



# City of Ithaca

---

## Records and Reports

2025M-114 | March 2026

# Contents

- Audit Results . . . . . 1**
  - Audit Summary . . . . . 1
  
- Records and Reports: Findings and Recommendations . . . . . 3**
  - Finding 1 – Officials did not maintain complete and timely accounting records. . . . . 3
  - Recommendations . . . . . 5
  - Finding 2 – The Council did not receive the financial reports needed to oversee operations. . . . . 6
  - Recommendations . . . . . 6
  - Finding 3 – Officials did not submit AFRs in a timely manner. . . . . 7
  - Recommendation. . . . . 8
  - Finding 4 – The Council did not ensure timely completion of independent audits.. . . . 8
  - Recommendation. . . . . 8
  
- Appendix A: Profile, Criteria and Resources. . . . . 9**
  
- Appendix B: Response From City Officials . . . . . 11**
  
- Appendix C: Audit Methodology and Standards. . . . . 19**

# Audit Results

## City of Ithaca



Audit Objective	Audit Period
Did City of Ithaca (City) officials maintain complete, accurate and timely accounting records and reports?	January 1, 2023 – November 14, 2024.  We extended the audit period back to January 1, 2020 to review independent audits and financial reporting and forward to January 29, 2026 to update the City’s financial reporting status and review the most recently filed independent audit report.
Understanding the Audit Area	
<p>The Common Council (Council) is responsible for managing and controlling the City’s financial operations and must adequately oversee the City’s financial operations to ensure that public funds are managed with accountability, transparency and integrity. Maintaining complete, accurate and timely accounting records and reports ensures appropriate information is available for City officials tasked with overseeing the use of public funds. This critical function can help maintain public trust, ensure compliance with legal requirements and prevent mismanagement, waste and fraud.</p> <p>The City’s 2025 general fund appropriations totaled \$85.1 million.</p>	

## Audit Summary

Although transactions recorded in the accounting records and reports we reviewed were generally accurate (e.g., recorded transaction details such as payees, check numbers and amounts were correct), City officials did not maintain complete (e.g., certain transactions were not recorded) and timely accounting records and reports. In addition, we determined the City Controller’s (Controller) office did not create or provide the Council with monthly reports such as budget-to-actual comparisons, cash balances or fund balance estimates and the City Manager (Manager) did not provide year-end financial reports to the Council. Furthermore, officials did not submit Annual Financial Reports (AFRs) to the Office of the State Comptroller (OSC) in accordance with New York State General Municipal Law (Law) Section 30<sup>1</sup> or ensure independent audits were completed in a timely manner.

<sup>1</sup> More information on AFR non-filers and the City’s current AFR filing status can be found on OSC’s website at <https://web.osc.state.ny.us/localgov/afn-non-filers/>

---

The lack of complete and timely monthly and annual financial reports inhibits the Council's ability to properly and effectively manage the City's financial operations throughout the year. As a result of the incomplete financial records, the Council and officials' ability to assess the City's financial standing since December 2022 and make informed financial decisions was impaired.

For example, the Finance Department's staff did not record over 4,000 transactions totaling \$10 million in a timely manner, with delays ranging from 31 to 282 days after the transaction date. Additionally, they did not record Council-authorized budget adjustments totaling over \$1 million. Furthermore, the City Chamberlain's (Chamberlain) office staff did not complete bank reconciliations in a timely manner for all City bank accounts with combined balances of approximately \$51 million as of February 28, 2025.

The report includes 11 recommendations that, if implemented, will improve the City's accounting records and reports and the Council's ability to manage the City's financial condition. City officials generally agreed with our findings and indicated they plan to initiate corrective action.

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of GML. Our methodology and standards are included in Appendix C.

The Council has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and provided to our office within 90 days, pursuant to Section 35 of the New York State General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Council to make the CAP available for public review in the City Clerk's office.

# Records and Reports: Findings and Recommendations

City officials must ensure accounting records are maintained in a complete, accurate and timely manner to be relevant and useful for managing city operations. Reconciling bank account balances to general ledger cash balances allows officials to identify and research differences between the city’s accounting records and bank balances. Bank reconciliations should be prepared and independently reviewed when bank statements are available and differences should be promptly resolved.

The city controller should provide monthly financial reports to the city council summarizing financial information such as budget-to-actual comparisons of revenues and expenditures and fund balance estimates. The City’s charter requires the Manager to submit a report on the City’s finances and administrative activities to the Council within two months after the close of each calendar year.

More details on the criteria used in this report, as well as resources we make available to local officials that can help officials improve financial operations (Figure 5), are included in Appendix A.

