JAMESTOWN URBAN RENEWAL AGENCY

(A Component Unit of the City of Jamestown, New York)
Basic Financial Statements and Required Supplementary Information for the Year Ended December 31, 2020 and Independent Auditors' Reports

JAMESTOWN URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF JAMESTOWN, NEW YORK)
Table of Contents
Year Ended December 31, 2020

Page

Drescher & Malecki LLP
3083 William Street, Suite 5
Buffalo, New York 14227
Telephone: 716.565.2299
Fax: 716.565.2201

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Jamestown Urban Renewal Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the Jamestown Urban Renewal Agency (the "Agency"), a component unit of the City of Jamestown, New York, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Agency's 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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 judgment, 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of December 31, 2020, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2020, the Agency changed its method of accounting to the accrual basis of accounting for a stand-alone business-type activity (proprietary fund). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The Supplementary Information and Other Information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Other Information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2021 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on 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.

Drescher & Malecki LLP

March 26, 2021

As management of the Jamestown Urban Renewal Agency (the "Agency"), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Agency's financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform to the current year presentation.

Financial Highlights

- The liabilities and deferred inflows of resources of the Agency exceeded its assets and deferred outflows of resources at December 31, 2020 and 2019 by $2,963,692 and $2,776,263, as restated, respectively.

- The Agency's net position decreased by $187,429 during the year ended December 31, 2020.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of three components: 1) financial statements 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Financial Statements

The ***statement of net position*** present information on all of the Agency's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The ***statement of revenues, expenses, and changes in net position*** present information showing how the Agency's net position changed during the most recent reporting periods. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future periods.

The ***statement of cash flows*** present information depicting the Agency's cash flow activities for the most recent reporting periods and the effects that these activities had on the Agency's cash and cash equivalent balances.

The financial statements can be found on pages 9-11 of this report.

Notes to the Financial Statements—The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 12-23 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Agency's net pension liability and changes in the Agency's total other postemployment benefits ("OPEB") obligation. Required Supplementary Information and a related note to the required supplementary information can be found on pages 24-27 of this report.

The Agency also presents *supplementary information* concerning the Agency's investments. This schedule is presented on page 28 of this report. Finally, the real property listing is presented immediately following the Supplementary Information in the Other Information section of this report on page 29.

Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Agency, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $2,963,692 at December 31, 2020, as compared to $2,776,263 at the close of the fiscal year ended December 31, 2019, as restated.

Table 1, shown below, presents the condensed statements of net position of the Agency at December 31, 2020 and 2019.

Table 1─Condensed Statements of Net Position

	December 31,	
	2020	2019 (as restated)
Current assets	$ 74,441	$ 59,717
Noncurrent assets	212,018	212,019
Total assets	286,459	271,736
Deferred outflows of resources	416,227	358,596
Current liabilities	10,988	-
Noncurrent liabilities	3,637,146	3,061,719
Total liabilities	3,648,134	3,061,719
Deferred inflows of resources	18,244	344,876
Net position:		
Unrestricted	(2,963,692)	(2,776,263)
Total net position	$ (2,963,692)	$ (2,776,263)

The Agency's net position, $(2,963,692) is considered to be an unrestricted deficit. This deficit reflects long-term liabilities including the net pension liability and other postemployment benefits obligation that are funded annually.

Table 2, as presented below, shows the changes in net position for the years ended December 31, 2020 and 2019:

Table 2─Condensed Statements of Changes in Net Position

	Year Ended December 31,	
	2020	2019 (as restated)
Operating revenues	$ 899,097	$ 910,572
Operating expenses	1,100,751	914,077
Operating income (loss)	(201,654)	(3,505)
Nonoperating revenues	14,225	-
Change in net position	(187,429)	(3,505)
Net position—beginning, as restated	(2,776,263)	63,222
Restatement	-	(2,839,485)
Net position—ending	$ (2,963,692)	$ (2,776,263)

Overall revenues increased 0.3 percent from the prior year, primarily due to an increase in nonoperating revenues received for the sale of real estate during the year ended December 31, 2020. Total expenses increased 20.4 percent from the year ended December 31, 2019 primarily due to an increase in allocable employee benefit expenses attributed to the Agency's net pension liability and other postemployment benefit obligation.

A summary of sources of revenues for the years ended December 31, 2020 and 2019 is presented below in Table 3.

Table 3─Summary Sources of Revenues

	Year Ended December 31,		Increase/(Decrease)	
	2020	2019	Dollars	Percent (%)
Operating revenues:				
Federal grants	$ 429,021	$ 332,643	$ 96,378	29.0
Administrative service fee—City	326,000	410,000	(84,000)	(20.5)
Administrative service fee—JLDC	140,000	140,000	-	-
Miscellaneous	4,076	27,929	(23,853)	(85.4)
Total operating revenues	899,097	910,572	(11,475)	(1.3)
Nonoperating revenues:				
Sale of real estate	14,225	-	14,225	100.0
Total revenues	$ 913,322	$ 910,572	$ 2,750	0.3

The most significant sources of revenues for the year ended December 31, 2020 were federal grants of $429,021, or 47.0 percent of total revenues, and the City allocation of $326,000, or 35.7 percent of total revenues. For the year ended December 31, 2019, the largest sources of revenue were the City allocation of $410,000, or 45.0 percent of total revenues, and federal grants of $332,643, or 36.5 percent of total revenues.

