



June 14, 2024

Andrew Sheaf  
Local Government Policy Manager  
PA Department of Community & Economic Development  
Governor's Center for Local Government Services  
Commonwealth Keystone Building  
400 North Street, 4th Floor  
Harrisburg, PA 17120-0225

Via E-mail: [RA-DCLANDBANKORD@pa.gov](mailto:RA-DCLANDBANKORD@pa.gov)

Re: 2023 Audit for Pittsburgh Land Bank, Entity # 4271506

Mr. Sheaf:

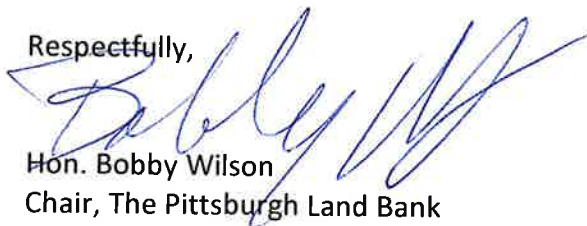
The Pittsburgh Land Bank (the "PLB") was formed via Local Ordinance 2014-0025 in the City of Pittsburgh, with its Certificate of Incorporation dated April 30<sup>th</sup>, 2014. Its fiscal year runs concurrent with the calendar year January 1 - December 31<sup>st</sup>.

Enclosed is the completed audit of the PLB's finances and records for its activities in FY 2023 as well as the Activity Report submitted to DCED per the regulations outlined in PA Act 153 of 2012, 68 Pa.C.S.A §2101 et seq.

Please consider this letter and the attached audited financial statements as our formal acknowledgement and record of fulfilling our audit obligation for the 2023 fiscal year for the PLB.

Please direct any questions regarding this matter to Sally Stadelman at [sstadelman@ura.org](mailto:sstadelman@ura.org).

Respectfully,



Hon. Bobby Wilson  
Chair, The Pittsburgh Land Bank

cc: Hon. Ed Gainey, Mayor, City of Pittsburgh  
Damara Carter, Chief Financial Officer, Urban Redevelopment Authority of Pittsburgh  
Jennifer Gula, Director, Department of Finance, City of Pittsburgh  
Kimberly Clark-Baskin, Clerk, City of Pittsburgh  
Susheela Nemani-Stanger, Executive Director, URA

Attachments:  
2023 Pittsburgh Land Bank Audit  
2023 PLB Annual Report

**PITTSBURGH LAND BANK**

**Financial Statements**

**For the Years Ended December 31, 2023 and 2022**

PITTSBURGH LAND BANK

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December 31, 2023 and 2022

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Independent Auditor's Report

To the Board of Directors  
Pittsburgh Land Bank  
Pittsburgh, Pennsylvania

**Opinion**

We have audited the accompanying financial statements of Pittsburgh Land Bank (PLB), a component unit of the City of Pittsburgh, which comprise the statements of net position as of December 31, 2023 and 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pittsburgh Land Bank as of December 31, 2023 and 2022, and the changes in its net 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 Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Pittsburgh Land Bank and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Pittsburgh Land Bank's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **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 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, 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 Pittsburgh 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 Pittsburgh 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.

### **Other Matters**

#### ***Required Supplementary Information***

Management has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*McLee Maruca & Associates, P.C.*

Pittsburgh, Pennsylvania

May 24, 2024

Pittsburgh Land Bank  
 Statements of Net Position  
 December 31

	<u>Assets</u>	
	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and cash equivalents	\$ 288,069	\$ 511,446
Accounts receivable	5,411	-
Total current assets	<u>293,480</u>	<u>511,446</u>
Total assets	<u>\$ 293,480</u>	<u>\$ 511,446</u>

**Liabilities and Net Position**

Liabilities:		
Current liabilities:		
Accounts payable	\$ 84,942	\$ 74
Escrow options	2,000	-
Total liabilities	<u>86,942</u>	<u>74</u>
Net position:		
Unrestricted:		
Assets held for sale	-	-
Operations	206,538	511,372
Total net position	<u>206,538</u>	<u>511,372</u>
Total liabilities and net position	<u>\$ 293,480</u>	<u>\$ 511,446</u>

See accompanying notes to financial statements.

Pittsburgh Land Bank  
Statements of Revenues, Expenses,  
and Changes in Net Position  
For the Years Ended December 31

	2023	2022
Operating revenue:		
Sale of real estate	\$ 94,845	\$ -
Total operating revenue	94,845	-
Operating expenses:		
Acquistition costs	68,001	-
Wages and salaries - interns	-	9,900
Insurance	3,750	3,750
Advertising	1,165	553
Administrative fees to the Urban Redevelopment Authority of Pittsburgh	261,473	121,762
Dues	150	-
Interest expense	7	-
Office expense	129	-
Professional development	1,732	1,147
Professional services	65,681	118,375
Travel/training/conference	580	13,122
Computer and software expense	5,286	739
Bank fees	155	10
Total operating expenses	408,109	269,358
Operating income (loss)	(313,264)	(269,358)
Non-operating revenue (expenses):		
Local grants - Heinz Endowments	-	19,411
Interest income	313	87
Miscellaneous revenue	8,117	3,621
Total non-operating revenue (expenses)	8,430	23,119
Change in net position	(304,834)	(246,239)
Net position:		
Beginning of period	511,372	757,611
End of period	\$ 206,538	\$ 511,372

See accompanying notes to financial statements.

