

**UTICA URBAN RENEWAL AGENCY**  
**(A Blended Component Unit of the**  
**City of Utica, New York)**

**Financial Statements**  
**as of March 31, 2016**  
**Together with**  
**Independent Auditor's Report**

**UTICA URBAN RENEWAL AGENCY**  
**(A Blended Component Unit of the City of Utica, New York)**

**TABLE OF CONTENTS**

---

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT .....	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) .....	3 - 5
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position.....	6
Statement of Activities .....	7
Statement of Fiduciary Net Position – Fiduciary Fund.....	8
Notes to Financial Statements .....	9-12
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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	13-14
Financial Statement Findings .....	15 -17
Schedule of prior audit findings .....	18-19

## **INDEPENDENT AUDITOR'S REPORT**

December 27, 2016

To the Board of Directors of the  
Utica Urban Renewal Agency:

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Utica Urban Renewal Agency (Agency), a blended component unit of the City of Utica, New York (City) as of and for the year ended March 31, 2016, 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 from 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 entity'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 entity's internal control. 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.

## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Agency as of March 31, 2016, and the respective 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 of the Agency, a blended component unit of the City, are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities and the aggregate remaining fund information, of the City that is attributable to the transactions of the Agency. They do not purport to, and do not, present fairly the financial position of the City, as of March 31, 2016, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require 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 December 27, 2016 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.

**UTICA URBAN RENEWAL AGENCY**  
(A Blended Component Unit of the City of Utica, New York)

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**MARCH 31, 2016**

---

**THE ORGANIZATION**

Utica Urban Renewal Agency (Agency) was created to revitalize, redevelop and eliminate slums and blighted areas of the established Urban Renewal District in the City of Utica, New York (City). The Agency is a blended component unit of the City. Accordingly, these financial statements report only the activities of the Agency.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The financial statements of the Agency include management's discussion and analysis (MD&A) (this section), the statement of net position, statement of activities, statement of fiduciary net position – fiduciary fund and related notes to the financial statements. The statement of net position presents information on all of the Agency's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating. The statement of activities presents information showing how the Agency's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The notes to the financial statements contain information that is essential to the understanding of the financial statements, such as the Agency's accounting methods and policies.

**BASIS OF ACCOUNTING**

The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. The financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of when the related cash transactions take place. All of the Agency's activities are classified as governmental activities.

**FINANCIAL HIGHLIGHTS**

- The Agency's net position increased by \$420,079 in 2016 and by \$94,489 in 2015, as a result of the individual year's operations.
- The assets of the Agency exceeded its liabilities by \$977,476 and \$557,398 at March 31, 2016 and 2015, respectively.

## FINANCIAL HIGHLIGHTS (Continued)

The analysis below summarizes the statements of net position of the Agency for the years ended March 31, 2016, and 2015.

### STATEMENT OF NET POSITION

	<u>2016</u>	<u>2015</u>
<b>ASSETS:</b>		
Cash	\$ 844,583	\$ 474,492
Other receivables	40,206	40,206
Due from the City of Utica	<u>216,594</u>	<u>87,297</u>
 Total assets	 <u>1,101,383</u>	 <u>601,995</u>
 <b>LIABILITIES:</b>		
Accounts payable	9,475	9,267
Due to the City of Utica	110,209	32,095
Accrued liabilities	<u>4,223</u>	<u>3,235</u>
 Total liabilities	 <u>123,907</u>	 <u>44,597</u>
 <b>NET POSITION</b>		
 Restricted	 <u>977,476</u>	 <u>557,398</u>
 Total net position	 <u>\$ 977,476</u>	 <u>\$ 557,398</u>

The Agency's cash and equivalents increased by approximately \$370,000 in 2016 due to the year's operations.

## FINANCIAL HIGHLIGHTS (Continued)

Table shows the changes in net position for the years ended March 31, 2016 and 2015.