## Finding 1 – Officials did not maintain complete and timely accounting records.

The accounting records for the 2023 through 2024 calendar years were not closed, leaving officials with incomplete financial data to assess the City’s financial condition since December 31, 2022. Although transactions recorded in the accounting records were generally accurate (e.g., recorded transaction details such as payees, check numbers and amounts were correct), they were not complete (e.g., certain transactions were not recorded) and prepared in a timely manner. As a result, the Council did not have complete accounting records and, therefore, was unable to fully evaluate the City’s financial condition or make well-informed decisions.

Accounting Records – Our review of accounting transactions for 2024 (as of November 14, 2024) identified that the Finance Department’s staff did not record 4,185 transactions, totaling approximately \$10 million, within 30 days of the transaction occurring (Figure 1). The longest delay between a transaction occurring and its recording was 282 days. The total number of delayed transactions may continue to rise as the City finalizes its accounting records, increasing the risk of inaccurate or incomplete financial reporting. As a result, the City’s accounting records did not reflect current revenues, expenditures, assets, liabilities or fund balances, leaving officials without reliable monthly and annual financial information to assess the City’s financial condition.

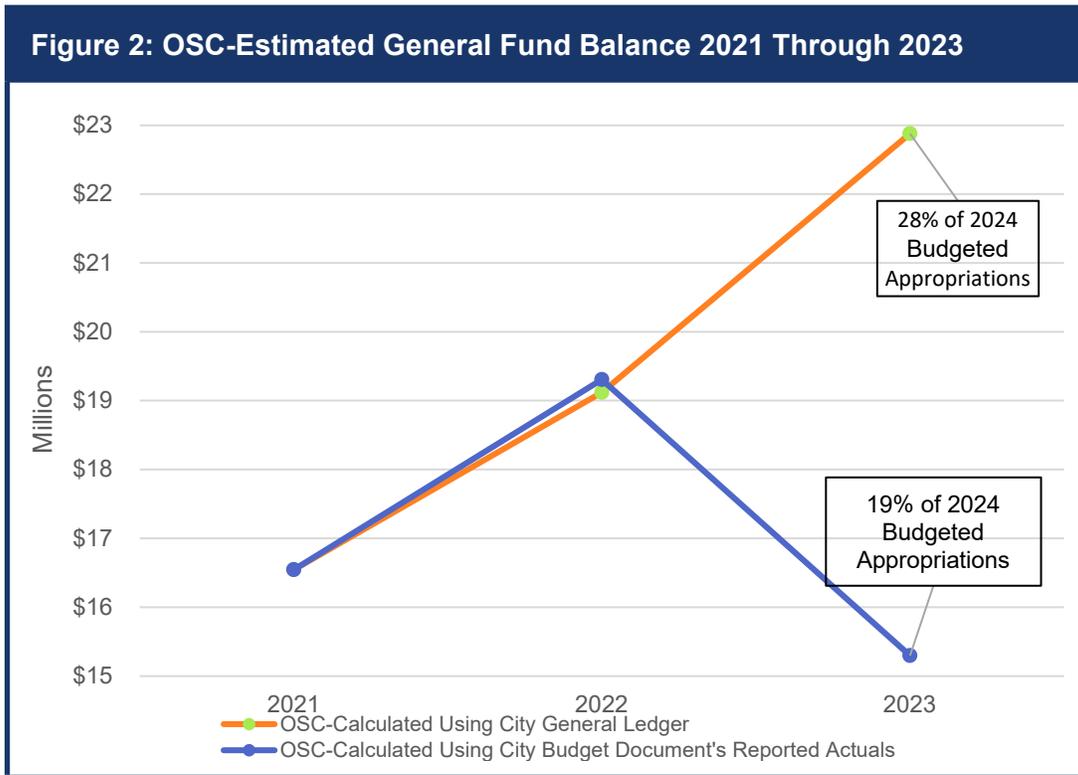
Furthermore, we compared the 2023 accounting records general ledger to budget

**Figure 1: 2024 Transaction Recordings Exceeding 30 Days (as of November 14, 2024)**

Days Between Transaction and Recording	Number of Transactions	Transaction Dollar Amounts
Between 31 - 60	1,158	\$2.7 million
Between 61 - 90	885	1.5 million
Between 91 - 120	1,725	1.5 million
Greater than 120	417	4.3 million
<b>Totals</b>	<b>4,185</b>	<b>\$10 million</b>

documents available to Council members during the 2025 budget workshops.<sup>2</sup> The 2025 budget documents included the 2023 revenues and expenditures that were different than what was recorded in the accounting records. For example, the general ledger included revenues totaling \$73 million and expenditures totaling \$69 million, while the budget documents showed revenues totaling \$71 million<sup>3</sup> and expenditures totaling \$75 million.

