



# ANNUAL REPORT

Fiscal Year 2020

**As per Public Authorities Law Article 9, Title 1, §2800 (2),  
The Allegany County Land Bank Corporation offers the following information  
regarding its status and activities for the year 2020**

## **OPERATIONS AND ACCOMPLISHMENTS**

The Allegany County Land Bank Corporation (ACLBC) completed 3 rehabilitation projects in 2020. All three homes sold in 2020 were purchased by buyers at or below 80% of the Area Median Income. The new construction of one new home was nearly complete at the end of 2020. The new home will complete in February 2021 and marketed as affordable housing.

ACLBC demolished two derelict properties in 2020. One of the two vacant lots that resulted from the demolitions was sold to a neighbor. The lot of the second demolition of 2020 remains for sale. Two vacant lots that were the result of 2019 demolition projects were sold in 2020.

2020: Acquisitions- 2, Demolitions- 2, Rehabilitations- 3, Homes Sold- 3, Vacant Lots Sold-3, and Homes Secured Demo Ready- 1

2016-2020: Acquisitions- 18, Demolitions – 11 homes & 2 garages, Rehabilitations- 5, New Homes- 1, Vacant Lots Sold- 6, Stabilization-1.

2021 Goals: New Homes Sold-1, Rehabs Sold-2, Demolitions-1, Lots Sold-4.

12/31/2020 Inventory: Structures- 4, Lots- 5.

Land Bank Bylaws, Policies, Meeting Minutes, and other organizational information can be found on the Land Bank's website: <http://www.aclbc.org>

## **MISSION STATEMENT**

The mission of the Allegany County Land Bank Corporation is to combat the problem of vacant and abandoned properties in Allegany County, New York by strategically selecting properties and facilitating the return of problem properties to productive use- in effort to eliminate the harms and liabilities caused by abandoned and vacant properties -while making it affordable for reputable consumers and developers to acquire land bank properties.

## **BOARD OF DIRECTORS: end of FY2020**

<p><b><u>Brian Loucks</u></b> <i>Chair</i> S.C.O.R.E Mentor</p>	<p><b><u>Darwin Fanton</u></b> <i>Treasurer, Contract and Asset Manager</i> Town of Wellsville Supervisor (retired)</p>	<p><b><u>H. Kier Dirlam</u></b> <i>Secretary</i> Director of Planning at Allegany County</p>	<p><b><u>Dave Evans</u></b> <i>Director</i> Building and Trades Instructor, Bolivar Central School (retired)</p>
<p><b><u>Carissa Knapp</u></b> <i>Director</i> Allegany County Administrator</p>	<p><b><u>Ed Zalar</u></b> <i>Vice Chair</i> United States Postal Service (retired)</p>		

### **LAND BANK COMMITTEES:**

**Audit-** Kier Dirlam [chair], Darwin Fanton, Carissa Knapp and Dave Evans

**Finance-** Darwin Fanton [chair], Kier Dirlam, Ed Zalar and Dave Evans

**Governance-** Dave Evans [chair], Kier Dirlam, Carissa Knapp and Darwin Fanton

# PERFORMANCE MEASUREMENTS

The Land Bank has an objective to work with the Allegany County to form a distressed property task force that will identify, catalog, and explore solutions to decrease the number of distressed, vacant, or abandoned properties in Allegany County. The Task Force would be comprised of representatives from the Land Bank, code enforcement, town's and village's personnel, law enforcement, legal experts, planning and development, and local non-profit and business leaders. Bringing together a diverse set of local representatives would give the Task Force the opportunity to take a systematic and deliberate approach at measuring the revitalization impact around the county.

The Land Bank reviews and approves monthly financial/budget reports that are drafted by the contracted accountant and submitted by the Land Bank Treasurer at the regular board meetings.

The contracted administrator submits monthly reports of performance.

Governance committee meets at least twice annually to review policies and procedures, performs an assessment of the boards performance, and internal controls.

The Audit committee meets at least twice annually and reviews all Land Bank contracts as well as the adopted operation budget. The Audit committee submits a real property and asset report to the board annually.

