

**Albany County Land Bank Corporation**  
(A Component Unit of the  
County of Albany, New York)

**Financial Statements as of  
June 30, 2018 and 2017  
Together with  
Independent Auditor's Reports**

**Bonadio & Co., LLP**  
Certified Public Accountants

## CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED).....	3-5
FINANCIAL STATEMENTS	
Statements of net position.....	6
Statements of revenue, expenses, and change in net position.....	7
Statements of cash flows.....	8
Notes to financial statements.....	9-12
OTHER REQUIRED REPORT	
Independent auditor's report on internal control over financial reporting and on compliance and other matters based on audit of financial statements performed in accordance with <i>Government Auditing Standards</i> .....	13-14

## INDEPENDENT AUDITOR'S REPORT

September 25, 2018

To the Board of Directors of  
Albany County Land Bank Corporation:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Albany County Land Bank Corporation (Corporation) (a component unit of the County of Albany, New York), as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

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## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Albany County Land Bank Corporation, as of June 30, 2018 and 2017, 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.

### **Report on Required Supplementary Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2018 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.

# **ALBANY COUNTY LAND BANK CORPORATION**

## **(A Component Unit of the County of Albany, New York)**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

#### **FOR THE YEAR ENDED JUNE 30, 2018 AND 2017**

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*The following is a discussion and analysis of the Corporation's financial performance for the fiscal year ended June 30, 2018. The section is a summary of the Corporation's financial activities based on currently known facts, decisions, or conditions. Because this is the first year of operations for the Corporation, only the results on the current year are discussed below. This section is only an introduction and should be read in conjunction with the Corporation's financial statements, which immediately follow this section.*

#### **Financial Highlights**

- The Corporation's net position decreased approximately \$1.6 million this year. Much of this decrease is attributable to an increase in the Land Bank's property portfolio through additional property acquisitions and drawdowns of available grant funds.
- The Corporation disposed of 183 properties in fiscal year 2018, a substantial increase from 73 properties in fiscal year 2017.
- Revenue from property sales in fiscal year 2018 was approximately \$2.2 million, an increase of 68% from the approximately \$1.3 million in property sales in fiscal year 2017.
- Revenue from property sales comprised substantially all operating revenue in fiscal year 2018.
- The Corporation added three full-time staff positions and two part-time positions in fiscal year 2017 increasing salary and benefit expenses in addition to having one AmeriCorps service member, which was funded from a grant from the Local Initiatives Support Corporation.
- The increase of property sales, addition of new properties and commensurate increase in number of property improvements and ongoing maintenance resulted in a corresponding increase in operating expenses, including professional fees, insurance and other related expenses.
- Property held for sale was valued at approximately \$7.5 million in fiscal year 2018. It should be noted that this is recorded at the assessed value of the property at the time of donation from the County, which is typically greater than actual market value.
- The Corporation had approximately \$3.3 million in cash at the end of fiscal year 2018, an increase from approximately \$1.8 million at the beginning of the year. The majority of this cash increase is from grant funds received by the Corporation and cash from property sales exceeding cash outlays for salaries, improvements to properties held for sale and other operating costs.
- The Corporation had a net cash flow from operations of \$191,128 in fiscal year 2018. This has been primarily due to an increase in property sales as the Corporation finishes its fourth year of existence and is able to return more properties to productive use.
- The Corporation is in a stronger financial position as it finishes its fourth year of operations; however, the Corporation still relies heavily on grant funds to operate.

#### **Overview of Financial Statements**

The basic financial statements include the statement of net position, statement of revenues, expenses and change in net position, statement of cash flows, and notes to the financial statements.

The first of these statements is the Statement of Net Position. This is the statement of financial position presenting information that includes all of the Corporation's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Corporation as a whole is improving or deteriorating. Evaluation of the overall economic health of the Corporation must include other non-financial factors such as the economic picture of the City, County and the State, in addition to the financial information provided in this report.

## Overview of the Financial Statements (Continued)

The second statement is the Statement of Revenues, Expenses and Changes in Net Position, which reports how the Corporation's net position changed during the current and previous fiscal year. Revenues and expenses are included when earned or incurred, regardless of when cash is received or paid. The third statement is the Statement of Cash Flows, which shows the sources and uses of cash.