We attempted to evaluate the City’s financial condition by estimating general fund balance at the end of 2023.<sup>4</sup> To do this, we used the total fund balance reported in the 2021 independent audit report, along with the 2022 through 2023 revenues and expenditures recorded in the City’s accounting records and budget documents (Figure 2). Based on our calculation, total fund balance may have ranged from approximately \$15.3 million and \$22.9 million, equivalent to about 19 to 28 percent of the 2024 budgeted appropriations. Therefore, based on these estimates, the City would not be considered fiscally stressed. However, significant adjusting entries, that could affect fund balance levels, may be required once the independent auditors complete their audits of previous years.<sup>5</sup>



2 The 2025 budget documents were the first to include complete 2023 actual results, except for real property tax revenue.  
 3 The 2025 budget documents did not include actual results for 2023 real property tax revenue. Therefore, we used the 2023 budgeted real property tax revenue as the reported actual.  
 4 We did not calculate 2024 fund balance estimates because the 2024 accounting records general ledger was not complete.  
 5 For the status of independent audits, see Finding 4.

The acting Controller told us that staffing shortages and vacancies in the Controller’s office were to blame for not keeping accounting entries current. Without complete and timely accounting records, the Council’s ability to manage the City’s financial condition and make informed decisions is significantly limited. As a result, the transparency of the City’s financial operations is compromised, and taxpayers cannot be confident that the Council is effectively overseeing City finances and operations.

**Budget Adjustments** – We reviewed all 77 budgeted appropriation lines exceeding \$400,000 in 2023 and 2024 to determine whether Council-authorized budget adjustments were properly recorded in the accounting records. The Controller’s office staff did not record any of the Council-authorized budget adjustments, totaling over \$1 million across 18 expenditure lines in the accounting records. When budget adjustments are not recorded, City officials lack an accurate view of the budget and may spend more than available. The acting Controller told us that staffing shortages were to blame for not keeping budget adjustments current.

**Bank Reconciliations** – The Chamberlain’s office staff did not complete bank reconciliations in a timely manner for certain City bank accounts and there was no independent review process to verify their completion or accuracy. The Chamberlain’s office was responsible for reconciling 22 City bank accounts. As of February 2025, 18 bank accounts had been reconciled through the most recent period. However, according to the Chamberlain, the four remaining accounts – which required the most time to reconcile – were not up to date (Figure 3). These accounts consistently carried high balances and, therefore, were significant to the City’s financial position. As a result, timely reconciliation of these accounts is critical.

**Figure 3: Unreconciled Bank Accounts as of February 28, 2025**

Account	Month Last Reconciled	Balance
Operating A	December 2021	\$24,003,088
Operating B	December 2021	25,159,628
Payroll	November 2023	841,326
Joint Activity	September 2024	969,996
<b>Totals</b>		<b>\$50,974,038</b>

The Chamberlain told us that bank reconciliations fell behind due to staffing shortages and acknowledged that she had not fully considered the control benefits of independent reviews by the Manager or their designee. When bank reconciliations are not completed promptly, the Council’s ability to monitor the City’s cash position and make informed financial decisions is impaired.

## Recommendations

1. The Controller (or acting Controller or Deputy Controller on their behalf) and Chamberlain should record transactions in the accounting records in a timely manner so monthly and annual financial reports are complete.
2. The Controller (or acting Controller or Deputy Controller on their behalf) should record Council-authorized budget adjustments in the accounting system in a timely manner.

- 
3. The Chamberlain should prepare bank reconciliations in a timely manner.
  4. The Manager should ensure bank reconciliations are independently reviewed and approved.
  5. The Council and Manager should assess staffing needs and proactively fill key positions, if deemed necessary.

## **Finding 2 – The Council did not receive the financial reports needed to oversee operations.**

---

Although the former Mayors and Manager provided the Council with budget-to-actual comparisons and, at times, fund balance estimates for prior years during budget preparation, the Council did not receive key monthly financial reports such as budget-to-actual comparisons, cash balances or fund balance estimates from 2020 through 2024. For example, from 2020 through 2023, the former Controller presented financial information to the Council verbally each month, which typically focused on major revenue sources such as building permits, fines, parking fees, sales tax and State aid. From March through August 2024, the Deputy Controller provided monthly written reports showing revenue trends for building permits, parking fees, and room occupancy and sales taxes. However, according to Council meeting minutes, no similar written or verbal revenue updates were provided for January and February 2024 or from September through December 2024. Additionally, the Manager did not submit annual financial reports to the Council for 2023 or 2024, as required by the City's charter.

The Mayor and four Council members told us they were not provided with sufficient monthly financial reports to make informed decisions. The Manager told us the City's accounting system did not generate financial reports in a readily usable format for the Council. However, the Deputy Controller provided us with a budget-to-actual comparison report from the City's accounting system, which would be a useful report for the Council. Without adequate financial reports, the Council did not have adequate financial information to effectively oversee City operations or assess the City's financial condition.

## **Recommendations**

---

The Manager and Council should:

6. Ensure monthly financial reports are provided summarizing financial activities. The financial reports should include a detailed accounting of all money received and disbursed and detailed year-to-date, budget-to-actual comparisons of revenues and expenditures and fund balance estimates.

