

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

Years Ended December 31, 2017 and 2016

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 (the Agency), a blended component unit of the City of Jamestown, New York, whose activity is reported in the Special Revenue Fund, a governmental fund in the City of Jamestown, New York's financial statements as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, as listed in the table of contents.

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 includes 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 Jamestown Urban Renewal Agency as of December 31, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued a report dated March 22, 2018, 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 in considering the Agency's internal control over financial reporting and compliance.

Handwritten signature of John S. Trussalo in black ink, reading "John S. Trussalo CPA P.C.".

JOHN S. TRUSSALO, CPA, P.C.
Jamestown, New York
March 22, 2018

JAMESTOWN URBAN RENEWAL AGENCY

BALANCE SHEETS

AS OF DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash and cash equivalents:		
Checking	\$ 38,638	\$ 532
Petty cash	100	100
Interest bearing deposits	<u>3,775</u>	<u>49,412</u>
Total cash and cash equivalents	<u>42,513</u>	<u>50,044</u>
Accounts receivable	<u>400</u>	<u>-</u>
Total assets	<u>42,913</u>	<u>50,044</u>
<u>Liabilities</u>		
Account payable and accrued expenses	<u>-</u>	<u>868</u>
Total liabilities	<u>-</u>	<u>868</u>
<u>Fund Balance</u>		
Unassigned	<u>42,913</u>	<u>49,176</u>
Total fund balance	<u>\$ 42,913</u>	<u>\$ 49,176</u>

See the accompanying notes to financial statements.

JAMESTOWN URBAN RENEWAL AGENCY

STATEMENTS REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Revenues:		
Administration fees	\$ 508,833	\$ 492,278
City of Jamestown, New York:		
Budget allocation	395,000	395,000
Miscellaneous	39	-
Interest income	<u>1</u>	<u>47</u>
Total revenues	<u>903,873</u>	<u>887,325</u>
 Expenditures:		
Salaries and wages	506,019	514,440
Insurance - Health and Dental	199,403	193,094
Retirement plan	71,802	70,429
Payroll taxes	37,371	37,929
Insurance - Workers Compensation	18,307	17,861
Computer programming	17,375	15,244
Automobile operation and maintenance	16,023	18,106
Supplies	11,558	13,552
Professional fees	11,352	8,795
Miscellaneous	7,106	3,150
Telephone	5,824	6,026
Travel and training	3,784	5,256
Office equipment	1,955	1,969
Publications	1,224	639
Postage	763	1,244
Memberships	270	290
Fair Housing Analysis	<u>-</u>	<u>13,120</u>
Total expenditures	<u>910,136</u>	<u>921,144</u>
 Change in fund balance	 (6,263)	 (33,819)
 Fund balance, beginning of year	 <u>49,176</u>	 <u>82,995</u>
 Fund balance, end of year	 <u>\$ 42,913</u>	 <u>\$ 49,176</u>

See the accompanying notes to financial statements.

JAMESTOWN URBAN RENEWAL AGENCY

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Cash received from administration fees	\$ 508,433	\$ 492,278
Cash received from others	39	-
Cash received from City of Jamestown, New York - budget allocation	395,000	395,000
Cash received interest income	1	47
Cash paid for salaries and wages, retirement, health and dental insurance payroll taxes and workers compensation insurance	(833,770)	(834,321)
Cash paid to vendors	<u>(77,234)</u>	<u>(87,220)</u>
Net cash used in operating activities	<u>(7,531)</u>	<u>(34,216)</u>
Net decrease in cash and cash equivalents	(7,531)	(34,216)
Cash and cash equivalents, beginning of year	<u>50,044</u>	<u>84,260</u>
Cash and cash equivalents, end of year	<u>\$ 42,513</u>	<u>\$ 50,044</u>
Reconciliation of change in fund balance to net cash used in operating activities:		
Change in fund balance	\$ (6,263)	\$ (33,819)
<i>Adjustments to reconcile change in fund balance to net cash used in operating activities:</i>		
Accounts receivable	(400)	-
Accounts payable and accrued expenses	<u>(868)</u>	<u>(397)</u>
Net cash used in operating activities	<u>\$ (7,531)</u>	<u>\$ (34,216)</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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 22, 2018, the date the financial statements were available to be issued.

NOTE 2 - CHECKING

Cash and cash equivalents included bank deposits of \$38,638 and \$532 as of December 31, 2017 and 2016, respectively. At December 31, 2017 and 2016, 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 \$3,775 and \$49,412 as of December 31, 2017 and 2016, 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 received administration fees for services rendered in connection the following:

	<u>2017</u>	<u>2016</u>
Federal grant programs:		
Community Development Block Grants	\$ 357,900	\$ 323,388
Home Improvement Partnership Program	25,692	24,695
Jamestown Local Development Corporation	100,000	100,000
Land Bank	<u>25,241</u>	<u>44,195</u>
	<u>\$ 508,833</u>	<u>\$ 492,278</u>

Jamestown Local Development Corporation is a blended component unit of the City of Jamestown, New York.

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 \$395,000 for each of the years ended December 31, 2017 and 2016, 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 New York State and Employees Retirement System (ERS) is non-contributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, contribution rates under ERS tier VI vary based on a sliding salary scale. For the New York State and Local Employees Retirement System, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The Agency paid 100% of the required contributions as billed by the ERS for the current year and each of the two preceding years.

<u>Year Ended</u>	<u>ERS</u>
December 31, 2017	\$ 71,802
December 31, 2016	\$ 70,429
December 31, 2015	\$ 66,366

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.

JAMESTOWN URBAN RENEWAL AGENCY
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - RETIREMENT PLAN (Cont'd)

Retirement Plan Expense

Retirement plan expense totaled \$71,802 and \$70,429 for the year ended December 31, 2017 and 2016, 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 \$175,000 for each of the years ended December 31, 2017 and 2016, respectively.

Health and dental insurance expense for the Agency totaled \$199,403 and \$193,094 for the years ended December 31, 2017 and 2016, respectively.

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 \$18,307 and \$17,861 for the year ended December 31, 2017 and 2016, 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, 2017 and 2016.

**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, 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, the financial statements of the Jamestown Urban Renewal Agency (the Agency), a blended component unit of the City of Jamestown, New York, whose activity is reported in the Special Revenue Fund, a governmental fund in the City of Jamestown, New York's financial statements, as of and for the years ended December 31, 2017 and 2016, and the related notes to the basic financial statements, and have issued my report thereon dated March 22, 2018.

Internal Control Over Financial Reporting

In planning and performing the audit of the financial statements, I considered the Jamestown Urban Renewal Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. 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. A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during the audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of This Report

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

Handwritten signature of John S. Trussalo in black ink.

JOHN S. TRUSSALO, CPA, P.C.
Jamestown, New York
March 22, 2018