The Finance committee meets twice annually in compliance with public authority law but at this time the authority issues no bonds or debt.

Board members completed a confidential evaluation of board performance in accordance with ABO guidelines.

The Governance Committee performs an Assessment of the Effectiveness of Internal Controls which is adopted by the authority annually.

# 2020 ASSESSMENT OF THE EFFECTIVENESS OF INTERNAL CONTROLS

**Provisions:** Section 2800 (1)(a)(9) and Section 2800 (2)(a)(9) of Public Authorities Law require all public authorities to complete an annual assessment of the effectiveness of their internal control structures and procedures.

Additionally, State authorities with a majority of the members appointed by the Governor must establish and maintain a system of internal control and a program of internal control review as provided in Title 8 of Public Authorities Law.

**Objectives:** The importance of an adequate system of internal control is to: (a) promote effective and efficient operations so as to help the authority carry out its mission; (b) provide reasonable, but not absolute, assurance that assets are safeguarded against inappropriate or unauthorized use; (c) promote the accuracy and reliability of accounting data and financial reporting to ensure transactions are executed in accordance with management's authorization and recorded properly in accounting records; (d) encourage adherence to management's policies and procedures for conducting programs and operations; and (e) ensure compliance with applicable laws and regulations. Furthermore, a successful system of internal control includes performing an annual assessment to identify potential weaknesses in policies or procedures and to implement corrective actions.

For purposes of complying with the requirements of Section 2800, an internal control assessment is an annual evaluation performed by the Land Bank's Governance Committee and management to determine the effectiveness of its internal control system. This assessment should be sufficiently thorough so as to identify significant weaknesses in controls, recognize emerging or inherent risks, and to enable early detection of existing or potential problems. If an internal control system is working effectively, management will have a reasonable indication of the reliability of its operating practices and the accuracy of the information it is using to measure its activities and performance. Any deficiencies identified as a result of the assessment could be quickly addressed.

**Risks and Weaknesses:** Funding streams- current risk, high: The Land Bank does not have a reoccurring fund source. Risk is high because there is only funding to suffice the adopted budget until 2022. We are addressing this risk by seeking grant funding and supporting efforts toward legislation that would fund Land Banks with reoccurring revenue. We are engaging with local partners to seek Community Development Block Grant funds.

**Administrative Costs-** current risk, medium: Current major funding is from OAG programs that limit administrative cost to 25% of award. A gap in funding will occur if administrative costs exceed 25% without an alternate source of funding available. This risk is not high because the Land Bank has received support from Allegany County cover some administrative operations.

**Board Membership-** current risk, medium: The fiscal year 2020 ended with one vacant seat on the land bank board.

**Available Rehab Properties-** current risk, high: The Land Bank's work plan and objectives have aimed at obtaining properties that are in a condition that would harbor rehabilitation and make renovation efforts economically feasible. The Land Bank's *operations rely on getting properties from the Allegany County tax foreclose process.* The Land Bank is not allowed access to the interior of properties they purchase from the county which creates a risk that the Land Bank will buy properties for rehabilitation that prove to be beyond salvageable. To address this risk the Land Bank continually seeks problem properties from auctions or real estate market.

# INTERNAL CONTROL SYSTEMS IN PLACE

The Land Bank has established policies in compliance with Public Authorities, Non Profit, New York State and Federal Laws.

The Land Bank has an established contract officer to govern contracted agents and services. An asset list is kept and updated as needed by management under board supervision.

Board of Directors submit yearly statements that identify any possible conflicts of interest.

The Land Bank formed Governance, Finance, and Audit committees that meet at least twice yearly in compliance with ABO regulation. The committees work with management to identify weaknesses or hardships the authority faces, to set goals, and to track operations.