---

The Controller (or acting Controller or Deputy Controller on their behalf) should:

7. Create and provide monthly financial reports to the Council summarizing financial activities. The financial reports should include a detailed accounting of all money received and disbursed and detailed year-to-date, budget-to-actual comparisons of revenues and expenditures and fund balance estimates.
8. Periodically provide officials with fund balance estimates for all funds.

The Manager should:

9. Provide an annual report of financial operations to the Council, as required by the City's charter.

### **Finding 3 – Officials did not submit AFRs in a timely manner.**

---

The Controller did not submit the City's AFRs to OSC on time for 2020 and 2021 and have not filed any of the last three completed years (2022 through 2024). The Deputy Controller filed the 2021 AFR on April 29, 2025, which was 1,094 days past the due date. As of January 29, 2026, the City's 2022 through 2024 AFRs remained unfiled.<sup>6</sup>

The Manager was unsure why the former Controller did not submit the AFRs in a timely manner but believed COVID-related furloughs in the Finance Department were a contributing factor. Additionally, the Deputy Controller told us the Finance Department waits until the City's annual independent audit is nearly completed before submitting the AFR to ensure that all adjusting entries are incorporated and the AFR is based on accurate financial information.

Had officials submitted the City's AFRs on time, OSC would have analyzed the self-reported data for fiscal stress and the City would have received a publicly released fiscal stress score and designation.<sup>7</sup> Additionally, unfiled AFRs reduce transparency in the City's financial operations and limit its ability to demonstrate financial health to the Council, residents, taxpayers, OSC and other stakeholders. Also, not filing AFRs may adversely affect the decisions of debt-financing entities when evaluating loans for City projects or equipment purchases. For example, on March 19, 2024, Moody's withdrew its bond rating for the City because it indicated there was insufficient or otherwise inadequate information to support the maintenance of the rating.

---

6 More information on AFR non-filers and the City's current AFR filing status can be found on OSC's website at <https://web.osc.state.ny.us/localgov/afr-non-filers/>

7 The City filed the 2020 and 2021 AFRs too late to receive a fiscal stress monitoring system designation.

---

## Recommendation

---

10. The Controller (or acting Controller or Deputy Controller on their behalf) should prepare and file the delinquent AFRs for 2022 through 2024, and file all subsequent AFRs with OSC within 120 days of the close of the fiscal year, as required by GML Section 30.

## Finding 4 – The Council did not ensure timely completion of independent audits.

---

The most recent audit of the City’s financial statements by a certified public accountant (CPA) was for 2021 and was issued on June 25, 2025. The corresponding management letters for the 2020 and 2021 independent audits attributed the delayed filings to staff shortages, furloughs, COVID-19 and time-consuming atypical administrative demands within the City.

The acting Controller indicated the City had an engagement letter with a new CPA firm to audit 2022 and 2023. No other independent audit reports had been issued and there were no engagements in place for 2024 (Figure 4). The acting Controller told us independent audits were delayed because COVID-related furloughs created a backlog of work, as seen in the delayed recording of accounting transactions in the accounting records, that persists in the Finance Department.

**Figure 4: Independent Audits**

Calendar Year	Issue Date
2020	1/23/2023
2021	6/25/2025
2022	Not issued
2023	Not issued
2024	Not issued

By not ensuring independent audits were conducted in a timely manner, the City missed valuable opportunities to identify areas needing improvement and to strengthen oversight of its financial operations. As a result, the Council’s ability to effectively manage the City’s financial condition and make informed decisions on City operations remains limited and taxpayers lack assurance that City operations and finances are being properly monitored.

## Recommendation

---

11. The Council should ensure that the City’s financial statements are completed in a timely manner to allow for a timely independent audit.

# Appendix A: Profile, Criteria and Resources

---

## Profile

---

The City is located in Tompkins County and is governed by the Council, which has the power and responsibility to adopt realistic budgets and levy taxes on real property located within the City. The Council includes 10 elected members and the Mayor. The Mayor serves as the president of the Council. The former Mayor left office on January 5, 2022. An appointed Mayor, who was later elected, served from January 5, 2022 through December 31, 2023. A newly elected Mayor took office on January 1, 2024 and served through the end of the audit period.

The Council is responsible for managing the City's financial affairs and appoints and relies on the Council-appointed Manager to keep it fully advised of the City's financial condition. The Manager serves as the City's chief executive officer and is responsible, along with other administrative staff, for the City's day-to-day management. The Manager position was created when the City changed from a mayor-council to a council-manager form of government on January 1, 2024. The Manager oversees, directs and controls the administration of all City departments, including the Controller and the Chamberlain.