### STATEMENT OF ACTIVITIES

	<u>2016</u>	<u>2015</u>
REVENUES:		
Departmental Income	191,520	88,389
Use of Money and property	17,594	8,069
Sale of property and compensation for loss	568,183	523,286
Miscellaneous local sources	<u>27,300</u>	<u>10,191</u>
Total revenue	<u>804,597</u>	<u>629,935</u>
EXPENDITURES:		
Home and Community Services	<u>\$ 384,516</u>	<u>\$ 535,449</u>
Total expenditures	<u>384,516</u>	<u>535,449</u>
CHANGE IN NET POSITION	420,081	94,486
NET POSITION - beginning of year	<u>557,395</u>	<u>462,909</u>
NET POSITION - end of year	<u><u>\$ 977,476</u></u>	<u><u>\$ 557,395</u></u>

#### Revenues

The Agency's revenues increased by approximately \$174,000 in 2016. During 2016, the Agency received approximately \$103,000 more in developer fees than in 2015.

#### Expenses

Home and community expenses decreased by approximately \$150,000 in 2016 due to a decrease of payments made to related taxing jurisdictions related to sales of properties.

#### Request for Information

This financial report is designed to provide financial statement users with a general overview of the Agency's finances and to show the accountability for the money received. Questions concerning any information within this report or requests for additional information should be addressed to the Utica Urban Renewal Agency, 1 Kennedy Plaza, Utica, New York 13502.

**UTICA URBAN RENEWAL AGENCY**  
(A Blended Component Unit of the City of Utica, New York)

**STATEMENT OF NET POSITION**  
**MARCH 31, 2016**

---

**ASSETS:**

Cash	\$ 844,583
Other receivables	40,206
Due from the City of Utica	<u>216,594</u>
Total assets	<u>1,101,383</u>

**LIABILITIES:**

Accounts payable	9,475
Due to the City of Utica	110,209
Accrued liabilities	<u>4,223</u>
Total liabilities	<u>123,907</u>

**NET POSITION**

Restricted	<u>977,476</u>
Total net position	<u>\$ 977,476</u>

The accompanying notes are an integral part of these statements.



**UTICA URBAN RENEWAL AGENCY**  
**(A Blended Component Unit of the City of Utica, New York)**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2016**

---

	<u>2016</u>
REVENUES:	
Departmental Income	191,520
Use of Money and property	17,594
Sale of property and compensation for loss	568,183
Miscellaneous local sources	<u>27,300</u>
Total revenue	<u>804,597</u>
EXPENDITURES:	
Home and Community Services	<u>\$ 384,516</u>
Total expenditures	<u>384,516</u>
CHANGE IN NET POSITION	420,081
NET POSITION - beginning of year	<u>557,395</u>
NET POSITION - end of year	<u><u>\$ 977,476</u></u>

The accompanying notes are an integral part of these statements.

**UTICA URBAN RENEWAL AGENCY**

**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND**

**March 31, 2016**

---

**ASSETS:**

Due from City of Utica Trust and Agency Fund	<u>\$ 1,702</u>
--	-----------------

**LIABILITIES:**

Developer Fees Escrow	<u>\$ 1,702</u>
-----------------------	-----------------

The accompanying notes are an integral part of these statements.

**CITY OF UTICA URBAN RENEWAL AGENCY**  
**(A Blended Component Unit of the City of Utica, New York)**

**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

---

**1. ORGANIZATION AND REPORTING ENTITY**

**Reporting Entity**

The financial statements of the Utica Urban Renewal Agency (Agency), are intended to present only that portion of the activities that are attributable to the transactions of the Agency. The financial statements do not purport to and do not present the financial position of the City of Utica, New York (City), as of March 31, 2016, or the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States.

**Nature of Operations**

The governing body of the Agency, located in Utica, New York, is the Board of Directors. The scope of activities included within the accompanying financial statements are those transactions which comprise the Agency's operations, and are governed, or significantly influenced by the Board of Directors. The Board of Directors of the Agency is comprised of the Mayor of the City, who shall be the Chair of the Agency, the City Engineer, the Chair of the Planning Board, two citizen electors appointed by the Mayor and two members of the Common Council, each to be designated from a different political party. The Agency was established in 1965 pursuant to the provisions of Section 533 of the General Municipal Law and Chapter 433 of the Laws of the State of New York of 1965, Section 616, Article 1B. The primary function of the Agency is to revitalize, redevelop and eliminate slums and blighted areas of the established Urban Renewal District in the City.

