I. Call to Order

II. Review of Audit Committee Membership & Charge
   Membership: Each IURA Board member is appointed to the Audit Committee (Chair: vacant; 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 28, 2022

VI. New Business
   A. Election of Committee Vice-Chairperson & Nomination of Chairperson — Resolution
   B. Approval of Audited 2022 IURA Financial Statements — Resolution
   C. Review Internal Controls
   D. Review HUD Community Assessment Report (August 1, 2021-July 31, 2022)

VII. Adjournment
I. Call to Order
Vice-Chair Graham called the meeting to order at 8:30 A.M.

II. Review of Audit Committee Membership & Charge

Membership:
Each member of the IURA Board is appointed to the Audit Committee, with Chairperson Eric Rosario and Vice-Chairperson 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: April 22, 2021
Graham moved, seconded by Lewis, to approve the meeting minutes, with no modifications.

Carried Unanimously: 3-0
VI. New Business

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

Bohn noted he is not aware of Rosario having raised any objections to continuing to serve as the Committee’s Chairperson.

Graham asked if any other Committee members would like to serve as Chair or Vice-Chairperson. No Committee members responded.

Graham nominated Rosario to serve as Chairperson and expressed his own willingness to continue serving as Vice-Chairperson. No objections were raised.

Moved by Farrell, seconded by Lewis:

2022 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 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 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: 3-0

B. Approval of Audited 2021 IURA Financial Report

Graham explained that Insero & Company’s FY2021 Financial Audit Report raised no issues, findings, recommendations, or concerns. Since the IURA is considered a blended component of the City of Ithaca, this audit only represents a small proportion of the larger City audit. The IURA audit is required to be conducted within 90 days of the end of each fiscal year.

Farrell asked about the characterization of the IURA as a “blended component unit” of the City of Ithaca. She wondered if it is strictly for financial purposes or for all purposes. Bohn replied he believes it is strictly for financial purposes.
Lewis observed that page 4b of the report notes that while no major reduction in Federal funding is anticipated through 2024, “reliance on the HUD Entitlement Grant program for core funding remains a budgetary concern for the Agency.”

Bohn responded the concern regarding the IURA’s reliance on the HUD Entitlement Grant program for funding was initially raised several years ago, when the prior Trump administration proposed Federal budgets terminating HUD Entitlement Grant funding in 2016-2020.

Farrell noted it makes preserving the IURA’s unrestricted funds all the more important, as well as ensuring IURA staff is compensated for any work the City charges it with doing (e.g., Green Street Garage Project).

Farrell asked what it means on p. 12 of the report, under “Related Party Transactions,” where it states: “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.”

Bohn replied the IURA has standing arrangements with the City to collect lease payments on its behalf (e.g., Cayuga Street Garage, Ithaca Farmers Market), which the IURA then remits to the City once a year.

Graham noted on p. 5, the report lists assets, liabilities, and the fund balance, and on p. 6 it lists revenues and expenditures, which also refer to a “Net Change in Fund Balance” of $81,389.

```
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
```
Bohn explained the Governance Committee reviewed the report and also asked about that figure. The IURA’s basis for its accounting employs a modified accrual process, so expenditures and revenues are recorded at the time the IURA actually receives funding from HUD and draws down the funds. Bohn’s understanding is the IURA has remained very financially stable over the past year, and there are no major changes or negative trends.

Moved by Graham, seconded by Farrell:

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 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 2021 IURA Financial Report on March 28, 2022, and

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>$</th>
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<tr>
<td>Use of Money and Property</td>
<td>1,326</td>
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<td>Departmental Income</td>
<td>865,991</td>
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<td>Federal Sources</td>
<td>1,076,063</td>
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<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>1,943,380</strong></td>
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<table>
<thead>
<tr>
<th>EXPENDITURES</th>
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<td>Home and Community Services</td>
<td>2,024,769</td>
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<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>2,024,769</strong></td>
</tr>
<tr>
<td>Excess of Expenditures</td>
<td>(81,389)</td>
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<tr>
<td>Net Change in Fund Balance</td>
<td>(81,389)</td>
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<tr>
<td>Fund Balance, Beginning</td>
<td>1,787,174</td>
</tr>
<tr>
<td><strong>Fund Balance, Ending</strong></td>
<td><strong>1,705,785</strong></td>
</tr>
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</table>

