

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

Financial Statements as of
March 31, 2024
Together with Independent Auditor's Reports

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

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INDEPENDENT AUDITOR'S REPORT

December 21, 2024

To the Board of Directors of the
Utica Urban Renewal Agency

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and major fund of the Utica Urban Renewal Agency (Agency), a blended component unit of the City of Utica, New York, as of and for the year ended March 31, 2024, 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 governmental activities and major fund of the Agency, as of March 31, 2024, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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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.

Auditor's 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 auditor's report that includes our opinion. 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 generally accepted auditing standards 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 generally accepted auditing standards 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 require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 21, 2024 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 solely 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 the effectiveness of the Agency's 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, 2024

THE ORGANIZATION

Utica Urban Renewal Agency (Agency) was created to revitalize, redevelop and eliminate slums and blighted areas of the established Urban Renewal District within 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), 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 decreased by \$351,443 in 2024 and increased by \$175,881 in 2023, as a result of each year's operations.
- The assets of the Agency exceeded its liabilities by \$530,809 and \$882,252 at March 31, 2023 and 2022, respectively.

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

Management's Discussion and Analysis (Unaudited)
March 31, 2024

The analysis below summarizes the statements of net position of the Agency for the years ended March 31, 2024, and 2023.

	<u>2024</u>	<u>2023</u>
ASSETS:		
Cash	\$ 744,642	\$ 1,191,521
Accounts receivable	750	1,350
Property held for resale	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 745,392</u>	 <u>\$ 1,192,871</u>
 LIABILITIES:		
Accounts payable	\$ 3,897	\$ 13,753
Due to the City of Utica	<u>210,686</u>	<u>296,866</u>
 Total liabilities	 <u>214,583</u>	 <u>310,619</u>
 NET POSITION		
 Restricted	 <u>530,809</u>	 <u>882,252</u>
 Total net position	 <u>\$ 530,809</u>	 <u>\$ 882,252</u>

Table shows the changes in net position for the years ended March 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
REVENUES:		
Sale of property and compensation for loss	\$ 345,402	\$ 641,752
Departmental income	31,000	24,000
Miscellaneous local sources	7,999	15,486
Use of money and property	<u>786</u>	<u>1,983</u>
 Total revenue	 <u>385,187</u>	 <u>683,221</u>
 EXPENDITURES:		
Home and community services	<u>736,630</u>	<u>507,340</u>
 Total expenditures	 <u>736,630</u>	 <u>507,340</u>
 CHANGE IN NET POSITION	 (351,443)	 175,881
 NET POSITION - beginning of year	 <u>882,252</u>	 <u>706,371</u>
 NET POSITION - end of year	 <u>\$ 530,809</u>	 <u>\$ 882,252</u>

UTICA URBAN RENEWAL AGENCY
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Management's Discussion and Analysis (Unaudited)
March 31, 2024

The nature of the Agency is that revenues vary each year depending on number of properties sold. In fiscal year 2024 property sales decreased compared to fiscal year 2023.

ECONOMIC FACTORS AND FUTURE OUTLOOK

The City of Utica continues to pursue demolition of blighted buildings and the remediation of environmentally challenged sites. Gains in these two areas translate into construction and development opportunities resulting in more agency activity as additional developable parcels of land materialize.

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:

Utica Urban Renewal Agency, One 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 and Governmental Fund Balance Sheet
March 31, 2024

	Urban Renewal Fund	Statement of Net Position
ASSETS:		
Cash and equivalents	\$ 744,642	\$ 744,642
Accounts receivable	<u>750</u>	<u>750</u>
 Total assets	 <u>745,392</u>	 <u>745,392</u>
 LIABILITIES:		
Accounts payable	\$ 3,897	\$ 3,897
Due to the City of Utica	<u>210,686</u>	<u>210,686</u>
 Total liabilities	 <u>214,583</u>	 <u>214,583</u>
 FUND BALANCE/NET POSITION:		
Restricted	<u>530,809</u>	<u>530,809</u>
 Total net position	 <u><u>\$ 530,809</u></u>	 <u><u>\$ 530,809</u></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 and Governmental Fund Revenue, Expenditures and Changes in Fund Balance
For the Year Ended March 31, 2024

