

Board of Directors Regular Rescheduled Meeting

November 21, 2016

3:00 p.m.

Agenda

1. Roll Call
2. Public Comment
3. Announcements
 - Rescheduled Regular Board Meeting
 - Annual Meeting To Be Held December 8, 2016
4. Approval of Minutes for the Meeting of October 13, 2016
5. Updates
 - Property Transfers
 - Website
 - Neighborhood Garden Trust Report on Community Garden and Open Space
6. Approval of FY 2016 Audited Financial Statements
7. Land Bank 2016 Strategic Plan and Performance Report - For Discussion Only
8. Adjournment

This meeting is open to the public

PHILADELPHIA LAND BANK

BOARD MEETING MINUTES

A meeting of the Board of Directors of the Philadelphia Land Bank was held on Thursday, October 13, 2016 commencing at 3:30 p.m. in the offices of the Philadelphia Housing Development Corporation, being its regular meeting place, 17th Floor, 1234 Market Street, Philadelphia, Pennsylvania, pursuant to proper notices.

CALL TO ORDER

Ms. Rashid called the meeting to order at 3:33 p.m.

Agenda Item 1

Roll Call

The following members of the Board of Directors reported present: Majeedah Rashid, Chair; Jennifer Kates, Secretary; Paulette Adams, Anjali Chainani, Richard DeMarco, Michael Koonce, Frederick Purnell, Angel Rodriguez, Anna Shipp and Courtney Voss.

The following member of the Board of Directors was not present: Christian Dunbar.

The following staff members were present: Tania Nikolic, Nicholas Scafidi, Esq., Christi Jackson, Andrea Saah, Elizabeth Bonaccorso and Paul Chrystie.

Public Attendees: The list of public attendees is attached to these minutes.

A quorum of directors was present and the meeting having been duly convened was ready to proceed with business.

Agenda Item 2

Public Comment

Ms. Rashid asked if any member of the public wished to comment upon any item on the Board's agenda.

Ms. Rashid recognized Mr. John Allen who asked whether the property located at 869 N. 20th Street will be included in the sale of properties for workforce housing. Ms. Nikolic informed Mr. Allen that this property will not be included at this time with the group being sold by the Land Bank. Ms. Nikolic stated that staff will follow-up with him.

Ms. Rashid recognized Ms. Amy Laura Kahn from the Public Interest Law Center. Ms. Kahn acknowledged that the Land Bank, in her view, is making progress in being able to acquire and convey land for gardens and open-space. However, Ms. Kahn expressed her belief that that there

are transparency issues with the Land Bank policy documents, as advocates have only seen outlines, not the entire policy, and that presentations of the policy differed when given to different groups. She asked that the policy be made available for public review as soon as possible.

Ms. Kahn asked why liability insurance will be required for community gardens and also renewed a request that certain garden leases be for terms greater than one year.

Agenda Item 3

Introduction of New Board Members

Mr. Scafidi stated that City Council has adopted a Resolution reappointing Angel. Rodriguez, Jennifer Kates and Courtney Voss to the Board and also appointed two new members: Paulette Adams and Michael Koonce.

Ms. Rashid welcomed the new members and stated that she and other Board members are looking forward to working with them.

Agenda Item 4

Approval of Board Minutes

Ms. Rashid called for a motion to approve the minutes of the Board meeting of September 8, 2016.

Upon motion made and duly seconded, the minutes were approved as presented.

Agenda Item 5

Updates

Renewal of Directors' and Officers' Liability Policy

Christi Jackson informed the Board that the Directors' and Officers' Liability Policy was renewed as of October 6, 2016. The premium for the policy is \$9,280 and the price doubled from last year due primarily to the increase in the number of properties which the Land Bank now owns.

Mr. Rodriguez asked if the premium cost was included in the budget. Ms. Nikolic replied that the budget used the prior year premium, but that the budget had sufficient funds to pay the additional cost.

Issuance of Point Breeze RFP & West Poplar RFP

Susan Callanen stated that an RFP for Workforce Housing for nine scattered site parcels in the Point Breeze area was issued on September 19, 2016 with a submission deadline of October 17, 2016 and that an RFP for Workforce Housing for seven scattered site parcels in the West Poplar area was issued on September 27, 2016 with a submission deadline of October 25, 2016.