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

**SPECIAL GRANT FUND**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

**MODIFIED ACCRUAL ACCOUNTING:** Modified accrual accounting is an alternative bookkeeping method that combines accrual basis accounting with cash basis accounting. It recognizes revenues when they become available and measurable and, with a few exceptions, records expenditures when liabilities are incurred. Modified accrual accounting is commonly used by government agencies.
WHEREAS, at its April 2022 meeting, the IURA Governance Committee conducted preliminary review of the financial report, and

WHEREAS, at its April 2022 meeting, the IURA Audit Committee reviewed the financial report with auditor correspondence and recommends the following; now, therefore, be it


**Carried Unanimously: 3-0**

C. Review Internal Controls & Separation of Duties

Graham walked through the 2021 Internal Controls and Separation of Duties document, which is designed to distribute fiscal responsibilities and oversight amongst staff, and which the auditors review annually. The auditors determined it meets their standards. He recalled last year there was discussion of whether the IURA check-signing process is too cumbersome and if a new, simpler process could be developed for signing checks for amounts under a certain threshold, which does not require two signatures.

Bohn replied that is a good idea. When the former Mayor served as the IURA Chair and worked from City Hall, there were 3 people who could sign checks. After the outbreak of the COVID-19 pandemic, the process became a little more complicated. With Proulx currently serving as Chair, another level of complication has been added. Bohn noted IURA staff is actively exploring subscribing to an electronic check signing process through Tompkins Trust Company (TTC).

<table>
<thead>
<tr>
<th>Accounting Categories</th>
<th>Accountant</th>
<th>Contracts Monitor</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>
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<tbody>
<tr>
<td>Invoicing/Receivables - Leases</td>
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<td>Update rental amounts due to change in CPI</td>
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<td>Add new lease agreements into billing system</td>
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<td>Mail out invoices</td>
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<td>Prepare monthly report</td>
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<tr>
<td>Review monthly report</td>
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<td></td>
<td>X</td>
</tr>
<tr>
<td>Invoicing/Receivables - Loans</td>
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<tr>
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<tr>
<td>Send new loan information to M &amp; T Bank</td>
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<tr>
<td>Invoice Customer</td>
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<td>Review M &amp; T loan payment against general ledger</td>
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<td></td>
<td></td>
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<td>X</td>
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<tr>
<td>Prepare monthly report</td>
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<td>Cash Receipting</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 deposit slips into general ledger</td>
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<td>Cash Disbursements</td>
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<td>Open mail &amp; record invoices received</td>
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<tr>
<td>Approve vouchers</td>
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<td>Input into accounting system - issue checks</td>
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<td>Sign checks (two signatures required)</td>
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<tr>
<td>Mail checks</td>
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<tr>
<td>File vouchers</td>
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</tbody>
</table>
D. Review HUD 2020 Annual Community Assessment (ACA) Report

Graham reported the IURA received HUD’s 2020 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 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 onset 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.”
Bohn remarked the only issue Insero raised was to note that the City’s own audit has not been submitted on a timely basis. He believes the City has now completed its 2020 audit and begun its 2021 one. Until several years ago, the City had been consistently late submitting its audits, but the COVID-19 pandemic created new challenges. The City’s audits have historically been clean with no significant findings, except needing to modernize its Capital Projects tracking system and improving how it assesses its fixed assets.

VII. Adjournment
The meeting was adjourned by consensus at 9:05 A.M.

— END —

Minutes prepared by C. Pyott, edited by N. Bohn.
2023 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: Vacancy
   Vice-Chairperson: Karl Graham, and

Whereas, at their April 27, 2023 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.
Proposed Resolution  
IURA Audit Committee  
April 27, 2023

Approve Audited 2022 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 Law, and

WHEREAS, the IURA received an audited 2022 IURA financial report on March 27, 2023, and

WHEREAS, at its April 2023 meeting, the IURA Governance Committee conducted preliminary review of the financial report and recommended approval of the financial report, and

WHEREAS, at its April 2023 meeting, the IURA Audit Committee reviewed the financial report with auditor 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, 2022, and have issued our report thereon dated March 27, 2023. 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 February 8, 2023. 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 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 2022. 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 27, 2023.