A summary of expenses for the years ended December 31, 2020 and 2019 is presented below in Table 4.

Table 4─Summary Sources of Operating Expenses

	Year Ended December 31,		Increase/(Decrease)	
	2020	2019	Dollars	Percent (%)
Operating expenses:				
Salaries and benefits	$ 1,006,343	$ 821,367	$ 184,976	22.5
Office expenses	19,098	20,212	(1,114)	(5.5)
Automobile expenses	15,110	15,264	(154)	(1.0)
Professional fees	47,423	47,677	(254)	(0.5)
Real estate taxes	7,622	2,466	5,156	209.1
Office equipment	2,250	2,407	(157)	(6.5)
Travel and training	950	2,970	(2,020)	(68.0)
Miscellaneous	1,955	1,714	241	14.1
Total operating expenses	$ 1,100,751	$ 914,077	$ 186,674	20.4

The most significant expense items for the year ended December 31, 2020 were salaries and benefits of $1,006,343, or 91.4 percent of total expenses and professional fees of $47,423, or 4.3 percent of total expenses. Similarly, for the year ended December 31, 2019, the most significant expenses were salaries and benefits of $821,367, or 89.9 percent of total expenses and professional fees of $47,677, or 5.2 percent of total expenses.

Table 5, shown below, presents a condensed version of the Agency's statements of cash flows for the years ended December 31, 2020 and 2019.

Table 5─Condensed Statements of Cash Flows

	Year Ended December 31,		Increase/ (Decrease)
	2020	2019	Dollars
Cash flows (used for) provided by:			
Operating activities	$ (150)	$ 14,573	$ (14,723)
Investing activities	14,225	-	14,225
Net increase in cash and cash equivalents	14,075	14,573	(498)
Cash and cash equivalents—beginning	45,642	31,069	14,573
Cash and cash equivalents—ending	$ 59,717	$ 45,642	$ 14,573

Long-term liabilities—A summary of the Agency's long-term liabilities at December 31, 2020 and 2019 is presented below in Table 6.

Table 6—Summary of Long-Term Liabilities

	December 31,	
	2020	2019 (as restated)
Compensated absences	$ 99,294	$ 139,111
OPEB obligation	3,202,482	2,823,791
Net pension liability	335,370	98,817
Total	$ 3,637,146	$ 3,061,719

Additional information on the Agency's long-term liabilities can be found in Notes 4, 5 and 6 to the financial statements.

Economic Factors

The Agency's basic purpose is to assist in business growth and expansion in the City of Jamestown, New York. The Agency does not rely on any form of taxpayer or other public support. The business and economic climate in the City have been relatively steady over the past two years.

Requests for Information

This financial report is designed to provide a general overview of the Agency's finances for interest parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Financial Coordinator, Jamestown Urban Renewal Agency, Third Floor, Municipal Building, 200 East Third Street, Jamestown, NY 14701.

** THIS PAGE INTENTIONALLY LEFT BLANK **

BASIC FINANCIAL STATEMENTS

** THIS PAGE INTENTIONALLY LEFT BLANK **

Jamestown Urban Renewal Agency
(A Component Unit of the City of Jamestown, New York)
Statement of Net Position
December 31, 2020

ASSETS		
Current assets:		
Cash and cash equivalents	$	59,717
Prepaid items		14,724
Noncurrent assets:		
Real estate held for sale		212,018
Total assets		286,459
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows—relating to pensions		267,929
Deferred outflows—relating to OPEB		148,298
Total deferred outflows of resources		416,227
LIABILITIES		
Current liabilities:		
Accounts payable		3,452
Accrued liabilities		7,536
Noncurrent liabilities:		
Compensated absences		99,294
OPEB obligation		3,202,482
Net pension liability		335,370
Total liabilities		3,648,134
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows—relating to pensions		18,244
Total deferred inflows of resources		18,244
NET POSITION		
Unrestricted		(2,963,692)
Total net position	$	(2,963,692)

The notes to the financial statements are an integral part of this statement.

JAMESTOWN URBAN RENEWAL AGENCY
(A Component Unit of the City of Jamestown, New York)
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2020

Operating revenues:		
Federal grants	$	429,021
Administrative service fee—City		326,000
Administrative service fee—JLDC		140,000
Miscellaneous		4,076
Total operating revenues		899,097
Operating expenses:		
Salaries and benefits		1,006,343
Office expenses		19,098
Automobile expenses		15,110
Professional fees		47,423
Real estate taxes		7,622
Office equipment		2,250
Travel and training		950
Miscellaneous		1,955
Total operating expenses		1,100,751
Operating income (loss)		(201,654)
Nonoperating revenues:		
Sale of real estate		14,225
Total nonoperating revenues		14,225
Change in net position		(187,429)
Net position—beginning, as restated		(2,776,263)
Net position—ending	$	(2,963,692)

The notes to the financial statements are an integral part of this statement.

