u>OPERATING REVENUES</u>		
Grant Revenues	\$ 244,110	\$ 192,715
Member Fees	28,000	-
Property Tax Revenues	10,490	-
Rental Income	-	2,500
Total Operating Revenues	\$ 282,600	\$ 195,215
<u>OPERATING EXPENSES</u>		
Loss on Sale of Properties	61,105	3,992
Rental Expenses	-	3
Administrative Services	53,381	56,626
Professional Services	14,752	6,073
Travel and Training	-	982
Office Expense	6,955	1,294
Insurance	5,122	4,150
Memberships	-	115
Total Operating Expenses	141,315	73,235
OPERATING INCOME (LOSS)	141,285	121,980
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Income	10,582	-
Total Nonoperating Revenue	10,582	-
CHANGE IN NET POSITION	151,867	121,980
NET POSITION - BEGINNING OF YEAR	399,899	277,919
NET POSITION - END OF YEAR	\$ 551,766	\$ 399,899

LANCASTER COUNTY LAND BANK AUTHORITY  
Lancaster, Pennsylvania

COMPARATIVE STATEMENTS OF CASH FLOWS  
For The Years Ended December 31, 2023 and 2022

	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash Received:		
For Operating Grants	645,369	10,000
For Other Operating Revenues	\$ 38,490	\$ 2,500
Cash Paid:		
To Suppliers for Operations	(16,018)	(60,051)
Cash Provided (Used) by Operating Activities	667,841	(47,551)
<u>CASH FLOWS USED BY FINANCING ACTIVITIES</u>		
Cash used for Lending	-	90,000
Cash Used by Financing Activities	-	90,000
<u>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</u>		
Cash Received for the Sale of Assets Held for Sale	135,730	-
Cash Paid for Acquisition of Assets Held for Sale	(298,535)	(110,577)
Cash Received for Interest	10,582	-
Cash Provided by Investing Activities	(152,223)	(110,577)
Increase in Cash and Cash Equivalents	515,618	(68,128)
Cash and Cash Equivalents - Beginning of Year	350,074	350,074
Cash and Cash Equivalents - End of Year	\$ 865,692	\$ 281,946
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>		
<u>TO NET CASH PROVIDED (USED) BY OPERATIONS</u>		
Operating Income/(Loss)	141,285	121,980
Adjustments to Reconcile Operating Income/(Loss) to Net		
Cash Provided (Used) by Operating Activities		
Decrease/(Increase) in Assets		
Loss on the Sale of Assets Held for Sale	67,022	-
Accounts Receivable	(77,400)	(46)
Prepaid Expenses	3,427	-
Assets Held for Sale	-	-
Increase/(Decrease) in Liabilities		
Accounts Payable	54,848	13,230
Deferred Revenue	478,659	(182,715)
Net Cash Provided by Operating Activities	\$ 667,841	\$ (47,551)

LANCASTER COUNTY LAND BANK AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

NOTE 1 – Summary of Organization, Activities

Organization – The Lancaster County Land Bank Authority (Land Bank), an independent governmental unit was created by the County of Lancaster, Pennsylvania, by Ordinance No. 120, and incorporated on October 7, 2016. In December 2012, the Commonwealth of Pennsylvania enacted the Pennsylvania Land Bank Act, 68 Pa. C.S.A sections 2101-2120, authorizing the creation of “land banks” by municipalities and counties as tools to facilitate the return of vacant, abandoned and tax delinquent land to productive use.

The Land Bank has not identified any entities which should be subject to evaluation for inclusion in the Land Bank reporting entity. The Land Bank has concluded that it is excluded from the County of Lancaster’s reporting entity since the County does not designate management, does not influence operations, does not have responsibility for financial matters, and does not have a funding relationship with the Authority.

Through an administrative agreement with The Redevelopment Authority of the County of Lancaster (Redevelopment Authority), the Redevelopment Authority manages, oversees and operated the everyday activities of the land bank. The Redevelopment Authority personnel are also responsible for maintaining accurate financial records, facilitating the payment of operational expenses and debts and all external financial reporting.

