

Financial Statements

JAMESTOWN URBAN RENEWAL AGENCY
(A Component Unit of the City of Jamestown, New York)

Years Ended December 31, 2011 and 2010

JAMESTOWN URBAN RENEWAL AGENCY

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JOHN S. TRUSSALO

— Certified Public Accountant, P.C. —

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Independent Auditor's Report

To the Members of the Board of Directors
of the Jamestown Urban Renewal Agency
City of Jamestown, New York


I have audited the accompanying statement of financial position of the Jamestown Urban Renewal Agency, a component unit of the City of Jamestown, New York as of and for the years ended December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audits 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated March 23, 2012, on my consideration of the Agency's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

In accordance with New York State Public Authorities Law, I have also issued a report dated March 23, 2012, on my consideration of management's assertions of the Agency's internal control over financial reporting. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.


JOHN S. TRUSSALO, CPA, P.C.
Jamestown, New York
March 23, 2012

JAMESTOWN URBAN RENEWAL AGENCY

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash and cash equivalents:		
Checking (Note 2)	\$ 10,751	\$ 6,761
Petty cash	100	100
Interest bearing deposits (Note 3)	<u>396,826</u>	<u>446,456</u>
Total cash and cash equivalents	407,677	453,317
Accounts receivable	<u>-</u>	<u>30,000</u>
 Total assets	 <u>\$ 407,677</u>	 <u>\$ 483,317</u>
<u>Liabilities</u>		
Account payable and accrued expenses	\$ 3,708	\$ 42,502
Total liabilities	<u>3,708</u>	<u>42,502</u>
<u>Net Assets</u>		
Unrestricted	<u>403,969</u>	<u>440,815</u>
Total net assets	<u>403,969</u>	<u>440,815</u>
 Total liabilities and net assets	 <u>\$ 407,677</u>	 <u>\$ 483,317</u>

See the accompanying notes to financial statements.

JAMESTOWN URBAN RENEWAL AGENCY

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Administration fees (Note 4)	\$ 545,478	\$ 600,832
Budget allocation from City of Jamestown, New York (Note 5)	361,000	324,250
Interest income	967	1,207
Miscellaneous income	<u>243</u>	<u>-</u>
Total revenues	<u>907,688</u>	<u>926,289</u>
 Expenditures:		
Salaries and wages	580,839	559,711
Insurance - Health and Dental (Note 7)	154,870	154,536
Retirement plan (Note 6)	78,302	55,364
Payroll taxes	42,945	41,293
Automobile operation and maintenance	24,293	25,753
Professional fees	18,980	8,650
Insurance - Workers Compensation (Note 8)	17,867	16,274
Supplies	10,059	13,850
Computer programming	5,675	13,250
Telephone	4,690	3,411
Travel and training	3,356	3,673
Postage	1,220	1,598
Memberships	1,143	959
Publications	248	159
Miscellaneous	<u>47</u>	<u>-</u>
Total expenditures	<u>944,534</u>	<u>898,481</u>
 Change in net assets	 (36,846)	 27,808
 Unrestricted net assets, beginning of year	 <u>440,815</u>	 <u>413,007</u>
 Unrestricted net assets, end of year	 <u>\$ 403,969</u>	 <u>\$ 440,815</u>

See the accompanying notes to financial statements.

JAMESTOWN URBAN RENEWAL AGENCY

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
Cash received from administration fees	\$ 575,478	\$ 590,832
Cash received from budget allocation, City of Jamestown, New York	361,000	324,250
Cash received interest income and other	1,210	1,207
Cash paid for salaries and wages, retirement, health/dental insurance and payroll taxes	(897,483)	(804,981)
Cash paid to vendors	<u>(85,845)</u>	<u>(87,851)</u>
Net cash (used in) provided by operating activities	<u>(45,640)</u>	<u>23,457</u>
Net (decrease) increase in cash and cash equivalents	(45,640)	23,457
Cash and cash equivalents, beginning of year	<u>453,317</u>	<u>429,860</u>
Cash and cash equivalents, end of year	<u>\$ 407,677</u>	<u>\$ 453,317</u>
Reconciliation of change in net assets to net cash (used in) provided by operating activities:		
Change in net assets	\$ (36,846)	\$ 27,808
<i>Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:</i>		
Accounts receivable	30,000	(10,000)
Accounts payable and accrued expenses	<u>(38,794)</u>	<u>5,649</u>
Net cash (used in) provided by operating activities	<u>\$ (45,640)</u>	<u>\$ 23,457</u>

See the accompanying notes to financial statements.

