TIOGA COUNTY PROPERTY DEVELOPMENT CORPORATION

Financial Statements as of
December 31, 2023 and 2022
Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

TIOGA COUNTY PROPERTY DEVELOPMENT CORPORATION

TABLE OF CONTENTS
December 31, 2023

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

March 27, 2024

To the Board of Directors of the
Tioga County Property Development Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Tioga County Property Development Corporation (the Corporation), as of and for the years ended December 31, 2023 and 2022, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the Corporation as of December 31, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

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INDEPENDENT AUDITOR'S REPORT
(Continued)

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 opinion. 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 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 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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 27, 2024, 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 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 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.

Bonadio & Co., LLP

TIOGA COUNTY PROPERTY DEVELOPMENT CORPORATION

Management's Discussion and Analysis (Unaudited)
December 31, 2023 and 2022

This section of the Tioga County Property Development Corporation (the Corporation) annual financial report presents discussion and analysis of the Corporation's financial performance during the fiscal years ended December 31, 2023, 2022, and 2021. Please read it in conjunction with the Corporation's financial statements and accompanying notes.

GENERAL INFORMATION

The Corporation was incorporated in March 2017, but activity began in 2019. The mission was to foster economic and community development by acquiring, holding, managing, developing and marketing distressed, vacant, abandoned, tax foreclosed and under-utilized residential and commercial properties.

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 Revenues, Expenses and Change 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 Corporation'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 Revenues, Expenses and Change 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 net position at December 31, 2023 is $228,767 compared to $207,752 at December 31, 2022 and $154,405 at December 31, 2021.

- Total current assets at December 31, 2023 are $647,340, $689,149 at December 31, 2022 and $792,462 at December 31, 2021. It is comprised of cash on hand, inventory, receivables, and prepaid expenses.

- Total current liabilities at December 31, 2023 are $418,573, $481,397 at December 31, 2022 and $638,057 at December 31, 2021. The liabilities are comprised of grant advances, payables and accrued liabilities.

- Operating revenues in 2023, 2022, and 2021 were $601,922, $616,330, and $533,349, respectively, primarily as a result of grant and government subsidy revenue and property sales. Operating expenses of $583,407 in 2023 were primarily due to cost of sales, professional services and unrealized loss on inventory. Operating expenses of $562,983 in 2022 included primarily cost of sales and professional services. Operating expenses of $434,011 in 2021 included primarily unrealized loss on inventory and professional services.

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

	2023	2022	2021
Current assets	$ 647,340	$ 689,149	$ 792,462
Current liabilities	418,573	481,397	638,057
Total net position	$ 228,767	$ 207,752	$ 154,405

Current Assets

Current assets at December 31, 2023 were comprised of cash, inventory, grant receivables and prepaid expenses. Current assets at December 31, 2022 were comprised of cash, inventory and a grant receivable while current assets at December 31, 2021 were comprised of cash and inventory.

Inventory

Properties held for sale comprise inventory. At December 31, 2023, 2022 and 2021, the Corporation owned 24, 20, and 14 properties, respectively.

Capital Assets

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

Current Liabilities

Current liabilities are comprised of grant advances, payables and accrued liabilities. One grant advance is part of the American Rescue Plan Act (ARPA) funds received from Tioga County. All $500,000 in funds per the agreement were disbursed in 2021. Revenue is recognized as funds are spent on allowable expenses.

In addition, another grant advance is part of a grant awarded from the Floyd Hooker Foundation. All $65,000 in funds per the agreement were disbursed in 2022. Revenue is recognized as funds are spent on allowable expenses.