The Board of Directors is comprised of seven (7) volunteer members that reflect the diversity and range of interests affected by the Land Bank’s activities. Each member of the Board of the Redevelopment Authority of the County of Lancaster serves on the Land Bank Board for the same term as his or her term on the Redevelopment Authority, and the Lancaster County Board of Commissioners shall appoint two additional members who are residents of Lancaster County, and at least one of whom shall not be a public official or municipal employee.

Activities - The Land Bank will acquire, hold, and transfer interest in real property throughout Lancaster County for the following purposes, including but not limited to: to deter blight; or to promote development and reuse of vacant, abandoned, and/or tax delinquent properties; to support targeted efforts to stabilize neighborhoods; or to stimulate residential, commercial and industrial development; all in ways that are consistent with goals and priorities established by Ordinance No. 120, local government partners, and other community stakeholders.

Note 2 - Significant Accounting Policies

**Basis of Accounting**

The accrual basis of accounting is used by the Authority for measuring the financial position and operating results of its Proprietary Fund. Under the accrual basis of accounting, transactions are recognized when they occur, regardless of when cash is received or disbursed. Revenue is recognized in the accounting period in which it is earned and becomes measurable.

Land Bank records all revenues derived and related expenses incurred from its programs and activities as operating revenues and expenses since they are generated from the Land Bank’s daily operations needed to carry out its purposes.

LANCASTER COUNTY LAND BANK AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

Note 2 - Significant Accounting Policies - Continued

**Report Presentation**

The financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America applicable to governmental entities for Proprietary Fund Types. The Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". The Authority also adopted the provisions of Statement No. 37 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" and Statement No. 38 "Certain Financial Statement Note Disclosures", which supplement Statement No. 34. Statement No. 34 established standards for all state and local governmental entities that include a statement of Net Position, a statement of activities and a statement of cash flows. These classifications are defined as follows:

Net Investment in Capital Assets - This component consists of land and depreciable assets, net of accumulated depreciation and net of the related debt outstanding. If there are significant unspent related debt proceeds as of year-end, the portion of the debt related to the unspent proceeds is not included in the calculation of Net Investments in Capital Assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted Net Position - This component includes net position subject to restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by the law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This component consists of net position that does not meet the definition of Restricted Net Position or Net Investment in Capital Assets.

**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 amounts reported in the financial statements and the Land Bank notes. Actual results could differ from those estimates

**Cash and Cash Equivalents**

Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in bank, petty cash, certificates of deposit, and other investments with original maturities of less than three months from date of purchase.

**Assets Held for Sale**

Assets Held for Sale consists of properties held for resale, which are valued at the lower of cost or market. The properties are inventoried at the amount of acquisition costs for the properties plus any cost incurred for rehabilitation or demolition.

LANCASTER COUNTY LAND BANK AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

Note 2 - Significant Accounting Policies - Continued

**Revenue Recognition**

The Land Bank receives funding from member fees, property sales, member contributions, and grants. Revenues are recognized when earned and payments received in advance are deferred until earned.

**Income Taxes**

The Land Bank is a governmental unit and was created by Ordinance number 120 as a political subdivision of the County of Lancaster and is exempt from Federal income taxes under Section 115(1).

Additionally, under Title 68 Subpart A Chapter 21 Section 2109 Part B Paragraph 1 of the Pennsylvania Consolidated Statutes the real property of a land bank and its income and operations are exempt from State and local tax.

NOTE 3 – Cash and Cash Equivalents

The Land Bank maintains cash and cash equivalents in a local bank, which is covered by FDIC insurance and Act 72 of the Commonwealth of Pennsylvania. Act 72 requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian, but not in the Land Bank's name. Cash and cash equivalents at December 31, 2023 and 2022 consisted of a checking account, with a bank account balance of \$865,692 and \$282,613 respectively. The carrying value was \$865,692 and \$281,945 respectively.