## **Revenue, Support and Collections**

The entity receives revenues primarily from state grants. The process involves submitting for reimbursement of eligible expenses on a quarterly basis. Expenses are tracked on the General Ledger by the contracted accountant and used as the basis for preparation of the disbursement request. Billings are posted directly to AR, although this typically only happens at year-end to prepare for the audit. The books are maintained on a cash basis through-out the year. The AR system is integrated with the GL, so reconciliation is essentially automatic. The receivables are classified and segregated in the subsidiary ledger. The sub ledger is reviewed by the consultant for past-due accounts. Collectability issues are minimal as funding is government-based. Most deposits are received via wire transfer. This is true for all grant funds. Once the transfer has been initiated, the accountant posts an entry to the accounting software relieving the AR and recording the cash receipt. For property sales, amounts are received via check. Mail is opened by the consultant. All receipts are stamped “for deposit only” with the name and account number for deposit. The consultant delivers the receipt to the accountant for deposit and posting. The cash receipts are deposited intact soon after receipt (within a week) into the Organization's bank account. No disbursements may be made from the receipts. Copies of supporting documentation are retained by the accountant. Except for petty cash and the cash fund held in the cash register, there is no currency held on site.

## **Expenses, Cash Disbursements and Cash Reconciliations**

Purchases are approved by using an informal purchase requisition process. Formal bids are required for purchases of equipment greater than \$20,000 and for service contracts exceeding \$35,000. All invoices are remitted from the consultant to the accountant for entry into the accounting system, using the appropriate expense account number. Checks for all contracts, and

non-utility service vendors, are cut once per month and delivered to the treasurer for signature. This typically occurs at monthly board meetings, where the entire board reviews a listing of proposed expenses. Utility bills associated assets do not go to the board for approval each billing cycle but are approved for payment in bulk by a board resolution. Utility bill checks are delivered to, and signed by, the treasurer on an as need basis. Once approved, the accounting consultant cancels the supporting documentation and marks it with the check number. Checks are pre-numbered. All blank checks are kept in a secure location. Invoices cannot be paid unless first signed by the treasurer. The check signer reviews all supporting documentation prior to signing the checks. After signature, the checks are remitted back to the accounting consultant for mailing. Voided checks have "VOID" written boldly in ink on the face and are kept on file. The treasurer accounts for the sequence of the pre-numbered checks.

The consultant reviews monthly bank statements for unexpected items before forwarding to the accountant. Reconciliations are performed by the accountant reviewed by the treasurer. All reconciling items are supported.

The accounts payable module is an integrated part of the general ledger system. Therefore, reconciliation to the general ledger is usually not necessary, unless an entry was booked to the control account without impacting the subsidiary ledger. Monthly vendor statements are reviewed and reconciled to the accounts payable trial balance by the consultant. The Board reviews monthly financial statements in detail and compares the balances in expense accounts to budgeted amounts. Any significant deviations from expectations are investigated and explained.

### **IT Environment and General Computer Controls**

Management consistently monitors and evaluates its IT systems. It supplements its own capabilities by occasionally consulting with a local IT consultant for small entities who is on site periodically. Weekly back-ups are performed. Changes are reviewed by the consultant who does the actual implementation. Accounting software provides for multiple users with varying security access and rights so that access to certain data or functions can be limited to selected users based on passwords.

## **SCHEDULE OF BONDS**

The Allegany County Land Bank Corporation has not issued any bonds and therefore there is no schedule of any outstanding bonds or notes.

## **COMPENSATION SCHEDULE**

The Allegany County Land Bank Corporation does not currently have employees.

## **ANNUAL INVESTMENT REPORT**

No investments to report

## PROCUREMENT REPORT

*As per Public Authorities Law Article 9, Title 1, §2800 (2), the Allegany County Land Bank Corporation offers the following information regarding its status and activities for the year 2020:*

*The Allegany County Land Bank had the following procurement transactions open during Fiscal Year 2020 with an actual or estimated value of \$5,000:*

Cyrco Construction Corp.	\$267,764.47
Fourth Sector Services, LLC	\$57,371.09
Cattaraugus Community Action, Inc.	\$14,249.18
Neeson - Clark Associates, Inc.	\$11,620.00
K.S. LaForge Excavating, Inc.	\$10,850.00