Summary of Revenues, Expenses and Change in Net Position

	2023	% of Total	2022	% of Total	2021	% of Total
OPERATING REVENUES:						
Grant and government subsidiary revenue	$ 589,922	98.01%	$ 616,251	99.99%	$ 532,349	99.81%
Property sales	12,000	1.99%	-	0.00%	1,000	0.19%
Other revenue	-	0.00%	79	0.01%	-	0.00%
Total Operating Revenues	601,922		616,330		533,349	
OPERATING EXPENSES:						
Cost of sales	243,796	41.79%	207,977	36.94%	50,152	11.56%
Unrealized loss on inventory	91,578	15.70%	2	0.00%	343,522	79.15%
General & admin expenses	3,304	0.57%	1,081	0.19%	317	0.07%
Professional expenses	243,332	41.71%	352,656	62.64%	38,916	8.97%
Insurance	1,258	0.21%	768	0.14%	1,104	0.25%
Other expense	139	0.02%	499	0.09%	-	0.00%
Total Operating Expenses	583,407		562,983		434,011	
OPERATING INCOME (LOSS)	18,515		53,347		99,338	
NON-OPERATING INCOME:						
Interest income	2,500		-		-	
CHANGE IN NET POSITION	21,015		53,347		99,338	
NET POSITION – beginning of year	207,752		154,405		55,067	
NET POSITION – end of year	$ 228,767		$ 207,752		$ 154,405	

Operating Revenues
Operating revenues primarily include grant revenue and property sales. The number or properties sold in 2023, 2022, and 2021 were 6, 0, and 1, respectively.

Operating Expenses
Operating expenses primarily include cost of sales, unrealized loss on property, and professional services.

Operating Results
The Corporation had operating income of $18,515 for the year ended December 31, 2023 and operating income of $53,347 for the year ended December 31, 2022. The decrease from the prior year was related to a significant increase in impairment loss recognized in 2023 along with an increase in cost of sales, partially offset by a decrease in professional services expenses. Impairment loss increased by approximately $91,600 primarily as the result of the re-appraisal of several properties in the Corporation’s inventory whose market values decreased. Cost of sales increased by approximately $36,000 due to increases in pre-demolition and property tax costs relating to acquisitions of properties, along with costs of properties sold.

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 Tioga County Property Development Corporation, 56 Main Street #203, Owego, NY 1382.

TIOGA COUNTY PROPERTY DEVELOPMENT CORPORATION

Statements of Net Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash - unrestricted	$ 26,313	$ 53,114
Cash - restricted	394,394	445,397
Grant receivables	58,876	18,082
Inventory	167,104	171,934
Prepaid expenses	653	622
Total current assets	647,340	689,149
Total assets	647,340	689,149
LIABILITIES		
CURRENT LIABILITIES:		
Payables and accrued expenses	24,179	36,000
Grant and government subsidy revenue advances	394,394	445,397
Total current liabilities	418,573	481,397
Total liabilities	418,573	481,397
NET POSITION		
Unrestricted	228,767	207,752
Total net position	$ 228,767	$ 207,752

The accompanying notes are an integral part of these statements.

TIOGA COUNTY PROPERTY DEVELOPMENT CORPORATION

Statements of Revenues, Expenses and Change in Net Position
For the Years Ended December 31, 2023 and 2022

	2023	2022
OPERATING REVENUES:		
Grant and government subsidy revenue	$ 589,922	$ 616,251
Property sales	12,000	-
Other revenue	-	79
Total operating revenues	601,922	616,330
OPERATING EXPENSES:		
Cost of sales	243,796	207,977
Unrealized loss on inventory	91,578	2
General and administrative expenses	3,304	1,081
Professional services	243,332	352,656
Insurance	1,258	768
Other expense	139	499
Total operating expenses	583,407	562,983
OPERATING INCOME (LOSS)	18,515	53,347
NON-OPERATING INCOME:		
Interest income	2,500	-
CHANGE IN NET POSITION	21,015	53,347
NET POSITION - beginning of year	207,752	154,405
NET POSITION - end of year	$ 228,767	$ 207,752

The accompanying notes are an integral part of these statements.