Jamestown Urban Renewal Agency

(A Component Unit of the City of Jamestown, New York)
Statement of Cash Flows
Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from services provided	$ 898,449
Payments made for operating costs	(898,599)
Net cash provided by (used for) operating activities	(150)
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of real estate	14,225
Net cash provided by investing activities	14,225
Net change in cash and cash equivalents	14,075
Cash and cash equivalents—beginning	45,642
Cash and cash equivalents—ending	$ 59,717
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	$ (201,654)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
(Increase) in prepaids	(649)
Decrease in real estate held for sale	1
Increase in accounts payable	3,452
Increase in accrued liabilities	7,536
(Decrease) in compensated absences	(39,817)
Increase in OPEB obligation	378,691
Increase in net pension liability	236,553
(Increase) in deferred outflows of resources	(57,631)
(Decrease) in deferred inflows of resources	(326,632)
Total adjustments	201,504
Net cash provided by (used for) operating activities	$ (150)

The notes to the financial statements are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Agency is an independent public benefit corporation established by the New York State Legislature on June 21, 1966. 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, alternative energy sources, historic preservation and annual administration of the City of Jamestown, New York's (the "City") Community Development Block Grants ("CDBG") and Home Investment Partnership Program ("HOME").

As required by the legislation which created the entity, the Agency's members consist chiefly of City governmental officials. Most of the funding for the various programs conducted by the Agency is obtained from the Federal government, through the City. In effect, the Agency acts as an agent of the City in carrying out its urban renewal activities. Because of its close administrative and financial relationship with the City, the Agency is considered to be a component unit of the City for financial reporting purposes, and the financial information presented herein for the Agency alone is to be presented within the City's basic financial statements as of December 31, 2020 and for the year then ended.

Basis of Accounting and Measurement Focus

The basic financial statements of the Jamestown Urban Renewal Agency (the "Agency") have been prepared in conformity with accounting principles generally accepted in the United States of America applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Agency's accounting policies are described below.

Management has elected to present the Agency as a stand-alone business-type activity (proprietary fund). Accordingly, the activities of the Agency are accounted for similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses are accounted for through a single enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

Cash, Cash Equivalents and Investments—Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date acquired by the Agency. At December 31, 2020, the Agency does not report any investments; however, when the Agency does have investments they are recorded at fair value in accordance with GASB.

Prepaid Items—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the statement of net position. The cost of prepaid items is recorded as an expense when consumed rather than purchased.

Real Estate Held for Sale—In the course of conducting its urban renewal activities, the Agency acquires real property for use in future urban renewal projects. The value recorded for this property is established by its acquisition cost and additional cost of improvements made on the property until the asset is ready for sale. When the property is ready for sale, market value can be established. During the year ended December 31, 2020, the Agency sold one property, for $14,226.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. At December 31, 2020, the Agency has two items that qualify for reporting in this category. The first item represents the effect of the net change in the Agency's proportion of the collective net pension liability, the difference during the measurement period between the Agency's contributions and its proportionate share of the total contribution to the pension system not included in the pension expense, and any contributions to the pension system made subsequent to the measurement date. The second item is related to OPEB and represents the effects of the change in the Agency's proportion of the collective net OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At December 31, 2020, the Agency has one item that qualifies for reporting in this category. The item represents the effect of the net change in the Agency's proportion of the collective net pension liability and the difference during the measurement periods between the Agency's contributions and its proportionate share of total contributions to the pension system.

Net Position Flow Assumption—Sometimes the Agency will fund outlays for a particular purpose from both restricted (e.g., restricted bond proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted—net position to have been depleted before unrestricted—net position is applied.

Revenues and Expenses

Revenues—The Agency is funded principally through administrative service fees received from the City and Jamestown Local Development Corporation (the "Corporation"), and federal grant revenues for the Community Development Block Grant and Home Investment Partnership Programs.

Expenses—Expenses are recorded on the accrual basis of accounting. Operating expenses consist of program expenses incurred in connection with the Agency's programs, as well as salaries and benefits expenses for the Agency's employees.

Compensated Absences—The Agency's labor agreement and Agency rules and regulations provide for sick leave, vacations, and personal paid absences based upon length of service and job classification. Unused vacation leave accumulates up to a maximum number of days based upon length of service and is payable upon termination. Unused sick leave accumulates, but may be used to compensate for actual time off for medical or other defined reasons. Upon retirement, it is the Agency's policy to compensate for unused accumulated sick pay on a reduced basis. Payment of compensated absences is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of compensated absences when such payments become due.

Pension Plan—The Agency is mandated by New York State law to participate in the New York State Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plan, and changes thereof, have been determined on the same basis as they are reported by the defined benefit pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 4.

