

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

**Years Ended December 31, 2013 and 2012**

**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, 2013 and 2012, 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 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, 2013 and 2012, 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 March 31, 2014, 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.

**Independent Auditor's Report**  
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**Other Matters (Cont'd)**

In accordance with New York State Public Authorities Law, I have also issued a report dated March 31, 2014, 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 31, 2014**

**JAMESTOWN URBAN RENEWAL AGENCY**

**STATEMENTS OF FINANCIAL POSITION**

**AS OF DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b><u>Assets</u></b>		
Cash and cash equivalents:		
Checking (Note 2)	\$ 81	\$ 2,783
Petty cash	100	100
Interest bearing deposits (Note 3)	<u>329,375</u>	<u>391,909</u>
Total cash and cash equivalents	329,556	394,792
Accounts receivable	<u>58</u>	<u>58</u>
Total assets	<u>\$ 329,614</u>	<u>\$ 394,850</u>
<b><u>Liabilities</u></b>		
Account payable and accrued expenses	<u>\$ 48,525</u>	<u>\$ 21,470</u>
Total liabilities	<u>48,525</u>	<u>21,470</u>
<b><u>Net Assets</u></b>		
Unassigned	<u>281,089</u>	<u>373,380</u>
Total net assets	<u>281,089</u>	<u>373,380</u>
Total liabilities and net assets	<u>\$ 329,614</u>	<u>\$ 394,850</u>

See the accompanying notes to financial statements.

**JAMESTOWN URBAN RENEWAL AGENCY**

**STATEMENTS OF ACTIVITIES**

**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Revenues:</b>		
Administration fees (Note 4)	\$ 487,891	\$ 504,616
Budget allocation from City of Jamestown, New York (Note 5)	368,000	363,499
Interest income	573	1,083
Miscellaneous income	-	-
Total revenues	<u>856,464</u>	<u>869,198</u>
<b>Expenditures:</b>		
Salaries and wages	563,949	533,031
Insurance - Health and Dental (Note 7)	161,246	153,051
Retirement plan (Note 6)	76,031	83,361
Payroll taxes	41,867	39,278
Automobile operation and maintenance	26,091	22,518
Insurance - Workers Compensation (Note 8)	20,006	20,560
Professional fees	12,063	14,016
Computer programming	12,907	5,817
Supplies	11,041	14,956
Travel and training	7,651	3,586
Unemployment	7,031	-
Telephone	3,641	4,154
Miscellaneous	2,217	540
Memberships	1,356	2,134
Postage	1,105	1,091
Publications	553	1,694
Total expenditures	<u>948,755</u>	<u>899,787</u>
<b>Change in net assets</b>	(92,291)	(30,589)
<b>Net assets, beginning of year</b>	<u>373,380</u>	<u>403,969</u>
<b>Net assets, end of year</b>	<u>\$ 281,089</u>	<u>\$ 373,380</u>

See the accompanying notes to financial statements.

**JAMESTOWN URBAN RENEWAL AGENCY**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>Cash Flows from Operating Activities:</b>		
Cash received from administration fees	\$ 487,891	\$ 504,616
Cash received from budget allocation, City of Jamestown, New York	368,000	363,499
Cash received interest income and other	573	1,025
Cash paid for salaries and wages, retirement, health/dental insurance and payroll taxes	(843,977)	(787,240)
Cash paid to vendors	<u>(77,723)</u>	<u>(94,785)</u>
<b>Net cash used in operating activities</b>	<u>(65,236)</u>	<u>(12,885)</u>
<b>Net decrease in cash and cash equivalents</b>	(65,236)	(12,885)
<b>Cash and cash equivalents, beginning of year</b>	<u>394,792</u>	<u>407,677</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 329,556</u>	<u>\$ 394,792</u>
<b>Reconciliation of change in net assets to net cash used in operating activities:</b>		
Change in net assets	\$ (92,291)	\$ (30,589)
<i>Adjustments to reconcile change in net assets to net cash used in operating activities:</i>		
Accounts receivable	-	(58)
Accounts payable and accrued expenses	<u>27,055</u>	<u>17,762</u>
<b>Net cash used in operating activities</b>	<u>\$ (65,236)</u>	<u>\$ (12,885)</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. In addition, the Agency utilizes the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Statement No. 54 defines terminology and classification of fund balance to reflect spending constraints on resources, rather than the availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

Constraints are broken into five classifications: non spendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the Agency is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

**Non spendable** - Consists of assets inherently non spendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, and financial assets held for resale.

**Restricted** - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. The Agency's legally adopted reserves are reported here.

**Committed** - Consists of amounts subject to a purpose constraint imposed by formal action of the Agency's highest level of decision making authority prior to the end of the fiscal year, which requires the same level of formal action to remove the said constraint.

**Unassigned** - Represents the residual classification of the Agency, and could report a surplus or deficit.



**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 31, 2014, the date the financial statements were available to be issued.

**NOTE 2 - CHECKING**

Cash and cash equivalents included bank deposits of \$81 and \$2,783 as of December 31, 2013 and 2012, respectively. At December 31, 2013 and 2012, 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 \$329,375 and \$391,909 as of December 31, 2013 and 2012, 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>2013</u>	<u>2012</u>
Federal grant programs:		
Community Development Block Grants	\$ 346,224	\$ 352,380
Home Improvement Partnership Program	41,667	24,825
Homelessness Prevention and Rapid Re-Housing Program	-	2,411
Jamestown Local Development Corporation	100,000	75,000
Appleyard Terrace	-	50,000
	<u>\$ 487,891</u>	<u>\$ 504,616</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 \$368,000 and \$363,500 for the years ended December 31, 2013 and 2012, 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 \$76,031 and \$83,361 for the year ended December 31, 2013 and 2012, 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 \$161,246 and \$153,051 for the years ended December 31, 2013 and 2012, 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 \$20,006 and \$20,560 for the year ended December 31, 2013 and 2012, 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, 2013 and 2012.

**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, 2013 and 2012, and have issued my report thereon dated March 31, 2014. 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 31, 2014.

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 31, 2014**

**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, 2013 and 2012. 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, 2013 and 2012 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 31, 2014 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 31, 2014.

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 31, 2014**