The accompanying Notes to the Financial Statements provide information essential to a full understanding of the financial statements.

## Financial Analysis

Below is a summary of the Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2018 and 2017:

### Summary of Net Position

	<u>2018</u>	<u>2017</u>	<u>\$ Change</u>	<u>% Change</u>
Current assets	\$ 3,402,996	\$ 1,970,349	\$ 1,432,647	73%
Non-current assets	<u>7,470,492</u>	<u>10,116,934</u>	<u>(2,646,442)</u>	<u>-26%</u>
Total assets	<u>10,873,488</u>	<u>12,087,283</u>	<u>(1,213,795)</u>	<u>-10%</u>
Current liabilities	629,307	157,083	472,224	301%
Non-current liabilities	<u>-</u>	<u>61,238</u>	<u>(61,238)</u>	<u>100%</u>
Total liabilities	<u>629,307</u>	<u>218,321</u>	<u>410,986</u>	<u>188%</u>
Net position				
Net investment in capital assets	4,398	6,019	(1,621)	-27%
Unrestricted	<u>10,239,783</u>	<u>11,862,943</u>	<u>(1,623,160)</u>	<u>-14%</u>
	<u>\$ 10,244,181</u>	<u>\$ 11,868,962</u>	<u>\$ (1,624,781)</u>	<u>-14%</u>

In the fourth year of the Corporation's existence, the Corporation's net position decreased by \$1.62 million. This decrease resulted primarily through increasing inventory of property held for sale through donations from the County as well as capital improvements made to those properties through grant funds. The Corporation accepted \$1.8 million in properties from the County of Albany, which were recorded at their assessed value. To further increase the property inventory value, the Corporation made \$775 thousand in capital improvements to its property that were held for sale. The Corporation sold 183 properties during the year that removed \$5.15 million in property cost from its inventory.

## Financial Analysis (Continued)

### Summary of Changes in Net Position

	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Operating Revenue:				
Sale of property	\$ 2,203,184	\$ 1,311,078	\$ 892,106	68%
Other income	<u>12,120</u>	<u>17,972</u>	<u>(5,852)</u>	<u>-33%</u>
Total operating revenues	<u>2,215,304</u>	<u>1,329,050</u>	<u>886,254</u>	<u>67%</u>
Operating Expenses	<u>7,451,607</u>	<u>4,799,186</u>	<u>2,652,421</u>	<u>55%</u>
Operating loss	<u>(5,236,303)</u>	<u>(3,470,136)</u>	<u>(1,766,167)</u>	<u>51%</u>
Non-operating revenues:				
Grants	1,046,290	789,643	256,647	33%
Other	<u>29,992</u>	<u>10,053</u>	<u>19,939</u>	<u>198%</u>
Total non-operating revenues	<u>1,076,282</u>	<u>799,696</u>	<u>276,586</u>	<u>35%</u>
Other Additions:				
Donated property	1,793,274	9,527,415	(7,734,141)	-81%
Grants	<u>741,966</u>	<u>1,191,590</u>	<u>(449,624)</u>	<u>-38%</u>
Total other additions	<u>2,535,240</u>	<u>10,719,005</u>	<u>(8,183,765)</u>	<u>-76%</u>
Change in net position	(1,624,781)	8,048,565	(9,673,346)	-120%
Net position - beginning of year	<u>11,868,962</u>	<u>3,820,397</u>	<u>8,048,565</u>	<u>211%</u>
Net position - end of year	<u>\$ 10,244,181</u>	<u>\$ 11,868,962</u>	<u>\$ (1,624,781)</u>	<u>-14%</u>

The Corporation in its fourth year of operations saw an increase in operating revenues and expenses. Operating revenues increased 67% due to selling 183 properties in fiscal year 2018, which was an increase from the 73 properties sold in fiscal year 2017. This increase in activity also affected operating expenses, increasing them by approximately \$2.6 million. Grant and donated property revenues saw decreases in 2018. Grant revenues decreased due to the City of Albany grant not recurring in 2018 and the County of Albany grant was reduced to \$250,000. Donated properties decreased due to the number of properties donated by the County of Albany decreasing from 470 property acquisitions in fiscal year 2017 to 91 in fiscal year 2018.

