

ELMIRA URBAN RENEWAL AGENCY

Elmira, New York

FINANCIAL REPORT

December 31, 2018



ELMIRA URBAN RENEWAL AGENCY

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INDEPENDENT AUDITOR'S REPORT

Commissioners of Elmira Urban Renewal Agency,
Mayor, and Members of the City Council
City of Elmira
Elmira, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and fund information of the Elmira Urban Renewal Agency (the Agency), a component unit of the City of Elmira, as of and for the year ended December 31, 2018, 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 opinions 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 Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and fund information of the Elmira Urban Renewal Agency, as of December 31, 2018, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-4c be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2019, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Other Reporting Required by New York State Public Authorities Law

In accordance with New York State Public Authorities Law, we have also issued our report date March 18, 2019 on our consideration of the Agency's compliance with Section 2925(3)(f) of the New York State Public Authorities Law. The purpose of that report is to describe anything that came to our attention that caused us to believe the Agency failed to comply with the Agency's Investment Guidelines, the New York State Comptroller's Investment Guidelines, and Section 2925(3)(f) of the New York State Public Authorities Law.

Respectfully Submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York

March 18, 2019

ELMIRA URBAN RENEWAL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

Our discussion and analysis of the Elmira Urban Renewal Agency's (the Agency) financial performance provides an overview of the Agency's financial activities for the fiscal year ended December 31, 2018. Please read it in conjunction with the Agency's financial statements, which begin on page 5.

FINANCIAL HIGHLIGHTS

- The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by \$96,855 (Net Position).

USING THIS ANNUAL REPORT

This annual report consists of a series of basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 5 and 6) provide information about the Agency as a whole and present a longer-term view of the Agency's finances. Governmental Fund financial statements start on page 7. For Governmental Activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Governmental Fund financial statements also report the Agency's operations in greater detail than the government-wide financial statements by providing information about the Agency's fund. Following these statements are notes that provide additional information that is essential to a full understanding of the data provided in the financial statements.

Reporting the Agency as a Whole

Our analysis of the Agency as a whole begins on page 4, with the government-wide financial statements. The Statement of Net Position and the Statement of Activities report information about the Agency as a whole and about its activities in a way that helps answer the question of whether the Agency, as a whole, is better off or worse off as a result of the year's activities. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Agency's net position and changes in it. One can think of the Agency's net position, the difference between assets and liabilities, as one way to measure the Agency's financial health, or financial position. Over time, increases or decreases in the Agency's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, all of the Agency's activities, which are governmental in nature, are reported in one column, including home and community services and interest on debt. Charges for services and state and federal grants finance most of these activities. The Agency is a component unit of the City of Elmira and is included as a discretely presented component unit in the City's financial statements.

ELMIRA URBAN RENEWAL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

Reporting the Agency's Fund

Governmental Fund Financial Statements

Analysis of the Agency's Major Fund begins on page 7. The Governmental Fund financial statements provide detailed information about the most significant funds - not the Agency as a whole.

Governmental Funds: The Agency's services are reported as Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund financial statements provide a detailed short-term view of the Agency's general governmental operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Agency's programs. The relationship (or differences) between Governmental *Activities* (reported in the government-wide financial statements) and Governmental *Funds* is explained in a reconciliation following the Governmental Fund financial statements.

THE AGENCY AS A WHOLE

Our analysis below focuses on net position (Figure 1).

Figure 1
Net Position

	<i>Governmental Activities</i>		<i>Total Dollar Change 2017 - 2018</i>
	<i>2017</i>	<i>2018</i>	
<i>Current assets</i>	\$ 129,503	\$ 129,504	\$ 1
<i>Noncurrent assets</i>	92,418	92,457	39
<i>Total Assets</i>	221,921	221,961	40
<i>Current liabilities</i>	93	125,106	125,013
<i>Total Liabilities</i>	93	125,106	125,013
<i>Unrestricted net position</i>	221,828	96,855	(124,973)
<i>Total Net Position</i>	\$ 221,828	\$ 96,855	\$ (124,973)

The Agency's total assets remained relatively consistent with a small increase due to interest earnings. Total liabilities increased substantially as the Agency owed the City of Elmira \$125,000 to fund economic development.

ELMIRA URBAN RENEWAL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

Our analysis in Figure 2 separately considers the operations of Governmental Activities.

