ITHACA URBAN RENEWAL AGENCY (IURA)
Audit Committee

AGENDA
8:30 A.M., Thursday, April 28, 2022

I. Call to Order

II. Review of Audit Committee Membership & Charge
   Membership: Each member of the IURA is appointed to the Audit Committee (Chair: Eric Rosario; Vice-Chair: Karl Graham)
   Responsibilities:
   1. Oversee preparation of an annual audit of the Agency prepared by an independent accounting firm;
   2. Review the results of external audits and develop recommendations to the Agency to address any issues or concerns raised by the external auditor;
   3. Review and approve internal controls to safeguard its assets; and
   4. Investigate problems in financial reporting, internal control or compliance as they arise.

III. Additions/Deletions from Agenda

IV. Public Comments (3 min. max. per person)

V. Review of Draft Meeting Minutes: April 22, 2021

VI. New Business
   A. Election of Committee Vice-Chairperson & Nomination of Chairperson — Resolution
   B. Approval of Audited 2021 IURA Financial Statements — Resolution
   C. IURA Internal Controls - Review
   D. HUD Community Assessment Report (August 1, 2020-July 31, 2021) - Review

VII. Adjournment

NOTE: IURA Board meeting will convene immediately after this meeting.

If you have a disability and require accommodation in order to fully participate, please contact the CITY OF ITHACA CLERK’S OFFICE at 274-6570 at least 72 hours prior to the meeting.
DRAFT MEETING MINUTES
ITHACA URBAN RENEWAL AGENCY
Audit Committee
8:30 A.M., Thursday, April 22, 2021

Members: Eric Rosario, Chair; Karl Graham, Vice-Chair; Svante Myrick; Chris Proulx; Tracy Farrell; Laura Lewis (Common Council Liaison)

Excused: None

Staff: Nels Bohn; Anisa Mendizabal; Charles Pyott

Guests: None

I. Call to Order
Chair Rosario called the meeting to order at 8:33 A.M.

II. Review of Audit Committee Membership & Charge

Membership:
Each member of the IURA Board is appointed to the Audit Committee, with Chair Eric Rosario and Vice-Chair Karl Graham.

Responsibilities:
1. Oversee preparation of an annual audit of the Agency prepared by an independent accounting firm;
2. Review the results of external audits and develop recommendations to the Agency to address any issues or concerns raised by the external auditor;
3. Review and approve internal controls to safeguard its assets; and
4. Investigate problems in financial reporting, internal control or compliance as they arise.

III. Additions/Deletions to/from Agenda
None.

IV. Public Comments (3 min. max. per person)
None.

V. Review of Draft Meeting Minutes: July 25, 2019
Myrick moved, seconded by Graham, to approve the meeting minutes, with no modifications.

Carried Unanimously: 4-0
VI. New Business

A. Election of Committee Vice-Chairperson & Nomination of Chairperson

Myrick nominated Rosario as Chairperson and Graham as Vice-Chairperson. No objections were raised.

Moved by Myrick, seconded by Farrell:

2021 IURA Audit Committee Election of Vice-Chairperson & Nomination of Chairperson

WHEREAS, the IURA By-laws provide that the committee membership shall elect its own committee
Vice-Chairperson and nominate to the Agency a member to serve as Chairperson of the Audit
Committee, and

WHEREAS, officers of each committee serve a one-year term, but continue to hold office until their
successor is selected or appointed, and

WHEREAS, the current committee officers are:
Chairperson: Eric Rosario
Vice-Chairperson: Karl Graham, and

WHEREAS, at its April 22, 2021 meeting, the IURA Audit Committee called for nominations for Vice-
Chair and Chair of the IURA Audit Committee; now, therefore be it

RESOLVED, that the IURA Audit Committee hereby nominates Eric Rosario as Committee Chairperson,
and be it further

RESOLVED, that the IURA Audit Committee hereby elects Karl Graham as Committee Vice-Chairperson.

Carried Unanimously: 4-0

B. Approval of Audited 2020 IURA Financial Report

Rosario explained the FY2020 Financial Audit Report raised no issues, findings, recommendations, or concerns.
Since the IURA is considered a component of the City of Ithaca, this audit only represents a small proportion of
the City audit. The audit is required to be conducted within 90 days of the end of each fiscal year.

(Proulx arrived at 8:42 a.m.)

Bohn added that when one examines the financial analysis portion of the report (illustrated below), it
appears the IURA improved its fund balance by $530,000, but that is in fact merely a reflection that the
City paid that remaining Bond Anticipation Notes (BAN) balance, associated with the Neighborhood
Housing Initiative (NHI). While it was an IURA obligation, the City had agreed to repay it.
### ITHACA URBAN RENEWAL AGENCY

#### BALANCE SHEET

**SPECIAL GRANT FUND**  
**DECEMBER 31, 2020**

**ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents - Unrestricted</td>
<td>$89,542</td>
</tr>
<tr>
<td>Cash and Cash Equivalents - Restricted</td>
<td>1,787,174</td>
</tr>
<tr>
<td>Other Receivables, Net</td>
<td>20,498</td>
</tr>
<tr>
<td>Loans Receivable</td>
<td>6,480,532</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$8,377,746</strong></td>
</tr>
</tbody>
</table>

**LIABILITIES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$109,131</td>
</tr>
<tr>
<td>Accrued Liabilities</td>
<td>909</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>110,040</strong></td>
</tr>
</tbody>
</table>

**DEFERRED INFLOWS OF RESOURCES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unavailable Revenue - Loans Receivable</td>
<td>6,480,532</td>
</tr>
<tr>
<td><strong>Total Deferred Inflows of Resources</strong></td>
<td><strong>6,480,532</strong></td>
</tr>
</tbody>
</table>

