AGENDA
IURA Audit Committee
8:30 AM, Friday, September 7, 2018
Council Chambers, City Hall

I. Call to Order

II. Review of Audit Committee membership and 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 to or deletions from the agenda

IV. Public comment (3 minutes per person)

V. Review of draft meeting minutes: June 21, 2017

VI. New Business
   A. Election of Committee Vice-Chairperson and nomination of Chairperson – resolution
   B. Approval of audited 2017 IURA financial statements – resolution
   C. 2017 IURA reporting to NYS Authorities Budget Office - review

VII. Adjournment

If you have a disability and require accommodations in order to fully participate, please contact the IURA at 274-6559 at least 48 hours prior to the meeting.
DRAFT MEETING MINUTES
ITHACA URBAN RENEWAL AGENCY
Audit Committee
10:00 A.M., Wednesday, June 21, 2017
Common Council Chambers, City Hall

Members: Mayor Svante Myrick; Karl Graham, Vice Chair; Tracy Farrell; Chris Proulx; Graham Kerslick (Common Council Liaison)
Excused: Eric Rosario
Staff: Nels Bohn; Anisa Mendizabal; Charles Pyott
Guests: None

I. Call to Order
Vice-Chair Graham called the meeting to order at 10:15 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 Comment (3 minutes per person)
None.

V. Review of Draft Meeting Minutes: May 26, 2016
Farrell moved, seconded by Proulx, to approve the May 26, 2016 meeting minutes, with no modifications.

Carried Unanimously 3-0
VI. New Business

A. Election of Audit Committee Chairperson & Vice-Chairperson

Moved by Proulx, seconded by Farrell:

2017 Appointment of IURA Audit Committee Chairperson

WHEREAS, the IURA By-laws provide that the committee membership shall elect its own committee Vice-Chairperson and nominate a member to serve as Chairperson, 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 June 21, 2017 meeting, the IURA Audit Committee elected Karl Graham as Vice-Chairperson and nominated Eric Rosario as Chairperson for consideration by the Agency; now, therefore be it

RESOLVED, that the IURA hereby appoints Eric Rosario as Chairperson of the IURA Audit Committee.

Carried Unanimously 4-0

B. Approval of Audited 2016 IURA Financial Statements

Bohn explained that the FY2016 IURA Financial Audit is a clean audit, with no findings, issues, or recommendations raised. The audit shows the IURA with a $2M fund balance, which includes all HODAG and other loan fund balances, like revolving loan funds. The IURA has increased its loans receivable compared to last year, but it has also issued more grant funding, which slightly reduced its assets.

Graham noted the audit includes the following observations, suggesting the IURA may want to increase its loans in the future to make up for loss of Federal income:

“The Agency derives a significant amount of annual revenues from federal funding, including the HUD Entitlement Grant program which awards formula funding to the City of Ithaca. The President’s proposed FY 2018 federal budget is reputed to seek a significant reduction in discretionary domestic spending, which may negatively impact resources available to the Agency. Offsetting a potential reduction in federal funds is the opportunity to generate increased revenues from the future sale and redevelopment of Agency-owned real property for urban renewal projects located at Inlet Island and Cherry Street. If such sales at fair market value are structured as loans, they may generate a significant stream of future revenues for the Agency.”
Moved by Myrick, seconded by Proulx:

Approve Audited 2016 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 2016 IURA financial report prepared by Insero & Company, LLP on March 9, 2017, and

WHEREAS, at their April meeting the IURA Governance Committee reviewed the financial report and attached correspondence, and

WHEREAS, at their June meeting, the IURA Audit Committee reviewed the financial report and attached correspondence and recommends the following; now, therefore, be it


Carried Unanimously 4-0

C. 2016 IURA Reporting to NYS Authorities Budget Office

Bohn reported the Governance Committee (GC) already reviewed all the IURA reporting to the NYS Authorities Budget Office. No formal action needs to be taken. The Governance Committee also examined the IURA’s FY2016 budget, which actually came in at $37,810 under budget (although most of that was due to staffing vacancies).

VII. Adjournment

The meeting was adjourned by consensus at 10:22 A.M.