Pittsburgh Land Bank  
Statements of Cash Flows  
For the Years Ended December 31

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash received from sale of real estate	\$ 91,434	\$ -
Operating cash payments	<u>(323,241)</u>	<u>(380,459)</u>
Net cash used in operating activities	<u>(231,807)</u>	<u>(380,459)</u>
Cash flows from non-capital financing activities:		
Local grants	-	19,411
Interest income	313	87
Miscellaneous revenue	<u>8,117</u>	<u>3,621</u>
	<u>8,430</u>	<u>23,119</u>
Increase in cash and cash equivalents	(223,377)	(357,340)
Cash and cash equivalents:		
Beginning of period	<u>511,446</u>	<u>868,786</u>
End of period	<u><u>\$ 288,069</u></u>	<u><u>\$ 511,446</u></u>
Reconciliation of operating income (loss) to net cash used in operating activities:		
Operating income (loss)	\$ (313,264)	\$ (269,358)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Increase in accounts receivable	(5,411)	
Increase (decrease) in accounts payable	84,868	(111,101)
Increase in escrow options	<u>2,000</u>	<u>-</u>
Net cash used in operating activities	<u><u>\$ (231,807)</u></u>	<u><u>\$ (380,459)</u></u>

See accompanying notes to financial statements.



# PITTSBURGH LAND BANK

## Notes to the Financial Statements

December 31, 2023 and 2022

(1) **Financial Reporting Entity**

Pittsburgh Land Bank (PLB) was authorized and organized as a Pennsylvania Land Bank in accordance with Commonwealth of Pennsylvania Act 153 of 2012, Chapter 21 of Title 68, known as the Land Banks Act. The City of Pittsburgh City Council adopted Ordinance #2014-0025 on April 14, 2014 creating the PLB. There has been minimal activity from inception through the end of 2018. The operations commenced in 2019 but were limited in 2020 through 2022 due to COVID restrictions. There was minimal operating revenue for 2023 and it is expected to substantially increase for 2024.

The mission of PLB is to return unproductive real property to beneficial reuse, through an equitable, transparent, and public process, revitalize neighborhoods to strengthen the City of Pittsburgh's tax base and support socially and economically diverse communities. PLB's specific role is to aid in neighborhood scale development, the recycling and repurposing of land suitable for single family infill development, the stabilization of standing structures supporting neighborhood commercial districts and vacant land suitable for community needs.

PLB is a component unit of the City of Pittsburgh. The City of Pittsburgh City Council appoints six of the nine board members of the PLB and the PLB operates autonomously of the City of Pittsburgh. PLB operates under all legislation approved by the Pittsburgh City Council and the Commonwealth of Pennsylvania. Under the terms of a memorandum of agreement dated March 22, 2021, the Urban Redevelopment Authority of Pittsburgh (URA) is responsible for providing staffing support and services for the benefit of PLB.

(2) **Summary of Significant Accounting Policies**

(a) **Basis of Accounting**

PLB operates as a business-type activity and, as such, presents its financial statements as an enterprise fund. Its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash.

PLB distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with PLB's principal ongoing operations. The principal operating revenues of PLB are proceeds from sales of properties. Operating expenses include the cost of site acquisition and improvements, operating and maintenance, insurance, utilities, professional services, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

To date, all of PLB's resources are unrestricted. PLB has not yet developed a formal policy for what resources to use when an expense is incurred for purposes for which both restricted and unrestricted resources are available. PLB will do so in the future when it obtains restricted resources.

PITTSBURGH LAND BANK

Notes to the Financial Statements, continued

December 31, 2023 and 2022

(2) **Summary of Significant Accounting Policies, continued**

(b) **Basic Financial Statements**

With the exception of the preparation of Management's Discussion and Analysis, PLB has adopted Governmental Accounting Standards Board (GASB) Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.*" Since PLB is only engaged in business-type activities, it is required to present only the financial statements required for the enterprise funds. For the PLB, the basic financial statements consist of:

Enterprise Fund Financial Statements:

Statement of Net Position

Statement of Revenues, Expenses, and Changes in Net Position

Statement of Cash Flows

Notes to the Financial Statements

(c) **Cash and Cash Equivalents**

PLB considers all highly liquid investments having an original maturity of three months or less when purchased to be cash equivalents.

(d) **Accounts Receivable**

Receivables are reported at their net realizable value. General accepted accounting principles in the United States of America require the establishment of an allowance for uncollectible receivables, however management believes no such allowance is necessary.

(e) **Federal Income Taxes**

PLB qualifies under the Internal Revenue Codes as a tax-exempt organization and, therefore, any income earned by PLB is exempt from federal income taxes. Accordingly, no federal income taxes have been provided for in the accompanying PLB financial statements.

(f) **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 accompanying notes. Actual results may differ from those estimates.

(g) **Net Position**

Net position is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Currently, all of PLB's net position is without donor restrictions.

PITTSBURGH LAND BANK

Notes to the Financial Statements, continued

December 31, 2023 and 2022

(3) **Cash and Cash Equivalents**

Under Section 2007.11 of the Pennsylvania Land Bank Act, the PLB is permitted to invest its monies at the discretion of the Board in instruments, obligations, securities, or property determined proper by the Board, and to name and use depositories for its money. Currently, PLB's cash is deposited into a bank account with a financial institution. There were no investments at December 31, 2023 or 2022.

**Custodial Credit Risk**

PLB maintains its cash at a single financial institution located in Pittsburgh, Pennsylvania. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2023, PLB had uninsured cash balances of \$38,069. At December 31, 2022, PLB had uninsured cash balances of \$261,446.

(4) **Revenues**

**Local Grants**

There was no grant income received for the year ended December 31, 2023. PLB received \$19,411 in local grant revenue from Heinz Endowments for the year ended December 31, 2022.

(5) **Subsequent Events**

Subsequent events were evaluated through the Independent Auditor's report date, which is the date the financial reports were available to be issued.