**FUND BALANCE**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted</td>
<td>1,787,174</td>
</tr>
<tr>
<td><strong>Total Fund Balance</strong></td>
<td><strong>1,787,174</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</td>
<td><strong>$8,377,746</strong></td>
</tr>
</tbody>
</table>

---

### ITHACA URBAN RENEWAL AGENCY

#### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

**SPECIAL GRANT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**REVENUES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of Money and Property</td>
<td>$3,114</td>
</tr>
<tr>
<td>Departmental Income</td>
<td>1,307,293</td>
</tr>
<tr>
<td>Federal Sources</td>
<td>892,279</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>2,202,686</strong></td>
</tr>
</tbody>
</table>

**EXPENDITURES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home and Community Services</td>
<td>2,195,728</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>2,195,728</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess of Expenditures</td>
<td>7,258</td>
</tr>
</tbody>
</table>

**OTHER FINANCING SOURCES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANs Redeemed from Appropriations</td>
<td>530,000</td>
</tr>
<tr>
<td><strong>Total Other Financing Sources</strong></td>
<td><strong>530,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Change in Fund Balance</td>
<td>537,258</td>
</tr>
<tr>
<td>Fund Balance, Beginning</td>
<td>1,249,916</td>
</tr>
<tr>
<td><strong>Fund Balance, Ending</strong></td>
<td><strong>$1,787,174</strong></td>
</tr>
</tbody>
</table>
Moved by Myrick, seconded by Farrell:

Approve Audited 2020 IURA Financial Report

WHEREAS, the Ithaca Urban Renewal Agency (IURA) derives the majority of its finances from grants awarded to the City of Ithaca, and

WHEREAS, for financial reporting purposes, the IURA is a blended component unit of the City of Ithaca, whose financial activity is reported in the Special Grant Fund, a governmental fund of the City of Ithaca financial statements, and

WHEREAS, the IURA contracts separately from the City to have its finances audited within 90 days of the end of its fiscal year to comply with the NYS Public Authorities Accountability Act, and

WHEREAS, the IURA received an audited 2020 IURA Financial Report on March 27, 2021, and

WHEREAS, at its April 2021 meeting, the IURA Governance Committee conducted preliminary review of the financial report, and

WHEREAS, at its April 2021 meeting, the IURA Audit Committee reviewed the financial report with auditor correspondence and recommends the following; now, therefore, be it


Carried Unanimously: 5-0

C. Review Internal Controls & Separation of Duties

Rosario reviewed the 2020 internal controls and separation of duties, noting it distributes responsibilities and fiscal responsibilities, which the auditors review annually. They concluded it meets their standards.
Bohn added that the auditors check to ensure internal controls and separation of duties match up, but they do not examine in-depth any particular transaction. This year, the auditors added a new information technology questionnaire to examine data-security issues (e.g., data back-ups, server integrity, security protocols).

Graham wondered if the IURA process for signing checks is too cumbersome. He suggested exploring if a new, simpler process could be developed for signing checks under a certain threshold. Bohn replied that IURA staff could certainly look into that.

**D. Review HUD 2019 Annual Community Assessment Report**

Rosario reported the IURA received HUD’s 2019 Annual Community Assessment (ACA) report (excerpted below) for the City, examining the IURA’s performance in administering its Community Development Block Grant (CDBG) Program and HOME Investment Partnerships Program (HOME) grant awards.

“Highlights include:
- Citizen participation was conducted during the program year that meets HUD requirements.
- The City was compliant with Admin. caps for CDBG and HOME.
- The City was compliant and exceeded expectations with the CDBG Low-Mod Income beneficiary threshold in 2019.
- Ithaca satisfied the CDBG timeliness test as of 6/2/20 at 1.02.
- Ithaca met the HOME commitment and expenditure deadlines during the reporting period.
- Ithaca’s largest CDBG expenditures were for: Acquisition/Relocation with the GreenStar Cooperative Market Expansion, Economic Development that helped to create or retain full time jobs, various Public Services efforts and Administration.
• Ithaca’s Single Audit Report is current through 12/31/18 and is in need of updated submission for 2019.
• During the pandemic, Ithaca increased their level of collaboration not only at the on sought of an extremely challenging programming year, but remained consistent with a heightened level of collaboration and communication with partners and community stakeholders necessary for successful program implementation to prevent, prepare, and respond to the coronavirus.”

“The following determinations have been made relative to the City’s capacity to carry out CDBG funded activities:
1. The City has carried out its program substantially as described in its Consolidated Plan submission.
2. The Consolidated Plan submission as implemented complies with the requirements of the Housing and Community Development Act of 1974, and other applicable laws and regulations.
3. The City has the continuing capacity to carry out the approved program in a timely manner.”