The City's Finance Department is made up of the Controller's office and the Chamberlain's office. The Controller is the chief fiscal officer and is responsible, along with the Council, for preparing the annual budget and issuing debt. The Controller is also responsible for the general management and control of the City's financial affairs. The Controller's office is primarily responsible for maintaining the central accounting records (e.g., recording transactions, closing the accounting records and filing the AFR). The Controller is assisted by two deputy controllers, an administrative coordinator and a payroll coordinator. The Chamberlain is responsible for reconciling bank statements and for the custody, receipt and disbursement of City funds. The Chamberlain's office is also responsible for recording certain transactions in the accounting records related to water and tax collections. The Chamberlain is assisted by a deputy and three accounts receivable clerks.

## Criteria – Records and Reports

---

City officials must ensure accounting records are maintained in a complete, accurate and timely manner to be relevant and useful for managing city operations. All financial transactions should be recorded promptly and within 30 days of the transaction date to maintain accurate and up-to-date financial records for effective monitoring and decision-making. Reconciling bank account balances to general ledger cash balances allows city officials to identify and research differences between the city's accounting records and bank balances. As such, bank reconciliations should be prepared and independently reviewed when bank statements are available. Any differences should be promptly resolved to ensure that financial activities are properly accounted for in a timely manner.

The city controller should provide monthly financial reports to the city council summarizing financial information such as budget-to-actual comparisons of revenues and expenditures and fund balance

estimates. The City’s charter requires the Manager to submit to the Council a report on the City’s finances and administrative activities within two months after the close of each calendar year.

GML Section 30 requires cities to file an AFR with OSC no later than 120 days after the close of their fiscal year. The AFR is an important fiscal tool that provides a city council with the financial information necessary to monitor a city’s operations, and it provides other interested parties with a complete summary of the city’s financial activities.

A city council should ensure it engages an independent auditor to audit the city’s financial statements in a timely manner because independent audits express an opinion on the fairness of a city’s financial statements, can help identify conditions in need of improvement and can be a useful tool in providing oversight and review of financial operations.

## Additional Records and Reports Resources

**Figure 5: OSC Publications**

OSC *Local Government Management Guides* available on our website to help officials understand and perform their responsibilities.

<i>Fiscal Oversight Responsibilities of the Governing Board</i>	<i>The Practice of Internal Controls</i>	<i>Understanding the Budget Process</i>
<a href="https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf">https://www.osc.ny.gov/files/local-government/publications/pdf/fiscal-oversight-responsibilities-of-the-governing-board.pdf</a>	<a href="https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf">https://www.osc.ny.gov/files/local-government/publications/pdf/the-practice-of-internal-controls.pdf</a>	<a href="https://www.osc.ny.gov/files/local-government/publications/pdf/understanding-the-budget-process.pdf">https://www.osc.ny.gov/files/local-government/publications/pdf/understanding-the-budget-process.pdf</a>

In addition, our website can be used to search for audits, resources, publications and training for officials: <https://www.osc.ny.gov/local-government>.

# Appendix B: Response From City Officials

---



**CITY OF ITHACA** | OFFICE OF THE MAYOR

## **City of Ithaca**

### **Records and Reports**

#### **Report of Examination**

**Audit Report Number: 2025M-114**

The City of Ithaca (“the City”) agrees with the findings of the Office of the State Comptroller (“OSC”) in its 2025 Report of Examination. We believe rectifying these issues is central to the improved management and fiscal health of the City, as well as key to enhancing public trust and confidence in municipal operations.

The City anticipated the issues identified in the report. Several operational deficiencies and delays since 2020 have contributed to the issues, including:

- 2020-2022 pandemic-related staffing furloughs and constrained activity in the Controller’s Office;
- The 2023 retirement of long-standing permanent Controller, lack of adequate succession planning, and the subsequent vacancy that remains unfilled due to failed searches;
- Chronic understaffing in the Controller’s Office and previous high rate of employee turnover in the Chamberlain’s Office (which reports to the Controller) requiring frequent re-training, onboarding, and task reassignments amongst existing staff to address backlogs; and
- Delays in accomplishing annual independent audits, with the backlog caught up through 2021 as of this time.

The City is committed to getting its financial record keeping up to date as soon as possible. City staff and outside consultants have begun addressing the issues and applying corrective actions (as outlined below). Leadership has identified financial management needs as a top priority and performance measure for the Acting City Manager. The Acting Controller and existing staff continue the day-to-day financial operations of the City including obligations through payroll, accounts payable, insurance coverage, tax collection, capital projects, budgeting, union negotiations, debt service and debt obligations.

City of Ithaca 108 E. Green Street | Ithaca, NY 14850 | [cityofithaca.org](http://cityofithaca.org) | [mayorcantelmo@cityofithaca.org](mailto:mayorcantelmo@cityofithaca.org) | 607.274.6501



City officials thank the auditors from OSC for their professionalism in conducting this audit. The following serves as the City’s combined response and corrective action plan.