The Agency is a blended component unit of the City by virtue of the majority board appointment and a financial benefit or burden relationship.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Agency's financial statements are prepared in conformity with accounting principles generally accepted in the United States as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard setting body for establishing governmental accounting and financial reporting principles.

The financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the cash is received or paid.

**Cash and Equivalents**

Cash and equivalents include demand deposits, money markets, and certificates of deposit with original maturities of twelve months or less. The Agency maintains its cash and equivalents in bank accounts. The balances in these accounts may, at times, exceed federally insured limits. The Agency has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash and equivalents. Interest and dividend income from cash and equivalents is reported in general revenue in the statement of activities.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Net Position

The financial statements display net position in two components as follows:

- **Restricted Net Position**

This category consists of resources with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation.

- **Unrestricted Net Position**

This net position category consists of all other net position amounts that do not meet the definition of restricted and includes assigned fund balances in the fund financial statements.

### Fund Balances - Fund Financial Statements

Fund balance is reported in categories that are intended to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable Fund Balances**

These are amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

- **Restricted Fund Balances**

These are amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

- **Committed Fund Balances**

These are amounts that can be used only for specific purposes determined by a formal action of the Board. The Board is the highest level of decision-making authority for the Agency. Commitments may be established, modified, or rescinded only through resolutions approved by the Board, prior to the end of the year.

- **Assigned Fund Balances**

These are amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

- **Unassigned Fund Balances**

These are all other spendable amounts.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Agency considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Fund Balances - Fund Financial Statements (Continued)**

As a governmental fund, the Agency is required to report fund balance in accordance with generally accepted accounting principles. There was no difference or reconciling items between the net position reported and the Agency's fund financial statement fund balance at March 31, 2016 and therefore the fund financial statements were not presented. All of the Agency's fund balance is considered assigned.

### **Fiduciary Fund Type**

Fiduciary funds are used to account for the assets held by the Agency as an agent for individuals, private organizations, other governmental units, and/or other funds.

The Agency's fiduciary funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the Agency, these funds are not incorporated into government-wide statements.

### **Income Taxes**

The Agency is a public benefit corporation created under the NYS General Municipal Law as an urban renewal agency and as such is exempt from federal and state income taxes.

### **Revenues**

Revenues consist principally of rental revenue received from the leasing of certain real property of the Agency. The Agency defines non-operating revenue as investment income.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

## **3. CASH AND EQUIVALENTS**

Demand deposits at year-end were entirely covered by FDIC insurance or secured by trust companies located within the State. At March 31, 2016, cash and equivalents are composed entirely of a demand deposit account. All deposits are carried at cost, which approximates fair value. The bank balance of the Agency's cash and equivalents was \$844,583.

Collateral coverage is provided through the City's third-party trust arrangements and is not specifically allocated to the Agency.

### **3. CASH AND EQUIVALENTS (Continued)**

#### **Policies**

The Agency follows an investment and deposit policy, the overall objective of which is to adequately safeguard the funds of the Agency and funds under the control of the Agency; to provide sufficient liquidity of invested funds in order to meet obligations as they become due; and to earn the maximum yield possible given the objectives previously listed. Oversight of investment activity is the responsibility of the Executive Director. The Agency's monies must be deposited in Federal Deposit Insurance Corporation (FDIC)-insured commercial banks or trust companies as designated by the Board of Directors. Permissible investments include: a) obligations of the State or United States government, b) obligations whose principal and interest payments are fully guaranteed by the federal or state government, c) obligations of New York State or in general obligations of the State's political subdivisions, d) and certificates of deposit, whether negotiable or non-negotiable, and banker's acceptances of any of the fifty largest banks in the United States which, at the time of investment, has an outstanding unsecured, uninsured and unguaranteed debt issue ranked by two nationally recognized independent rating agencies at a rating category that is no lower than the, then current, rating of the Agency's bonds, notes or other obligations.