— END —

Minutes prepared by C. Pyott, edited by N. Bohn.
2018 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 a member to serve as Chairperson, 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 August 30, 2018 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 2017 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 2017 IURA financial report on March 20, 2018, and

WHEREAS, at their July meeting the IURA Governance Committee reviewed the financial report and attached correspondence, and

WHEREAS, at their June meeting, the IURA Audit Committee reviewed the financial report and attached correspondence and recommends the following; now, therefore, be it

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, 2017, and have issued our report thereon dated March 20, 2018. 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 January 26, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the 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 2017. 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 and debt in Notes 3 and 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 auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations
We have requested certain representations from management that are included in the management representation letter dated March 20, 2018.

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 auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the 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,

[Signature]

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 20, 2018
ITHACA URBAN RENEWAL AGENCY

Ithaca, New York

FINANCIAL REPORT

December 31, 2017
ITHACA URBAN RENEWAL AGENCY

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INDEPENDENT AUDITOR’S REPORT

Board of Directors
Ithaca Urban Renewal Agency
Ithaca, New York

Report on the Financial Statements
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, 2017, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management’s Responsibility 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. This includes 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.

Auditor’s Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency’s preparation and fair presentation of the financial statements 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 controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
**Opinion**
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ithaca Urban Renewal Agency, whose activity is reported in the Special Grant Fund of the City of Ithaca, as of December 31, 2017, and the changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**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, 2017, 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.

**Other Matter**

*Required Supplementary Information*
Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, on pages 4-4b 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 Management’s Discussion and Analysis 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 Management’s Discussion and Analysis 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 20, 2018, 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.
Other Reporting Required by New York State Public Authorities Law
In accordance with New York State Public Authorities Law, we have also issued our report dated March 20, 2018 on our consideration of the Agency’s compliance with Section 2925(3)(f) of the New York State Public Authorities Law. The purpose of that report is to describe anything that 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, and Section 2925(3)(f) of the New York State Public Authorities Law.

Respectfully Submitted,

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 20, 2018
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, 2017. 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 $1,877,460 decreased by $(177,798) in 2017, from $2,055,258 in 2016.

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 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 vests or accumulates, are charged as an expenditure when paid.
ITHACA URBAN RENEWAL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

FINANCIAL ANALYSIS
The Agency’s fund balance for the fiscal years ended December 31, 2017 and 2016 changed by $(177,798) and $(18,815), respectively. The reason for the decrease in fund balance was due to less program income received in the current year, which can fluctuate from year to year. 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>2016</th>
<th>2017</th>
<th>Total Dollar Change 2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$2,927,560</td>
<td>$2,706,242</td>
<td>$(221,318)</td>
</tr>
<tr>
<td>Other receivables</td>
<td>3,829</td>
<td>6,180</td>
<td>2,351</td>
</tr>
<tr>
<td>Loans receivable</td>
<td>7,935,717</td>
<td>8,054,083</td>
<td>118,366</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>10,867,106</td>
<td>10,766,505</td>
<td>(100,601)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>153,021</td>
<td>144,096</td>
<td>(8,925)</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>3,110</td>
<td>866</td>
<td>(2,244)</td>
</tr>
<tr>
<td>Bond anticipation note payable</td>
<td>720,000</td>
<td>690,000</td>
<td>(30,000)</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>876,131</td>
<td>834,962</td>
<td>(41,169)</td>
</tr>
<tr>
<td>Unavailable revenue</td>
<td>7,935,717</td>
<td>8,054,083</td>
<td>118,366</td>
</tr>
<tr>
<td><strong>Total Deferred Inflows of Resources</strong></td>
<td>7,935,717</td>
<td>8,054,083</td>
<td>118,366</td>
</tr>
<tr>
<td>Restricted</td>
<td>2,055,258</td>
<td>1,877,460</td>
<td>(177,798)</td>
</tr>
<tr>
<td><strong>Total Fund Balance</strong></td>
<td>$2,055,258</td>
<td>$1,877,460</td>
<td>$(177,798)</td>
</tr>
</tbody>
</table>

Our analysis in Figure 2 considers the operations of the Agency’s fund.