The City agrees with **Finding 1: Officials did not maintain complete and timely accounting records.** The City recognizes the importance of recording transactions in a timely and complete manner. The City has identified that ongoing staffing challenges and the resulting inability to keep up with the necessary volume of recordkeeping work created the backlog. Moving forward, the City is implementing cross training and succession planning to prevent the recurrence of these issues. In conjunction with these steps, the City will reduce its reliance on temporary staff by establishing and hiring two new permanent staff accountants. These professionals will institute improved guidance, goal setting, and accountability for Finance staff (including Chamberlain and Controller’s offices) based on the outstanding deliverables. Finally, the City shall continue to reduce the use of fund balance to balance the City’s annual budget until accurate and current records are available.

The City agrees with **Finding 2: The Council did not receive the financial reports needed to oversee operations.** Regular financial reporting to Common Council ceased when the permanent City Controller retired in 2023, and only six reports were delivered in 2024. Pursuant to Council resolutions adopted in November and December of 2025, the Acting City Manager and Acting City Controller resumed monthly reporting to Council in February 2026, providing pertinent information to assist the Council's decision-making. Moving forward, the City Manager, supported by the Controller, will provide an annual report as required in the City Charter. Mayor Cantelmo has established a finance advisory committee to conduct in-depth analysis of ongoing issues and works closely with the administration to ensure that timely, accurate, and regular reporting continues.

The City agrees with **Finding 3: Officials did not submit Annual Financial Reports (AFRs) in a timely manner.** The City acknowledges that State reporting is behind schedule. The City has hired [REDACTED], an accounting and consulting firm, to assist staff in organizing financial records so that it can submit its delinquent AFRs with reliable and accurate information. Prolonged annual closeouts, as well as the reporting issues



identified in Finding 1, prevented the City from submitting AFRs in the time frame required by law. The City hired [REDACTED] in part, to correct these issues as quickly as possible, while maintaining the accuracy and integrity of reporting.

The City agrees with **Finding 4: The Council did not ensure timely completion of independent audits.** The City has, to date, failed to submit required audits since 2022. As part of the work to correct the financial recordkeeping of the City, and as referenced above, the City has engaged [REDACTED] to assist with basic recordkeeping. The City, with assistance from [REDACTED] is also currently in the process of drafting a Request for Proposals (RFP) to solicit a qualified firm to carry out the overdue audits. The City Administration recognizes that the Common Council has, for some time, requested that the audits be completed.

For each recommendation included in the audit report, the following is our corrective action taken or proposed. For recommendations where corrective action has not been taken or proposed, we have included explanations.

#### Audit Recommendation and Implementation Plan of Action(s):

- 1. The Controller (or acting Controller or Deputy Controller on their behalf) and Chamberlain should record transactions in the accounting records in a timely manner so that monthly and annual financial reports are complete.**

Corrective Action: Reconciliations and journal entries will require a sign off by the Controller or designee. This will ensure the timely posting of transactions. This new sign-off process will require the Chamberlain's office to complete the backlog of reconciliations by the target date of March 2027 based on the following timeline and procedure:

The Chamberlain's Office is committed to reconciling past journal entries, and, monthly, will provide the Controller with verified reconciliations and entries. These monthly reports will show that the financial recordkeeping system is up to date. The Chamberlain's Office will complete and deliver the overdue 2023 bank reconciliations by the end of July 2026. The overdue 2024 bank reconciliations are scheduled to be completed and delivered to the Controller by the end of November 2026. With the additional review by the Controller, the City will promote



accountability for timely, accurate recordkeeping in both a retroactive/corrective manner and moving forward.

**2. The Controller (or acting Controller or Deputy Controller on their behalf) should record Council-authorized budget adjustments in the accounting system in a timely manner.**

Corrective Action: City staff have already completed adjustments through December 2024 and expect adjustments from FY 2025 to be completed by May 2026. The City hired two staff accountants in February 2026. Moving forward, the accountants will post adjustments monthly immediately following Council meetings, with a sign-off required by the Controller or their designee.

**3. Chamberlain should prepare bank reconciliations in a timely manner.**

Corrective Action: Per the City's corrective action described in response to Audit Recommendation 1, the City's bank reconciliations are tied to the timely recording of transactions. Timely posting of transactions and recordkeeping will enable City staff to prepare the required bank reconciliations. The increased staffing in the Controller's office will ensure these tasks are completed in a timely manner.

**4. The Manager should ensure bank reconciliations are independently reviewed and approved.**

Corrective Action: Per the City's corrective action described in response to Audit Recommendation 1, the Controller (or their designee) will review and sign off on all reconciliations.

**5. The Council and Manager should assess staffing needs and proactively fill key positions, if deemed necessary.**

Corrective Action: The City hired two new staff accountants who began in February 2026. Additionally, the City is in the process of hiring two Customer Service Representatives in the Chamberlain's office: Staff are conducting interviews for a full-time position in March 2026, and a part-time position is being re-posted in March 2026. Finally, the City has made an offer to a permanent Controller



candidate, who accepted the position (pending Council approval) with an anticipated Mid-2026 start date. The Acting City Manager will onboard the new Controller, and they will work together to identify additional staffing needs in advance of the 2027 budget. The Chamberlain has identified that adding a second fiscal manager position would aid in keeping current year record-keeping on track. The City is committed to continually evaluating staffing needs to ensure that its financial reporting obligations are faithfully kept.