### Economic Factors

The Corporation will continue to look for funding opportunities to further its mission of promoting local development. Each year, the Corporation will evaluate opportunities for investment of its resources in furthering this mission.

### CONTACTING ADMINISTRATION

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Corporation's finances and to show the accountability for the money received. If you have questions about this report or need additional financial information, contact the Albany County Land Bank Corporation's Executive Director at 69 State Street, 8<sup>th</sup> Floor, Albany, New York 12207.

**ALBANY COUNTY LAND BANK CORPORATION**  
**(A Component Unit of the County of Albany, New York)**

**STATEMENT OF NET POSITION**  
**JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash	\$ 3,323,273	\$ 1,799,473
Accounts receivable	14,700	19,500
Due from New York State	9,150	114,388
Prepaid expenses	<u>55,873</u>	<u>36,988</u>
Total current assets	<u>3,402,996</u>	<u>1,970,349</u>
Property held for sale	7,466,094	10,049,677
Other	-	61,238
Capital assets, net	<u>4,398</u>	<u>6,019</u>
Total assets	<u>10,873,488</u>	<u>12,087,283</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	442,979	156,352
Unearned revenues	<u>186,328</u>	<u>731</u>
Total current liabilities	<u>629,307</u>	<u>157,083</u>
Other long-term liabilities	<u>-</u>	<u>61,238</u>
Total liabilities	<u>629,307</u>	<u>218,321</u>
<b>NET POSITION</b>		
Net investment in capital assets	4,398	6,019
Unrestricted - property held for resale	7,466,094	10,049,677
Unrestricted - available for operations	<u>2,773,689</u>	<u>1,813,266</u>
	<u>\$ 10,244,181</u>	<u>\$ 11,868,962</u>

The accompanying notes are an integral part of these statements.



**ALBANY COUNTY LAND BANK CORPORATION**  
**(A Component Unit of the County of Albany, New York)**

**STATEMENTS OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>OPERATING REVENUE:</b>		
Sale of properties	\$ 2,203,184	\$ 1,311,078
Fees and other revenues	<u>12,120</u>	<u>17,972</u>
Total operating revenue	<u>2,215,304</u>	<u>1,329,050</u>
<b>OPERATING EXPENSES:</b>		
Cost of sales	5,152,068	3,705,092
Property maintenance	948,696	218,039
Salaries and benefits	524,107	326,183
Albany County - property tax recoveries	263,533	100,335
Insurance	210,187	122,965
Professional fees	156,410	155,109
Property taxes	83,038	25,505
Office and administrative	77,873	64,076
Property sale related	24,855	74,809
Travel	9,219	5,820
Depreciation	<u>1,621</u>	<u>1,253</u>
Total operating expenses	<u>7,451,607</u>	<u>4,799,186</u>
Operating loss	<u>(5,236,303)</u>	<u>(3,470,136)</u>
<b>NON-OPERATING REVENUE:</b>		
Grant revenue - State of New York	768,287	252,699
Grant revenue - County of Albany	250,000	500,000
Grant revenue - LISC	28,003	36,944
Rental and other income	27,832	9,435
Interest	<u>2,160</u>	<u>618</u>
Total non-operating revenues	<u>1,076,282</u>	<u>799,696</u>
<b>OTHER ADDITIONS:</b>		
Donation of property for sale	1,793,274	9,527,415
Grant revenue - State of New York	448,457	1,038,949
Grant revenue - State of New York (NFN)	293,509	42,808
Grant revenue - City of Albany	<u>-</u>	<u>109,833</u>
Total other additions	<u>2,535,240</u>	<u>10,719,005</u>
CHANGE IN NET POSITION	<u>(1,624,781)</u>	<u>8,048,565</u>
NET POSITION - beginning of year	<u>11,868,962</u>	<u>3,820,397</u>
NET POSITION - end of year	<u>\$ 10,244,181</u>	<u>\$ 11,868,962</u>

The accompanying notes are an integral part of these statements.

