

**JAMESTOWN URBAN
RENEWAL AGENCY**

*(A Component Unit of the City of Jamestown, New York)
Basic Financial Statements, Required
Supplementary Information, Supplementary Information
and Other Information for the
Year Ended December 31, 2022
and Independent Auditors' Reports*

JAMESTOWN URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF JAMESTOWN, NEW YORK)
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Year Ended December 31, 2022

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DRESCHER & MALECKI LLP

2721 Transit Road, Suite 111
Elma, New York 14059
Telephone: 716.565.2299
Fax: 716.389.5178



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Jamestown Urban Renewal Agency

Report on the Audit of the Financial Statements

Opinion

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Agency's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The Schedule of Agency Investments is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Information

Management is responsible for the Other Information, as listed in the table of contents. The other information comprises the Real Property Listing but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2023 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

July 6, 2023

JAMESTOWN URBAN RENEWAL AGENCY
(A Component Unit of the City of Jamestown, New York)
Management's Discussion and Analysis
Year Ended December 31, 2022

As management of the Jamestown Urban Renewal Agency (the "Agency"), a blended component unit of the City of Jamestown, New York (the "City"), 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, 2022. 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.

Financial Highlights

- The liabilities and deferred inflows of resources of the Agency exceeded its assets and deferred outflows of resources at December 31, 2022 and 2021 by \$3,097,752 and \$3,275,396, respectively.
- The Agency's net position increased by \$177,644 during the year ended December 31, 2022.

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 two components: 1) financial statements and 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 fiscal year. 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/(asset) 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 \$3,097,752 at December 31, 2022, as compared to \$3,275,396 at the close of the fiscal year ended December 31, 2021.

Table 1, shown below, presents the condensed statements of net position of the Agency at December 31, 2022 and 2021.

Table 1—Condensed Statements of Net Position

	December 31,	
	2022	2021
Assets:		
Current assets	\$ 27,312	\$ 63,453
Noncurrent assets	321,998	212,018
Total assets	<u>349,310</u>	<u>275,471</u>
Deferred outflows of resources	<u>301,370</u>	<u>382,401</u>
Liabilities:		
Current liabilities	34,344	25,840
Noncurrent liabilities	2,321,320	3,589,681
Total liabilities	<u>2,355,664</u>	<u>3,615,521</u>
Deferred inflows of resources	<u>1,392,768</u>	<u>317,747</u>
Net position:		
Unrestricted	<u>(3,097,752)</u>	<u>(3,275,396)</u>
Total net position	<u>\$ (3,097,752)</u>	<u>\$ (3,275,396)</u>

The Agency’s net position, \$(3,097,752), is considered to be an unrestricted deficit. This deficit reflects long-term liabilities, primarily including the other postemployment benefits obligation that is funded annually on a pay-as-you-go basis.

Table 2, as presented below, shows the changes in net position for the years ended December 31, 2022 and 2021.

Table 2—Condensed Statements of Changes in Net Position

	<u>Year Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 1,051,638	\$ 1,007,184
Operating expenses	<u>873,994</u>	<u>1,333,088</u>
Operating income (loss)	<u>177,644</u>	<u>(325,904)</u>
Nonoperating revenues	<u>-</u>	<u>14,200</u>
Change in net position	177,644	(311,704)
Net position—beginning	<u>(3,275,396)</u>	<u>(2,963,692)</u>
Net position—ending	<u>\$ (3,097,752)</u>	<u>\$ (3,275,396)</u>

Overall revenues increased 3.0 percent from the prior year, primarily due to an increase in Federal grants during the year ended December 31, 2022. Total expenses decreased 34.4 percent from the year ended December 31, 2021, primarily due to significant decreases in allocable employee benefit expenses attributed to the Agency’s pension and other postemployment benefit obligations.

A summary of sources of revenues for the years ended December 31, 2022 and 2021 is presented below in Table 3.