Both RFP's allow for multi-unit buildings with a target sales price of \$230,000 and a household AMI of up to 120%.

VPRC Approval of Civetta Property Group, LLC for Disposition of Workforce Housing Units

Ms. Callanen informed the Board that on August 18, 2016 the Vacant Property Review Committee approved Civetta Property Group, LLC as developer for 7 workforce housing units which will be sold at prices no greater than \$230,000 to households at or below 120% of AMI. Ms. Callanen stated that one of the properties that was included in the RFP, 869 N. 20th Street, was removed from the project until a potential ownership claim is resolved. Next, the proposed sale will be submitted to City Council for its consideration and, if approved, to the Board in December.

Ms. Callanen stated we anticipate settlement sometime in January 2017.

Ms. Kates asked if the system would capture who downloaded RFP's. Ms. Nikolic responded that she is looking into having that capacity through the website.

Ms. Adams asked what information would be captured. Ms. Nikolic stated that we would look for the person's name, company and work address.

VPRC Approval of PHA for Disposition of Norris CNI Properties

Ms. Callanen stated that VPRC approved disposition for nominal consideration of 60 properties to PHA for development of 89 rental units. Ms. Callanen stated this project would create 74 replacement units and 15 low-income housing tax credit units. Next, the proposed sale will be submitted to City Council for its consideration and, if approved, to the Board in December.

Property Transfers

Andrea Saah distributed spreadsheet to the Board which showed the status of properties approved by City Council and PRA for transfer to the Land Bank.

Ms. Saah pointed out that there are a large number of deeds awaiting review from the City's Law Department and by the Department of Record, but that the work by City Law and DOR should be completed shortly.

Mr. DeMarco asked if we expect to receive authorization to move properties into the Land Bank. Mr. Scafidi responded that this is one of the Land Bank's primary objectives and we expect to continue to acquire properties from PHDC, PRA, the City and through tax foreclosure sales.

Ms. Kates asked that the Board be given more a more detailed overview of the Land Bank's inventory, particularly noting new acquisitions and dispositions in process.

Agenda Item 6
Authorization to Acquire Certain Properties
At Tax Foreclosure Sale

Mr. Scafidi stated that the Land Bank had identified approximately 65 tax delinquent properties that the Land Bank intends to acquire, after having received agreement from the City to waive all City liens on those properties. These acquisitions are intended for inclusion in future RFP's for workforce housing. Mr. Scafidi distributed a corrected acquisition list to the Board and public which showed the addition of the property located at 1434 N. 27th Street.

Ms. Kates observed that all of these properties are intended for workforce housing and that the Land Bank's Strategic Plan expressed the intent to acquire property for several other uses across several areas of the City.

The Board engaged in extensive discussions on whether to approve the acquisition of these properties in light of the Strategic Plan alternate objectives, the prior negotiations with the City's Revenue Department, the total number of properties proposed for acquisition in the Land Bank budget, the costs of acquisition, the number of tax delinquent properties already acquired and the location and proposed use for properties on this pilot acquisition list.

Mr. DeMarco suggested that staff specify the location and proposed use for the properties that are to be acquired through this pilot program so that the Board would have a broader understanding how these acquisitions fit within the Strategic Plan.

Ms. Voss asked if this item should be postponed until additional information can be provided to the Board members. Mr. Scafidi stated that if the Board did not approve acquisition today, properties which are listed for sale for the first time can be postponed for 90 days, but properties which were previously listed for sale would have to be sold or the sale stayed. Ms. Nikolic stated that there would be a cost involved if the sale was stayed as opposed to postponed.

The Board then directed Mr. Scafidi to modify the proposed resolution so that properties on this list which could be postponed, be postponed, and that properties on this list which cannot be postponed, may be acquired by the Land Bank.

Ms. Kates stated that she would feel comfortable if the resolution is amended with language that Mr. Scafidi indicated previously stated.

Ms. Rashid asked for a motion to amend the resolution accordingly.