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,

[Signature]

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 27, 2023
ITHACA URBAN RENEWAL AGENCY

Ithaca, New York

FINANCIAL REPORT

For the Year Ended
December 31, 2022

insero&co
Certified Public Accountants | Business Advisors
# ITHACA URBAN RENEWAL AGENCY

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<td>4-4c</td>
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<td>13-14</td>
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<tr>
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<td>Financial Statements</td>
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<td>Performed in Accordance With <em>Government Auditing Standards</em></td>
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<td>Independent Auditors’ Report on Compliance With §2925 (3)(f) of the</td>
<td>15</td>
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<td>New York State Public Authorities Law</td>
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</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, 2022, 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, 2022, 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 Opinion
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.

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, 2022, 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.
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.

**Required Supplementary Information**
Accounting principles generally accepted in the United States of America requires that the Management’s Discussion and Analysis 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 27, 2023, 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**
We have also issued our report dated March 27, 2023 on our consideration of the Agency’s compliance with §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 §2925(3)(f) of the New York State Public Authorities Law.

Respectfully submitted,

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 27, 2023
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, 2022. 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 $1,729,828 increased by $24,043 in 2022, from $1,705,785 in 2021.

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, 2022 increased by $24,043 and decreased in 2021 by $81,389. The reason for the increase in fund balance was due to greater departmental income than program expenditures. 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>2022</th>
<th>2021</th>
<th>Total Dollar Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and Cash Equivalents</strong></td>
<td>$1,860,759</td>
<td>$1,830,912</td>
<td>$29,847</td>
</tr>
<tr>
<td><strong>Other Receivables</strong></td>
<td>18,304</td>
<td>14,461</td>
<td>3,843</td>
</tr>
<tr>
<td><strong>Loans Receivable</strong></td>
<td>6,430,016</td>
<td>6,347,332</td>
<td>82,684</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>8,309,079</td>
<td>8,192,705</td>
<td>116,374</td>
</tr>
<tr>
<td><strong>Accounts Payable</strong></td>
<td>149,235</td>
<td>139,588</td>
<td>9,647</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>149,235</td>
<td>139,588</td>
<td>9,647</td>
</tr>
<tr>
<td><strong>Unavailable Revenue</strong></td>
<td>6,430,016</td>
<td>6,347,332</td>
<td>82,684</td>
</tr>
<tr>
<td><strong>Total Deferred Inflows of Resources</strong></td>
<td>6,430,016</td>
<td>6,347,332</td>
<td>82,684</td>
</tr>
<tr>
<td><strong>Restricted Fund Balance</strong></td>
<td>1,729,828</td>
<td>1,705,785</td>
<td>24,043</td>
</tr>
<tr>
<td><strong>Total Fund Balance</strong></td>
<td>$1,729,828</td>
<td>$1,705,785</td>
<td>$24,043</td>
</tr>
</tbody>
</table>

**Figure 2**

<table>
<thead>
<tr>
<th>Changes in Fund Balance</th>
<th>2022</th>
<th>2021</th>
<th>Total Dollar Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Use of Money and Property</strong></td>
<td>$994</td>
<td>$1,326</td>
<td>$(332)</td>
</tr>
<tr>
<td><strong>Departmental Income</strong></td>
<td>607,660</td>
<td>865,991</td>
<td>(258,331)</td>
</tr>
<tr>
<td><strong>Federal Sources</strong></td>
<td>1,063,229</td>
<td>1,076,063</td>
<td>(12,834)</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$1,671,883</td>
<td>$1,943,380</td>
<td>$(271,497)</td>
</tr>
<tr>
<td><strong>Home and Community Services</strong></td>
<td>$1,647,840</td>
<td>$2,024,769</td>
<td>$(376,929)</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$1,647,840</td>
<td>$2,024,769</td>
<td>$(376,929)</td>
</tr>
<tr>
<td><strong>CHANGE IN FUND BALANCE</strong></td>
<td>$24,043</td>
<td>$(81,389)</td>
<td>$105,432</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. Departmental income was down because there were less payments of principal and interest on loans receivable, while home and community service expenditures reflected less project activity.