VII. Adjournment
The meeting was adjourned by consensus at 8:54 A.M.

— END —

Minutes prepared by C. Pyott, edited by N. Bohn.
Proposed Resolution
IURA Audit Committee
April 28, 2022

2022 IURA Audit Committee Election of Vice-Chairperson and Nomination of Chairperson

Whereas, the IURA By-laws provide that the committee membership shall elect its own committee Vice-Chairperson and nominate to the Agency a member to serve as Chairperson of the Audit Committee, and

Whereas, officers of each committee serve a one-year term, but continue to hold office until their successor is selected or appointed, and

Whereas, the current committee officers are:
   Chairperson: Eric Rosario
   Vice-Chairperson: Karl Graham, and

Whereas, at their April 28, 2022 meeting, the IURA Audit Committee called for nominations for Vice-Chair and Chair of the IURA Audit Committee; now, therefore be it

RESOLVED, that the IURA Audit Committee hereby nominates ________________________ as Committee Chairman, and be it further

RESOLVED, that the IURA Audit Committee hereby elects ____________________________ as Committee Vice-Chairperson.
Approve Audited 2021 IURA Financial Report

WHEREAS, the Ithaca Urban Renewal Agency (IURA) derives the majority of its finances from grants awarded to the City of Ithaca, and

WHEREAS, for financial reporting purposes the IURA is a blended component unit of the City of Ithaca whose financial activity is reported in the Special Grant Fund, a governmental fund of the City of Ithaca financial statements, and

WHEREAS, the IURA contracts separate from the City to have its finances audited within 90 days of the end of its fiscal year to comply with the Public Authorities Accountability Act, and

WHEREAS, the IURA received an audited 2021 IURA financial report on March 28, 2022, and

WHEREAS, at its April 2021 meeting, the IURA Governance Committee conducted preliminary review of the financial report, and

WHEREAS, at its April 2021 meeting, the IURA Audit Committee reviewed the financial report with auditor correspondence and recommends the following; now, therefore, be it

ITHACA URBAN RENEWAL AGENCY

Ithaca, New York

FINANCIAL REPORT

For the Year Ended
December 31, 2021
# ITHACA URBAN RENEWAL AGENCY

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<td>Notes to Financial Statements</td>
<td>7-12</td>
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<tr>
<td>Report Required Under Government Auditing Standards</td>
<td></td>
</tr>
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<td>Independent Auditors’ 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</td>
<td>13-14</td>
</tr>
<tr>
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<td>15</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITORS’ REPORT

Board of Directors
Ithaca Urban Renewal Agency
Ithaca, New York

Report on the Audit of the Financial Statements

Opinion
We have audited the accompanying financial statements of the Ithaca Urban Renewal Agency (the Agency), a blended component unit of the City of Ithaca, whose activity is reported in the Special Grant Fund, a governmental fund in the City of Ithaca’s financial statements, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the fund information of the Ithaca Urban Renewal Agency, as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and 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.
In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditors’ Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.
Emphasis of Matter
As discussed in Note 1, the financial statements present only the Special Grant Fund and do not purport to, and do not, present fairly the financial position of the City of Ithaca, as of December 31, 2021, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information
Accounting principles generally accepted in the United States of America requires that the Management’s Discussion and Analysis on pages 4-4c 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 March 28, 2022 on our consideration of the Agency’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 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 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 Agency’s internal control over financial reporting and compliance.

Respectfully submitted,

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 28, 2022
The following is a discussion and analysis of the Ithaca Urban Renewal Agency’s (the Agency) financial performance for the fiscal year ended December 31, 2021. The Agency is a blended component unit reported in the Special Grant Fund, a special revenue fund of the City of Ithaca. This section is a summary of the Agency’s financial activities based on currently known facts, decisions, or conditions. The Management’s Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the Agency’s financial statements, which immediately follow this section.

The Ithaca Urban Renewal Agency is a public benefit corporation established in 1965 as an urban renewal agency. The Agency has a corporate identity separate from the City and works in close conjunction with the City to revitalize urban neighborhoods and strengthen the local economy. The Agency is composed of the Mayor and four members appointed by the Mayor with the concurring approval of the Common Council. The Director of Planning and Development for the City of Ithaca serves as the Executive Director of the Agency.

FINANCIAL HIGHLIGHTS

Fund balance of $1,705,785 decreased by $81,389 in 2021, from $1,787,174 in 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: MD&A (this section) and the financial statements of the Special Grant Fund.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance

The Agency’s financial statements include the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance, and they are reported using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues that are accrued include state and federal aid. Revenues deemed collectible within one year after year end are recognized as revenues in the current year. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when incurred. The cost of capital assets is recognized as an expenditure when received. Exceptions to this general rule are that 1) principal and interest on indebtedness are not recognized as an expenditure until due, and 2) compensated absences, such as vacation and sick leave, which vest or accumulate, are charged as an expenditure when paid.
FINANCIAL ANALYSIS
The Agency’s fund balance for the fiscal years ended December 31, 2021 decreased by $81,389 and increased in 2020 by $537,258. The reason for the decrease in fund balance was due to a decrease in non-grant related revenues greater than an increase in federal grant revenue. Our analysis below focuses on the fund balance (Figure 1) and changes in fund balance (Figure 2) of the Agency’s fund.

**Figure 1**

<table>
<thead>
<tr>
<th>Balance Sheet</th>
<th>2021</th>
<th>2020</th>
<th>Total Dollar Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$ 1,830,912</td>
<td>$ 1,876,716</td>
<td>$(45,804)</td>
</tr>
<tr>
<td>Other Receivables</td>
<td>14,461</td>
<td>20,498</td>
<td>(6,037)</td>
</tr>
<tr>
<td>Loans Receivable</td>
<td>6,347,332</td>
<td>6,480,532</td>
<td>(133,200)</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>8,192,705</strong></td>
<td><strong>8,377,746</strong></td>
<td><strong>(185,041)</strong></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>139,588</td>
<td>109,131</td>
<td>30,457</td>
</tr>
<tr>
<td>Accrued Liabilities</td>
<td>-</td>
<td>909</td>
<td>(909)</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>139,588</strong></td>
<td><strong>110,040</strong></td>
<td><strong>29,548</strong></td>
</tr>
<tr>
<td>Unavailable Revenue</td>
<td>6,347,332</td>
<td>6,480,532</td>
<td>(133,200)</td>
</tr>
<tr>
<td><strong>Total Deferred Inflows of Resources</strong></td>
<td>6,347,332</td>
<td>6,480,532</td>
<td>(133,200)</td>
</tr>
<tr>
<td>Restricted</td>
<td>1,705,785</td>
<td>1,787,174</td>
<td>(81,389)</td>
</tr>
<tr>
<td><strong>Total Fund Balance</strong></td>
<td><strong>$ 1,705,785</strong></td>
<td><strong>$ 1,787,174</strong></td>
<td><strong>$ (81,389)</strong></td>
</tr>
</tbody>
</table>