Other Postemployment Benefits—In addition to providing pension benefits, the Agency provides health insurance coverage and/or payments for fractional values of unused sick leave for certain retired employees at the time of retirement as discussed in Note 5.

Other

Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, deferred inflows of resources, deferred outflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended December 31, 2020, the Agency implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The implementation of GASB Statement No. 95 did not have a material impact on the Agency's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The Agency has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; and No. 93, *Replacement of Interbank Offered Rates*, effective for the year ending December 31, 2021, No. 87, *Leases*; No. 91, *Conduit Debt Obligations*; No. 92, *Omnibus 2020*; and No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a suppression of GASB Statement No. 32*, effective for the year ending December 31, 2022, No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending December 31, 2023. The Agency is, therefore, unable to disclose the impact that adopting GASB Statements No. 87, 89, 91, 92, 93, 94, 96, and 97 will have on its financial position and results of operations when such statements are adopted.

Tax Status—The Corporation is exempt from federal income tax under section 501(a) of the Internal Revenue Code (IRC) as an organization described in section 501 (c)(3).

Deficit Net Position—At December 31, 2020, the Agency reported a net position of $(2,963,692). The deficit is caused by the recognition of long-term liabilities associated with the other postemployment benefits and the pension plan.

2. RESTATEMENT OF NET POSITION

During the fiscal year ended December 31, 2020, the Agency changed its method of accounting to the accrual basis of accounting for a stand-alone business-type activity (proprietary fund). As a result of this change, the Agency's net position at January 1, 2020 was restated as follows:

Net position—January 1, 2020, as previously stated	$	59,717
Real estate held for sale		212,019
Compensated absences		(139,111)
OPEB obligation		(2,823,791)
Net pension liability		(98,817)
Deferred outflows—relating to pensions		112,892
Deferred outflows—relating to OPEB		245,704
Deferred inflows—relating to pensions		(43,536)
Deferred inflows—relating to OPEB		(301,340)
Net position—January 1, 2020, as restated	$	(2,776,263)

3. CASH AND CASH EQUIVALENTS

The Agency's investment policies are governed by New York State statutes. All deposits are carried at fair value. Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit not covered by Federal deposit insurance ("FDIC"). The Agency has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligation that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Cash and cash equivalents of the Agency at December 31, 2020 consisted of the following:

		2020
Petty cash	$	100
Cash on deposit		55,842
Money market funds		3,775
Total	$	59,717

Deposits—All deposits including cash in bank and money market funds are carried at fair value, and are classified by custodial credit risk at December 31, 2020 as follows:

	Bank Balance	Carrying Amount
Deposits at December 31, 2020:		
FDIC insured	$ 59,617	$ 59,617

Custodial Credit Risk—Deposits—In the case of deposits, this is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2020, the Agency's deposits were FDIC insured.

Custodial Credit Risk—Cash Equivalents—For cash equivalents, this is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its cash equivalents or collateral securities that are in the possession of an outside party. For cash equivalents, this is the risk that in the event of a bank failure, the Agency's cash equivalents may not be returned to it.

Investments—The Agency had no investments at December 31, 2020.

Interest Rate Risk—In accordance with its investment policy, the Agency manages exposures by limiting investments to low risk type investments governed by New York State statute.

4. PENSION PLAN

Plan Description and Benefits Provided

Employees' Retirement System ("ERS")—The Agency participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing multiple-employer retirement system. ERS provides retirement benefits as well as death and disability benefits. The net position of ERS is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in plan net position allocated to ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. ERS benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

ERS is noncontributory except for employees who joined after July 27, 1976, who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute three percent (3.0%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—The net pension liability was measured as of March 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to the measurement date. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to ERS relative to the projected contributions of all participating members, actuarially determined. The information table below was provided by the ERS in reports provided to the Agency:

	ERS
Measurement date	March 31, 2020
Net pension liability	$ 335,370
Agency's portion of the Plan's total net pension liability	0.0012665%

For the year ended December 31, 2020, the Agency recognized a pension expense of $116,462 for the ERS. At December 31, 2020, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 19,738	$ -
Changes of assumptions	6,753	5,831
Net difference between projected and actual earnings on pension plan investments	171,927	-
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	25,340	12,413
Agency contributions subsequent to the measurement date	44,171	-
Total	$ 267,929	$ 18,244

Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	ERS
2021	$ 36,874
2022	52,768
2023	64,536
2024	51,336

Actuarial Assumptions—The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuation used the actuarial assumptions presented below:

	ERS
Measurement date	March 31, 2020
Actuarial valuation date	April 1, 2019
Interest rate	6.80%
Salary scale	4.20%
Decrement tables	April 1, 2010- March 31, 2015
Inflation rate	2.50%
Cost-of-living adjustments	1.30%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014. The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2011 – March 31, 2015.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation for ERS are summarized in the table below.