Table 3—Summary Sources of Revenues

	<u>Year Ended December 31,</u>		<u>Increase/(Decrease)</u>	
	<u>2022</u>	<u>2021</u>	<u>Dollars</u>	<u>Percent (%)</u>
Operating revenues:				
Federal grants	\$ 481,868	\$ 420,869	\$ 60,999	14.5
Administrative service fee—City	416,732	416,800	(68)	(0.0)
Administrative service fee—JLDC	140,000	140,000	-	-
Administrative service fee—JRC	12,000	-	12,000	100.0
Other	<u>1,038</u>	<u>29,515</u>	<u>(28,477)</u>	<u>(96.5)</u>
Total operating revenues	<u>1,051,638</u>	<u>1,007,184</u>	<u>44,454</u>	<u>4.4</u>
Nonoperating revenues:				
Sale of real estate	<u>-</u>	<u>14,200</u>	<u>(14,200)</u>	<u>(100.0)</u>
Total revenues	<u>\$ 1,051,638</u>	<u>\$ 1,021,384</u>	<u>\$ 30,254</u>	<u>3.0</u>

The most significant sources of revenues for the year ended December 31, 2022 were federal grants of \$481,868, or 45.8 percent of total revenues, and the City allocation of \$416,732, or 39.6 percent of total revenues. Similarly, the largest sources of revenues for the year ended December 31, 2021 were federal grants of \$420,869, or 41.2 percent of total revenues, and the City allocation of \$416,800, or 40.8 percent of total revenues.

A summary of expenses for the years ended December 31, 2022 and 2021 is presented below in Table 4.

Table 4—Summary Sources of Operating Expenses

	Year Ended December 31,		Increase/(Decrease)	
	2022	2021	Dollars	Percent (%)
Operating expenses:				
Salaries and benefits	\$ 718,971	\$ 1,190,379	\$ (471,408)	(39.6)
Office expenses	68,988	25,384	43,604	171.8
Automobile expenses	20,060	16,758	3,302	19.7
Professional fees	28,663	78,281	(49,618)	(63.4)
Other	37,312	22,286	15,026	67.4
Total operating expenses	<u>\$ 873,994</u>	<u>\$ 1,333,088</u>	<u>\$ (459,094)</u>	(34.4)

The most significant expense items for the year ended December 31, 2022 were salaries and benefits of \$718,971, or 82.3 percent of total expenses and office expenses of \$68,988, or 7.9 percent of total expenses. Similarly, for the year ended December 31, 2021, the most significant expenses were salaries and benefits of \$1,190,379, or 89.3 percent of total expenses and professional fees of \$78,281, or 5.9 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, 2022 and 2021.

Table 5—Condensed Statements of Cash Flows

	Year Ended December 31,		Increase/ (Decrease)
	2022	2021	Dollars
Cash flows (used for) provided by:			
Operating activities	\$ (23,994)	\$ (43,051)	\$ 19,057
Investing activities	<u>-</u>	<u>14,200</u>	<u>(14,200)</u>
Net decrease in cash and cash equivalents	(23,994)	(28,851)	4,857
Cash and cash equivalents—beginning	<u>30,866</u>	<u>59,717</u>	
Cash and cash equivalents—ending	<u>\$ 6,872</u>	<u>\$ 30,866</u>	

Long-term liabilities—A summary of the Agency’s long-term liabilities at December 31, 2022 and 2021 is presented below in Table 6.

Table 6—Summary of Long-Term Liabilities

	December 31,	
	2022	2021
Compensated absences	\$ 114,381	\$ 96,661
OPEB obligation	2,218,377	3,501,706
Net pension liability	-	980
Total	<u>\$ 2,332,758</u>	<u>\$ 3,599,347</u>

Additional information on the Agency’s long-term liabilities can be found in Notes 3, 4 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.

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BASIC FINANCIAL STATEMENTS

JAMESTOWN URBAN RENEWAL AGENCY
(A Component Unit of the City of Jamestown, New York)
Statement of Net Position
December 31, 2022

ASSETS

Current assets:

Cash and cash equivalents	\$ 6,872
Receivables	8,000
Prepaid items	12,440

Noncurrent assets:

Real estate held for sale	212,018
Noncurrent pension asset	<u>109,980</u>
Total assets	<u>349,310</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows—relating to pensions	276,356
Deferred outflows—relating to OPEB	<u>25,014</u>
Total deferred outflows of resources	<u>301,370</u>

LIABILITIES

Current liabilities:

Accounts payable	10,603
Accrued liabilities	12,303
Compensated absences	11,438

Noncurrent liabilities:

Compensated absences	102,943
OPEB obligation	<u>2,218,377</u>
Total liabilities	<u>2,355,664</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows—relating to pensions	397,425
Deferred inflows—relating to OPEB	<u>995,343</u>
Total deferred inflows of resources	<u>1,392,768</u>

NET POSITION

Unrestricted	<u>(3,097,752)</u>
Total net position	<u>\$ (3,097,752)</u>

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, 2022

Operating revenues:	
Federal grants	\$ 481,868
Administrative service - City	416,732
Administrative service - JLDC	140,000
Administrative service - JRC	12,000
Miscellaneous	<u>1,038</u>
Total operating revenues	<u>1,051,638</u>
Operating expenses:	
Salaries and benefits	718,971
Office expenses	68,988
Automobile expense	20,060
Professional fees	28,663
Real estate taxes	2,118
Office equipment	5,144
Travel and training	19,661
Miscellaneous	<u>10,389</u>
Total operating expenses	<u>873,994</u>
Change in net position	177,644
Net position—beginning	<u>(3,275,396)</u>
Net position—ending	<u>\$ (3,097,752)</u>

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, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from services provided	\$ 1,042,411
Payments made for operating costs	<u>(1,066,405)</u>
Net cash (used for) operating activities	<u>(23,994)</u>
Net change in cash and cash equivalents	(23,994)
Cash and cash equivalents—beginning	<u>30,866</u>
Cash and cash equivalents—ending	<u>\$ 6,872</u>
 Reconciliation of operating income to net cash provided by (used for) operating activities:	
Operating income	\$ 177,644
Adjustments to reconcile operating income to net cash (used for) operating activities:	
Decrease in receivables	9,227
Decrease in prepaids	2,920
Increase in accounts payable	5,536
Increase in accrued liabilities	1,196
Increase in compensated absences	17,720
(Decrease) in OPEB obligation	(1,283,329)
(Decrease) in net pension liability	(110,960)
Decrease in deferred outflows of resources	81,031
Increase in deferred inflows of resources	<u>1,075,021</u>
Total adjustments	<u>(201,638)</u>
Net cash (used for) operating activities	<u>\$ (23,994)</u>

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

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JAMESTOWN URBAN RENEWAL AGENCY
(A Component Unit of the City of Jamestown, New York)
Notes to the Financial Statements
Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Jamestown Urban Renewal Agency (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 blended 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, 2022 and for the year then ended.

Basis of Accounting and Measurement Focus

The basic financial statements of 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, 2022, the Agency does not report any investments; however, when the Agency does have investments they are recorded at fair value in accordance with GASB.

Receivables—Represents amounts owed from the Jamestown Local Development Corporation (the “Corporation”), for administrative services. At December 31, 2022, the Corporation owed the Agency \$8,000.

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, 2022, the Agency did not sell any property.

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, 2022, 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 asset, 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 total 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 total 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, 2022, 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 asset and the difference during the measurement periods between the Agency’s contributions and its proportionate share of total contributions to the pension system. The second item represents the effects of the change in the Agency’s proportion of the collective OPEB liability and difference during 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 OPEB liability.

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 the Corporation, and federal grant revenues for CDBG and HOME 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 3.

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 4.

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 outflows of resources, deferred inflows 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, 2022, the Agency implemented GASB Statement No. 87, *Leases*. GASB Statement No. 87 better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The implementation of GASB Statement No. 87 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. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*; and the remaining portion of No. 99, *Omnibus 2022*, effective for the year ending December 31, 2023, and No. 100, *Accounting Changes and Error Corrections— an amendment of GASB Statement No. 62*; and No. 101, *Compensated Absences*, effective for the year ending December 31, 2024. The Agency is, therefore, unable to disclose the impact that adopting GASB Statements No. 94, 96, 99, 100 and 101 will have on its financial position and results of operations when such statements are adopted.

Tax Status—The Agency 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, 2022, the Agency reported a net position of \$(3,097,752). The deficit is caused by the recognition of long-term liabilities associated with compensated absences and other postemployment benefits.