**Figure 2**

<table>
<thead>
<tr>
<th>Changes in Fund Balance</th>
<th>2021</th>
<th>2020</th>
<th>Total Dollar Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of Money and Property</td>
<td>$ 1,326</td>
<td>$ 3,114</td>
<td>$(1,788)</td>
</tr>
<tr>
<td>Departmental Income</td>
<td>865,991</td>
<td>1,307,593</td>
<td>(441,602)</td>
</tr>
<tr>
<td>Federal Sources</td>
<td>1,076,063</td>
<td>892,279</td>
<td>183,784</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>$ 1,943,380</strong></td>
<td><strong>$ 2,202,986</strong></td>
<td><strong>$ (259,606)</strong></td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home and Community Services</td>
<td>$ 2,024,769</td>
<td>$ 2,195,728</td>
<td>$(170,959)</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$ 2,024,769</strong></td>
<td><strong>$ 2,195,728</strong></td>
<td><strong>$ (170,959)</strong></td>
</tr>
<tr>
<td><strong>Other Sources</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BANs Redeemed from Appropriations</td>
<td>$ -</td>
<td>$ 530,000</td>
<td>$(530,000)</td>
</tr>
<tr>
<td><strong>Total Other Sources</strong></td>
<td><strong>$ (81,389)</strong></td>
<td><strong>$ 530,000</strong></td>
<td><strong>$ (618,647)</strong></td>
</tr>
<tr>
<td><strong>CHANGE IN FUND BALANCE</strong></td>
<td><strong>$ (81,389)</strong></td>
<td><strong>$ 537,258</strong></td>
<td><strong>$ (618,647)</strong></td>
</tr>
</tbody>
</table>
Grant income from the City of Ithaca is determined by the level of funding of the City’s HOME and CDBG programs by HUD. The Agency continues to create program income from federal funds that no longer have ongoing federal compliance requirements and uses these funds to further economic development in the City.

**FACTORS BEARING ON THE AGENCY’S FUTURE**

The Agency derived approximately 55.4% of its annual revenues to support operations from federal funding sources, primarily the HUD Entitlement Grant program that awards formula funding to the City of Ithaca totaling over $1,000,000 in FY2021. Of this amount, approximately $170,000 (~16%) can be applied to operating expenses to support the IURA operating budget of approximately $400,000.

Special COVID-19 related HUD CDBG funding allocated to the City of Ithaca provides an additional $156,000 for administration for FY 2021 and 2022. A special HUD HOME-ARP award provides an additional $180,000 for planning and administrative expenses that will primarily be utilized in 2023 after completion of a needs assessment and submission to HUD of an allocation plan.

The recently adopted FY 2022 Omnibus Appropriations bill provides stable funding for the CDBG program and increases HOME Partnership Investment Program funds by over 8% for this program that expands affordable housing. Recognizing that increased federal government investment is necessary to increase the supply of affordable housing bodes well for the IURA’s budgetary. However, it is important to recall that the prior Trump administration proposed federal budgets that terminated the HUD Entitlement Grant program in each year 2016-2020, though final enacted budgets appropriated level funding for the program. Overall, no major reduction in federal funding is anticipated through 2024. Nevertheless, reliance on the HUD Entitlement Grant program for core funding remains a budgetary concern for the Agency.

86% of the Agency’s operating budget is allocated to salaries and employee benefits for the 3.5 FTE Agency staff. Though salary levels have tracked closely with the rate of inflation, HUD Entitlement Grant funding has remained essentially flat for over a decade, notwithstanding the one-time CARES and ARPA act funding. This difference has been covered primarily from revenues derived from small business loan repayments and leases of IURA properties.

Historic trends for health insurance premiums have significantly exceeded the rate of inflation, which creates a long-term budgetary concern. Employees pay 20% of the premium for a platinum health insurance plan that approximates benefits provided to City of Ithaca employees.
The recent 8%+ annual inflation rate poses a challenge for future IURA budgeting, as IURA funding sources have not generally increased by 8% annually. Federal budgeting for the HUD Entitlement Program does not necessarily factor in CPI increases. If the inflation rate is not mitigated, the Agency will likely face expenses increasing at a rate faster than revenues. Offsetting the above budgetary constraints and trends are one-time COVID-19-related grant revenues, some increases in federal funding for affordable housing, and opportunities for increased revenues from undertaking private-public urban renewal projects, such as the project to redevelop public lands on Inlet Island.

In 2022, the IURA is structuring a proposed private-public redevelopment project on Inlet Island with a preferred developer approved by the City of Ithaca Common Council. The project may result in sale of 2.65 acres of underutilized IURA- and City-owned waterfront property on Inlet Island that carry an assessed value exceeding $1 million. Should this project result in an approved urban renewal project and a development agreement is structured to include owner-financed loan, this project may generate a significant stream of future revenues for the Agency.

In the longer term, the Agency will continue to work to reduce its reliance on federal funding revenues by diversifying its revenue streams to include urban renewal projects, real property sales, small business loans, and property leases to ensure continued financial stability and retain current staffing capacity.