	ERS	
	Target Allocation	Long-Term Expected Real Rate of Return
Measurement date	March 31, 2020	
Asset class:		
Domestic equities	36.0 %	4.1 %
International equities	14.0	6.2
Private equity	10.0	6.8
Real estate	10.0	5.0
Absolute return strategies	2.0	3.3
Opportunistic portfolio	3.0	4.7
Real assets	3.0	6.0
Bonds and mortgages	17.0	0.8
Short-term	1.0	0.0
Inflation-indexed bonds	4.0	0.5
Total	100.0 %	

Discount Rate—The discount rate used to calculate the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, ERS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption—The chart below presents the Agency's proportionate share of the net pension liability/ (asset) calculated using the discount rate of 6.8%, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.8%) or one percentage-point higher (7.8%) than the current assumption.

ERS	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Employer's proportionate share of the net pension liability	$ 615,499	$ 335,370	$ 77,370

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability of the employers as of the valuation date, were as follows:

	(Dollar in Thousands) ERS
Valuation date	April 1, 2019
Employers' total pension liability	$ 194,596,261
Plan fiduciary net position	168,115,682
Employers' net pension liability	$ 26,480,579
System fiduciary net position as a percentage of total pension liability	86.4%

5. OTHER POST EMPLOYMENT BENEFITS ("OPEB") OBLIGATION

Plan Description—In addition to pension benefits, the Agency provides continuation of medical insurance coverage to employees that retire under the New York State and Local Employees' Retirement System at the same time they end their service to the Agency with certain contribution percentages paid by the Agency. Based on the collective bargaining agreement, the retiree and his or her beneficiaries receive this coverage for the life of the retiree.

Employees Covered by Benefit Terms—At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	15
Active employees	6
Total	21

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or "earned"), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability ("AAL") under GASB Statement No. 45.

Total OPEB Liability

The Agency's total OPEB liability of $3,202,482 was measured as of December 31, 2020, and was determined by an actuarial valuation as of the same date.

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employer and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the December 31, 2020 actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. The discount rate used was 2.41%, compared to 2.75% in the prior year. Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables, Headcount-Weighted, without separate contingent survivor mortality. Retirement and termination assumptions reflect general published tables based on large scale retirement plan population data. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 4.00%, while the ultimate healthcare cost trend rate is 4.08%.

Changes in the Total OPEB Liability—The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	Total OPEB Liability
Beginning Balance, as restated:	$ 2,823,791
Changes for the year:	
Service cost	122,750
Interest	78,976
Changes in benefit terms	(39,668)
Differences between expected and actual experience	190,552
Change of assumptions	100,763
Benefit payments	(74,682)
Net changes	378,691
Ending Balance, December 31, 2020	$ 3,202,482

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have an impact on the net OPEB liability. The following table presents the effect a 1% change in the discount rate assumption would have on the net OPEB liability:

	1% Decrease (1.41%)	Current Discount Rate (2.41%)	1% Increase (3.41%)
Net OPEB liability	$ 3,759,576	$ 3,202,482	$ 2,760,484

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the net OPEB liability of a 1% change in the initial (4.00%) and ultimate (4.08%) healthcare cost trend rates:

	1% Decrease (3.00% / 3.08%)	Healthcare Cost Trend Rates (4.00% / 4.08%)	1% Increase (5.00% / 5.08%)
Net OPEB liability	$ 2,746,831	$ 3,202,482	$ 3,770,207

Funding Policy—Authorization for the Agency to pay a portion of retiree health insurance premiums was enacted through various union contracts as specified above, which were ratified by the Agency's Board. The Agency's contributions to the OPEB plan are based on the negotiated contracts with the bargaining unit. Any amendments to the employer's contributions are subject to the collective bargaining agreements. The Agency recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. The Agency contributed $74,682 for the fiscal year ended December 31, 2020.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The Agency reports deferred outflows of resources due to differences during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability are required to be determined. As of June 30, 2020, the Agency reported no deferred inflows of resources related to OPEB. The table below presents the Agency's deferred outflows of resources at December 31, 2020:

	Deferred Outflows of Resources
Differences between expected and actual experience	$ 84,690
Changes of assumptions or other inputs	44,784
Benefit payments subsequent to measurement date	18,824
Total	$ 148,298

The Agency's benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending December 30, 2021. The amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December,	
2021	$ 129,474

6. LONG-TERM LIABILITIES

In the basic financial statements, long-term debt and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

The Agency's outstanding long-term liabilities include compensated absences, other postemployment benefits ("OPEB") obligation, and net pension liability.

A summary of changes in the Agency's long-term liabilities at December 31, 2020 follows:

	Balance 1/1/2020 (as restated)	Additions	Reductions	Balance 12/31/2020	Due Within One Year
Compensated Absences	$ 139,111	$ -	$ 39,817	$ 99,294	$ 9,929
OPEB Obligation	2,823,791	493,041	114,350	3,202,482	-
Net pension liability*	98,817	236,553	-	335,370	-
Total	$ 3,061,719	$ 729,594	$ 154,167	$ 3,637,146	$ 9,929

(*Additions to the net pension liability are shown net of reductions.)