2. 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, 2022 consisted of the following:

	<u>2022</u>
Cash on deposit	\$ 6,872
Total	<u>\$ 6,872</u>

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, 2022 as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
FDIC insured	<u>\$ 21,679</u>	<u>\$ 6,872</u>

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, 2022, 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, 2022.

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.

3. PENSION PLAN

Plan Description and Benefits Provided

Employees' Retirement System—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 (3.0%) 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/(Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2022, the Agency reported the following asset for its proportionate share of the net pension asset for the ERS. The net pension asset was measured as of March 31, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to the measurement date. The Agency's proportion of the net pension asset 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. This information was provided by the ERS in reports provided to the Agency.

	<u>ERS</u>
Measurement date	March 31, 2022
Net pension (asset)	\$ (109,980)
Agency's portion of the Plan's total net pension liability/(asset)	0.0013454%

For the year ended December 31, 2022, the Agency recognized pension expense/(income) of \$(38,545) for the ERS. At December 31, 2022, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions as shown on the following page.

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 8,329	\$ 10,803
Changes of assumptions	183,544	3,097
Net difference between projected and actual earnings on pension plan investments	-	360,137
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	47,428	23,388
Agency contributions subsequent to the measurement date	<u>37,055</u>	<u>-</u>
Total	<u>\$ 276,356</u>	<u>\$ 397,425</u>

Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. 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
2023	\$ (21,057)
2024	(35,006)
2025	(89,457)
2026	(12,604)

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 as shown on the following page.

	ERS
Measurement date	March 31, 2022
Actuarial valuation date	April 1, 2021
Interest rate	5.9%
Salary scale	4.4%
Decrement tables	April 1, 2015- March 31, 2020
Inflation rate	2.7%
Cost-of-living adjustments	1.4%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020. The actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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:

Measurement date	ERS	
	Target Allocation	Long-Term Expected Real Rate of Return
	March 31, 2022	
Asset class:		
Domestic equities	32.0 %	3.3 %
International equities	15.0	5.9
Private equity	10.0	6.5
Real estate	9.0	5.0
Absolute return strategies	3.0	4.1
Credit	4.0	3.8
Real assets	3.0	5.6
Fixed income	23.0	0.0
Cash	1.0	-1.0
Total	100.0 %	

Discount Rate—The discount rate used to calculate the total pension liability was 5.9%. 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/(Asset) to the Discount Rate Assumption—The chart on the following page presents the Agency's proportionate share of the net pension liability/(asset) calculated using the discount rate of 5.9%, 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 (4.9%) or one percentage-point higher (6.9%) than the current assumption.

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension liability/(asset)	\$ 283,086	\$ (109,980)	\$ (438,760)

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

	<u>(Dollar in Thousands)</u>	
	<u>ERS</u>	
Valuation date	April 1, 2021	
Employers' total pension liability/(asset)	\$	223,874,888
Plan fiduciary net position		<u>232,049,473</u>
Employers' net pension liability/(asset)	\$	<u>(8,174,585)</u>
System fiduciary net position as a percentage of total pension liability/(asset)		103.7%

4. OTHER POSTEMPLOYMENT 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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	17
Active employees	<u>12</u>
Total	<u>29</u>

Total OPEB Liability

The Agency’s total OPEB liability of \$2,218,377 was measured as of September 30, 2022, and was determined by an actuarial valuation as of December 31, 2022.

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, 2022 actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. The discount rate used was 4.40%, compared to 2.19% in the prior year. Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables, Headcount-Weighted, without separate contingent survivor mortality updated using MP-2021 fully generational mortality tables. 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 5.50%, while the ultimate healthcare cost trend rate is 4.00%.