TIOGA COUNTY PROPERTY DEVELOPMENT CORPORATION

Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

		2023		2022
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from grant and government subsidies	$	498,125	$	83,770
Cash received from sale of property		12,000		-
Cash received from other revenue		-		79
Cash paid for inventory		(342,365)		(225,358)
Cash paid for general and administrative expenses		(3,304)		(1,081)
Cash paid for professional services		(243,332)		(30,917)
Cash paid for insurance		(1,289)		(1,390)
Cash paid for other expense		(139)		(499)
Net cash used in operating activities		(80,304)		(175,396)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash received from interest		2,500		-
Net cash provided by investing activities		2,500		-
CHANGE IN CASH		(77,804)		(175,396)
CASH - beginning of year		498,511		673,907
CASH - end of year	$	420,707	$	498,511
RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION:				
Cash - unrestricted	$	26,313	$	53,114
Cash - restricted		394,394		445,397
Total	$	420,707	$	498,511
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	$	18,515	$	53,347
Adjustments to reconcile operating income (loss) to net cash flow from operating activities:				
Unrealized loss on inventory		91,578		2
Changes in:				
Inventory		(86,748)		(53,381)
Grant receivables		(40,794)		(18,082)
Prepaid expenses		(31)		(622)
Payables and accrued expenses		(11,821)		36,000
Grant and government subsidy revenue advances		(51,003)		(192,660)
Net cash used in operating activities	$	(80,304)	$	(175,396)

The accompanying notes are an integral part of these statements.

1. ORGANIZATION

The Tioga County Property Development Corporation (the Corporation) was formed in 2017 to address the problems of vacant, abandoned, or tax delinquent property in the County of Tioga, New York (the County) in a coordinated manner through the acquisition of real property. Operations did not commence until 2019. 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).

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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

Custodial credit risk related to cash deposits is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits.

The Corporation had bank balances totaling $420,807 at December 31, 2023, all of which was insured by the Federal Deposit Insurance Corporation. A bank balance of $507,819 was held at December 31, 2022 of which $250,000 was insured by the FDIC and $257,819 was uncollateralized.

Restricted Cash

Certain amounts of cash are classified as restricted because their use is restricted by grant agreements. Restricted cash balances have been offset by grant and government subsidy revenue advances at December 31, 2023 and 2022.

Inventory

Inventory consists of vacant, abandoned, or tax delinquent property in the County purchased by the Corporation. Inventory is valued at the lower of cost or market. Market value is defined as estimated selling price and is based on assessed value for rehabilitation candidate properties, assessed land value for vacant lots and demolition candidate properties, and third-party appraisals or other methods as deemed appropriate. Cost includes, but is not limited to, property purchase cost, appraisal, inspection and recording fees, renovation costs and professional services.

Grant Receivable

Grant receivable represents funds earned but not yet received by the Corporation related to grant and government subsidy revenue. Management does not believe a reserve for uncollectible receivables is necessary at December 31, 2023 and 2022.

Grant and Government Subsidy Revenue Advance

Grant advances consist of amounts of received grant and government subsidy revenue for which the definition of earned has not been met. Such amounts are reflected as a liability until the amounts are deemed earned and then recognized as revenue.

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 are mostly comprised of grant and government subsidy revenue resulting from exchange transactions and sale of properties associated with the principal activities of the Corporation. Operating expenses generally result from the acquisition, demolition and renovation of properties, and general and administrative expenses in accordance with the Corporation’s mission. There was non-operating income for the year ended December 31, 2023.

Cost of Sales

At the time of sale of inventory, the book value of inventory is recognized as expense under cost of sales. Cost of sales also include expenses incurred to maintain properties held in inventory that do not meet the definition to be treated as inventory. These include, but are not limited to, property taxes, mowing, and other property maintenance costs.

Unrealized Loss on Inventory

Deterioration, damage, changing prices and other factors have caused the cost of certain inventory to exceed its market value. In accordance with GAAP, inventory has been reduced to market value and an unrealized loss has been recognized for the year ended December 31, 2023 and 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 did not have net investment in capital assets at December 31, 2023 and 2022.

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 did not have restricted net position at December 31, 2023 and 2022.