**ALBANY COUNTY LAND BANK CORPORATION**  
**(A Component Unit of the County of Albany, New York)**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from property sales	\$ 2,209,184	\$ 1,292,378
Receipts from other operating activities	12,120	17,972
Payments to employees for salaries and benefits	(518,039)	(316,948)
Payments to vendors for goods and services	<u>(1,512,137)</u>	<u>(734,134)</u>
Net cash flows from operating activities	<u>191,128</u>	<u>259,268</u>
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Receipts from grants	2,077,891	1,841,094
Purchases of properties	-	(8,500)
Payments for improvements to property held for sale	<u>(775,211)</u>	<u>(1,108,425)</u>
Net cash flows from capital and related financing activities	<u>1,302,680</u>	<u>724,169</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	<u>-</u>	<u>(5,540)</u>
Net cash flows from non-capital and related financing activities	<u>-</u>	<u>(5,540)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Receipts from rental of property and other nonoperating income	27,832	9,435
Receipts from interest earnings	<u>2,160</u>	<u>618</u>
Net cash flows from investing activities	<u>29,992</u>	<u>10,053</u>
Net change in cash	1,523,800	987,950
Cash, beginning of year	<u>1,799,473</u>	<u>811,523</u>
Cash, end of year	<u>\$ 3,323,273</u>	<u>\$ 1,799,473</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH</b>		
<b>FROM OPERATING ACTIVITIES:</b>		
Operating loss	\$ (5,236,303)	\$ (3,470,136)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	1,621	1,253
Cost of property sales (non-cash item)	5,152,068	3,705,092
Change in assets and liabilities:		
Accounts receivable	4,800	(18,700)
Prepaid expenses	(18,885)	(10,146)
Accounts payable and accrued liabilities	286,627	51,905
Unearned revenues	<u>1,200</u>	<u>-</u>
Net cash flows from operating activities	<u>\$ 191,128</u>	<u>\$ 259,268</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:</b>		
Receipt of property held for sale	<u>\$ 1,793,274</u>	<u>\$ 9,527,415</u>

The accompanying notes are an integral part of these statements.

**ALBANY COUNTY LAND BANK CORPORATION  
(A Component Unit of the County of Albany, New York)**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

Albany County Land Bank Corporation (Corporation) was formed July 1, 2014, and is governed by its Articles of Incorporation, bylaws and the laws of the State of New York. The Corporation was established to facilitate the process of acquiring, improving and redistributing vacant and abandoned properties in the County of Albany (County). The Corporation's board of directors is comprised of individuals appointed by the County. The Corporation is considered a component unit of the County.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The Corporation's financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus, in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**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. In accordance with the Corporation's investment policy, all deposits of the Corporation including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIA) shall be secured by a pledge of securities with an aggregate value equal to the aggregate amount of deposits.

The Corporation had bank balances of \$3,217,001 and \$1,960,765, at June 30, 2018 and 2017, respectively, of which \$500,000 and \$500,000 are insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2018 and 2017, the remaining bank balance was collateralized with securities held in the Corporation's name.

**Prepaid Expenses**

Prepaid expenses represent payments made by the Corporation for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are reported in the statement of net position as an asset using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense is reported in the year the goods or services are consumed.

**Property Held for Sale**

The Corporation primarily acquires its property held for sale from the County for the purpose of improving those properties and returning them to productive use on the tax rolls. These properties are recorded at assessed value at the time of donation which approximates fair value. Depending on the condition of the property at the time of donation, certain capital costs may be required to improve that property and are included in the value of the property.

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

### Capital Assets, Net

Capital assets are reported at actual cost. Donated assets are reported at estimated fair value at the time received. Capitalization thresholds, (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the Statement of Net Position are as follows:

	Capitalization <u>Threshold</u>	Depreciation <u>Method</u>	Estimated <u>Useful Life</u>
Furniture and equipment	\$1,000	SL	5 years

### Net Position Classifications

In the financial statements, there are three possible classifications of net position:

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt, if any, that are attributable to the acquisition, construction, or improvement of those assets.

The restricted component of net position consists of restricted assets reduced by liabilities related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or the liability will be liquidated with the restricted assets reported. The Corporation does not have restricted net position at June 30, 2018.

The unrestricted component of net position is the net amounts of the assets and liabilities that are not included in the determination of net investment of capital assets or the restricted component of net position.

The Corporation's policy is to first utilize available restricted, when available, and then unrestricted resources in the conduct of its operations.