NOTE 4 – Loan Receivable

The Land Bank entered into a loan agreement, dated October 20, 2020 with the developer of the property located at 149 S. 5<sup>th</sup> Street in the Borough of Columbia. Proceeds of the loan are to be used solely for the rehabilitation of this property.

The authorized amount of the loan is not to exceed \$105,000. As of December 31, 2021, \$90,000 has been advanced to the developer. As of December 31, 2022 the developer paid back the Lancaster County Land Bank Authority \$90,000 in January of 2022.

NOTE 5 – Assets Held for Sale

The Assets Held for Sale balance of at December 31, 2023 and 2022 was \$285,840 and \$321,307, respectively. Properties are located in Columbia, Manheim and Denver Borough.

LANCASTER COUNTY LAND BANK AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

NOTE 5 – Assets Held for Sale – (Continued)

	2023	2022
612 Franklin	\$ 8,683	\$ -
233-239 S Fifth Street	2,416	33,653
26 E. High Street	-	33,521
243-245 S Fifth Street	-	121,829
511 Avenue N	-	70,550
318 Poplar Street	152,049	550
154 S Fifth Street	56,141	930
156 S Fifth Street	72,742	48,937
149-151 Stump	-	542
461 Ave K	32,390	-
336 Main Street	24,541	10,795
	\$ 348,962	\$ 321,307

NOTE 6 - Line of Credit

On March 27, 2018, the Land Bank established a \$200,000 line of credit with Community First Fund which must be settled in twelve months and is renewable. The Lancaster County Redevelopment Authority passed a resolution to guarantee the line of credit in March of 2018.

At December 31, 2023 and 2022, the outstanding balance was \$0. Interest accrues on the outstanding balance at prime plus .25% or 5.00%. Interest expense at December 31, 2023 and 2022 was \$0.

NOTE 7 – Related Party Transactions

Redevelopment Authority of the County of Lancaster

The Land Bank is co-located with the Redevelopment Authority of the County of Lancaster. The Land Bank contracts with the Redevelopment Authority for administrative services, which are invoiced quarterly based on the actual amount of time Redevelopment Authority personnel spend on Land Bank business. For the 2023 and 2022, billing for administrative services from the Redevelopment Authority amounted to \$53,381 and \$56,626 respectively for personnel costs, and \$6,955 and \$6,541 for expense reimbursements, totaling \$60,336 and \$63,167 for 2022 and 2021 respectively. At December 31, 2023 and 2022, the Land Bank owed the Redevelopment Authority \$53,381 and \$59,486 respectively.

NOTE 8 – Grant Received

The Land Bank entered into an agreement with the Pennsylvania Housing Finance Agency for a Pennsylvania Housing Affordability and Rehabilitation Enhancement (PHARE) Grant on September 3, 2019. PHFA has provided additional funding during the current fiscal year totaling \$500,000. The table below illustrates funds advanced and expended during December 31, 2023 and 2022:

	2023	2022
Beginning Balance	\$ 147,761	\$ 330,475
Additional Funding	500,000	-
Disbursements	(23,976)	(182,714)
Balance at December 31, 2023	\$ 623,785	\$ 147,761

LANCASTER COUNTY LAND BANK AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2023

NOTE 9 – Risk Management

The Land Bank is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Land Bank carries insurance.

NOTE 10 – Cash, Cash Equivalents and Restricted Cash Presented in the Statement of Cash Flows

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 241,907	\$ 134,185
Restricted Cash Reserves	<u>623,785</u>	<u>147,761</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 865,692</u>	<u>\$ 281,946</u>

NOTE 11 – Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated subsequent events through July 9, 2024, the date on which the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the 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

Board of Directors  
Lancaster County Land Bank Authority  
Lancaster, Pennsylvania

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 governmental activities of the Lancaster County Land Bank Authority, herein referred to as the Land Bank and for the year ended December 31, 2023, 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 July 9, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Lancaster County Land Bank Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lancaster County Land Bank Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Land Bank's internal control.

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

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

**Report on Compliance and Other Matters**


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

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)

**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.



POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
July 9, 2024