Compensated Absences—As explained in Note 1, the Agency records the value of compensated absences in the basic financial statements. The annual budgets of the operating funds provide funding for these benefits as they become payable. The value recorded in the basic financial statements at December 31, 2020 is $99,294. Management estimates that $9,929 is due within one year. Since payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable.

OPEB Obligation**—**As explained in Note 5, the Agency provides health insurance coverage for certain retirees. The Agency's annual other postemployment benefits ("OPEB") cost is calculated based on the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB. The Agency's estimated long-term OPEB obligation is $3,202,482 as of December 31, 2020.

Net Pension Liability—The Agency reports a liability, $335,370, for its proportionate share of the net pension liability for the Employees' Retirement System. Refer to Note 4 for additional information related to the Agency's net pension liability.

7. RISK MANAGEMENT

Agency employees participate in the City's health and dental insurance plan. The City 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, 2020 and 2019. The Agency also participates in the City's Workers Compensation Insurance Plan. At December 31, 2020, management believes that there are no material outstanding liabilities for workers' compensation.

The Agency is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets, vehicle liability, injuries to employees, health insurance, unemployment insurance, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have not been any settlements which have exceeded commercial insurance coverage in the past three fiscal years. The Agency purchases insurance for: commercial general liability coverage, commercial crime coverage, and umbrella insurance. The general liability insurance is limited to $1 million per occurrence, with a $3 million annual aggregate limit. Crime coverage is limited to $500,000 per occurrence. Umbrella insurance is $10 million per occurrence and in the aggregate.

8. NET POSITION

The Agency's financial statements utilize a net position presentation. Net position is categorized as restricted and unrestricted components.

- ***Restricted***—This category 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. At December 31, 2020, there was no restricted net position.

- ***Unrestricted***—This component represents net position of the Corporation not restricted for any other purpose.

9. RELATED PARTY TRANSACTIONS

In accordance with an agreement between the City of Jamestown, New York (the "City") and the Agency, the Agency provides the City with administrative services to oversee the urban renewal activities of the City. In consideration of the administrative services, the City allocates an administrative fee, an in-kind contribution of office space, utilities, and parking for Agency vehicles. The administrative fee paid by the City to the Agency totaled of $326,000 for the year ended December 31, 2020.

In accordance with an agreement between the Jamestown Local Development Corporation (the "Corporation") and the Agency, the Agency provides the Corporation with administrative services. Administrative services include costs for staffing, equipment use, and supplies. For the year ended December 31, 2020, the administrative fee paid by the Corporation to the Agency totaled $140,000.

10. CONTINGENCIES

Grants—In the normal course of operations, the Agency receives grant funds from various federal and state agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions that are specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed expenditures resulting from such audits could become a liability of the Agency. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 26, 2021, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

** THIS PAGE INTENTIONALLY LEFT BLANK **

JAMESTOWN URBAN RENEWAL AGENCY

Schedule of the Agency's Proportionate Share of the Net Pension Liability—
Employees' Retirement System
Last Five Fiscal Years*

	Year Ended December 31,				
	2020	**2019**	**2018**	**2017**	**2016**
Measurement date	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Agency's proportion of the net pension liability	0.0012665%	0.0013947%	0.0014956%	0.0015354%	0.0017655%
Agency's proportionate share of the net pension liability	$ 335,370	$ 98,817	$ 48,269	$ 144,274	$ 283,375
Agency's covered payroll	$ 425,930	$ 545,650	$ 514,397	$ 528,254	$ 533,095
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	78.7%	18.1%	51.5%	13.1%	15.6%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.20%	94.70%	90.70%

*Information prior to the year ended December 31, 2016 is not available.

JAMESTOWN URBAN RENEWAL AGENCY
Schedule of the Agency's Contributions—
Employees' Retirement System
Last Five Fiscal Years*

	Year Ended December 31,				
	2020	2019	2018	2017	2016
Contractually required contribution	$ 62,928	$ 65,286	$ 69,804	$ 70,621	$ 67,382
Contributions in relation to the contractually required contribution	(62,928)	(65,286)	(69,804)	(70,621)	(67,382)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Agency's covered payroll	$ 470,629	$ 500,507	$ 521,983	$ 521,130	$ 510,121
Contributions as a percentage of covered payroll	13.37%	13.04%	13.37%	13.55%	13.21%

*Information prior to the year ended December 31, 2016 is not available.