### Classification of Revenue and Expense

Operating revenues are those that result from the provision of services related to the Corporation's principal purposes, and are generally associated with exchange transactions. Nonoperating revenues result from activities that are not directly related to the Corporation's principal purposes, but that exist in order to support them, and generally consist of nonexchange transactions. Other additions arise from nonexchange transactions which provide for the value of donated properties and resources for related capital improvements and are non-exchange transactions.

### Grant Revenue – County of Albany

The Corporation received a \$250,000 and \$500,000 grant from the County for administrative costs for each of the years ended June 30, 2018 and 2017, respectively.

### Grant Revenue – State of New York

The Corporation was awarded a \$2,880,000 grant from the New York State Office of the Attorney General for the period January 1, 2015 through December 31, 2017. The Corporation was also awarded two additional grants from the New York State Office of the Attorney General for the period January 2017 to December 31, 2018 for \$1,040,834 and \$450,000. The grants are to be used to make capital improvement to acquired properties, property maintenance and other operating expenses related to the acquired properties.

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

### Grant Revenue – State of New York (Continued)

The grants are received on a quarterly basis based on the estimated needs for the upcoming quarter specifically related to the properties and includes adjustments for unspent funds from previous quarters.

Funds received in advance of disbursement are recognized as unearned grant revenue and disbursements exceeding amounts received are recognized as due from New York State.

### Income Taxes

The Corporation is a not-for-profit local development corporation under Article 16 of New York State not-for-profit corporation law and is exempt from federal income taxes and New York State taxes. Accordingly, no income tax provision has been made.

### Use of Estimates

The preparation of the 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 revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of depreciation using useful lives of assets and the fair value of donated property.

## 2. PROPERTY HELD FOR SALE

The Corporation's activity related to property held for sale during fiscal year ending June 30, 2018 and 2017 are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Donated Property Acquisitions</u>	<u>Purchased Property Acquisitions</u>	<u>Capital Improvements</u>	<u>Cost of Property Sales</u>	<u>Balance at End of Year</u>
2018	<u>\$ 10,049,677</u>	<u>1,793,274</u>	<u>-</u>	<u>775,211</u>	<u>(5,152,068)</u>	<u>\$ 7,466,094</u>
2017	<u>\$ 3,110,429</u>	<u>9,527,415</u>	<u>8,500</u>	<u>1,108,425</u>	<u>(3,705,092)</u>	<u>\$ 10,049,677</u>

The Corporation acquired 91 and 470 parcels of property in fiscal year 2018 and 2017, respectively. The Corporation sold 183 and 73 parcels of property in fiscal year 2018 and 2017, respectively. In 2018, the 183 parcels of property were sold for total consideration of \$2,203,184 resulting in a loss on disposition of those properties of \$2,948,884. In 2017, the 73 parcels of property were sold for total consideration of \$1,311,078 resulting in a loss on disposition of those properties of \$2,394,014.

## 3. CONCENTRATIONS

The Corporation received 61% and 89% of its revenue from state and local government grants for the year ended June 30, 2018 and 2017, respectively.

#### **4. COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Corporation is subject to various lawsuits and claims. Management believes that the ultimate resolution of these matters will not have a significant effect on the Corporation's financial position.

The Corporation participates in grant programs. These programs could be subject to financial and compliance audits and may be conducted in accordance with grantor requirements on a periodic basis. The amounts, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although the Corporation believes, based upon its review of current activity, the amount of such disallowances, if any, will be immaterial.

The Corporation entered into a lease agreement for office space in November of 2016. The lease term is through November 2019 and has a fixed annual rent of \$20,520. The lease agreement also provides for additional rent which is the Corporation's pro-rata share of the building's tax, operating and maintenance payments. Rental expense for the years ended June 30, 2018 and 2017 was \$24,238 and \$16,127, respectively.

**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**

September 25, 2018

To the Board of Directors of  
Albany County Land Bank Corporation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Albany County Land Bank Corporation (Corporation), a component unit of the County of Albany, New York as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated September 25, 2018.

**Internal Control Over Financial Reporting**

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

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

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

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(Continued)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS** (Continued)

**Compliance and Other Matters**

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

**Purpose of this Report**

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