- 6. The Manager and Council should ensure monthly financial reports are provided summarizing financial activities. The financial reports should include a detailed accounting of all money received and disbursed and detailed year-to-date, budget-to-actual comparisons of revenues and expenditures and fund balance estimates.**

Corrective Action: In November 2025, the Mayor authored and Council adopted a fiscal response package to address these issues. Included within that resolution that established a preliminary fund balance policy, moratorium on short-term debt for short-lived equipment, a requirement for monthly financial reporting, and an interim debt-management policy. These resolutions also directed the administration to establish permanent policies during 2026. Furthermore, on December 3, Common Council passed a resolution making monthly financial reporting part of the Acting City Manager’s performance goals. More recently, the financial report delivered to Common Council at the March 4, 2026, meeting provides YTD actuals (spending and revenues) through the end of January 2026. This information builds upon a template for reporting that was initially shared with Council in February. This report will include all required details once all audits are completed. The [REDACTED] is working with the City to get all records audit-ready. [REDACTED] is assisting the City with its RFP for the 2022 audits. This RFP will be published around the end of March 2026 so that a contractor may begin making meaningful progress on the audit backlog beginning by mid-2026.

- 7. The Controller (or acting Controller or Deputy Controller on their behalf) should create and provide monthly financial reports to the Council summarizing**



**financial activities. The financial reports should include a detailed accounting of all money received and disbursed and detailed year-to-date, budget-to-actual comparisons of revenues and expenditures and fund balance estimates.**

Corrective Action: The financial report template created by the Acting City Manager is being completed monthly by the Acting Controller. As the backlog of audits is completed, more of the template will be populated. The Controller will post each report to the website once it's been shared with Council members each month.

**8. The Controller (or acting Controller or Deputy Controller on their behalf) should periodically provide officials with fund balance estimates for all funds.**

Corrective Action: In accordance with policy directives from the Mayor and Council, fund balance estimates will be listed in the monthly financial report to Common Council. Once the City's audits are complete, City officials have committed to adopting a fund balance policy that will help the City maintain financial stability and fiscal discipline and provide guidelines for both accountability and predictability.

**9. The Manager should provide an annual report on financial operations to the Council, as required by the City's charter.**

Corrective Action: City staff shall submit an annual report to Common Council by the beginning of Q2 each year so that all necessary financial closeouts can be completed by the Controller's office. This will also aid the annual mid-year budget kickoff presentation provided by the City Manager and Controller. Note: The annual report will consist of unaudited numbers until the audit results are available and deemed complete.

**10. The Controller (or acting Controller or Deputy Controller on their behalf) should prepare and file the delinquent AFRs for 2022 through 2024 and file all subsequent AFRs with OSC within 120 days of the close of the fiscal year, as required by GML Section 30.**

Corrective Action: The City shall file these AFRs once accurate numbers are available. Currently, AFRs cannot be accurately filed until the requisite adjustments and financial system repairs are complete. The City has retained [REDACTED] to conduct preparatory work for financial reporting.



**11. The Council should ensure that the City’s financial statements are completed in a timely manner to allow for a timely independent audit.**

Corrective Action: In late 2025, the City contracted with [REDACTED] to perform a multi-phase financial consulting project that will result in more complete, transparent, and accurate financial records. This will ensure that the City’s future financial deadlines are met. [REDACTED] staff meet weekly with staff in the Controller and Chamberlain’s offices. Additionally, the lead [REDACTED] accountant is working with the City to provide monthly updates to Common Council at the regularly scheduled Council meetings.

I am grateful to the Office of the State Comptroller for the detailed investigation, findings, and recommendations included within this report. Financial management is critical to good governance, the provision of public services, and democratic accountability. It is clear in this report that previous City leadership did not meet the high bar of excellence that the residents of Ithaca deserve. I am committed to ensuring the faithful execution of this Corrective Action Plan and look forward to working with Council and City staff to ensure the integrity, reliability, and health of City finances and services for posterity.