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

	<u>Total OPEB Liability</u>
Beginning balance, January 1, 2022	\$ 3,501,706
Changes for the year:	
Service cost	88,390
Interest	76,456
Changes of benefit terms	(32,785)
Differences between expected and actual experience	(362,716)
Change of assumptions	(953,705)
Benefit payments	<u>(98,969)</u>
Net changes	<u>(1,283,329)</u>
Ending balance, December 31, 2022	<u>\$ 2,218,377</u>

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 total OPEB liability. The following table presents the effect a 1% change in the discount rate assumption would have on the total OPEB liability:

	1% Decrease (3.40%)	Current Discount Rate (4.40%)	1% Increase (5.40%)
Total OPEB liability	\$ 2,538,002	\$ 2,218,377	\$ 1,958,808

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the total OPEB liability of a 1% change in the initial (5.50%) and ultimate (4.00%) healthcare cost trend rates:

	1% Decrease (4.50% / 3.00%)	Healthcare Cost Trend Rates (5.50% / 4.00%)	1% Increase (6.50% / 5.00%)
Total OPEB liability	\$ 1,937,679	\$ 2,218,377	\$ 2,565,795

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 \$98,969 for the fiscal year ended December 31, 2022.

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 OPEB liability are required to

be determined. As of December 31, 2022, the Agency reported the following deferred outflows and deferred inflows of resources related to OPEB at December 31, 2022:

	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
Differences between expected and actual experience	\$ -	\$ 274,249
Changes of assumptions or other inputs	-	721,094
Benefit payments subsequent to measurement date	<u>25,014</u>	<u>-</u>
Total	<u>\$ 25,014</u>	<u>\$ 995,343</u>

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 31, 2023. The remaining amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December,</u>	
2023	\$ (321,078)
2024	(321,078)
2025	(321,078)
2026	(32,109)

5. 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, 2022 and 2021. The Agency also participates in the City’s Workers’ Compensation Insurance Plan. At December 31, 2022, 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.

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, 2022 are shown below:

	Balance 1/1/2022	Additions	Reductions	Balance 12/31/2022	Due Within One Year
Compensated absences	\$ 96,661	\$ 19,497	\$ 1,777	\$ 114,381	\$ 11,438
OPEB obligation	3,501,706	164,846	1,448,175	2,218,377	-
Net pension liability*	980	-	980	-	-
Total	<u>\$ 3,599,347</u>	<u>\$ 184,343</u>	<u>\$ 1,450,932</u>	<u>\$ 2,332,758</u>	<u>\$ 11,438</u>

(*Reductions to the net pension liability are shown net of additions.)

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, 2022 is \$114,381. Management estimates that \$11,438 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 4, 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 \$2,218,377 as of December 31, 2022.

7. 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, 2022, there was no restricted net position.
- **Unrestricted**—This component represents net position of the Agency not restricted for any other purpose.

8. 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 \$416,732 for the year ended December 31, 2022.

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, 2022, the administrative fee paid by the Corporation to the Agency totaled \$140,000.

In accordance with an agreement between the Jamestown Renaissance Corporation (the “JRC”) and the Agency, the Agency provides the JRC with bookkeeping and accounting services. For the year ended December 31, 2022, the administrative fee paid by the JRC to the Agency totaled \$12,000.

9. CONTINGENCIES

Litigation—The Agency is party to various legal proceedings which normally occur in governmental operations. The Agency believes that it is the ultimate liability, if any, in connection with these matters, will not have a material effect on the Agency’s financial condition or results of operations.

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.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 6, 2023, 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.

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REQUIRED SUPPLEMENTARY INFORMATION

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JAMESTOWN URBAN RENEWAL AGENCY
Schedule of the Agency's Proportionate Share of the Net Pension Liability—
Employees' Retirement System
Last Seven Fiscal Years*

	Year Ended December 31,						
	2022	2021	2020	2019	2018	2017	2016
Measurement date	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Agency's proportion of the net pension liability/(asset)	0.0013454%	0.0009840%	0.0012665%	0.0013947%	0.0014956%	0.0015354%	0.0017655%
Agency's proportionate share of the net pension liability/(asset)	<u>\$ (109,980)</u>	<u>\$ 980</u>	<u>\$ 335,370</u>	<u>\$ 98,817</u>	<u>\$ 48,269</u>	<u>\$ 144,274</u>	<u>\$ 283,375</u>
Agency's covered payroll	\$ 545,001	\$ 463,788	\$ 425,930	\$ 545,650	\$ 514,397	\$ 528,254	\$ 533,095
Agency's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-20.2%	0.2%	78.7%	18.1%	9.4%	27.3%	53.2%
Plan fiduciary net position as a percentage of the total pension liability	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%