JAMESTOWN URBAN RENEWAL AGENCY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose of Agency

Jamestown Urban Renewal Agency is an independent corporate governmental unit established on June 21, 1966 by the New York State Legislature. The responsibilities of the Agency include housing, building, and zoning code enforcement; housing rehabilitation and development; public infrastructure improvement; industrial and commercial site preparation; downtown development; land banking activities; community and economic development planning activities; economic development loans and grant administration; fair housing activities; energy conservation/development of alternative energy sources; historic preservation; and annual administration of the City of Jamestown, New York's Community Development Block Grants (CDBG), Home Investment Partnership Program (HOME).

Reporting Entity

Jamestown Urban Renewal Agency is a component unit of the City of Jamestown, New York. The financial activities of the Agency are combined with the financial activities of the City of Jamestown, New York and other component units, which constitutes the entire reporting entity of the City of Jamestown, New York. The requirements pursuant to the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations have been satisfied at the reporting entity level.

Basis of Accounting and Presentation

The financial statements of the Agency have been prepared on the accrual basis of accounting and are presented in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America for non-profit organizations. Non-profit organizations are required to report information regarding their financial position and activities according to three classes of net assets:

Unrestricted net assets - Represents resources recognized as unrestricted and/or resources generated by sources, which are expendable and available to support operations.

Temporarily restricted net assets - Represents resources recognized as restricted support until such time when all associated restrictions have been met. The Agency has no temporarily restricted net assets.

Permanently restricted net assets - Represents resources that contain a stipulation that permanently restricts the use of such funds but allows earnings from the funds to be used in a specified manner. The Agency has no permanently restricted net assets.

JAMESTOWN URBAN RENEWAL AGENCY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Agency's management to make estimates and assumptions in determining the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Support and Revenue

The Agency is funded principally through budget allocations from the City of Jamestown, New York, administration fees from the Community Development Block Grant and Home Investment Partnership Program, the Jamestown Local Development Corporation (a component unit of the City of Jamestown, New York), and the New York State Empire Development Zone..

Date of Management's Review

Management has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 23, 2012, the date the financial statements were available to be issued.

NOTE 2 - CHECKING

As of December 31, 2011 and 2010, cash and cash equivalents included bank deposits of \$10,751 and \$6,761, respectively. At December 31, 2011 and 2010, the Agency's's accounts were covered 100% by the Federal Deposit Insurance Corporation (FDIC).

NOTE 3 - INTEREST BEARING DEPOSITS

As of December 31, 2011 and 2010, cash and cash equivalents included interest bearing deposits of \$396,826 and \$446,456, respectively. These deposits are pooled with other monies administered by the City of Jamestown, New York's Department of Development.

NOTE 4 - ADMINISTRATION FEES

The Agency receives administration fees for services rendered in connection with administration of the federal Community Development Block Grants, Home Improvement Partnership Program, and Homelessness Prevention and Rapid Re-Housing Program. In addition, administration fees were received from the Jamestown Local Development Corporation (a component unit of the City of Jamestown, New York). Administration fees received were as follows:

	2011	2010
Federal grant programs:		
Community Development Block Grants	\$ 380,656	\$ 413,065
Home Improvement Partnership Program	39,822	40,941
Homelessness Prevention and Rapid Re-Housing Program	-	6,826
Jamestown Local Development Corporation	125,000	140,000
	\$ 545,478	\$ 600,832

JAMESTOWN URBAN RENEWAL AGENCY
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - BUDGET ALLOCATION FROM THE CITY OF JAMESTOWN, NEW YORK

The Agency receives an annual budget allocation from the City of Jamestown New York's General Fund. For the years ended December 31, 2011 and 2010, the budget allocation to the Agency totaled \$361,000 and \$324,250, respectively.