Mr. Scafidi stated the resolution would be amended indicating the following: any properties that were previously postponed would proceed to sale on October 18, 2016; however, any properties that have not been postponed would be postponed for, approximately, ninety (90) days.

Ms. Rashid called for a motion to amend the resolution approving the acquisition of the properties identified in the attached Resolution as stated above. Upon motion made and duly seconded the resolution was so amended.

Ms. Rashid called for a motion to approve the Amended Resolution. Upon motion made and duly seconded the Amended Motion was approved as follows:

RESOLUTION NO. 2016 – 17

RESOLUTION AUTHORIZING ACQUISITION OF TAX DELINQUENT PROPERTIES

WHEREAS, the Commonwealth Land Bank Act, 68 Pa. C.S.A. §§ 2101, *et seq.*, authorizes a land bank to bid and acquire property exposed for sale pursuant to the Municipal Claim and Tax Lien Law, 53 P.S. §§ 7101, *et seq.*;

WHEREAS, Section 16-705(2) of the Philadelphia Code authorizes the Philadelphia Land Bank (“Land Bank”) to acquire real property or interests in real property through all legal means, subject to certain stated terms and conditions;

WHEREAS, Section 16-705(3)(b) of the Philadelphia Code authorizes the Land Bank to acquire tax delinquent properties at sales conducted by, or on behalf of, the City of Philadelphia; and

WHEREAS, the Land Bank desires to acquire certain properties which will be exposed at tax sale, subject as provided below.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Philadelphia Land Bank that

1. For those properties which are identified on the attachment to this Resolution that are being exposed to tax sale as a first listing, the sale of those properties should be postponed for later consideration by this Board.
2. For those properties which are identified on the attachment to this Resolution that have been listed for sale and now appear on a postponed sale list, that the Land Bank is authorized to bid for and acquire any such property in accordance with the provisions of the Commonwealth Land Bank Act and the Philadelphia Code.

3. The Interim Executive Director is authorized to prepare, execute and deliver all documentation necessary to effectuate the purposes of this Resolution.
4. General Counsel shall report at the next Board meeting those properties which have been postponed and those properties, if any, which have been acquired by the Land Bank.

EXHIBIT TO BOARD RESOLUTION 2016 - 20

1410 N. 27th Street
1418 N. 27th Street
1434 N. 27th Street
1440 N. 27th Street
1411 N. 28th Street
2720 Cabot Street

There being no further business to come before the Board, Ms. Rashid declared the meeting adjourned.

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SECRETARY TO THE BOARD

PHILADELPHIA LAND BANK

Board of Directors

Thursday, October 13, 2016

3:30pm

GUEST SIGN-IN SHEET

NAME

COMPANY

E-MAIL ADDRESS

1) Chrudyaacka

2) Adea Seah

3) Winnie Branton

4) John Allen

5) J. Elam

6) MARCO LEONETTI

7) Doron Skifter-Sulba

8) Oliver Watkins

9) Donald Watkins Sr.

10) Charles Isaacs

11)

PCB

PCB

Branton Strategies

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Charles.Isaacs@sierradigital.org

MEMORANDUM

Date: November 21, 2016
To: Board of Directors
From: Darren Williams
Re: Approval of FY 2016 Audited Financial Statements

Mercadien, P.C., the Land Bank's independent auditors, has finalized the annual financial audit for the year ending June 30 2016.

- Mercadien issued an Unqualified "Clean" Opinion of the Land Bank's financial statements
- No Findings were reported
- No material weaknesses were noted in internal controls
- The Land Bank complied with all Governmental Auditing Standards

Staff requests that the Board accept Mercadien's Independent Audit Report.

RESOLUTION NO. 2016 -

**RESOLUTION APPROVING PHILADELPHIA LAND BANK
AUDITED FINANCIAL STATEMENTS FOR YEAR ENDING JUNE 30, 2016**

WHEREAS, the Land Bank Act, 68 Pa.C.S.A. § 2101, *et seq.*, requires the Philadelphia Land Bank to prepare an annual financial audit for submission to the Department of Community and Economic Development and Philadelphia City Council;

WHEREAS, the Land Bank has engaged the audit firm of Mercadien, P.C., Certified Public Accountants, to audit the Land Bank's financial statements for Fiscal Year 2016;

WHEREAS, Mercadien has issued its Independent Auditor's Report; and

WHEREAS, the Land Bank Board has reviewed, and desires to accept, the Independent Auditor's Report.

