

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

FOR THE YEAR ENDED MARCH 31, 2020

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
FOR THE YEAR ENDED MARCH 31, 2020**

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
INDEPENDENT AUDITORS' REPORT		1
MANAGEMENT'S DISCUSSION AND ANALYSIS		3
FINANCIAL STATEMENTS		
Statement of Net Position	A	9
Statement of Activities	B	10
Statement of Net Position - Proprietary Funds	C	11
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	D	12
Statement of Cash Flows	E	13
Notes to the Financial Statements		16
REQUIRED SUPPLEMENTARY INFORMATION	<u>Schedule</u>	
Schedule of Proportionate Share of the Net Pension Liability	1	33
Schedule of Employer Contributions	2	34
	<u>Exhibit</u>	
SUPPLEMENTAL FINANCIAL INFORMATION		
Schedule of Leases	F	36
Schedule of Payments in Lieu of Taxes	G	37
Schedule of Bonds	H	38
Financial Data Schedules (REAC)		39
INTERNAL CONTROL AND COMPLIANCE		
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 <i>Government Auditing Standards</i>		47
Schedule of Findings and Responses		49
Status of Prior Year Findings and Recommendations		50

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
City of Salamanca Industrial Development Agency
Salamanca, New York 14779

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the City of Salamanca Industrial Development Agency, a component unit of the City of Salamanca, as of and for the year ended March 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

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 opinions 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 audit 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 auditors' 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the City of Salamanca Industrial Development Agency, as of March 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7, the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Employer Contributions 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

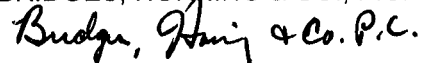
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Salamanca Industrial Development Agency's basic financial statements. The supplemental financial information schedules and financial data schedules (REAC) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental financial section schedules and the financial data schedules (REAC) are the responsibility of management and were derived from and relate 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 supplemental financial information schedules and the financial data schedules (REAC) are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2020, on our consideration of the City of Salamanca Industrial Development 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 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 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 City of Salamanca Industrial Development Agency's internal control over financial reporting and compliance.

BRIDGES, HORNING & CO., P.C.



Cattaraugus, New York
September 4, 2020

CITY OF SALAMANCA INDUSTRIAL DEVELOPMENT AGENCY MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the City of Salamanca Industrial Development Agency's annual financial report, the Agency's management provides narrative discussion and analysis of the financial activities of the Agency for the fiscal year ended March 31, 2020. The City of Salamanca Industrial Development Agency's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

FINANCIAL HIGHLIGHTS

The City of Salamanca Industrial Development Agency's assets exceeded its liabilities by \$1,793,891 for the fiscal year ended March 31, 2020. This compares to the previous year when assets exceeded liabilities by \$1,776,939 (restated).

Total net position comprises the following:

1. Net Investment in Capital Assets of \$672,606 includes property and equipment, net of accumulated depreciation, and is reduced for outstanding debt related to the purchase, construction, and improvement of the capital assets.
2. Net position of \$749,587 is restricted by constraints imposed from outside the Agency, such as grantor requirements, laws, and regulations.
3. Unrestricted net position of \$371,698 represents the portion available to continue the Agency's objectives of community service to its citizens and to meet the obligations of its creditors.

Total liabilities and deferred inflows of resources of the Agency decreased by \$51,540, after restatement, to \$112,461 during the fiscal year.

Revenues for the year ended March 31, 2020, totaled \$762,321, of which \$246,271 was from charges for services, \$504,408 from operating grants, \$792 from interest income, and \$10,850 from the gain on the disposition of an asset.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the Agency's basic financial statements. The basic financial statements include: 1) governmentwide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The City of Salamanca Industrial Development Agency also includes in this report additional information to supplement the basic financial statements.

Governmentwide Financial Statements

The City of Salamanca Industrial Development Agency's annual report includes two governmentwide financial statements. These statements provide both long-term and short-term information about the Agency's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these governmentwide statements is the Statement of Net Position. This is the governmentwide statement of position presenting information that includes all of the Agency's assets and liabilities, with the difference reported as net position. In addition to the information provided in this report, an evaluation of the overall economic health of the Agency would extend to other nonfinancial factors, such as the quality of its loan portfolio, the diversification and strength of the economy in the Salamanca, New York area, and the condition of the Agency's capital assets.

