

REQUIRED COMMUNICATIONS

March 21, 2024

Board of Directors
Albany County Land Bank Corporation
69 State Street
Albany, New York

Dear Board Members:

We have audited the financial statements of the Albany County Land Bank Corporation (Land Bank) as of and for year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 15, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Land Bank are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023.

We noted no transactions entered into by the Land Bank during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Land Bank's financial statements were:

- Management's estimate of the acquisition value of donated property is based upon assessed value of property received.
- Management's estimate of market value of property held for resale is based upon the past sales prices of properties.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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Significant Audit Findings (Continued)

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of concentrations statements describes the limited sources of revenue of the Land Bank.
- The disclosure of property held for sale describes the activity in property acquisitions and sales during the year.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. See Attachment A for a schedule of adjustments made during the audit. The attached schedule also summarizes uncorrected misstatements of the financial statement. Management has determined that their effects are immaterial, both individually and in aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated the date of this letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Land Bank's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Land Bank's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Board of Directors
Albany County Land Bank Corporation
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Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Albany Land Bank Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bonadio & CO. LLP

Albany County Land Bank Corporation
Attachment A - Material Audit Adjustments and Passed Adjustments
December 31, 2023

Material Audit Adjustments

Account	Account Description	<u>DR</u>	<u>CR</u>
<i>To adjust inventory to market value per Land Bank's analysis provided</i>			
59999	COS Inventorial:Loss on Impairment	\$ 248,870	
14061	Property Inventory:Lower of Cost or Market Adj.		\$ 248,870
		<u>\$ 248,870</u>	<u>\$ 248,870</u>
 <i>Reverse accruals recorded that related to majority of the work being performed in FY24.</i>			
22000	Accrued Expenses	\$ 120,272	
56020	COS Inventorial:Full Rehabs:Full Rehab- Prov. Svcs		\$ 120,272
		<u>\$ 120,272</u>	<u>\$ 120,272</u>

Passed Adjustment

Passed adjustment for SBITA GASB 96 Implementation (immaterial)

SBITA Asset	\$ 25,076	
SBITA Liability		\$ 25,076
	<u>\$ 25,076</u>	<u>\$ 25,076</u>