FACTORS BEARING ON THE AGENCY’S FUTURE
The Agency derives approximately 44% 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 million in FY2022. Of this amount, approximately $158,000 (~16%) can be applied to operating expenses to support the IURA operating budget of approximately $418,000.

Special COVID-19 related HUD CDBG and HOME-ARP funding allocated to the City of Ithaca provided additional one-time administrative funding in FY 2022 budget. The HOME-ARP award, for example, allocates a total of $180,000 in administrative funding over an approximately 3-year period through 2024.

Recent federal budgets have allocated essentially level annual CDBG and HOME funding awards to the City of Ithaca that will be utilized through the IURA’s 2024 fiscal year. Overall, no major reduction in federal funding is anticipated, though congressional deliberations to raise the federal debt limit may result in reduced domestic spending in future years. 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 3.6 FTE Agency staff. Though salary levels and benefits 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.

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 high annual inflation rate poses a challenge for future IURA budgeting, as IURA funding sources have not generally increased at the rate of inflation. 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, increased fees from providing professional services to the City, increased small business lending, and opportunities for increased revenues from undertaking private-public urban renewal projects, such as redevelopment of public lands on Inlet Island, which was conceptually approved in 2022.
Overall, special one-time HUD awards (CDBG-CV and HOME-ARP) will allow the 2023 budget to be fully funded from projected revenues. These one-time funds will be largely exhausted after 2024, when the IURA operating budget may turn from an operating surplus to an operating loss in 2025 if additional revenue sources are not identified. Sale of land for an urban renewal project, such as the Inlet Island project, may result in lump sum revenue event or a new stream of revenues if structured as an owner-financed loan to the project sponsor.

Should there be a shortfall in future years, funds can be drawn from the existing unrestricted cash accounts exceeding $550,000 to balance the budget for a time.

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
This financial report is designed to provide a general overview of the Ithaca Urban Renewal Agency’s finances and to show the Agency’s accountability for the money it receives. 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, 2022**

### ASSETS
- Cash and Cash Equivalents - Unrestricted  
  - $130,931
- Cash and Cash Equivalents - Restricted  
  - 1,729,828
- Other Receivables  
  - 18,304
- Loans Receivable  
  - 6,430,016

**Total Assets**  
- $8,309,079

### LIABILITIES
- Accounts Payable  
  - $149,235

**Total Liabilities**  
- 149,235

### DEFERRED INFLOWS OF RESOURCES
- Unavailable Revenue - Loans Receivable  
  - 6,430,016

**Total Deferred Inflows of Resources**  
- 6,430,016

### FUND BALANCE
- Restricted  
  - 1,729,828

**Total Fund Balance**  
- 1,729,828

**Total Liabilities, Deferred Inflows of Resources, and Fund Balance**  
- $8,309,079

*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, 2022

REVENUES
Use of Money and Property $ 994
Departmental Income 607,660
Federal Sources 1,063,229
Total Revenues 1,671,883

EXPENDITURES
Home and Community Services 1,647,840
Total Expenditures 1,647,840

Excess of Revenues (Expenditures) 24,043

Net Change in Fund Balance 24,043

Fund Balance, Beginning 1,705,785

Fund Balance, Ending $ 1,729,828

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, 2022 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.
**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 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, 2022 were $1,939,065, which were insured, and collateral, when required, was held by the Agency’s agent in the Agency’s name. Cash in the amount of $1,729,828 is reported as restricted and represents the amount of restricted fund balance.

**Note 3**  **Other Receivables**

Other receivables at December 31, 2022 are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reimbursements</td>
<td>$ 18,304</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 18,304</strong></td>
</tr>
</tbody>
</table>
ITHACA URBAN RENEWAL AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 4  Loans Receivable
Loans receivable consist of various economic development loans with ranging terms and interest rates. $982,869 of the loans at December 31, 2022 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, 2021</td>
<td>$6,347,332</td>
</tr>
<tr>
<td>Interest Accrued</td>
<td>41,272</td>
</tr>
<tr>
<td>Loans Issued</td>
<td>270,069</td>
</tr>
<tr>
<td>Loans Written Off/Forgiven</td>
<td>-</td>
</tr>
<tr>
<td>Loan Payments</td>
<td>(228,657)</td>
</tr>
<tr>
<td><strong>Balance December 31, 2022</strong></td>
<td><strong>$6,430,016</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, 2022, the amount of pension expense was $28,102, 11% of total gross payroll.