Figure 2

<table>
<thead>
<tr>
<th>Changes in Fund Balance</th>
<th>2016</th>
<th>2017</th>
<th>Total Dollar Change 2016-2017</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>$2,403</td>
<td>$2,438</td>
<td>35</td>
</tr>
<tr>
<td>Departmental income</td>
<td>809,437</td>
<td>590,802</td>
<td>(218,635)</td>
</tr>
<tr>
<td>Federal sources</td>
<td>1,156,007</td>
<td>1,098,616</td>
<td>(57,391)</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>1,967,847</td>
<td>1,691,856</td>
<td>(275,991)</td>
</tr>
<tr>
<td><strong>Expenditures:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home and community services</td>
<td>2,016,662</td>
<td>1,899,654</td>
<td>(117,008)</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>2,016,662</td>
<td>1,899,654</td>
<td>(117,008)</td>
</tr>
<tr>
<td><strong>Other Sources:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BANs redeemed from appropriations</td>
<td>30,000</td>
<td>30,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Other Sources</strong></td>
<td>30,000</td>
<td>30,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>CHANGE IN FUND BALANCE</strong></td>
<td>$(18,815)</td>
<td>$(177,798)</td>
<td>$(158,983)</td>
</tr>
</tbody>
</table>

4a
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 derives approximately 40% of its annual revenues to support operations from federal funding sources, primarily the HUD Entitlement Grant program which awards formula funding to the City of Ithaca. The President’s proposed FY 2017 and 2018 federal budgets recommended terminating all funding for the HUD Entitlement Grant program. If such budget cuts were adopted by Congress they would significantly reduce resources available to the Agency. Fortunately, President Trump signed into law the Bipartisan Budget Act of 2018 on February 9, 2018 that significantly increases domestic spending in both FY 2017 and 2018. While sufficient funding appears secure through FY 2018 for the HUD Entitlement Grant program, the funding levels after FY 2018 will remain a budgetary concern for the Agency.

Offsetting a potential reduction in federal funds is the opportunity to generate increased revenues from the future sale and redevelopment of Agency- or City-owned real property for urban renewal projects located at Inlet Island, Cherry Street and the Green Street Parking Garage. If such disposition and development agreements are structured to include owner-financed loans, these projects may generate a significant stream of future revenues for the Agency.

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, 2017**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents - Unrestricted</td>
<td>$828,782</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents - Restricted</td>
<td>1,877,460</td>
<td></td>
</tr>
<tr>
<td>Other receivables, net</td>
<td>6,180</td>
<td></td>
</tr>
<tr>
<td>Loans receivable</td>
<td>8,054,083</td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$10,766,505</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$144,096</td>
<td></td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>866</td>
<td></td>
</tr>
<tr>
<td>Bond anticipation notes payable</td>
<td>690,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>834,962</strong></td>
<td></td>
</tr>
</tbody>
</table>

**DEFERRED INFLOWS OF RESOURCES**

| Unavailable revenue - Loans receivable | 8,054,083 |       |
| **Total Deferred Inflows of Resources** | **8,054,083** |       |

**FUND BALANCE**

| Restricted                  | 1,877,460   |       |
| **Total Fund Balance**      | **1,877,460**|       |

| **Total Liabilities, Deferred Inflows of Resources, and Fund Balance** | **$10,766,505** |       |

*See Independent Auditor's Report and 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, 2017

REVENUES
Use of money and property $ 2,438
Departmental income 590,802
Federal sources 1,098,616
Total Revenues 1,691,856

EXPENDITURES
Current
Home and community services 1,899,654
Total Expenditures 1,899,654

Excess of (Expenditures) (207,798)

OTHER FINANCING SOURCES
BANs redeemed from appropriations 30,000
Total Other Financing Sources 30,000

Net Change in Fund Balance (177,798)

Fund Balance, Beginning 2,055,258

Fund Balance, Ending $ 1,877,460

See Independent Auditor's Report and 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 (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, 2017 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, i.e. 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 vests or accumulates, are charged as an expenditure when paid.

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, which requires the same level of formal action to remove said constraint.
Note 1  Summary of Significant Accounting Policies - Continued

- 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.

- 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 non-spendable 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, 2017 were $2,782,238, which were insured, and collateral, when required, was held by the Agency’s agent in the Agency’s name. Cash in the amount of $1,877,460 is reported as restricted and represents the amount of restricted net position.
Note 3 Other Receivables
Other receivables at December 31, 2017 are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Other Reimbursements</td>
<td>$ 6,180</td>
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<tr>
<td>Total</td>
<td>$ 6,180</td>
</tr>
</tbody>
</table>

Loans Receivable
Loans receivable consist of various economic development loans with ranging terms and interest rates. $1,432,869 of the loans at December 31, 2017 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>
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<tbody>
<tr>
<td>Balance December 31, 2016</td>
<td>$ 7,935,717</td>
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<tr>
<td>Interest accrued</td>
<td>39,400</td>
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<tr>
<td>Loans issued</td>
<td>316,710</td>
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<tr>
<td>Loan payments</td>
<td>(237,744)</td>
</tr>
<tr>
<td><strong>Balance December 31, 2017</strong></td>
<td>$ 8,054,083</td>
</tr>
</tbody>
</table>

Note 4 Short-term Debt
State law requires Bond anticipation notes (BANs) issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided stipulated annual reductions of principal are made.