#### **Interest Rate Risk**

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Agency's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

#### **Credit Risk**

The Agency's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations.

#### **Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits.

### **4. DEVELOPER FEES ESCROW**

Developer fees escrow are various property sale bid deposits which are held by the City of Utica until the property sale is concluded. At the property sale closing, the developer fee is either returned to the applicants that were not selected or recognized as revenue to the Agency.

**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**

December 27, 2016

To the Board of Directors of the  
Utica Urban Renewal Agency:

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 governmental activities and the aggregate remaining fund information of the Utica Urban Renewal Agency (Agency) a blended component unit of the City of Utica, New York (City), as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 27, 2016.

**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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies (2016-001 through 2016-007).

6 Wembley Court  
Albany, New York 12205  
p (518) 464-4080  
f (518) 464-4087

www.bonadio.com

(Continued)

**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**

(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Agency's Response to Findings**

The Agency's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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.



## **Section B– Financial Statement Findings**

### **Significant Deficiencies**

#### **2016-001 Lack of Timely Deposits**

*Condition:* Funds received by the City Comptroller and the Agency are not always deposited timely into the bank.

*Criteria:* Funds received should be deposited timely into an Agency bank account within five days of receipt.

*Effect:* The Agency was unable to provide documentation that funds were deposited within 5 days of collection.

*Cause:* No review or reconciliation is performed by the Agency of funds collected to ensure that funds are deposited timely into the bank.

*Recommendation:* The City Comptroller and the Agency should develop a policy in which all funds received are deposited timely into the bank.

*Agency Response:* The Agency is looking to update its policy on ensuring funds in hand are deposited timely.

#### **2016-002 Lack of Approval for Annual Report**

*Condition:* No documentation was available noting review and approval of the Agency Board for the annual financial report submission of the Public Authorities Information System.

*Criteria:* The annual PARIS report filing should have Agency Board approval prior to filing.

*Effect:* Agency staff filed the annual PARIS report filing without Agency Board review and approval.

*Cause:* Agency staff did not present the annual PARIS report to the Agency Board for its review and approval.

*Recommendation:* The Agency Board should implement a policy in that no annual filings are to be made by staff until review and approval by the Agency board.

*Agency Response:* The Agency Board will be reviewing and approving their PARIS filing in the future.

#### **2016-003 Lack of Time Sheet Documentation**

*Condition:* Agency staff are not required to submit time sheets providing detail as to time spent on Agency activities versus other City business unrelated to the Agency.

*Criteria:* Timesheets with documentation as to participation in Agency activities will demonstrate proper allocation of payroll expenditures to the Agency versus the City overall.

*Effect:* A lack of employee documentation regarding participation in Agency activities could lead to the Agency payroll expenses being overstated.

*Cause:* Agency management does not require employees to provide a detailed timesheet prior to payment.

*Recommendation:* The Agency Board is developing a policy on time sheet documentation.

*Agency Response:*

**2016-004 Lack of Agency Review and/or Approval of Treasurer's General Ledger Activity**

*Condition:* The Agency does not review journal entries, cash receipt, cash disbursement or indirect cost allocation postings to the general ledger maintained by the Agency Treasurer (City Comptroller).

*Criteria:* The City Comptroller's Office manages the general ledger for the Agency and posts various entries throughout the year. Cash disbursements provided on a City purchase order are approved by the Agency, but cash receipts, journal entries and indirect cost allocations are not always reviewed or approved by the Agency.

*Effect:* Segregation of the posting of the Agency activity versus the review and approval by the Agency will ensure accurate and timely information.

*Cause:* The Agency does review or analyze postings to the General Ledger maintained by the City Comptroller's Office.

*Recommendation:* The Agency should review all general ledger postings and compare to Agency documentation and approvals monthly.

