



**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***

The Chairman and Board of Directors
City of Albany Capital Resource Corporation,
a Component Unit of the City of Albany
21 Lodge Street
Albany, New York 12207

Independent Auditors' Report

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 the City of Albany Capital Resource Corporation, a Component Unit of the City of Albany (the "Corporation"), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 22, 2016.

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 Corporation'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.

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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Albany, New York
March 22, 2016

City of Albany
Capital Resource Corporation

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Tracy Metzger, *Chairman*
Susan Pedo, *Secretary*
Darius Shahinfar, *Treasurer*
C. Anthony Owens
Dominick Calsolaro
Robert Schofield

Sarah Reginelli, *Chief Executive Officer*
Mark Opalka, *Interim Chief Financial Officer*
John Reilly, *Corporation Counsel*

Management Assessment of Internal Controls
Year Ending December 31, 2015

Completed on March 4, 2016

Mission & Purpose of the City of Albany Capital Resource Corporation

The Mission of the City of Albany Capital Resource Corporation (CACRC) is to assist in the enhancement and diversity of the economy of the City of Albany by acting in support of projects in the City that create and/or retain jobs and/or promote private sector investment utilizing the statutory powers as set forth under the provisions of the laws of the State of New York.

CACRC is a not for profit corporation established by the City of Albany to promote community and economic development and the creation of jobs in the nonprofit and for profit sectors for the citizens of the City by providing access to low interest tax-exempt and non-tax-exempt financing for eligible projects; mortgage recording tax exemptions, as well as issuing and selling one or more series or classes of bonds.

Operations Unit Functions

The primary functions of the Operations Unit are: intake and review of project applications, financial analysis and underwriting, monitor project and contract compliance, administer annual reporting, coordinate board and committee meetings and implementation of the Corporation's operating procedures and Policy Manual.

Operations Unit Internal Controls

Annual Board adoption and review of Corporation Policy Manual:	Executed in 2015	✓	Control Adequate	✓
Annual Board review and acceptance of NYS PAAA Policies:	Executed in 2015	✓	Control Adequate	✓
Annual Board review and acceptance of PARIS reports:	Executed in 2015	✓	Control Adequate	✓
Annual Board adoption and review of Enforcement of CACRC Projects Policy:	Executed in 2015	✓	Control Adequate	✓
Annual Board adoption and review of Open Meetings and Conduct and Notification of Public Hearings Policies:	Executed in 2015	✓	Control Adequate	✓

Annual Board adoption and review of Corporation Administrative & Other Fees policy:	Executed in 2015	✓	Control Adequate	✓
Maintenance of website in accordance with Open Meetings Law:	Executed in 2015	✓	Control Adequate	✓
Corporation board has annually reviewed the Corporation mission and Policy Manual to ensure the CACRC's primary operations and functions will help fulfill its mission:	Executed in 2015	✓	Control Adequate	✓
CACRC staff is trained to understand the CACRC objectives, functions, policies, procedures and guidelines:	Executed in 2015	✓	Control Adequate	✓
Annual Board adoption and review of the Corporation Code of Ethics Policy:	Executed in 2015	✓	Control Adequate	✓

Financial/Accounting Unit Functions

The primary functions of the Financial/Accounting Unit are: prepare and reconcile monthly financial statements, receive and disburse Corporation funds (billing, invoicing, and deposits), prepare and monitor Corporation budget, administer Corporation's procurement of goods and services.

Financial/Accounting Unit Internal Controls

Monthly financial reports reviewed by Board of Directors:	Executed in 2015	✓	Control Adequate	✓
Annual Board adoption and review of Procurement Policy:	Executed in 2015	✓	Control Adequate	✓
Annual Board adoption and review of Investment Policy:	Executed in 2015	✓	Control Adequate	✓
Annual Board adoption and review of annual budget:	Executed in 2015	✓	Control Adequate	✓
Annual external financial audit with Audit Committee oversight:	Executed in 2015	✓	Control Adequate	✓
Annual Board adoption and review of Corporation Property Acquisition and Disposition Policy:	Executed in 2015	✓	Control Adequate	✓