The Agency issued a Neighborhood Housing Initiative Program BAN in the amount of $690,000 on April 14, 2017 at an interest rate of 2.25% per annum, with a maturity date of April 13, 2018. The BAN was issued to provide funding for the Agency’s Neighborhood Housing Initiative Program.

Under Article XVIII Section 4 of the State Constitution, the City is permitted to guarantee principal of and interest on the City Urban Renewal Agency’s BANs. The City has guaranteed payment of the BAN’s principal and interest. The BANs are not included in the City’s debt limit.
Note 4  Short-term Debt - Continued
Because the City recognizes BAN principal and interest payments in its General Fund, the Agency has not reported those expenditures. As the City makes BAN principal payments, the Agency recognizes the reduction of the BAN payable as BANs redeemed from appropriations, an other financing source.

The following is a summary of changes in the Agency’s indebtedness for the period ended December 31, 2017:

<table>
<thead>
<tr>
<th>Description</th>
<th>Balance 12/31/16</th>
<th>New Issues/ Additions</th>
<th>Maturities/ Payments</th>
<th>Balance 12/31/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANs</td>
<td>$720,000</td>
<td>$690,000</td>
<td>$(720,000)</td>
<td>$690,000</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, 2017, the amount of pension expense was $22,271, or 11% of total gross payroll.

Note 6  Concentrations - Significant Sources of Revenues
During the year ended December 31, 2017, the Agency received $1,098,616; or 64.9% 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; 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.
INDEPENDENT AUDITOR’S 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, 2017, and related notes to the basic financial statements, and have issued our report thereon dated March 20, 2018.

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) 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 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.
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 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 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,

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 20, 2018
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH SECTION 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 component unit of the City of Ithaca, as of and for the year ended December 31, 2017, 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 20, 2018.

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 Section 2925 of the New York State Public Authorities Law (collectively, Investment Guidelines), which is 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 20, 2018
March 20, 2018

Insero & Co. CPAs, LLP
401 East State Street, Suite 500
Ithaca, New York 14850

This representation letter is provided in connection with your audit of 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, which comprise the financial position as of December 31, 2017 and the changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 20, 2018, 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 engagement letter dated January 26, 2018, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.

2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the Special Grant Fund required by generally accepted accounting principles to be included in the financial reporting entity.
3. 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.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6. Related party relationships and transactions, including revenues, expenditures, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

8. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.

9. Guarantees, whether written or oral, under which the Agency is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10. We have procided 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, and all audit or relevant monitoring reports received from funding sources.

   b. Additional information that you have requested from us for the purpose of the audit.

   c. Unrestricted access to persons within the Agency from whom you determined it necessary to obtain audit evidence.

   d. Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
   a. Management,
   b. Employees who have significant roles in internal control, or
   c. Others where the fraud could have a material effect on the financial statements.

14. We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency's financial statements communicated by employees, former employees, regulators, or others.

15. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

16. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.

17. We have disclosed to you the identity of the Agency's related parties and all the related party relationships and transactions of which we are aware.

**Government-specific**

18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

19. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

20. The Agency has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

21. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt
contracts; and legal and contractual provisions for reporting specific activities in separate funds.

22. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

23. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

24. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

25. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

26. As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

27. The Agency has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

28. The Agency has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

29. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
30. The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.

31. Classifications of fund balance (nonspendable, restricted, committed and assigned) are properly classified and, if applicable, approved.

32. Provisions for uncollectible receivables, if any, have been properly identified and recorded.

33. Deposits are properly classified as to risk and are properly disclosed.

34. We have appropriately disclosed the Agency's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available and have determined that fund balance was properly recognized under the policy.

35. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

36. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signed: __________________________

Title: Director of Community Development,
Ithaca Urban Renewal Agency
<table>
<thead>
<tr>
<th>Accounting Categories</th>
<th>Accountant</th>
<th>Contract Moniter</th>
<th>Community Development Planner</th>
<th>Director of CD</th>
<th>Executive Director</th>
<th>Reviewed by Board</th>
<th>M&amp;T Loan Servicer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Invoicing/Receivables - Leases</strong></td>
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<td></td>
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<tr>
<td><strong>Invoicing/Receivables - Loans</strong></td>
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<td>Update any changes of current loans</td>
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<tr>
<td>Send new loan information to M &amp; T Bank</td>
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<td>Invoice Customer</td>
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<td>Review M &amp; T loan payment against general ledger</td>
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<td>Prepare monthly report</td>
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<td>Review monthly report</td>
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<tr>
<td><strong>Cash Receipting</strong></td>
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<td>Open mail &amp; record checks received</td>
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<td>Take deposit to bank</td>
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<td>Review of deposit</td>
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<td>Enter deposits into general ledger</td>
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</tr>
<tr>
<td>Reconcile bank statements</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Review bank reconciliations</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Cash Disbursements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Open mail &amp; record invoices received</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Prepare vouchers (Internal vouchers)</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Review 3rd party vouchers</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Approve vouchers</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Input into accounting system - issue checks</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Sign checks (two signatures required)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Mail checks</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>File vouchers</td>
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<td></td>
<td></td>
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</tr>
</tbody>
</table>

Note: Generally the Executive Director (Joann Cornish) signs checks, however, the Mayor, the Deputy Director for Economic Development and the Vice Chair for the IUAC Committee are authorized to sign checks in her absence.
### Ithaca Urban Renewal Agency
### Separation of Duties - 2017

<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>Debt - IURA BAN</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Annual Renewal of BAN - Bond Counsel opinion &amp; City Controller signature</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**Note:** City as Guarantor makes all P & I payments
<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>Approves annual budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Calculates updated payroll information (based on budget)</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approves updated payroll information</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communicates all updates/information to Paychex</td>
<td></td>
<td>X</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>X</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>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review and approve/reject submitted timesheets 1st level</td>
<td></td>
<td>X</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>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers hours from Jourynx to Quicksbooks</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>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Posts payroll to general ledger</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Reviews and approves Paychex to Jourynx per pay period reconciliation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

Notes:
1. Time billing and accrual tracking Jourynx, a web-based time tracking and expense tracking software package. Approval and retention of timesheets are electronic.
2. The Executive Director (Joann Cornish) approves the Director of CD’s (Nels Bohn) timesheet, and Nels Bohn approves all other timesheets at the 2nd level.
   The Deputy Director of Planning and Development (Lisa Nicholas) approves Nels’s timesheet in Joanne’s absence.
3. Accrual balances are reviewed and approved with the timesheet review and approval at 1st level.
4. Paychecks are direct deposited for all employees. Pay stubs are distributed by the Accountant.
Ithaca Urban Renewal Agency  
Separation of Duties - 2017

<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>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>HUD drawdown</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
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<tr>
<td>Develops Action Plan listing projects and budgeted amounts</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Adopts Action Plan</td>
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<tr>
<td>Fund Projects in IDIS (HUD Integrated Disbursement &amp; Information System)</td>
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<tr>
<td>Based on Authorized Payables - Prepares Drawdown</td>
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<td></td>
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</tr>
<tr>
<td>Creates Drawdown on IDIS</td>
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<td></td>
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<td></td>
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</tr>
<tr>
<td>2nd Review of IDIS Drawdown and Supporting documentation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td>X</td>
</tr>
<tr>
<td>Approves Drawdown on IDIS</td>
<td></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>
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<td></td>
<td>1</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>2</td>
</tr>
<tr>
<td>Prepares Quarterly HUD Federal Financial Report</td>
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<td></td>
</tr>
<tr>
<td>Approves Quarterly HUD Federal Financial Report</td>
<td></td>
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<td></td>
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<td>X</td>
</tr>
<tr>
<td>Distribute Quarterly Federal Financial Report to City Controller</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

Notes:
1) Approvals are done by either the City Controller or City Deputy Controller. The new HUD agreement requires a city employee to approve IDIS drawdowns.
2) HUD electronic transfer of funds is deposited into the city’s bank account. The city then transfers the funds into the IURA checking account.