CONTACTING THE AGENCY’S FINANCIAL MANAGEMENT
If you have questions about this report or need additional financial information, contact the Agency’s Director, City Hall, 108 E. Green Street, 3rd Floor, Ithaca, New York 14850.
ITHACA URBAN RENEWAL AGENCY

BALANCE SHEET
SPECIAL GRANT FUND
DECEMBER 31, 2021

ASSETS
Cash and Cash Equivalents - Unrestricted $ 125,127
Cash and Cash Equivalents - Restricted 1,705,785
Other Receivables 14,461
Loans Receivable 6,347,332
Total Assets $ 8,192,705

LIABILITIES
Accounts Payable $ 139,588
Total Liabilities 139,588

DEFERRED INFLOWS OF RESOURCES
Unavailable Revenue - Loans Receivable 6,347,332
Total Deferred Inflows of Resources 6,347,332

FUND BALANCE
Restricted 1,705,785
Total Fund Balance 1,705,785

Total Liabilities, Deferred Inflows of Resources, and Fund Balance $ 8,192,705

See Notes to Financial Statements
ITHACA URBAN RENEWAL AGENCY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
SPECIAL GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

<table>
<thead>
<tr>
<th>REVENUES</th>
<th></th>
<th>EXPENDITURES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of Money and Property</td>
<td>$1,326</td>
<td>Home and Community Services</td>
<td>2,024,769</td>
</tr>
<tr>
<td>Departmental Income</td>
<td>865,991</td>
<td>Total Expenditures</td>
<td>2,024,769</td>
</tr>
<tr>
<td>Federal Sources</td>
<td>1,076,063</td>
<td>Excess of Expenditures</td>
<td>(81,389)</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>1,943,380</td>
<td>Net Change in Fund Balance</td>
<td>(81,389)</td>
</tr>
</tbody>
</table>

Fund Balance, Beginning 1,787,174
Fund Balance, Ending 1,705,785

See Notes to Financial Statements
Note 1

Summary of Significant Accounting Policies
The financial statements of the Ithaca Urban Renewal Agency (the Agency), a blended component unit of the City of Ithaca (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Financial Reporting Entity
The Ithaca Urban Renewal Agency is a public benefit corporation established in 1965 as an urban renewal agency. The Agency has a corporate identity separate from the City and works in close conjunction with the City to revitalize urban neighborhoods and strengthen the local economy. The Agency is composed of the Mayor and four members appointed by the Mayor with the concurring approval of the Common Council. The Director of Planning and Development for the City of Ithaca serves as the Executive Director of the Agency.

Through a variety of means, including site acquisition and disposition, the Agency works to implement the Urban Renewal Plan that seeks to stabilize neighborhoods and enhance the vitality of the downtown and community. Through the City, the Agency applies for and receives various grants to address community development needs. On an annual basis, the Agency manages the City’s HUD Entitlement Grant award of Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) funds to undertake activities in the areas of housing, community facilities, public services, and economic development that benefit Ithaca’s low- and moderate-income neighborhoods and households, or eliminate blighting conditions. In addition, the Agency administers various economic development loan programs, the Cherry Street Industrial Park, and leases to facilitate private/public real estate projects.

The City is ultimately responsible for the proper disposition of grant funds and any debt incurred by the Agency. Because of the close governing, administrative, and financial relationship with the City, the Agency is considered to be a component unit of the City for financial reporting purposes, and the Agency’s financial information presented here is to be presented within the City’s financial statements as the Special Grant Fund as of December 31, 2021 and for the year then ended.

Basic Financial Statements
The Agency’s basic financial statements include governmental fund financial statements. The financial transactions of the Agency are reported as a Special Revenue Fund in the governmental fund financial statements of the City. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.
Note 1

Summary of Significant Accounting Policies - Continued

**Basis of Accounting/Measurement Focus**
Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, such as expenditures or expenses. The Agency reports on the modified accrual basis of accounting.

Modified Accrual Basis - Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues that are accrued include state and federal aid. Revenues deemed collectible within one year after year end are recognized as revenues in the current year. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when incurred. The cost of capital assets is recognized as an expenditure when received. Exceptions to this general rule are that 1) principal and interest on indebtedness are not recognized as an expenditure until due, and 2) compensated absences, such as vacation and sick leave, which vest or accumulate, are charged as an expenditure when paid.

**Budgetary Compliance**
An annual legal budget is not adopted for the Special Grant Fund. Budgetary controls for the Special Grant Fund are established in accordance with applicable grant agreements.

**Deferred Inflows of Resources**
In addition to liabilities, the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental fund balance sheet. The Governmental Fund reports unavailable revenues from loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Loans Receivable**
Loans receivable represent amounts owed to the Agency for rehabilitation and economic development loans. Loans receivable are offset by unavailable revenue in the same amount. Because the loans are offset by unavailable revenue, no provision has been made for uncollectible accounts reported as loans receivable.
Note 1 Summary of Significant Accounting Policies - Continued

Cash and Cash Equivalents
For financial statement purposes, all highly liquid investments with initial maturities of three months or less are considered cash equivalents.

Insurance
The City assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired, or a liability has been incurred, and the amount of loss can be reasonably estimated.

Use of Estimates
Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Restricted Resources
When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, it is the Agency’s policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

Equity Classifications
Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable: Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.
- Restricted: Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally or through constitutional provisions or enabling legislation.
- Committed: Consists of amounts subject to a purpose constraint imposed by formal action of the government’s highest level of decision-making authority prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.
- Assigned: Consists of amounts subject to a purpose constraint representing an intended use established by the government’s highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
Note 1  Summary of Significant Accounting Policies - Continued

- Unassigned: Represents the residual classification of the government’s General Fund and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

The Agency has not adopted any resolutions to commit fund balance. The Agency’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, and assigned fund balance. Because the Agency’s activities are restricted to economic development, remaining fund balance is reported as restricted.

