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March 20, 2025

Board of Directors of the
Jamestown Urban Renewal Agency:

In planning and performing our audit of the basic 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, 2024, 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, 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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency’s internal control over financial reporting.

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 that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

We communicated material weaknesses identified during our audit in a separate communication dated March 20, 2025.

In addition, during our audit we identified certain matters involving the internal control, other operational matters and future reporting requirements that are presented for your consideration. This letter does not affect our report dated March 20, 2025 on the financial statements of the Agency. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized in Exhibit I.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

Drecher & Malecki LLP

March 20, 2025

Real Estate Held for Sale

As noted in prior years, the Agency holds title to several real estate properties throughout the City of Jamestown, New York. As noted in prior years, a listing of these properties was not maintained during the fiscal year by the Agency.

We recommend that the Agency develop a policy and procedures to maintain the real estate held for sale listing. This policy should designate an individual from the Agency responsible for tracking acquisitions and sales of real estate during the year. Also, the policy should include the basis for which properties will be recorded on the Agency's records to ensure a consistent and accurate listing.

Investment Opportunities

We noted that the majority of the Agency's cash is maintained in low or non-interest bearing accounts. The Agency's investment policy permits the "Director of Administrative Services and City Comptroller to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs."

We recommend that the Agency conduct a cash flow analysis to determine if investment opportunities are available to generate additional interest income.

Future Reporting Requirements

The Governmental Accounting Standards Board ("GASB") has adopted several new pronouncements which may have a future impact upon the Agency. These should be evaluated to determine the extent the Agency will be impacted in future years.

GASB Statement No. 102—The Agency is required to implement GASB Statement No. 102, *Certain Risk Disclosures*, effective for the fiscal year ending December 31, 2025. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

GASB Statement No. 103—The Agency is required to implement GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for the fiscal year ending December 31, 2026. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

GASB Statement No. 104—The Agency is required to implement GASB Statement No. 104, *Disclosure of Certain Capital Assets*, effective for the fiscal year ending December 31, 2026. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.