**Figure 2
Changes in Net Position**

	<i>Governmental Activities</i>		<i>Total Dollar Change 2017 - 2018</i>
	<i>2017</i>	<i>2018</i>	
<i>REVENUES</i>			
General Revenues			
<i>Use of money and property</i>	\$ 50	\$ 40	\$ (10)
Total Revenues	\$ 50	\$ 40	\$ (10)
<i>PROGRAM EXPENSES</i>			
<i>Home and community services</i>	\$ 93	\$ 125,013	\$ 124,920
Total Expenses	\$ 93	\$ 125,013	\$ 124,920
CHANGE IN NET POSITION	\$ (43)	\$ (124,973)	\$ (124,930)

Total revenue remained consistent with the prior year and is derived from interest earnings. Total expenses increased substantially due to \$125,000 expended to fund economic development.

THE AGENCY'S FUND

As the Agency completed the year, its Governmental Fund, as presented in the Balance Sheet on page 7, reported a fund balance of \$95,855, which is \$(124,973) less than last year's fund balance of \$220,828.

The decrease in the fund balance is primarily the result of the \$125,000 due to the City of Elmira.

Figure 3 shows the changes in fund balance for the year for the Agency's Governmental Fund.

**Figure 3
Governmental Fund
Fund Balances at Year Ending December 31,**

	<i>2017</i>	<i>2018</i>	<i>Total Dollar Change 2017 - 2018</i>
Special Revenue Fund	\$ 220,828	\$ 95,855	\$ (124,973)
Totals	\$ 220,828	\$ 95,855	\$ (124,973)

ELMIRA URBAN RENEWAL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Agency has no material capital assets.

Debt Administration

The Agency has no material debt.

FUTURE FACTORS

Currently, there are no projects planned.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Elmira 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 any additional financial information, contact the City of Elmira Chamberlain's office, at 317 East Church Street, Elmira, NY 14901.

ELMIRA URBAN RENEWAL AGENCY

STATEMENT OF NET POSITION DECEMBER 31, 2018

ASSETS

Current Assets

Cash and cash equivalents, unrestricted	\$ 3,504
Cash and cash equivalents, restricted	<u>125,000</u>
Other receivables, net	<u>1,000</u>
Total Current Assets	<u><u>129,504</u></u>

Noncurrent Assets

Restricted cash and cash equivalents	<u>92,457</u>
Total Noncurrent Assets	<u><u>92,457</u></u>

Total Assets	<u><u>221,961</u></u>
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LIABILITIES

Current Liabilities

Due to City	<u>125,106</u>
Total Current Liabilities	<u><u>125,106</u></u>

Total Liabilities	<u><u>125,106</u></u>
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NET POSITION

Unrestricted	<u>96,855</u>
Total Net Position	<u><u>\$ 96,855</u></u>

See Notes to Financial Statements.

ELMIRA URBAN RENEWAL AGENCY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Revenues			Net Revenue	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	(Expense) and Changes in Net Position
FUNCTIONS/PROGRAMS					
Governmental Activities					
Home and community services	\$ 125,013	\$ _____	\$ _____	\$ _____	\$ (125,013)
Total Governmental Activities	\$ 125,013	\$ -	\$ -	\$ -	(125,013)
 GENERAL REVENUES					
Use of money and property					40
Total General Revenues					40
Change in Net Position					(124,973)
Net Position - Beginning of Year					221,828
Net Position - Ending of Year					\$ 96,855

See Notes to Financial Statements.

ELMIRA URBAN RENEWAL AGENCY

BALANCE SHEET - GOVERNMENTAL FUND DECEMBER 31, 2018

	Special Revenue Fund
ASSETS	
Cash and cash equivalents - Unrestricted	\$ <u>3,504</u>
Cash and cash equivalents - Restricted	<u>217,457</u>
Other receivables, net	<u>1,000</u>
Total Assets	\$ <u><u>221,961</u></u>
LIABILITIES	
Due to City	\$ <u>125,106</u>
Total Liabilities	<u>125,106</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - Loans receivable	<u>1,000</u>
Total Deferred Inflows of Resources	<u>1,000</u>
FUND BALANCE	
Assigned	<u>95,855</u>
Total Fund Balance	<u>95,855</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ <u><u>221,961</u></u>

See Notes to Financial Statements.