Note 2  Cash and Investments

The Agency’s investment policies are governed by state statutes. In addition, the Agency has its own written investment policy. Agency monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks, trust companies, or credit unions located within the state, preferably located within the City of Ithaca and the urban renewal project boundary area. The Agency is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury.

Collateral is required for demand and time deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

Deposits and investments are valued at cost or cost plus interest. Total financial institution (bank) balances at December 31, 2021 were $1,858,174, which were insured, and collateral, when required, was held by the Agency’s agent in the Agency’s name. Cash in the amount of $1,705,785 is reported as restricted and represents the amount of restricted fund balance.

Note 3  Other Receivables

Other receivables at December 31, 2021 are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Reimbursements</td>
<td>$14,461</td>
</tr>
<tr>
<td>Total</td>
<td>$14,461</td>
</tr>
</tbody>
</table>
Note 4  Loans Receivable
Loans receivable consist of various economic development loans with ranging terms and interest rates. $832,869 of the loans at December 31, 2021 will be forgiven over time as long as certain conditions are met by the loan recipient. Activity in loans receivable during the year follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance December 31, 2020</td>
<td>$6,480,532</td>
</tr>
<tr>
<td>Interest Accrued</td>
<td>44,442</td>
</tr>
<tr>
<td>Loans Issued</td>
<td>380,866</td>
</tr>
<tr>
<td>Loans Written Off</td>
<td>(350,000)</td>
</tr>
<tr>
<td>Loan Payments</td>
<td>(208,508)</td>
</tr>
<tr>
<td><strong>Balance December 31, 2021</strong></td>
<td><strong>$6,347,332</strong></td>
</tr>
</tbody>
</table>

Note 5  Simplified Employee Pension Plan
The Agency sponsors a Simplified Employee Pension Plan which covers all full-time and part-time employees. Contributions to the Plan are determined annually by the Board of Directors. For the year ended December 31, 2021, the amount of pension expense was $26,810, 11% of total gross payroll.

Note 6  Concentrations - Significant Sources of Revenues
During the year ended December 31, 2021, the Agency received $1,076,063, or 55.4% of its total revenue, from U.S. Department of Housing and Urban Development grants.

Note 7  Summary of Significant Commitments and Contingencies

General Information
The Agency is exposed to various risks of loss related to, but not limited to, torts, theft of, damage to, and destruction of assets, injuries to employees, errors and omissions, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

State and Federally Assisted Programs
Through the City, the Agency receives state and federal grants. These grants are generally conditioned on compliance with certain statutory, regulatory, and/or contractual requirements. The Agency makes every effort to comply with all applicable requirements. However, because these grants are audited from time to time, it is possible that the Agency or the City will be required, upon audit, to repay portions of the grant monies received and recorded as revenue in a prior year. Agency and City officials do not anticipate material grant-in-aid disallowances, and no provision, therefore, is reflected in the basic financial statements.
Note 8  Related Party Transactions
The City is reimbursed for projects funded through federal grants administered by the Agency. At December 31, 2021, the Agency owed the City $139,588 in reimbursements.

Note 9  Economic Uncertainty - COVID 19
In March 2020, the COVID-19 coronavirus outbreak was declared a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Agency operates. Although there is still uncertainty, the Agency feels that it will be able to maintain operations in a fiscally sound manner.
INDEPENDENT AUDITORS’ 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

Board of Directors
Ithaca Urban Renewal Agency
Ithaca, New York

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 Ithaca Urban Renewal Agency (the Agency), a blended component unit of the City of Ithaca, whose activity is reported in the Special Grant Fund, a governmental fund in the City of Ithaca’s financial statements, as of and for the year ended December 31, 2021, and related notes to the basic financial statements, and have issued our report thereon dated March 28, 2022.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Agency’s internal control over financial reporting (internal control) as a basis for designing 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 Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency’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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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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**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency’s financial statements are free of 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 financial statements. 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.

Respectfully submitted,

[Signature]

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 28, 2022
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE WITH §2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW

Board of Directors
Ithaca Urban Renewal Agency
Ithaca, New York

We have audited, 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, the financial statements of the Ithaca Urban Renewal Agency (the Agency), a blended component unit of the City of Ithaca, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements, and have issued our opinion thereon dated March 28, 2022.

In connection with our audit, nothing came to our attention that caused us to believe the Agency failed to comply with the Agency’s Investment Guidelines, the New York State Comptroller’s Investment Guidelines, or §2925(3)(f) of the New York State Public Authorities Law (collectively, Investment Guidelines), which are the responsibility of the Agency’s management, insofar as they relate to the financial accounting knowledge of noncompliance with such Investment Guidelines.

This communication is intended solely for the information and use of the Board of Directors and management of the Ithaca Urban Renewal Agency, and the Office of the Comptroller of the State of New York and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 28, 2022
COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE
AT THE CONCLUSION OF THE AUDIT

Board of Directors
Ithaca Urban Renewal Agency
Ithaca, New York

We have audited the financial statements of the Ithaca Urban Renewal Agency (the Agency), a blended component unit of the City of Ithaca, whose activity is reported in the Special Grant Fund, a governmental fund in the City of Ithaca's financial statements, for the year ended December 31, 2021, and have issued our report thereon dated March 28, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, 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 March 12, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Ithaca Urban Renewal Agency 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 2021. We noted no transactions entered into by the Agency 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. There were no sensitive estimates affecting the Agency’s financial statements.