	Urban Renewal Fund	Statement of Activities
REVENUES:		
Sale of property and compensation for loss	\$ 345,402	\$ 345,402
Departmental income	31,000	31,000
Miscellaneous local sources	7,999	7,999
Use of money and property	<u>786</u>	<u>786</u>
Total revenue	<u>385,187</u>	<u>385,187</u>
EXPENDITURES/EXPENSES:		
Home and community services	<u>736,630</u>	<u>736,630</u>
Total expenditures/expenses	<u>736,630</u>	<u>736,630</u>
CHANGE IN NET POSITION/FUND BALANCE	(351,443)	(351,443)
FUND BALANCE/NET POSITION - beginning of year	<u>882,252</u>	<u>882,252</u>
FUND BALANCE/NET POSITION - end of year	<u>\$ 530,809</u>	<u>\$ 530,809</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)

Notes to Basic Financial Statements
March 31, 2024

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, 2024, 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 is its 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 is comprised of the Mayor of the City, who serves as 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.

Fund Financial Statements

The fund financial statements provide information about the Agency's fund. The emphasis of fund financial statements is on major governmental funds.

Government-wide Statements

The statement of net position and statement of activities present financial information about the Agency's governmental activities. These statements include the financial activities of the Agency.

Cash

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. Interest and dividend income from cash and equivalents is reported in general revenue in the statement of activities.

Accounts Receivable

All receivables consist of all revenues earned at year end and not yet received. Management believes an allowance for doubtful accounts is not required.

Due to City

Due to City represents amounts owed to the City of Utica for moneys advanced. These advances are intended to be short term in nature and are expected to be reimbursed to the City within one year.

UTICA URBAN RENEWAL AGENCY
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Notes to Basic Financial Statements
March 31, 2024

Equity Classifications

Net Position

GASB requires the classification of net position into three classifications defined as follows:

• **Invested in Capital Assets**

This component of net position consists of capital assets, net of accumulated depreciation, 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. At March 31, 2024, the Agency had no investment in capital assets.

• **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. At March 31, 2024, the Agency has restricted net position of \$530,809.

• **Unrestricted Net Position**

Unrestricted net position - the component of net position consists of net position that doesn't meet the definition of net investment in capital assets, designated for debt service or restricted. At March 31, 2024, the Agency does not have an unrestricted net position.

Fund Financial Statements

Fund balance is classified as five components:

- **Nonspendable** - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
- **Restricted** - includes amounts with constraints placed on the use either by (1) external groups such as creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Committed** - includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Corporation's highest level of decision-making authority, i.e., Board of Directors.
- **Assigned** - includes amounts that are subject to constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of positive fund balance.
- **Unassigned** - includes all other fund balances that do not meet the definition of the above four classifications and are deemed to be available for general use by the Corporation.

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 and such differences may be significant.

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

Notes to Basic Financial Statements
March 31, 2024

3. CASH AND EQUIVALENTS

At March 31, 2024, the carrying amount of the Agency's bank deposits was \$744,642 and the bank balance was \$743,811. At March 31, 2024, \$251,646 was insured by the FDIC and \$492,996 was collateralized with securities held by the pledging financial institution's trust department or agent in the Agency's name.

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. COMMITMENTS

The Agency is involved with eminent domain proceedings on various City properties in connection to a new health care facility being constructed by Mohawk Valley Health System (MVHS). MVHS is paying all legal and other fees associated with the proceedings. The Agency is also involved in another eminent domain proceeding for which an approximate \$44,000 stipulated final judgement advance payment was made during April 2021. The former property owner submitted a verified claim in May 2022 seeking \$600,000 to which the Agency's attorneys promptly filed an answer with the courts, denying their entitlement to such a claim.

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 21, 2024

To the Board of Directors of
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 major fund 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, 2024, 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 21, 2024.

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. 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 or significant deficiencies may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.