JAMESTOWN URBAN RENEWAL AGENCY
Schedule of Changes in the Agency's Total OPEB Liability and Related Ratios
Last Three Fiscal Years*

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 122,750	$ 130,984	$ 137,720
Interest	78,976	112,914	106,266
Changes in benefit terms	(39,668)	(112,090)	-
Differences between expected and actual experience	190,552	(678,014)	(93,896)
Changes of assumptions	100,763	552,833	(156,873)
Benefit payments	(74,682)	(74,508)	(70,877)
Net changes in total OPEB liability	378,691	(67,881)	(77,660)
Total OPEB liability—beginning	2,823,791	2,891,672	2,969,332
Total OPEB liability—ending	$ 3,202,482	$ 2,823,791	$ 2,891,672
Plan fiduciary net position			
Contributions—employer	$ 74,682	$ (74,508)	$ (70,877)
Benefit payments	(74,682)	74,508	70,877
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position—beginning	-	-	-
Plan fiduciary net position—ending	$ -	$ -	$ -
Agency's net OPEB liability—ending	$ 3,202,482	$ 2,823,791	$ 2,891,672
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%
Covered-employee payroll	$ 431,231	$ 313,443	$ 313,443
Agency's net OPEB liability as a percentage of covered-employee payroll	742.64%	900.89%	922.55%

*Information prior to the year ended December 31, 2018 is not available.

The note to the required supplementary information is an integral part of this schedule.

1. OPEB LIABILITY

Changes of Assumptions—The rate used to discount future plan cash flows decreased from 2.75% at December 31, 2019 to 2.41% at December 31, 2020 based on a review of a tax exempt, high-quality 20-year tax-exempt general obligation municipal bond yield and index rates as of the measurement date. Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables, Headcount-Weighted, without separate contingent survivor mortality. Finally, the healthcare cost trend rate has an initial rate of 4.00% and an ultimate rate of 4.08%.

** THIS PAGE INTENTIONALLY LEFT BLANK **

SUPPLEMENTARY INFORMATION

JAMESTOWN URBAN RENEWAL AGENCY
(A Component Unit of the City of Jamestown, New York)
Schedule of Agency Investments
Year Ended December 31, 2020

Annual Investment Report - §2925(6) of Public Authorities Law of the State of New York requires that each public authority must annually prepare an investment report which shall include (a) investment guidelines, (b) amendments to such guidelines since the last investment report, (c) an explanation of the investment guidelines and amendments, (d) results of the annual independent audit, (e) the investment income record of the Agency, and (f) a list of the total fees, commissions or other charges paid to each investment banker, broker, dealer and adviser rendering investment associated services to the Agency since the last investment report.

a. Investment guidelines—The Agency's investment policies are governed by State statutes. All investments are maintained in bank deposit accounts which are federally insured. The Agency's deposits are held at quality institutions.

b. Amendments to guidelines—None.

c. Explanation of guidelines and investments—These guidelines restrict investment of the Agency's funds to deposits in federally insured banks. The Agency has not made any amendments to its investment policy.

d. Results of the annual independent audit—The independent auditors have issued an unmodified opinion on the Agency's financial statements for the year ended December 31, 2020.

e. Investment income record— None.

f. List of the total fees, commissions or other charges paid to each investment banker, broker, dealer and adviser rendering investment associated services to the Agency since the last investment report—No such fees, commissions, or other charges were paid during the year ended December 31, 2020.

** THIS PAGE INTENTIONALLY LEFT BLANK **

OTHER INFORMATION

JAMESTOWN URBAN RENEWAL AGENCY
(A Component Unit of the City of Jamestown, New York)
Real Property Listing
Year Ended December 31, 2020

1. **Real Property Listing** – §2896(3) of Public Authorities Law of the State of New York requires that each public authority must publish, at least annually, a report listing all real property of the authority. At December 31, 2020, the Agency owned the following real property:

Date Acquired	Section/Block/Lot Identification	Property Address	Municipality	Recorded Value *
2/5/1973	387.48-1-31	Harrison St W	Jamestown, NY	$ 1
6/10/1980	387.08-3-24	Allen St	Jamestown, NY	1
6/11/1985	387.08-9-76	Allen St	Jamestown, NY	1
6/11/1985	387.08-3-7	Allen St	Jamestown, NY	1
6/11/1985	387.08-3-11	River St	Jamestown, NY	1
6/11/1985	387.08-3-16	River St	Jamestown, NY	1
6/11/1985	387.08-3-17	River St	Jamestown, NY	1
6/11/1985	387.08-3-19	Allen St	Jamestown, NY	1
12/22/1986	387.05-2-32	Fairmount Ave	Jamestown, NY	1
6/29/1988	388.17-3-19	E Virginia Blv	Jamestown, NY	1
6/29/1988	388.17-4-23	Collins Ave	Jamestown, NY	1
6/1/1995	370.14-4-57	W 22nd St	Jamestown, NY	1
6/1/1995	370.14-4-58	W 22nd St	Jamestown, NY	1
11/29/1995	370.14-4-56	W 21st St	Jamestown, NY	1
9/10/1998	387.08-2-34	Crescent St	Jamestown, NY	1
7/17/2002	387.48-1-32.1	Harrison St W	Jamestown, NY	3,000
4/10/2003	387.40-2-3	303 W 4th St	Jamestown, NY	76,000
7/1/2003	387.39-3-20	412 W 3rd St	Jamestown, NY	60,000
7/18/2003	387.39-3-27	416 W 3rd St	Jamestown, NY	58,000
10/21/2003	387.39-3-26	304 Clinton St	Jamestown, NY	15,000
12/1/2016	387.09-9-6	Steele St	Jamestown, NY	1
2/19/2017	387.06-3-24	N Main St	Jamestown, NY	1
6/3/2017	387.09-7-39	117 Fairmount St	Jamestown, NY	1
			Total	$ 212,018

* Recorded value is based on lower cost or market value at date of acquisition, plus any property improvement costs. Donated properties are recorded at management's estimated fair value at acquisition.