NOW THEREFORE, BE IT RESOLVED by the Philadelphia Land Bank that:

1. The Independent Auditor's Report of the Philadelphia Land Bank issued by Mercadien, P.C., Certified Public Accountants for Year Ended June 30, 2016 is hereby accepted.
2. Land Bank staff is directed to submit the Auditor's Report to the Department of Community and Economic Development and to Philadelphia City Council as required by the Land Bank Act.



Philadelphia Land Bank

2016 Audit Results November 21, 2016

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



Contents

- Executive Summary
- Required Communications
- Financial Statements
- GASB Update
- Exhibit A



Executive Summary

Audit Status

- Complete
- Unmodified Opinion



Required Communications

Area	Comments
Our Responsibility with Regard to the Financial Statement Audit	Our responsibility under auditing standards generally accepted in the United States of America ("GAAS") and Government Auditing Standards Issued by the Comptroller General of the United States ("GAS") has been described in our arrangement letter dated July 18, 2016.
Overview of the Planned Scope and Timing	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to, significant risks of material misstatement.



Accounting Policies and Practices

Area	Comments
Preferability of Accounting Policies and Practices	Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances management has selected the preferable accounting practice.
Adoption or Change	<p>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Land Bank.</p> <p>No significant new accounting policies adopted nor changes in existing significant accounting policies.</p>



Accounting Policies and Practices

Area	Comments
Significant or Unusual Transactions	No significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
Management's Judgments and Accounting Estimates	Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates follows.



Summary of Significant Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates reflected in the financial statements. The estimates listed on the following slide are applicable to the Land Bank for 2016.



Summary of Significant Accounting Estimates

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusion on Reasonableness of Estimate
Depreciation Expense	The Land Bank records capital assets net of depreciation.	The Land Bank estimated depreciated expense based on a straight line method over the estimated useful life of the assets.	Management's estimation process appears appropriate.
Compensated Absences	The Land Bank records the accrued cost based on estimated salary rates.	The Land Bank estimated the total compensated absence liability based on allocation of days and estimated salary rates.	Management's estimation process appears appropriate.



Corrected and Uncorrected Misstatements

- Corrected misstatements
 - There were no audit adjustments made to the original trial balance.
- Uncorrected misstatements
 - There were no unrecorded audit adjustments.



Other Required Communications

Area	Comments
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed with or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.



Other Required Communications

Area	Comments
Letter Communicating Material Weaknesses in Internal Control over Financial Reporting	No material weaknesses noted.
Certain Written Communications Between Management and Our Firm	Copies of certain written communications between our firm and the management of the entity, including the representation letter provided to us by management, are attached as Exhibit A.



Statement of Net Position

- See Attached

PHILADELPHIA LAND BANK
City of Philadelphia, State of Pennsylvania

STATEMENT OF NET POSITION
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets		
Cash	\$ 1,307,054	\$ 1,166,560
Accounts receivable, net of allowance for doubtful accounts	793,242	-
Other current assets	<u>210</u>	<u>510</u>
Total Current Assets	<u>2,100,506</u>	<u>1,167,070</u>
Noncurrent Assets		
Property held for development or sale	9,702,134	-
Capital assets, net of accumulated depreciation	<u>46,788</u>	<u>39,325</u>
Total Noncurrent Assets	<u>9,748,922</u>	<u>39,325</u>
Total Assets	<u><u>\$ 11,849,428</u></u>	<u><u>\$ 1,206,395</u></u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 167,388	\$ 2,021
Accrued liabilities	286,121	192,399
Compensated absences	31,907	24,752
Unearned revenue	1,455,495	690,182
Intergovernmental payable	<u>156,385</u>	<u>255,670</u>
Total Current Liabilities	<u>2,097,296</u>	<u>1,165,024</u>
Total Liabilities	<u>2,097,296</u>	<u>1,165,024</u>
Net Position		
Net investment in capital assets	9,748,922	39,325
Unrestricted	<u>3,210</u>	<u>2,046</u>
Total Net Position	<u><u>\$ 9,752,132</u></u>	<u><u>\$ 41,371</u></u>