*Agency Response:* The Agency is developing procedures to ensure timely review and approval of Agency general ledger activity.

**2016-005 Reconciliation of Funds Collected to Revenues Earned**

*Condition:* The Agency does routinely reconcile a deposit collected and the balance owed by the winning bidder to the total sale price of a property approved by the Agency Board and sold.

*Criteria:* The City Comptroller accounts for Agency funds collected and the Agency prepares documentation as to the required deposit and the final sale price. There was no documentation that the total amount collected compared to the Agency approved sale price.

*Effect:* A lack of reconciliation of funds collected versus revenues earned may result in the Agency inaccurately reporting its annual revenue.

*Cause:* The Agency does not reconcile what has been collected to what is expected to be collected.

*Recommendation:* The Agency should reconcile every property sale transaction to ensure the sale price agrees without exception to the revenue collected.

*Agency Response:* The Agency began reconciling monthly with the City Comptroller's Office in 2016.

### **2016-006 Personal Services Provided by City Employees to the Agency Not Recorded**

*Condition:* The Agency was unaware that personal services provided by a City employee had not been posted as an expenditure to the Agency's general ledger.

*Criteria:* The Agency utilizes the services of several City employees on a part-time basis of which their time is divided between City operations and Agency operations. Historically, the City Comptroller's office will allocate the services utilized by the Agency to the Agency's general ledger. During 2015, services for one employee approximating \$18,000 were not properly allocated.

*Effect:* The Agency's personal services expenditures were under allocated by an estimated \$18,000 and the City's personal expenditures were over allocated by that amount.

*Cause:* The Agency does not review and compare with prior periods, Comptroller provided revenue and expense reports.

*Recommendation:* The Agency should review monthly all revenue and expenditure detail provided by the City Comptroller's Office and compare with the approved Agency budget and expectations.

*Agency Response:* The Agency will develop a policy to review monthly all revenue and expenditure detail.

**CITY OF UTICA URBAN RENEWAL AGENCY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED MARCH 31, 2015**

---

**Financial Statement Findings**

**2015-001. Agency Deposits – Developer Fees Escrow**

*Condition:* The City Comptroller and the Agency perform no oversight, review or reconciliation of Agency deposits placed within the City's Trust Fund.

*Status:* This finding is not repeated for 2016.

**2015-002. Indirect Cost Analysis**

*Condition:* The City Comptroller and the Agency performs no review of indirect costs expensed to the Agency.

*Status:* This finding is not repeated for 2016.

**2015-003. Lack of Timely Deposits**

*Condition:* Funds received by the City Comptroller and the Agency are not always deposited timely into the bank.

*Status:* This finding is repeated for 2016.

**2015-004. Lack of Approval for Annual Report**

*Condition:* No documentation was available noting review and approval of the Agency Board for the annual financial report submission of the Public Authorities Information System.

*Status:* This finding is repeated for 2016.

**2015-005. Lack of Time Sheet Documentation**

*Condition:* Agency staff are not required to submit time sheets providing detail as to time spent on Agency activities versus other City business unrelated to the Agency.

*Status:* This finding is repeated for 2016.

**2015-006. Lack of Agency Review and/or Approval of Treasurer's General Ledger Activity**

*Condition:* The Agency does not review journal entries, cash receipt, cash disbursement or indirect cost allocation postings to the general ledger maintained by the Agency Treasurer (City Comptroller).

*Status:* This finding is repeated for 2016.

**CITY OF UTICA URBAN RENEWAL AGENCY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED MARCH 31, 2015  
(Continued)**

---

**2015-007. Reconciliation of Funds Collected to Revenues Earned**

*Condition:* The Agency does routinely reconcile a deposit collected and the balance owed by the winning bidder to the total sale price of a property approved by the Agency Board and sold.

*Status:* This finding is repeated for 2016.

**2015-008. Personal Services Provided by City Employees to the Agency Not Recorded**

*Condition:* The Agency was unaware that personal services provided by a City employee had not been posted as an expenditure to the Agency's general ledger.

*Status:* This finding is repeated for 2016.