NOTE 6 - RETIREMENT PLAN

General Information

Agency employees participate in the in the New York State and Local Employees' Retirement System (ERS) via the City of Jamestown, New York. The System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

Employees Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. The New York State Retirement and Social Security Law govern obligations of employers and employees to contribute and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained in writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

Funding Policies

The System is non-contributory except for employees who joined the New York State and Employees Retirement System (ERS) after July 27, 1996, who are required to contribute 3% of their salary during their first ten years of employment. For the New York State and Local Employees Retirement System, the State Comptroller shall certify annually the rates expressed as proportions of members payroll, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The Agency's contributions made to the Systems were equal to 100% of the contributions required for each year.

Retirement Plan Expense

Retirement plan expense totaled \$78,302 for the year ended December 31, 2011 and \$55,364 for the year ended December 31, 2010.

NOTE 7 - HEALTH AND DENTAL INSURANCE

Agency employees participate in the in the City of Jamestown, New York's health and dental insurance plan. The City of Jamestown, New York acts as a self-insurer for health and dental insurance. The City maintained stop/loss insurance for claims which exceed the individual specific deductible of \$150,000.

Health and dental insurance expense for the Agency totaled \$154,870 for the year ended December 31, 2011 and \$154,536 for the year ended December 31, 2010.

JAMESTOWN URBAN RENEWAL AGENCY
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - WORKERS COMPENSATION INSURANCE

The Agency participates in the City of Jamestown, New York's Workers Compensation Insurance Plan. Workers Compensation insurance expense totaled \$17,867 for the year ended December 31, 2011 and \$16,274 for the year ended December 31, 2010.

NOTE 9 - CONCENTRATION OF RISK

Financial instruments, which potentially subject the Agency to concentration of risk, consist of deposits with a single financial institution and cash in excess of FDIC insurance. The Agency generally places its cash and interest bearing deposits with qualifying institutions and collateralizes cash deposits in excess of FDIC coverage with obligations of the United States and its agencies. The Agency had an agreement for adequate collateralization with a banking institution as of December 31, 2011 and 2010.

**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**

To the Members of the Board of Directors
of the Jamestown Urban Renewal Agency
City of Jamestown, New York

I have audited the financial statements of the Jamestown Urban Renewal Agency as of and for the years ended December 31, 2011 and 2010, and have issued my report thereon dated March 23, 2012. I conducted the audits 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.

Internal Control Over Financial Reporting

In planning and performing the audit, I considered the Jamestown Urban Renewal Agency's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

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 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.


My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to management of the Jamestown Urban Renewal Agency, in a separate letter dated March 23, 2012.

This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


JOHN S. TRUSSALO, CPA, P.C.
Jamestown, New York
March 23, 2012

Independent Auditor's Report on Internal Controls

To the Members of the Board of Directors
of the Jamestown Urban Renewal Agency
City of Jamestown, New York

I have audited management's assertion that Jamestown Urban Renewal Agency maintained effective internal control over financial reporting as of December 31, 2011 and 2010. The Agency's management is responsible for maintaining effective internal control over financial reporting, and for its assertion of the effectiveness of internal over financial reporting. My responsibility is to express an opinion on management's assertion based on my examination.

I conducted my audits in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. My audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. My audit also included performing such other procedures as I considered necessary in the circumstances. I believe that my audits provide a reasonable basis for my opinion.

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding preparation of reliable financial statements, in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that 1) pertain to the maintenance of records that, in a reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity, 2) provide reasonable assurance that transactions are recorded a necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorization of management, and those charged with governance; and 3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

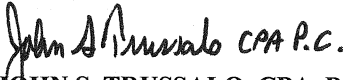
Because of inherent limitations, internal control over financial reporting may not prevent, or detect and correct misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In my opinion, management's assertions that Jamestown Urban Renewal Agency maintained effective internal control over financial reporting as of December 31, 2011 and 2010 is fairly stated, in all material respects.

I have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the authority and my report dated March 23, 2012 expressed an unqualified opinion.

I noted certain matters that I reported to management of the Jamestown Urban Renewal Agency, in a separate letter dated March 23, 2012.

This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


JOHN S. TRUSSALO, CPA, P.C.
Jamestown, New York
March 23, 2012