2. **Real Property Acquisitions/Dispositions** – During the year ended December 31, 2020, the Agency did not acquire any real properties and disposed of 1 real property.

** THIS PAGE INTENTIONALLY LEFT BLANK **

Drescher & Malecki LLP
3083 William Street, Suite 5
Buffalo, New York 14227
Telephone: 716.565.2299
Fax: 716.565.2201

Certified Public Accountants

INDEPENDENT AUDITORS' 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 Board of Directors
Jamestown Urban Renewal Agency:

We have audited, in accordance with the 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 component unit of the City of Jamestown, New York, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 26, 2021 (which report includes an emphasis of matter paragraph regarding the restatement of net position).

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be a material weakness.

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 a 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. We consider the deficiencies described in the accompanying schedule of findings as item 2020-001 to be a material weakness.

Compliance and Other Matters

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

Agency's Responses to Findings

The Agency's responses to the findings identified in our audit are described in the accompanying schedule of findings. Management's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our 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.

Drescher & Malecki LLP

March 26, 2021

We consider the deficiencies presented below to be a material weakness in internal control.

Finding 2020-001—Recordkeeping, Policies and Procedures

Internal controls over financial reporting should be designed to detect and prevent potential misstatements. The Agency should formalize policies and procedures to reduce the risk of asset misappropriation and financial reporting misstatement, and to ensure that proper procedures are consistently followed.

The Agency currently lacks formal policies and procedures for certain accounting cycles. The lack of formal policies could cause the inappropriate treatment of accounting policies or poor execution of internal controls.

While performing our audit, we noted several items that comprise a material weakness regarding the Agency's recordkeeping, policies and procedures:

Journal Entries

Criteria: A formal policy should be established and followed to clearly identify the procedures necessary to record and independently review a journal entry. This policy should require adequate supporting documentation and an understanding of each entry that is recorded. Each journal entry should be reviewed by a person independent of the preparer.

Condition and Context: The Agency could not provide us with a formal policy for the preparation, posting, and review and approval for non-recurring journal entries. We also noted that there are no standard procedures for an independent review of non-recurring journal entries. A formal journal entry policy will allow for consistent accounting treatment and ensure appropriate controls support the review and posting of entries to the general ledger.

Effect or Potential Effect: The lack of formal policies and application of standard procedures could cause the inappropriate treatment of accounting policies or poor execution of internal controls.

Cause: Currently there is no formal policy for preparation, posting and review/approval of journal entries.

Recommendation: We recommend that the Agency develop and establish a formal journal entry policy which should require formal documentation of review/approval of journal entries through an independent reviewer sign-off.

Management's Response: The Agency plans to develop and establish a formal journal entry policy.

Bank Reconciliations

Criteria: A formal policy should be established and followed regarding the preparation and review of bank reconciliations. This policy should include the preparer signing off and dating the bank reconciliation as completed, and the reviewer signing off and dating the bank reconciliation as reviewed.

Condition and Context: While all bank reconciliations were performed, there was no review by a second individual or sign-off by the preparer indicating when the reconciliation was performed.

Effect or Potential Effect: The absence of a consistent review of bank reconciliations increases the risk of misstated general ledger account balances, the risk of errors in reporting, and misappropriation of assets.

Cause: Currently there is no formal policy for the preparation and/or review of bank reconciliations.

Recommendation: We recommend that the Agency adopt a policy regarding the preparation of bank reconciliations, which includes the preparer signing off and dating the bank reconciliation as completed, and these reconciliations also being reviewed by a second individual, evidenced by sign-off and dating of the bank reconciliation as reviewed.

Management's Response: The Agency plans to develop and establish a formal bank reconciliation policy.

Cash Disbursement Procedures

Criteria: Key purchasing functions, including the disbursement of funds and bank account transfers, should be appropriately segregated. Further, pre-numbered purchase orders should be provided for all cash disbursements.

Condition and Context: Due to limited Agency staffing, when an individual is not available, only one individual is assigned the responsibilities for the disbursement of cash.

Effect or Potential Effect: The absence of a segregated internal control system presents the opportunity for the misappropriation of assets and potential misstatement of the financial statements.

Cause: There are currently no procedures in place to ensure adequate segregation of duties in the event of an employee absence.

Recommendation: We recommend that the Agency evaluate its key cash disbursement functions to ensure adequate internal controls through appropriate segregation of duties or other mitigating controls.

Management's Response: The Agency plans to evaluate its key cash disbursement functions and develop and establish a formal procedures policy.