*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 Seven Fiscal Years*

	Year Ended March 31,						
	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 58,431	\$ 60,803	\$ 62,928	\$ 65,286	\$ 69,804	\$ 70,621	\$ 67,382
Contributions in relation to the contractually required contribution	(58,431)	(60,803)	(62,928)	(65,286)	(69,804)	(70,621)	(67,382)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Agency's covered-employee payroll	\$ 536,528	\$ 477,084	\$ 470,629	\$ 500,507	\$ 521,983	\$ 521,130	\$ 510,121
Contributions as a percentage of covered payroll	10.9%	12.7%	13.4%	13.0%	13.4%	13.6%	13.2%

*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 Five Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 88,390	\$ 103,576	\$ 122,750	\$ 130,984	\$ 137,720
Interest	76,456	77,573	78,976	112,914	106,266
Changes in benefit terms	(32,785)	-	(39,668)	(112,090)	-
Differences between expected and actual experience	(362,716)	86,501	190,552	(678,014)	(93,896)
Changes of assumptions	(953,705)	118,824	100,763	552,833	(156,873)
Benefits payments	<u>(98,969)</u>	<u>(87,250)</u>	<u>(74,682)</u>	<u>(74,508)</u>	<u>(70,877)</u>
Net changes in total OPEB liability	(1,283,329)	299,224	378,691	(67,881)	(77,660)
Total OPEB liability—beginning	<u>3,501,706</u>	<u>3,202,482</u>	<u>2,823,791</u>	<u>2,891,672</u>	<u>2,969,332</u>
Total OPEB liability—ending	<u>\$ 2,218,377</u>	<u>\$ 3,501,706</u>	<u>\$ 3,202,482</u>	<u>\$ 2,823,791</u>	<u>\$ 2,891,672</u>
Plan fiduciary net position					
Contributions—employer	\$ 98,969	\$ 87,250	\$ 74,682	\$ 74,508	\$ 70,877
Benefits payments	<u>(98,969)</u>	<u>(87,250)</u>	<u>(74,682)</u>	<u>(74,508)</u>	<u>(70,877)</u>
Net changes in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position—beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Agency's net OPEB liability—ending	<u>\$ 2,218,377</u>	<u>\$ 3,501,706</u>	<u>\$ 3,202,482</u>	<u>\$ 2,823,791</u>	<u>\$ 2,891,672</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 667,597	\$ 431,231	\$ 431,231	\$ 313,443	\$ 313,443
Agency's net OPEB liability as a percentage of covered-employee payroll	332.3%	812.0%	742.6%	900.9%	922.6%

*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.

JAMESTOWN URBAN RENEWAL AGENCY
Note to the Required Supplementary Information
Year Ended December 31, 2022

1. OPEB LIABILITY

Changes of Assumptions—The rate used to discount future plan cash flows increased from 2.19% at December 31, 2021 to 4.40% at December 31, 2022 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 updated using MP-2021 fully generational mortality tables, Headcount-Weighted, without separate contingent survivor mortality. Finally, the healthcare cost trend rate has an initial rate of 5.50% and an ultimate rate of 4.00%.

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SUPPLEMENTARY INFORMATION

JAMESTOWN URBAN RENEWAL AGENCY
(A Component Unit of the City of Jamestown, New York)
Schedule of Agency Investments
Year Ended December 31, 2022

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, 2022.
- 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, 2022.

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OTHER INFORMATION

JAMESTOWN URBAN RENEWAL AGENCY
(A Component Unit of the City of Jamestown, New York)
Real Property Listing
Year Ended December 31, 2022

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, 2022, the Agency owned the following real property:

<u>Date Acquired</u>	<u>Section/Block/Lot Identification</u>	<u>Property Address</u>	<u>Municipality</u>	<u>Recorded Value *</u>
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	<u>\$ 212,018</u>

* 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, 2022, the Agency did not acquire or dispose of any real properties.

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DRESCHER & MALECKI LLP

2721 Transit Road, Suite 111
Elma, New York 14059
Telephone: 716.565.2299
Fax: 716.389.5178



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, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated July 6, 2023.

Report on 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") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

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. 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.

Our consideration of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2022-001 and 2022-002, that we consider to be material weaknesses.