ELMIRA URBAN RENEWAL AGENCY

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2018

Total Governmental Fund Balance **\$ 95,855**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Unavailable Revenue - Loans receivable is not available to pay for current period expenditures and, therefore, is a deferred inflow of resources in the funds. 1,000

Net Position of Governmental Activities **\$ 96,855**

See Notes to Financial Statements.

ELMIRA URBAN RENEWAL AGENCY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUND FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Special Revenue Fund</u>
REVENUES	
Use of money and property	\$ <u>40</u>
Total Revenues	<u>40</u>
EXPENDITURES	
Home and community services	<u>125,013</u>
Total Expenditures	<u>125,013</u>
Excess of (Expenditures)	<u>(124,973)</u>
Net Change in Fund Balance	<u>(124,973)</u>
Fund Balance, Beginning	<u>220,828</u>
Fund Balance, Ending	\$ <u><u>95,855</u></u>

See Notes to Financial Statements.

ELMIRA URBAN RENEWAL AGENCY

**RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Net Change in Fund Balance - Total Governmental Fund	\$ <u>(124,973)</u>
Change in Net Position of Governmental Activities	\$ <u><u>(124,973)</u></u>

See Notes to Financial Statements.

ELMIRA URBAN RENEWAL AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

***Note 1* Summary of Significant Accounting Policies**

The basic financial statements of the Elmira Urban Renewal Agency (the Agency) have been prepared in conformity with generally accepted accounting principles (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.

Reporting Entity

The Elmira Urban Renewal Agency is a public benefit corporation established in 1966 by special act of the State Legislature to carry out municipal urban renewal programs generally funded by federal grants. In 1974, this agency was also designated as the Community Development Agency responsible for administering federal community development block grants on behalf of the City of Elmira. The Agency is governed by a Board of Commissioners comprised of the Mayor and City Council members. The City Manager serves in an ex-officio capacity and the Community Development Director serves as the Secretary. 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 of Elmira for financial reporting purposes, and the Agency's financial information is presented as a discretely presented component unit in the City's financial statements as of December 31, 2018 and for the year then ended.

Basic Financial Statements

The Agency's basic financial statements include both Government-wide (reporting the Agency as a whole) and Governmental Fund financial statements (reporting the Agency's Major Fund). Both the Government-wide and Governmental Fund financial statements categorize primary activities as either Governmental or Business-type. The Agency's home and community services are classified as Governmental Activities. The Agency has no Business-type Activities.

Basic Financial Statements - Government-wide Financial Statements

The Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of activities for the Agency. This Government-wide focus is more on the sustainability of the Agency as an entity and the change in the Agency's net assets resulting from the current year's activities.

In the government-wide Statement of Net Position, Governmental Activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Agency's net position is reported in three parts - net investment in capital assets, restricted, and unrestricted. The Agency first utilizes restricted resources to finance qualifying activities.

ELMIRA URBAN RENEWAL AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

***Note 1* Summary of Significant Accounting Policies - Continued**

Basic Financial Statements - Government-wide Financial Statements - Continued

The Statement of Activities reports both the gross and net cost for each of the Agency's functions or programs. Gross expenses are direct expenses, including depreciation, specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. These expenses are offset by program revenues - charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the program or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Agency, with certain limited exceptions. The net cost represents the extent to which each function or program is self-financing or draws from the general revenues of the Agency.

The financial transactions of the Agency are reported in an individual fund in the Governmental Fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The Agency records its transactions in the funds described below:

Governmental Funds

Governmental Funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources, and the related liabilities are accounted for through Governmental Funds. The measurement focus of the Governmental Funds is based upon determination of financial position and changes in financial position. The following is the Agency's Governmental Fund:

- **Special Revenue Fund**

Accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. The following Special Revenue Fund is reported as a Major Fund:

- Urban Renewal Fund - Used to account for monies distributed by the federal government and expended pursuant to rules and regulations as set forth by the Department of Housing and Urban Development and other federal agencies and for related program income and charges for services.