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. CONCENTRATIONS

The Corporation receives significant support from certain governmental entities. Their primary source of funding is through grant awards. Grants from the New York State Housing Trust Fund Corporation comprised approximately 87% of revenue for the year ended December 31, 2023, including the Land Bank Initiative (LBI) Phase 1 and Phase 2 grants, as well as the New York Main Street Program grant. Other revenue sources for the year included that from American Rescue Plan Act (ARPA) funding received from Tioga County and the Village of Owego (approximately 7% of revenue) and funding received from the Floyd Hooker Foundation (approximately 6% of revenue).

For the year ended December 31, 2022, the Corporation's primary source of funding was through the New York State Housing Trust Fund Corporation, which comprised approximately 58% of revenue, including the Land Bank Initiative (LBI) Phase 1 grant and New York Main Street Program grant. Other revenue sources for the year included that from the Enterprise Community Partners, Inc. grant (approximately 22% of revenue), American Rescue Plan Act (ARPA) funding received from Tioga County (approximately 16% of revenue), and funding received from the Floyd Hooker Foundation (approximately 4% of revenue).

4. AGREEMENT WITH COUNTY OF TIOGA, NEW YORK

The Corporation entered into an agreement with Tioga County for the period of January 1, 2022 through December 31, 2023, under which the County provides administrative services, office space, and equipment for the Corporation to operate. The Corporation is to pay an administrative fee of $6,250 quarterly for the term of the agreement. For the year ended December 31, 2023, $25,000 in expenses were incurred by the Corporation under this agreement. For the year ended December 31, 2022, $15,972 in expenses were incurred by the Corporation under this agreement. A reduced rate of $1,736 was charged by the County for the first two quarters of 2022 due to a modification of the agreement, which was agreed upon by both the County and the Corporation.

5. RECLASSIFICATIONS

Certain prior year amounts have been reclassified for consistency with current year presentation.

Bonadio & Co., LLP
Certified Public Accountants

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 27, 2024

To the Board of Directors of the
Tioga County Property Development 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 Tioga County Property Development Corporation (the Corporation) as of and for the year ended December 31, 2023, 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 27, 2024.

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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a material weakness.

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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)

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*.

Tioga County Property Development Corporation's Response to Finding
Government Auditing Standards requires the auditor to perform limited procedures on the Corporation's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Corporation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Bonadio & Co., LLP

TIOGA COUNTY PROPERTY DEVELOPMENT CORPORATION

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023

PART I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of independent auditor's report issued on whether the financial statements were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	☑ Yes ☐ No
Significant deficiencies identified?	☐ Yes ☑ None reported
Noncompliance material to the financial statements noted?	☐ Yes ☑ None reported

PART II FINANCIAL STATEMENT FINDINGS

Reference Number: 2023-001

Financial Reporting

Criteria:
Internal controls over financial reporting should be properly designed, implemented and monitored to ensure all material transactions are recorded in accordance with generally accepted accounting principles.

Cause/Condition:
The Corporation did not have a sufficient process in place to accurately recognize grant revenues in accordance with the matching principle. The Corporation recognized grant revenues for related expenditures twice.

Effect:
Material misstatements were identified and corrected as part of the audit. Totals of corrected misstatements are summarized as follows:

Increase / (Decrease)	
Assets	**Revenues**
($35,000)	($35,000)

Recommendation:
The Corporation should ensure processes are in place to allow for accurate financial reporting and proper recording of transactions throughout the fiscal year in accordance with generally accepted accounting principles. The Corporation should perform reconciliations of revenues and expenditures for each grant award, as well as for grant awards in the aggregate.

Management's Response:
We agree with the auditors' recommendation, and the following action will be taken to improve the situation. The Tioga County Property Development Corporation (TCPDC) and organizational staff will establish a process to record and evaluate entries related to grant reimbursement. This process will be implemented right away. TCPDC organizational staff will enter expense transactions into QuickBooks and select the corresponding funding source class. TCPDC organizational staff will then prepare grant reimbursement documentation and submit to appropriate grantor. TCPDC organizational staff will provide the third-party bookkeeper with the disbursement request and supporting reimbursement documentation that was submitted to the grantor to compare against the recorded QuickBooks entry. The third-party bookkeeper will implement a grant tie out process to evaluate the data entered in QuickBooks versus the data submitted to the grantor.