Note 6  Concentrations - Significant Sources of Revenues
During the year ended December 31, 2022, the Agency received $1,063,229, or 63.6% 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, 2022, the Agency owed the City $144,651 in
reimbursements.
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, 2022, and related notes to the basic financial statements, and have issued our report thereon dated March 27, 2023.

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.
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 Agency’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 Agency’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 27, 2023
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, 2022, 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 27, 2023.

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 27, 2023
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, 2022, 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 27, 2023
<table>
<thead>
<tr>
<th>Accounting Categories</th>
<th>Accountant</th>
<th>Community Development Monitor</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>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Update rental amounts due to change in CPI</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approve CPI change calculations</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Add new lease agreements into billing system</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepare monthly/quarterly invoices</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mail out invoices</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepare monthly report</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review monthly report</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Invoicing/Receivables - Loans</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Update any changes of current loans</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Send new loan information to M &amp; T Bank</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invoice Customer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review M &amp; T loan payment against general ledger</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepare monthly report</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review monthly report</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash Receipting</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Open mail &amp; record checks received</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepare deposit slip</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Take deposit to bank</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review of deposit</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enter deposits into general ledger</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reconcile bank statements</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review bank reconciliations</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash Disbursements</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Open mail &amp; record invoices received</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepare vouchers (internal vouchers)</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review 3rd party vouchers</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approve vouchers</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Input into accounting system - issue checks</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sign checks (two signatures required)</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mail checks</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>File vouchers</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Note: Generally the Executive Director (Lisa Nicholas) signs checks; however, the Vice Chair is authorized to sign checks in Lisa’s absence.
## Ithaca Urban Renewal Agency
### Separation of Duties - 2022

<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>Approved by Board</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Payroll</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approves annual budget</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></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></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communicates all updates/information to Paychex</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Updates Quickbooks with payroll rates</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepares and submits timesheets in Journyx</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>X</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>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review and approve/reject submitted timesheets 2nd level</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers hours from Journyx to Quickbooks</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Verifies that hours transferred into QBs are correct for all employees</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Posts payroll to general ledger</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reviews and approves Paychex to Journyx per pay period reconciliation</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Timesheets are approved electronically and retained in the system. The Executive Director (Lisa Nicholas) approves Nels Bohn's timesheet and Nels Bohn approves all other timesheets at the 2nd level. 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 electronically distributed by the Accountant.

<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>City of Ithaca</th>
<th>IURA</th>
<th>Common Council</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HUD drawdown</strong></td>
<td></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>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adopts Action Plan</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fund Projects in IDIS (HUD Integrated Disbursement &amp; Information System)</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Based on Authorized Payables - Prepares Drawdown</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creates Drawdown in IDIS</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd Review of IDIS Drawdown and Supporting documentation</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approves Drawdown in IDIS</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Verifies that Drawdown was approved in IDIS</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Verifies Receipt of drawdown prior to disbursing checks</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepares Quarterly HUD Federal Financial Report</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approves Quarterly HUD Federal Financial Report</td>
<td>X</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enters/Submits Quarterly Cash on Hand in IDIS</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></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.
Lisa Nicholas  
Planning Director, City of Ithaca  
City Hall – 3rd Floor  
108 E. Greene Street  
Ithaca, NY 14850

Dear Planning Director Nicholas:

SUBJECT: Program Year 2021 Annual Community Assessment (ACA)

Enclosed please find HUD’s Annual Community Assessment (ACA) reviewing the implementation and performance of the City of Ithaca’s Community Development Block Grant (CDBG), and HOME Investment Partnerships (HOME). This assessment focuses on the 2021 program year, which covered the period August 1, 2021- July 31, 2022.