Statement of Revenues, Expenses, and Changes in Net Position

- See Attached

PHILADELPHIA LAND BANK

City of Philadelphia, State of Pennsylvania

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended June 30, 2016 and 2015

	2016	2015
Operating Revenues		
Revenues applicable to:		
City of Philadelphia	\$ 350,000	\$ 275,000
Philadelphia Redevelopment Authority	1,831,939	1,113,818
Other - Developer's Escrow	3,000	-
Total Operating Revenues	2,184,939	1,388,818
Operating Expenses		
Personnel	1,178,942	727,117
Office rental	59,921	30,788
Outside services fees	927,775	587,496
Depreciation	9,674	2,046
Total Operating Expenses	2,176,312	1,347,447
Operating Income	8,627	41,371
Capital Contributions	9,702,134	-
Changes in Net Position	9,710,761	41,371
Net Position, Beginning of year	41,371	-
Net Position, End of year	\$ 9,752,132	\$ 41,371

See accompanying notes to financial statements.



Reporting Required by GAS

- No findings
 - Internal control over financial reporting.
 - Noncompliance with laws, regulations, contracts and agreements.




Our Compass

Core Values

Mercadien pledges to be accountable and guided by these core values that we use as our compass. Core values are the essential and enduring principles that are integral to our success. These values form the foundation of our work, how we interact with one another, and which strategies we employ to accomplish our efforts. We define leadership as embracing these core values and having the courage to act on them on behalf of our families, our firm, ourselves, our clients, colleagues and community.

- **Integrity** – conducting our affairs honestly and ethically and doing what's right, regardless of the cost or consequence.
- **Excellence** – striving to be the best in everything we do, being a part of something special, and enabling ourselves and others to reach the highest potential.
- **Responsibility** – being accountable for the success, development and improvement of our families, our firm, ourselves, our clients, colleagues and community.
- **Creativity** – embracing change and continually seeking out and developing innovative ways to serve our families, our firm, ourselves, our clients, colleagues and community, recognizing that failure is an integral part of success.
- **Respect** – appreciating, understanding and supporting ourselves and others, our colleagues, our clients and community.



Questions? Contact Information

**MERCADIEN, P.C., CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 7648
PRINCETON, NJ 08543-7648**

**Warren Broudy, CPA, RMA, CGFM, PSA
PRINCIPAL
(609) 989-2326 / wbroudy@mercadien.com**

**Digesh Patel, CPA, MBA
DIRECTOR
(609) 689-2410 / dpatel@mercadien.com**



Exhibit A

- Management Representation Letter



1234 Market St., 17th Floor, Philadelphia PA 19107
philadelphialandbank.org

October 31, 2016

Mercadien, P.C., Certified Public Accountants
PO Box 7648
Princeton, NJ 08543-7648

This representation letter is provided in connection with your audit of the basic financial statements of the Philadelphia Land Bank (the "Land Bank"), City of Philadelphia, State of Pennsylvania, as of and for the years ended June 30, 2016 and 2015, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of October 31, 2016, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated July 18, 2016, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
 - a. To reduce receivables to their estimated net collectible amounts.
 - b. For environmental clean-up obligations.
 - c. For any material loss to be sustained in the fulfillment of or from the inability to fulfill any commitments.
 - d. For pension obligations attributable to employee services rendered through June 30, 2016.
5. Related-party transactions, including those with the primary government having accountability for the Land Bank, component units, if any, for which the Land Bank is accountable, other organizations for which the nature and significance of their relationship with the Land Bank are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, joint ventures in which the Land Bank has an interest, and jointly governed organizations in which the Land Bank participates, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements, and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. We are not aware of any pending or threatened litigation, claims, or assessments that are required to be accrued or disclosed in the financial statements in accordance with Statement of Financial Accounting Standards No.5 and/or GASB Statement No. 10.
9. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statement.
10. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
11. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Guarantees, whether written or oral, under which the Land Bank is contingently liable.
 - b. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
 - c. All other liens or encumbrances on assets and all other pledges of assets.
 - d. Amounts of contractual obligations for construction and/or purchase of land, real property, equipment, other assets, and intangibles.
 - e. All liabilities that are subordinated to any other actual or possible liabilities of the Land Bank.
 - f. All significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Risks and Uncertainties Topic of the FASB Accounting Standards Codification. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year.
 - g. Assets and liabilities measured at fair value in accordance with the Fair Value Measurements and Disclosures Topic of the GASB and FASB Accounting Standards Codification.
 - h. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.
 - i. Risk financing activities.
 - j. Deposits and investment securities category of custodial credit risk.
 - k. Capital assets and impairment of capital assets. The method of measuring the impairment is evaluated and deemed appropriate. We have evaluated GASB Statement No. 72 and determined that donated capital assets are recorded at lower of cost of acquisition or an impaired value, which reflects the true valuation in accordance with GASB Statement No. 72.