Report on 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 financial statements. 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

Government Auditing Standards requires the auditor to perform limited procedures on the Agency's response to the findings identified in our audit and described in the accompanying Schedule of Findings. The Agency's responses were not subjected to the other 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

July 6, 2023

JAMESTOWN URBAN RENEWAL AGENCY
(A Component Unit of the City of Jamestown, New York)
Schedule of Findings
Year Ended December 31, 2022

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

Finding 2022-001—Policies and Procedures

Criteria: Internal controls over financial reporting should be designed by management to prevent or detect and correct misstatements and to comply with applicable accounting standards and principles. The Agency should formalize accounting policies and procedures to reduce the risk of financial statement misstatement, asset misappropriation, fraudulent financial reporting, and to ensure that proper procedures are consistently followed.

Condition and Context: The Agency does not have formal policies and procedures documented for critical accounting cycles including journal entries, bank reconciliations and review of year end accruals. As a result, journal entries posted to the accounting system and bank reconciliations were not consistently reviewed by an employee independent from the preparer.

Cause: Lack of formalized policies and procedures for the year ended December 31, 2022. The presence of several material adjusting journal entries identified during the audit of the year ended December 31, 2022 indicates insufficient utilization of applicable accounting standards and principles.

Effect: There is an increased risk of financial statement misstatement, asset misappropriation and fraudulent financial reporting. The financial statements include several adjusting entries, which have a material effect on the Agency's financial statements. Additionally, lacking internal controls increases risk and creates the opportunity for fraud.

Recommendation: We recommend that the Agency evaluate policies and procedures for each accounting cycle on a regular basis. Note, formalized policies and procedures should be in place for journal entries and bank reconciliations. Included within these policies and procedures should be the assessment and evaluation of internal controls, to ensure that controls surrounding key accounting functions are regularly revisited to provide assurance that they are designed effectively and operating efficiently. Such policies should be approved by the Board, reviewed, and updated on a regular basis.

In addition:

All journal entries should be reviewed and approved by an individual independent of the employee who prepared the journal entry. The entry should be accompanied by supporting documentation. The reviewer should have adequate knowledge surrounding accounting transactions to be able to properly review and approve the entries made.

A formal written bank reconciliation policy should detail bank reconciliation procedures and the responsibilities of the designated employees. We suggest that all bank reconciliations be performed monthly, within 15 days of receiving the respective bank statements and any differences between net bank balances and general ledger cash accounts should be researched and addressed. The reconciliations should be performed by an employee or official who does not have custody or access to cash and who does not record cash receipt, cash disbursement, or journal entry transactions. Finally, all bank reconciliations should be reviewed in a timely manner by management.

All accruals should be reviewed annually for appropriateness and reasonableness of collectability. Amounts should be supported by formal documentation.

Management's Response: The Jamestown Urban Renewal Agency is currently in the process of reviewing its operations and will begin the process of formalizing policies and procedures during the 2023 fiscal year.

Finding 2022-002—Application of Governmental Accounting Standards and Principles

Criteria: Internal controls over financial reporting should be designed by management to prevent or detect and correct misstatements and to comply with applicable accounting standards and principles. The Agency does not exhibit selection and application of certain accounting principles generally accepted in the United States of America. Therefore, the Agency does not maintain financial records sufficient to internally prepare financial statements that conform with accounting principles generally accepted in the United States of America. The absence of this financial reporting application is considered to be a weakness in controls, as the potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the Agency.

Condition and Context: The Agency's financial records are not maintained in accordance with GASB requirements. Internal controls should be in place to ensure proper financial reporting, consistent basis of accounting, and complete and accurate disclosures, exclusive of the efforts of the independent external auditor.

Effect or Potential Effect: Several material proposed adjusting journal entries were required for the year ended December 31, 2022.

Cause: The presence of several material proposed journal entries accumulated through the audit of the year ended December 31, 2022 indicates insufficient utilization of applicable accounting standards and principles.

Recommendation: We recommend that the Agency continue to improve its financial accounting and reporting processes to be within the requirements of the Governmental Accounting Standards Board and governmental GAAP.

Management's Response: The Jamestown Urban Renewal Agency management will review the entries that were needed for this year and work to have them entered prior to the next fiscal year's audit.