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 disclosures related to loans receivable in Note 4 to the financial statements.

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. No such misstatements were detected as the result of audit procedures.

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 auditors’ 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 March 28, 2022.

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 Agency’s financial statements or a determination of the type of auditors’ 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 Agency’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters
We applied certain limited procedures to the Management’s Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.
Restrictions on Use
This information is intended solely for the information and use of the Board of Directors, and management of the Ithaca Urban Renewal Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 28, 2022
MANAGEMENT COMMENT LETTER

Board of Directors
Ithaca Urban Renewal Agency
Ithaca, New York

In planning and performing our audit of the Ithaca Urban Renewal Agency (the Agency), a blended component unit of the City of Ithaca, as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency’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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

We would like to thank you and your staff for the cooperation and support given to us during the course of the audit. We appreciate the opportunity to be of service to you and look forward to our continued involvement.
This communication is intended solely for the information and use of management, the Board of Directors, others within the Agency and other regulatory agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,

[Signature]

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 28, 2022
### Invoicing/Receivables - Leases
- Update rental amounts due to change in CPI
- Approve CPI change calculations
- Add new lease agreements into billing system
- Prepare monthly/quarterly invoices
- Mail out invoices
- Prepare monthly report
- Review monthly report

- **Accountant**
- **Contracts Monitor**
- **Community Development Planner**
- **Director of CD**
- **Executive Director**
- **Reviewed by Board**
- **M&T Loan Servicer**

### Invoicing/Receivables - Loans
- Update any changes of current loans
- Send new loan information to M & T Bank
- Invoice Customer
- Review M & T loan payment against general ledger
- Prepare monthly report
- Review monthly report

- **Accountant**
- **Contracts Monitor**
- **Community Development Planner**
- **Director of CD**
- **Executive Director**
- **Reviewed by Board**
- **M&T Loan Servicer**

### Cash Receipting
- Open mail & record checks received
- Prepare deposit slip
- Take deposit to bank
- Review of deposit
- Enter deposits into general ledger
- Reconcile bank statements
- Review bank reconciliations

- **Accountant**
- **Contracts Monitor**
- **Community Development Planner**
- **Director of CD**
- **Executive Director**
- **Reviewed by Board**
- **M&T Loan Servicer**

### Cash Disbursements
- Open mail & record invoices received
- Prepare vouchers (Internal vouchers)
- Review 3rd party vouchers
- Approve vouchers
- Input into accounting system - issue checks
- Sign checks (two signatures required)
- Mail checks
- File vouchers

- **Accountant**
- **Contracts Monitor**
- **Community Development Planner**
- **Director of CD**
- **Executive Director**
- **Reviewed by Board**
- **M&T Loan Servicer**

**Note:** Generally the Executive Director (JoAnn Cornish) signs checks; however, the Mayor is authorized to sign checks in her absence.
## Ithaca Urban Renewal Agency
### Separation of Duties - 2021

<table>
<thead>
<tr>
<th>Accounting Categories</th>
<th>Accountant</th>
<th>Contract Monitor</th>
<th>Community Development Planner</th>
<th>Director of CD</th>
<th>Executive Director</th>
<th>Approved by Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Calculates updated payroll information (based on budget)</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approves updated payroll information</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communicates all updates/information to Paychex</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Updates Quickbooks with payroll rates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepares and submits timesheets in Jourynx</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review and approve/reject submitted timesheets 1st level</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Make corrections to timesheets</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review and approve/reject submitted timesheets 2nd level</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Transfers hours from Jourynx to Quickbooks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Verifies that hours transferred into QBs are correct for all employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Posts payroll to general ledger</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Reviews and approves Paychex to Journyx per pay period reconciliation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

Note: Approval and retention of timesheets are electronic. The Executive Director (JoAnn Cornish) approves Nels Bohn's timesheet and Nels Bohn approves all other timesheets at the 2nd level. The Deputy Director of Planning (Lisa Nicholas) approves Nels' timesheet in JoAnn's absence. Accrual balances are reviewed and approved with the timesheet review and approval at 1st level. Paychecks are direct deposited for all employees. Pay stubs are distributed by the Accountant.

<table>
<thead>
<tr>
<th>Accounting Categories</th>
<th>Accountant</th>
<th>Contract Monitor</th>
<th>Community Development Planner</th>
<th>Director of CD</th>
<th>City of Ithaca</th>
<th>IURA</th>
<th>Common Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>HUD drawdown</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develops Action Plan listing projects and budgeted amounts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Adopted Action Plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Fund Projects in IDIS (HUD Integrated Disbursement &amp; Information System)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Based on Authorized Payables - Prepares Drawdown</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Creates Drawdown in IDIS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>2nd Review of IDIS Drawdown and Supporting documentation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Approves Drawdown in IDIS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Verifies that Drawdown was approved in IDIS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Verifies Receipt of drawdown prior to disbursing checks</td>
<td></td>
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<td></td>
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<td></td>
<td>X</td>
</tr>
<tr>
<td>Prepares Quarterly HUD Federal Financial Report</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Approves Quarterly HUD Federal Financial Report</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Distribute Quarterly Federal Financial Report to City Controller</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>X</td>
</tr>
</tbody>
</table>

Notes:
1) Approvals are done by either the City Controller or City Deputy Controller as the latest HUD agreement requires a city employee to approve IDIS drawdowns.
2) HUD electronically transfers funds into the city's bank account. The city then transfers the funds into the IURA checking a/c.
2/8/2022

Ms. JoAnn Cornish, Director
Planning and Development Department
City of Ithaca
City Hall – 3rd Floor
108 E. Greene Street
Ithaca, NY 14850

Dear Ms. Cornish:

SUBJECT: Program Year 2020 Annual Community Assessment (ACA)
Reporting Period: August 1, 2020 to July 31, 2021
Community Development Block Grant (CDBG) Program
Home Investment Partnerships Program (HOME) Program

Enclosed please find HUD’s Annual Community Assessment (ACA) reviewing the implementation and performance of the City of Ithaca’s CDBG and HOME Programs. While continuing efforts are taken into consideration, this assessment primarily focuses on the 2020 program year, which covered the period August 1, 2020 to July 31, 2021.