- l. Unearned revenue and revenue.
 - m. Payroll based on agreed upon allocations and memorandum of understandings.
 - n. Compensated absences.
12. Net positions are properly classified.
13. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

14. We have provided you with:
- a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the Land Bank from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
15. All transactions have been recorded in the accounting records and are reflected in the financial statements.
16. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
17. We have no knowledge of allegations of fraud or suspected fraud, affecting the Land Bank's financial statements involving:
- a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
18. We have no knowledge of any allegations of fraud or suspected fraud affecting the Land Bank's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
19. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.
20. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
21. We have disclosed to you the identity of the Land Bank's related parties and all the related-party relationships and transactions of which we are aware.
22. We are aware of no significant deficiencies, including material weaknesses, except as reported in the financial statements, in the design or operation of internal controls that could adversely affect the Land Bank's ability to record, process, summarize, and report financial data.

23. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
24. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
- a. Provision has been made to reduce all assets that have permanently declined in value to their realizable values, if any.
 - b. We have reviewed long-lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment.
 - c. We have reviewed long lived assets and certain identifiable intangibles to be held and used for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recoded the adjustment.
25. We have satisfactory title to all owned capital assets.
26. There are no:
- a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Land Bank in connection with any environmental contamination.
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Contingencies Topic of the FASB Accounting Standards Codification.
27. We have completed the process of evaluating the effect that will result from adopting the guidance in Governmental Accounting Standards Board ("GASB") Statement No. 67, 68 and 71, and determined that the guidance is not applicable to the Land Bank as Land Bank does not have dedicated full time employees on payroll. The Land Bank is therefore unable to disclose the effect that adopting the guidance in GASB Statement No. 67, 68 and 71, will have on its financial statements when such guidance is adopted.

Supplementary Information

28. With respect to supplementary information presented in relation to the financial statements as a whole:
- a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with guidelines prescribed under U.S. GAAP and the GASB.
 - c. The methods of measurement or presentation are in accordance with applicable accounting principles.
 - d. There are no underlying significant assumptions or interpretations regarding the measurement or presentation of such information.

October 31, 2016

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- e. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
29. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Compliance Considerations

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm:

1. We are responsible for:
 - a. Compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Land Bank.
 - b. Establishing and maintaining effective internal control over financial reporting.
2. We have identified and disclosed to you:
 - a. All laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determinations of financial statement amounts or other financial data significant to audit objectives.
 - b. Violations (and possible violations) of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for disclosure in the auditor's report on noncompliance.
3. We have taken timely and appropriate steps to remedy fraud, illegal acts, and violations of provisions of contracts or grant agreements, or abuse that has been reported.
4. Darren A. Williams, Director of Finance, has sufficient skills, knowledge, and experience; has supervised, reviewed, and approved, and takes full responsibility for the financial statements and related notes and acknowledge the auditors' role in the preparation of this information.

**PHILADELPHIA LAND BANK
CITY OF PHILADELPHIA
STATE OF PENNSYLVANIA**



Tania Nikolic, Interim Executive Director

Darren A. Williams, Director of Finance