ELMIRA URBAN RENEWAL AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

***Note 1* Summary of Significant Accounting Policies - Continued**

Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

Basis of Accounting/Measurement Focus - Accrual Basis

The Government-wide financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Agency’s assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Accounting/Measurement Focus - Modified Accrual Basis

The Governmental Fund financial statements are reported using the 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 and certain user charges. All other 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. In the governmental fund, the cost of capital assets is recognized as an expenditure when incurred.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Financial Position 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 future periods 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 which 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.

ELMIRA URBAN RENEWAL AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

***Note 1* Summary of Significant Accounting Policies - Continued**

Cash and Cash Equivalents

For financial statement purposes, cash on hand, demand deposits, and all highly liquid investments of three months or less are considered as cash equivalents.

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.

Equity Classifications - Government-wide Financial Statements

Equity is classified as net position and displayed in three components:

- Net investment in capital assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of resources with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other resources that do not meet the definition of “restricted” or “net investment in capital assets.”

Equity Classifications - Governmental Fund Financial Statements

The Agency follows Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 54 classifies fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund’s net resources.

ELMIRA URBAN RENEWAL AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classifications - Governmental Fund Financial Statements - Continued

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 endowment 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, the Board of Commissioners, prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.
- **Assigned:** Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, or their designated body or official. Assigned fund balance represents the residual amount of fund balance.
- **Unassigned:** The unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

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.

Certain assets are classified on the Balance Sheet as restricted because their use is limited. The proceeds of bond and note sales can only be used for the stated purpose of the borrowing. Community Development Block Grant Funds must be used only for approved programs.

ELMIRA URBAN RENEWAL AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 2 **Cash and Cash Equivalents**

The Agency's investment policies are governed by state statutes. In addition, the Agency follows the City's own written investment policy. Agency monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State that are designated as official depositories of the city. The Agency is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the United States Treasury, United States Agencies where payment of principal and interest are guaranteed by the United States, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit. Deposits must be fully secured by insurance of the FDIC or by obligations pledged as collateral which must be obligations of the United States and its agencies, or obligations of the state or its municipalities. Collateral must be delivered to the Agency or a custodial bank with which the Agency has entered into a written custodial agreement. The agreement outlines the basic responsibilities of the bank for securities pledged to secure time deposits. The custodial agreement provides collateral securities are held separate from the assets of the custodial bank; the custodian takes possession of the securities exclusively for the Agency; the securities are free of any claims against the trading bank; and any claims of the custodian are subordinate to the claims of the local government.

The written investment policy requires that repurchase agreements be purchased from banks located within the state and that underlying securities must be obligations of the Federal government. Underlying securities must have a market value of at least 100% of the cost of the repurchase agreement.

Deposits and investments are valued at cost plus accrued interest.

The Agency's total financial institution (bank) balances at December 31, 2018, were \$220,961, with a carrying value of \$220,961. Deposits at year end were entirely covered by federal deposit insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the Agency's name. At December 31, 2018, the Agency's restricted cash totaled \$217,457.

ELMIRA URBAN RENEWAL AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

***Note 3* Summary of Significant Commitments and Contingencies**

State and Federally Assisted Programs

The Agency receives many different state and federal grants to be used for specific purposes. 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 the Agency will be required, upon audit, to repay portions of the grant monies received and recorded as revenue in a prior year. Agency officials do not anticipate material grant-in-aid disallowances, and no provision, therefore, is reflected in the basic financial statements.

***Note 4* Related Party Transactions**

During 2018, the Board of Commissioners approved the transfer of \$125,000 to the City of Elmira to fund economic development. At December 31, 2018, the Agency owed the City of Elmira \$125,106.

**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***

Commissioners of Elmira Urban Renewal Agency,
Mayor, and Members of the City Council
City of Elmira
Elmira, 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 governmental activities and fund information of Elmira Urban Renewal Agency (the Agency), a component unit of the City of Elmira, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 18, 2019.

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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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

Respectfully Submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 18, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW**

Commissioners of Elmira Urban Renewal Agency,
Mayor, and Members of the City Council
City of Elmira
Elmira, 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 governmental activities and fund information of the Elmira Urban Renewal Agency (the Agency), a component unit of the City of Elmira, as of and for the year ended December 31, 2018, 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 18, 2019.

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

This communication is intended solely for the information and use of the Commissioners and management of Elmira Urban Renewal Agency and the City of Elmira Council, 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 18, 2019

INSERO & Co. CPAs, LLP

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