The HUD Buffalo Office is providing you a 30-day comment opportunity prior to issuing the Program Year Review Letter to the Mayor. The Mayor will be asked to make the document available to the public as established in your citizen participation plan. In addition, HUD will make it available to citizens upon request.

If you have any questions about this report, would like to discuss the comments, or require further assistance in the administration of your community development programs, please contact Tremeeka Norman CPD Representative, at 716-646-7077 or via e-mail at Tremeeka.L.Norman@hud.gov

Sincerely,

[Signature]
William T. O’Connell
Director
Community Planning and Development Division

Enclosure
Annual Community Assessment (ACA) Report

for

City of Ithaca, New York

Covering the Program Year of:

August 1, 2020 – July 31, 2021
INTRODUCTION

As a recipient of HUD Entitlement funds, the City of Ithaca is required to annually report on the progress made in carrying out the goals and priorities of the Consolidated Plan. The Consolidated Annual Performance and Evaluation Report (CAPER) is designed to be a tool to report the activities undertaken during the previous year and shared with HUD as well as the local community stakeholders and residents.

The HUD Office is required to conduct an annual assessment of the City’s performance to determine whether the planning, activities, and reporting were carried out in accordance with applicable requirements. The City is invited to provide any updates or comments to the HUD Office within the next 30 days. Following the 30-day period, the report will be finalized and sent to the Chief Elected Officer of your community. The report will be available to the public as requested.

Assessment Period:         August 1, 2020 – July 31, 2021
                          2nd Year of a 5-year Consolidated Plan

The City applied for and received funding for the following programs:

Community Development Block Grant (CDBG)          $  682,620
Community Development Block Grant (CDBG-CV)      $  769,461
Home Investment Partnerships (HOME)              $   335,099
Total Funding Awarded:                           $ 1,787,180

Total funding expended during the reporting period: $807,004.00 (includes funds from prior years)

The total CDBG-CV funding expended during the reporting period: $351,002.00

PART I: Summary of Grantee Performance

CPD Programs
The City submitted the 2020 Annual Performance and Evaluation Report (CAPER) which summarized performance during the reporting period. The report revealed that activities were implemented consistent with the goals and objectives set forth in the City’s Consolidated Plan and Annual Action Plan. Any exceptions are noted for additional information or clarification.

Highlights include:

- Citizen participation was conducted during the program year that exceeds HUD requirements.
- The City was compliant with Admin. caps for CDBG and HOME.
- The City was compliant and exceeded expectations with the CDBG Low-Mod Income beneficiary threshold in 2020 by expending 100% of CDBG resources in low-moderate income communities.
- Ithaca satisfied the CDBG timeliness test as of 6/2/21 at 1.34
- Ithaca met the HOME commitment and expenditure deadlines during the reporting period.
Ithaca’s Single Audit Report is current through 12/31/19 and is in need of updated submission for 2020.
Through actionable relationship building the City and its partners created the Ithaca Eviction/Displacement Defense (IEDD) Project, which provides a full spectrum of services to tenants from basic tenants’ rights information to services designed to support housing stability including homeownership services for Ithaca tenants.
During the pandemic, Ithaca increased their level of collaboration not only at the on sought of an extremely challenging programming year but remained consistent with a heightened level of collaboration and communication with partners and community stakeholders necessary for successful program implementation to prevent, prepare, and respond to the coronavirus.

Areas for follow up or clarification:

- Ithaca was very communicative throughout the review process and satisfactorily made adjustments and updates when necessary. The City provided timely explanations during the CAPER review process and all items of question were addressed thoroughly.

Compliance Summary and Updates:

- Ithaca has no open monitoring findings.

Other HUD Programs
Fair Housing and Equal Opportunity:

FY-2020
The 2020 Ithaca CAPER was evaluated by Region 2 Office of Fair Housing and Equal Opportunity (FEHO) on December 15, 2021. A copy of the full FHEO CAPER review will be sent in a separate attachment. Any FHEO questions and concerns regarding this 2020 FHEO CAPER review should be addressed to Jennifer Liebman, Equal Opportunity Specialist at jennifer.m.liebman@hud.gov

Ithaca continues to incorporate goals and action steps identified from their 2017 Assessment of Fair Housing report, which addresses barriers and actions necessary to remove them, which is commendable.

PART II: HUD Evaluation and Conclusions

The following determinations have been made relative to the City’s capacity to carry out CDBG funded activities:

1. The City has carried out its program substantially as described in its Consolidated Plan submission.

2. The Consolidated Plan submission as implemented complies with the requirements of the Housing and Community Development Act of 1974, and other applicable laws and regulations.
3. The City has the continuing capacity to carry out the approved program in a timely manner.

If you have any questions or would like to discuss the Assessment Report, please feel free to contact Tremeeka L. Norman, Community Planning and Development Representative on behalf of Rashika Hall, Community Planning and Development Representative, at 716-646-7077 or Tremeeka.L.Norman@hud.gov. If you disagree with this assessment, please respond via email to: William.T.OConnell@hud.gov. Your response should identify any areas of disagreement and corrections or any additional comments you would like HUD to consider.