As a result of our Annual Community Assessment, we have determined that your overall performance is satisfactory. The Buffalo Office is providing you thirty (30) days to respond with any comments, changes, or updates. If no response is received, this report is final and will be considered the City’s Program Year Review Letter as required by HUD regulation. In accordance with the Consolidated Plan regulations, the Program Year Review Letter should be made available to the public through your established citizen participation process. HUD will also 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 Rashika L. Hall, Community Planning and Development Representative, at 716-646-7020, or via email at Rashika.L.Hall@hud.gov.

Sincerely,

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

Cc: Nels Bohn

Enclosure
Annual Community Assessment Report

for

City of Ithaca, New York

Covering the Program Year of:

August 1, 2021 – July 31, 2022
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, 2021– July 31, 2022
3rd Year of a 5-year Consolidated Plan

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

Community Development Block Grant (CDBG) $ 690,793.00
Home Investment Partnerships (HOME) $ 334,715.00
HOME Investment Partnerships (HOME-ARP) $ 60,596.45
Total Funding Awarded: $1,086,104.45

Total funding expended during the reporting period: $450,527.66 (includes funds from prior years)

The total CDBG-CV funding expended during the reporting period: $143,145.04.

PART I: Summary of Grantee Performance

CPD Programs
The City submitted the 2021 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:

- Areas of program funds invested to support low-income, immigrant, minority and homeless individuals and the agencies that support them.

- The City was compliant with administration caps for CDBG and HOME.

- The City has exceeded requirements with the CDBG low-mod income beneficiary threshold in 2021 by expending 100% of CDBG resources in low-moderate income communities.
• Ithaca met the HOME commitment and expenditure deadlines during the reporting period.

• Ithaca has used CDBG funds to support a transitional housing program for very low-income homeless women. This program provided sustained positive change in the lives of the women they served by incorporating rental stewardship classes, financial education, vocational and job seeking skills, and personal goal setting workshops.

• The City continued to invest HOME funds into a Tenant Based Rental Assistance Housing Scholarship Program that provided rental assistance to homeless youth. The support provided one-on-one staff support and life skills training to help participants secure and maintain safe and stable housing.

A portion of activities contributing towards the highlights mentioned above include, but are not limited to the following:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Place To Stay</td>
<td>Black Girl Alchemists Public Art Mosaic</td>
</tr>
<tr>
<td>DICC Child Care Center Re-Opening Assistance</td>
<td>Hospitality Employment Training Program</td>
</tr>
<tr>
<td>Immigrant Services Program</td>
<td>Scattered Site Preservation Project-Phase 2</td>
</tr>
<tr>
<td>Urban Bus Stop Upgrade</td>
<td>ReUse Job Skills Training &amp; Employment</td>
</tr>
</tbody>
</table>

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 is non-compliant with Single Audit Report submission guidelines as outlined at 2 CFR 200.512(a)(1). The City is due for FY2020 and FY2021 to the Federal Audit Clearinghouse.

• Ithaca has not conducted required inspections of HOME assisted units since 2016. The City was noted to reconvene inspections in 2019, however the pandemic set the schedule on hold. The City explained to HUD last year that inspections were to reconvene by September 30, 2022. Currently, the City remains out of compliance of 24 CFR 92.504(d).

• Ithaca did not meet the CDBG timeliness test as of 6/2/22 at 1.70, which should be at 1.5 or below.

• Ithaca has no open monitoring findings.
Other HUD Programs:

Fair Housing and Equal Opportunity:

FY-2021
The 2021 Ithaca CAPER was evaluated by Region 2 Office of Fair Housing and Equal Opportunity (FEHO) on November 18, 2022. A copy of the full FHEO CAPER review was sent in a separate attachment. Any FHEO questions and concerns regarding this 2021 FHEO CAPER review should be addressed to Audra Kolker, Management Analyst, at Audra.J.Kolker@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 and has also been used as a best practice for other programs throughout the country this year.

If you have any questions or would like to discuss the Assessment Report, please feel free to contact Rashika Hall, Community Planning and Development Representative, at 716-646-7077 or Rashika.L.Hall@hud.gov. If you disagree with this assessment, please respond in writing to: William T. O’Connell, Director of Community Planning & Development – HUD, 465 Main Street, Buffalo, NY 14203, or 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.