# REAL PROPERTY REPORT

LOCATION	STREET	TAX ID #	OWNERSHIP DATE	PURCHASE COST	INVESTED AMOUNT- as of Jan 2021	LOT SIZE	LOCAL ASSESED VALUE	ACTION	DISPOSITION
Andover	1 Baker (1 S. M.)	216.10-1-26	6/27/2019	\$750.00	\$38,890.04	0.13	\$12,000.00	Demo	Sold
	19 Maple	216.14-2-86	1/14/2019	\$750.00	\$42,750.00	0.11	\$10,000.00	Demo	Sold
	4 Pleasant	216.15-2-59	6/20/2018	\$980.10	\$30,370.10	0.16	\$69,000.00	Demo	Sold
Angelica	40 Mechanic	120.80-1-25	6/14/2018	\$874.85	\$20,274.86	0.13	\$31,900.00	Demo	Sold
Belfast	15 Chapel	105.10-1-46	6/14/2018	\$883.24	\$27,833.24	0.08	\$1,200.00	Demo	Sold
Bolivar	51 Cole	260.17-2-57	11/16/2020	\$25,000.00	\$52,608.85	0.10	\$46,100.00	Rehab	In Progress
Cuba	95 W Main	179.6-1-9	5/14/2019	\$37,052.51	\$112,482.84	0.48	\$85,000.00	Rehab	Sold
Wellsville	172 E State	239.9-2-22	8/22/2019	\$1,950.00	\$13,590.00	0.69	\$29,000.00	Demo	lot for sale
	178 E State	239.9-2-23	8/22/2019	\$1,850.00	\$62,850.00	0.72	\$29,000.00	Demo	lot for sale
	2956 Second	239.8-1-26	6/21/2018	\$1,100.00	\$1,100.00	0.26	\$1,000.00	Demo	Sold
	37 King	238.16-3-42	6/27/2019	\$1,450.00	\$31,284.45	0.18	\$20,000.00	Demo	lot for sale
	51 Clark	238.16-2-48	6/27/2019	\$1,950.00	\$75,606.80	0.20	\$25,000.00	Rehab	Sold
	79 Clark	238.16-2-44	10/2/2017	\$150.00	\$212,335.43	0.68	\$17,300.00	New	For Sale
	King (off)	238.16-2-78	10/2/2017	\$150.00	\$150.00	0.77	\$7,800.00	"	site surveyed
	135 N. Franklin	239.14-1-38	9/25/2020	\$15,000.00	\$41,790.33	0.26	\$48,000.00	Rehab	In Progress
Willing	1936 St Rt 19	265.7-2-33.1	6/27/2019	\$2,800.00	\$136,729.37	0.76	\$62,000.00	Rehab	Sold
Wiscoy	Mill	16.2-1-41	6/21/2018			0.31		Lot	Lot for Sale
	11557 Mill	16.2-1-42	6/21/2018	\$950.00	\$18,471.82	0.43	\$400.00	Demo	Lot for Sale

revised: 12/31/2020

# 2021 ADOPTED BUDGET

<u>Revenue</u>	<b>2020</b>	<b>2021</b>
	<b>[Adopted]</b>	<b>[Adopted]</b>
Income from property sales	170,000	
County Budget \$80k	0	
Enterprise [CRI 4 and 4.2] \$700k	223,556	76,000
LISC/CRI3 \$360k	0	
Cash on Hand	<u>110,998</u>	<u>225,000</u>
	<b>504,554</b>	<b>301,000</b>
<u>Expenditures</u>		
Contracts		
Legal	5,000	5,000
Audit	4,200	4,500
Accounting	5,000	5,000
Administration/ Consultant	56,500	60,000
Insurance	<u>8,000</u>	<u>10,000</u>
	<b>78,700</b>	<b>84,500</b>
<u>Non-Operation Expenditures</u>		
Program/office Supplies	500	500
Dues/Subscriptions	2,500	2,500
User Fees/ Misc Fees	500	500
Conference/Training	<u>3,000</u>	<u>3,000</u>
	<b>6,500</b>	<b>6,500</b>
<u>Operational Expenditures</u>		
Demolition	80,000	0
Rehab	160,000	100,000
New Construction	115,000	90,000
Acquisition/Stabilization	<u>20,000</u>	<u>15,000</u>
	<b>375,000</b>	<b>205,000</b>