Sincerely,

Mayor Robert G. Cantelmo  
March 20<sup>th</sup>, 2026



<b>Implementation Plan of Action(s)</b>	<b>Implementation Date</b>	<b>Person(s) Responsible for Implementation</b>
Sign off on monthly reconciliations and journal entries	In progress	Controller (sign off) Chamberlain (reconciliations and journal entries)
Post (Council-authorized) budget adjustments immediately following Council meetings;	May 2026 and monthly thereafter	Staff Accountants Controller (sign off)
Hire additional staff in the Controller’s office	-Completed February 2026 (two staff accountants) -Interviewing for a FT position and posting a PT position March 2026 -New Controller anticipated start date is mid-year 2026	Controller Common Council City Manager
Submit Monthly Financial Reports to Common Council	Resolution requiring this passed in December 2025; First report delivered March 4 <sup>th</sup> , 2026	City Manager
Post Monthly Financial Reports on City website	March, 2026	Controller
Include estimated fund balances in monthly financial reports	As soon as audits are complete (in progress)	Controller
Deliver Annual Financial Operations Report to Common Council	April/May 2026	City Manager
File past due Annual Financial Reports to Office of the State Comptroller	In-progress; as soon as the audits are complete	Controller
Meet future financial deadlines in a timely manner	In-progress	City Manager

# Appendix C: Audit Methodology and Standards

---

We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed City officials and reviewed Council meeting minutes and the City's charter to gain an understanding of the City's internal controls, accounting practices, accounting records, policies and procedures.
- We examined the City's 2024 general ledger entries as of November 14, 2024 consisting of 106,918 entries covering approximately \$800 million and compared the transaction dates to the recording dates to calculate the number of entries posted more than 30 days after the transaction date.
- We compared the 2023 general ledger revenues and expenditures to 2023 revenues and expenditures reported in the 2025 adopted budget. We used these actuals to estimate the general fund balance for 2022 through 2023 and calculated the 2023 estimated total fund balance as a percentage of the 2024 budgeted appropriations.
- We reviewed all 77 budgeted appropriation lines exceeding \$400,000 in 2023 and 2024 to determine whether Council-authorized budget adjustments were properly recorded in the accounting records. We selected appropriation lines exceeding \$400,000 based on our determination that these lines could significantly impact the City's budget if not actively monitored and adjusted as necessary.
- We reviewed bank reconciliations for all 22 City bank accounts as of February 28, 2025 to determine whether the Chamberlain reconciled bank statements in a timely manner.
- We selected a sample of 30 months of the 66 months (45 percent) of Council meeting minutes in our audit period to determine the financial reports provided to the Council. We used our professional judgment to select months based on staffing changes within the Finance Department.
- We reviewed AFR submissions and calculated the number of days that they were late and calculated the number of days late for AFRs that were not submitted.
- We reviewed the CPA's independent audit report issued for 2020 and 2021 to document findings related to timeliness.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or relevant population size and the sample selected for examination.

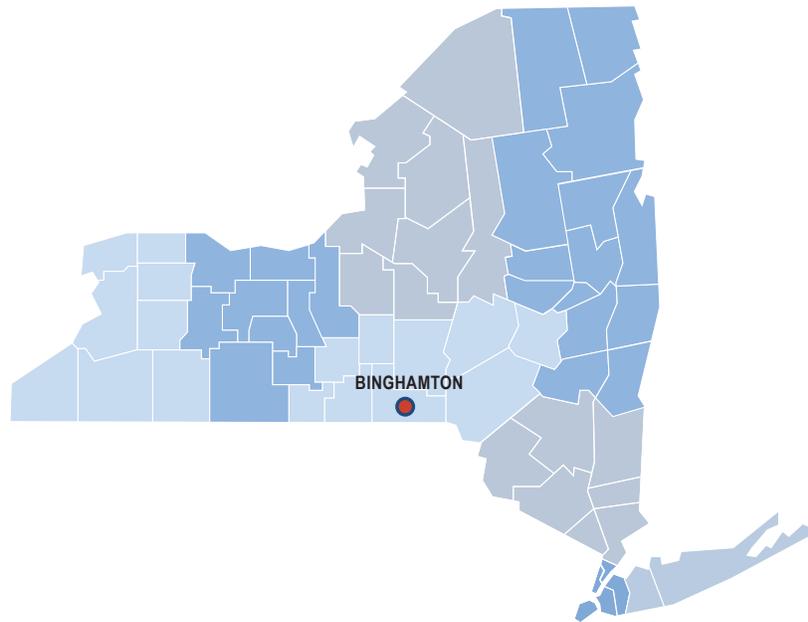
## Contact

**BINGHAMTON REGIONAL OFFICE** – Lucas S. Armstrong, Chief of Municipal Audits

State Office Building, Suite 1702 • 44 Hawley Street • Binghamton, New York 13901-4417

Tel (607) 721-8306 • Fax (607) 721-8313 • Email: [Muni-Binghamton@osc.ny.gov](mailto:Muni-Binghamton@osc.ny.gov)

Serving: Broome, Chemung, Chenango, Cortland, Delaware, Otsego, Schoharie, Tioga, Tompkins counties



Office of the New York State Comptroller  
Division of Local Government and School Accountability  
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: [localgov@osc.ny.gov](mailto:localgov@osc.ny.gov)

<https://www.osc.ny.gov/local-government>

Local Government and School Accountability Help Line: (866) 321-8503