

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

Years Ended December 31, 2012 and 2011

JAMESTOWN URBAN RENEWAL AGENCY

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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 financial statements of Jamestown Urban Renewal Agency, a component unit of the City of Jamestown, New York as of and for the years ended December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency as of December 31, 2012 and 2011, 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.

Other Matters

In accordance with Government Auditing Standards, I have also issued a report dated April 5, 2013, 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.

Other Matters (Cont'd)

In accordance with New York State Public Authorities Law, I have also issued a report dated April 5, 2013, 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

April 5, 2013

JAMESTOWN URBAN RENEWAL AGENCY

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2012 AND 2011

| | <u>2012</u> | <u>2011</u> |
|--------------------------------------|-----------------------|-----------------------|
| <u>Assets</u> | | |
| Cash and cash equivalents: | | |
| Checking (Note 2) | \$ 2,783 | \$ 10,751 |
| Petty cash | 100 | 100 |
| Interest bearing deposits (Note 3) | <u>391,909</u> | <u>396,826</u> |
| Total cash and cash equivalents | 394,792 | 407,677 |
| Accounts receivable | <u>58</u> | <u>-</u> |
| Total assets | <u>\$ 394,850</u> | <u>\$ 407,677</u> |
| <u>Liabilities</u> | | |
| Account payable and accrued expenses | <u>\$ 21,470</u> | <u>\$ 3,708</u> |
| Total liabilities | <u>21,470</u> | <u>3,708</u> |
| <u>Net Assets</u> | | |
| Unrestricted | <u>373,380</u> | <u>403,969</u> |
| Total net assets | <u>373,380</u> | <u>403,969</u> |
| Total liabilities and net assets | <u>\$ 394,850</u> | <u>\$ 407,677</u> |

See the accompanying notes to financial statements.

JAMESTOWN URBAN RENEWAL AGENCY

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2012 AND 2011

| | <u>2012</u> | <u>2011</u> |
|---|-------------------|-------------------|
| Revenues: | | |
| Administration fees (Note 4) | \$ 504,616 | \$ 545,478 |
| Budget allocation from City of Jamestown, New York (Note 5) | 363,499 | 361,000 |
| Interest income | 1,083 | 967 |
| Miscellaneous income | - | 243 |
| Total revenues | <u>869,198</u> | <u>907,688</u> |
| Expenditures: | | |
| Salaries and wages | 533,031 | 580,839 |
| Insurance - Health and Dental (Note 7) | 153,051 | 154,870 |
| Retirement plan (Note 6) | 83,361 | 78,302 |
| Payroll taxes | 39,278 | 42,945 |
| Automobile operation and maintenance | 22,518 | 24,293 |
| Insurance - Workers Compensation (Note 8) | 20,560 | 17,867 |
| Supplies | 14,956 | 10,059 |
| Professional fees | 14,016 | 18,980 |
| Computer programming | 5,817 | 5,675 |
| Telephone | 4,154 | 4,690 |
| Travel and training | 3,586 | 3,356 |
| Memberships | 2,134 | 1,143 |
| Publications | 1,694 | 248 |
| Postage | 1,091 | 1,220 |
| Miscellaneous | 540 | 47 |
| Total expenditures | <u>899,787</u> | <u>944,534</u> |
| Change in net assets | (30,589) | (36,846) |
| Unrestricted net assets, beginning of year | <u>403,969</u> | <u>440,815</u> |
| Unrestricted net assets, end of year | <u>\$ 373,380</u> | <u>\$ 403,969</u> |

See the accompanying notes to financial statements.

JAMESTOWN URBAN RENEWAL AGENCY

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2012 AND 2011

| | <u>2012</u> | <u>2011</u> |
|--|--------------------|--------------------|
| Cash Flows from Operating Activities: | | |
| Cash received from administration fees | \$ 504,616 | \$ 575,478 |
| Cash received from budget allocation, City of Jamestown, New York | 363,499 | 361,000 |
| Cash received interest income and other | 1,025 | 1,210 |
| Cash paid for salaries and wages, retirement, health/dental insurance and payroll taxes | (787,240) | (897,483) |
| Cash paid to vendors | <u>(94,785)</u> | <u>(85,845)</u> |
| Net cash used in operating activities | <u>(12,885)</u> | <u>(45,640)</u> |
| | | |
| Net decrease in cash and cash equivalents | (12,885) | (45,640) |
| | | |
| Cash and cash equivalents, beginning of year | <u>407,677</u> | <u>453,317</u> |
| | | |
| Cash and cash equivalents, end of year | <u>\$ 394,792</u> | <u>\$ 407,677</u> |
| | | |
| Reconciliation of change in net assets to net cash used in operating activities: | | |
| | | |
| Change in net assets | \$ (30,589) | \$ (36,846) |
| <i>Adjustments to reconcile change in net assets to net cash used in operating activities:</i> | | |
| Accounts receivable | (58) | 30,000 |
| Accounts payable and accrued expenses | <u>17,762</u> | <u>(38,794)</u> |
| Net cash used in operating activities | <u>\$ (12,885)</u> | <u>\$ (45,640)</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 April 5, 2013, the date the financial statements were available to be issued.

NOTE 2 - CHECKING

Cash and cash equivalents included bank deposits of \$2,783 and \$10,751 as of December 31, 2012 and 2011, respectively. At December 31, 2012 and 2011, the Agency's's accounts were covered 100% by the Federal Deposit Insurance Corporation (FDIC).

NOTE 3 - INTEREST BEARING DEPOSITS

Cash and cash equivalents included interest bearing deposits of \$391,909 and \$396,826 as of December 31, 2012 and 2011, 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) and the Appleyard Terrace project. Administration fees received were as follows:

| | <u>2012</u> | <u>2011</u> |
|--|-------------------|-------------------|
| Federal grant programs: | | |
| Community Development Block Grants | \$ 352,380 | \$ 380,656 |
| Home Improvement Partnership Program | 24,825 | 39,822 |
| Homelessness Prevention and Rapid Re-Housing Program | 2,411 | - |
| Jamestown Local Development Corporation | 75,000 | 125,000 |
| Appleyard Terrace | 50,000 | - |
| | <u>\$ 504,616</u> | <u>\$ 545,478</u> |

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. The budget allocation totaled \$363,500 and \$361,000 for the years ended December 31, 2012 and 2011, 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 \$83,361 and \$78,302 for the year ended December 31, 2012 and 2011, respectively.

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 \$153,051 and \$154,870 for the years ended December 31, 2012 and 2011, respectively.

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 \$20,560 and \$17,867 for the year ended December 31, 2012 and 2011, respectively.

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, 2012 and 2011.

**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**

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, 2012 and 2011, and have issued my report thereon dated April 5, 2013. 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 April 5, 2013.

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
April 5, 2013

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, 2012 and 2011. 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, 2012 and 2011 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 April 5, 2013 expressed an unqualified opinion.

I noted certain matters that I reported to management of the Jamestown Urban Renewal Agency, in a separate letter dated April 5, 2013.

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
April 5, 2013