The second governmentwide statement is the Statement of Activities, which reports how the Agency's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the Agency's distinct activities or functions on revenue provided by the Agency's grantors, as well as on revenue derived from its rental and lending activities.

The City of Salamanca Industrial Development Agency comprises only business-type activities. These include the General Operating Fund, the Program Income Revolving Loan Fund, the Section 8 Housing Choice Vouchers Program, the Urban Development Action Grant Program, and the Salamanca Area Development Corporation.

The Salamanca Area Development Corporation has been determined to be a component unit and is presented as a separate major fund within these financial statements. Therefore, there are no separately issued financial statements.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Agency uses funds to ensure and demonstrate compliance with finance-related laws and regulations.

The Agency utilizes proprietary funds that are reported in the fund financial statements and generally report services for which the Agency charges customers a fee. The Agency also receives grants and contributions. These funds essentially encompass the same functions reported as business-type activities in the governmentwide statements.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the governmentwide financial statements but with more detail for major enterprise funds.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the governmentwide and fund financial statements. The notes to the financial statements are located directly after the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental and other supplemental information concerning the City of Salamanca Industrial Development Agency's progress. Supplemental information follows the notes to the financial statements.

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

The Agency's net position at March 31, 2020, was \$1,793,891 which represents an increase of \$16,952 from the prior year. The prior year has been restated to include the compensated absence liability of \$37,840 in long-term liabilities. The following table provides a summary of the Agency's net position before interfund eliminations.

	<u>2020</u>	<u>Restated 2019</u>	<u>Amount of Change</u>
Assets:			
Current and Other Assets	\$ 1,209,261	1,231,422	(22,161)
Capital Assets, Net	<u>672,606</u>	<u>679,680</u>	<u>(7,074)</u>
Total Assets	<u>1,881,867</u>	<u>1,911,102</u>	<u>(29,235)</u>
Deferred Outflow of Resources	<u>24,485</u>	<u>29,838</u>	<u>(5,353)</u>
Liabilities:			
Other Liabilities	49,594	26,931	22,663
Long-Term Liabilities	<u>58,374</u>	<u>119,316</u>	<u>(60,942)</u>
Total Liabilities	<u>107,968</u>	<u>146,247</u>	<u>(38,279)</u>
Deferred Inflows of Resources	<u>4,493</u>	<u>17,754</u>	<u>(13,261)</u>
Net Position:			
Net Investment in			
Capital Assets	672,606	679,602	(6,996)
Restricted	749,587	710,500	39,087
Unrestricted	<u>371,698</u>	<u>386,837</u>	<u>(15,139)</u>
Total Net Position	<u>\$ 1,793,891</u>	<u>1,776,939</u>	<u>16,952</u>

The following table provides a summary of the Agency's changes in net position:

	Business-Type Activities			
	2020	% of Totals	Restated 2019	% of Totals
Revenue:				
Charges for Services	\$ 246,271	32.8	249,230	32.6
Operating Grants	504,408	67.2	514,649	67.4
Total Revenue	<u>750,679</u>	<u>100.0</u>	<u>763,879</u>	<u>100.0</u>
Expenses:				
Administrative and Contractual Expenses	112,135	15.0	121,516	15.5
Personnel Services	100,734	13.5	98,065	12.5
Housing Assistance Payments	481,459	64.7	471,413	60.0
Home and Community Services	51,041	6.8	92,967	11.9
Interest Expense	-	0.0	539	0.1
Total Expense	<u>745,369</u>	<u>100.0</u>	<u>784,500</u>	<u>100.0</u>
Change in Net Position Before General Revenue	<u>5,310</u>		<u>(20,621)</u>	
General Revenue:				
Interest Earned on Investments	792		387	
Gain on Sale of Capital Assets	10,850		-	
Total General Revenue	<u>11,642</u>		<u>387</u>	
Change in Net Position	<u>\$ 16,952</u>		<u>(20,234)</u>	

The prior year personnel services expense has been restated to reflect the annual change in the compensated absence liability.

FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS

Proprietary Funds

The proprietary fund statements share the same focus as the governmentwide statements, reporting both short-term and long-term information about financial status.

The City of Salamanca Industrial Development Agency reports the following major proprietary funds:

General Operating Fund- This fund includes the Agency's Rochester Street rental activities and mortgage interest.

Program Income Revolving Loan Fund (RLF) - This fund includes the Agency's economic development, and rehabilitation loan programs, each of which is used to meet community development needs.

Section 8 Housing Choice Vouchers Program - This program provides rental assistance to low income families to help them afford safe and sanitary rental housing.

Third Generation Urban Development Action Grant Program - The overall objective of this program is to stimulate economic development activity and aid in the economic recovery of the City of Salamanca. The program provides funding to eligible community development projects in the form of loans and grants.

Salamanca Area Development Corporation Fund – This fund was created upon the formation of the Salamanca Area Development Corporation (SADC) which is a not-for-profit local development corporation to assist the City of Salamanca Industrial Development Agency and City of Salamanca in the implementation of programs, projects, and activities designed to create or stimulate economic and community development programs in the City of Salamanca.

Capital Assets and Debt Administration

Capital Assets

The City of Salamanca Industrial Development Agency's investment in capital assets, net of accumulated depreciation, for business-type activities as of March 31, 2020, was \$672,606. This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

	<u>2020</u>	<u>2019</u>
Nondepreciable:		
Land and Land Improvements	\$ 10,500	10,500
Depreciable:		
Buildings and Leasehold Improvements	2,537,865	2,503,575
Machinery and Equipment	27,133	27,133
Accumulated Depreciation	<u>(1,902,892)</u>	<u>(1,861,528)</u>
Total	<u>\$ 672,606</u>	<u>679,680</u>

Long-Term Debt

At the end of the year, the Agency had no debt outstanding, a mortgage payable to Cattaraugus County Bank (CCB) was paid in full in May 2018 for \$85,983.

Economic Factors Bearing on the Future

The focus of the agency continues to be to sustain and develop the Morningside and Rochester Street Industrial Parks. A new warehouse was constructed on Morningside Avenue to assist with storage for an industrial company to continue growing its business and increasing employment.

The Department of Housing and Urban Development (HUD), through the CARES Act, has provided the Housing Choice Vouchers program funding to assist with eligible activities to help with the prevention of COVID-19.

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the Agency's finances, comply with finance-related laws and regulations, and demonstrate the Agency's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City of Salamanca Industrial Development Agency at 225 Wildwood Avenue, Salamanca, NY 14779.

FINANCIAL STATEMENTS

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF NET POSITION
AS OF MARCH 31, 2020**

		Primary Government Business-Type Activities
ASSETS		
Unrestricted Cash and Cash Equivalents	\$	397,290
Restricted Cash and Cash Equivalents		682,065
Accounts Receivable, Net		4,084
Current Portion of Direct Financing Leases		4,950
Current Portion of Notes Receivable, Net		21,438
Noncurrent Assets		
Prepaid Utility Deposit		3,060
Direct Financing Leases, Net		10,195
Notes Receivable, Net		86,179
Capital Assets		
Land and Land Improvements		10,500
Buildings and Leasehold Improvements		2,537,865
Machinery and Equipment		27,133
Less: Accumulated Depreciation		(1,902,892)
Total Assets		1,881,867
DEFERRED OUTFLOWS OF RESOURCES		
Pension		24,485
LIABILITIES		
Accounts Payable		732
Accrued Liabilities		5,401
Due to HUD		90
Due to Other Governments		1,913
Compensated Absences		41,458
Long-Term Liabilities		
Due and Payable Within One Year		
Unearned Revenue		17,507
Due and Payable After One Year		
Unearned Revenue		30,383
Net Pension Liability		10,484
Total Liabilities		107,968
DEFERRED INFLOWS OF RESOURCES		
Pension		4,493
NET POSITION		
Net Investment in Capital Assets		672,606
Restricted		749,587
Unrestricted		371,698
Total Net Position	\$	1,793,891

See accompanying notes to the financial statements.

CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2020

	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Business-Type Activities
Primary Government:				
Business-Type Activities:				
Administrative and Contractual	\$ 112,135	104,640	12,089	4,594
Personnel Services	100,734	94,001	10,860	4,127
Housing Assistance Payments	481,459	-	481,459	-
Home and Community Services	51,041	47,630	-	(3,411)
Loss on Sale of Fixed Assets	-	-	-	-
Total Business-Type Activities	<u>745,369</u>	<u>246,271</u>	<u>504,408</u>	<u>5,310</u>
Total Primary Government	\$ <u>745,369</u>	<u>246,271</u>	<u>504,408</u>	<u>5,310</u>

General Revenue:	
Gain (Loss) on Sale of Capital Assets	10,850
Interest Income	792
Total General Revenue	<u>11,642</u>
Change in Net Position	16,952
Net Position - Beginning of the Year	1,814,779
Restatement (See Note K)	<u>(37,840)</u>
Net Position - End of the Year	\$ <u>1,793,891</u>

See accompanying notes to the financial statements.

CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
AS OF MARCH 31, 2020

	General Operating Fund	Program Income RLF	Section 8 Housing Choice Vouchers	Third Generation UDAG	Salamanca Area Development Corporation	Total Proprietary Funds
ASSETS						
Current Assets						
Unrestricted Cash and Cash Equivalents	\$ 20,286	-	198,799	-	178,205	397,290
Restricted Cash and Cash Equivalents	1,913	675,511	-	4,641	-	682,065
Accounts Receivable, Net	4,061	-	-	23	-	4,084
Due From Other Funds	-	60,298	-	3,662	6,452	70,412
Prepaid Expenses	-	-	-	-	-	-
Current Portion of Direct Financing Leases, Net	4,950	-	-	-	-	4,950
Current Portion of Notes Receivable, Net	-	11,060	-	-	10,378	21,438
Total Current Assets	31,210	746,869	198,799	8,326	195,035	1,180,239
Other Assets						
Prepaid Utility Deposit	3,060	-	-	-	-	3,060
Noncurrent Direct Financing Leases, Net	10,195	-	-	-	-	10,195
Noncurrent Notes Receivable, Net	-	44,683	-	-	41,496	86,179
Total Other Assets	13,255	44,683	-	-	41,496	99,434
Capital Assets						
Land and Land Improvements	500	-	-	-	10,000	10,500
Buildings and Leasehold Improvements	1,799,028	662,717	-	-	76,120	2,537,865
Machinery and Equipment	7,387	-	19,746	-	-	27,133
Less: Accumulated Depreciation	(1,693,929)	(180,593)	(19,489)	-	(8,881)	(1,902,892)
Total Capital Assets	112,986	482,124	257	-	77,239	672,606
Total Assets	157,451	1,273,676	199,056	8,326	313,770	1,952,279
DEFERRED OUTFLOWS OF RESOURCES						
Pension	12,243	-	12,242	-	-	24,485
Total Deferred Outflows	12,243	-	12,242	-	-	24,485
Total Assets and Deferred Outflows of Resources	169,694	1,273,676	211,298	8,326	313,770	1,976,764
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION						
LIABILITIES						
Current Liabilities						
Accounts Payable	532	-	-	-	200	732
Accrued Liabilities	2,233	3,168	-	-	-	5,401
Due to Other Funds	70,412	-	-	-	-	70,412
Due to HUD	-	-	90	-	-	90
Due to Other Governments	1,913	-	-	-	-	1,913
Compensated Absences	5,701	4,146	31,093	-	518	41,458
Unearned Revenue, Current Portion	-	17,507	-	-	-	17,507
Total Current Liabilities	80,791	24,821	31,183	-	718	137,513
Noncurrent Liabilities						
Unearned Revenue, Net of Current Portion	3,000	27,383	-	-	-	30,383
Net Pension Liability	5,242	-	5,242	-	-	10,484
Total Noncurrent Liabilities	8,242	27,383	5,242	-	-	40,867
Total Liabilities	89,033	52,204	36,425	-	718	178,380
DEFERRED INFLOWS OF RESOURCES						
Pension	2,246	-	2,247	-	-	4,493
Total Deferred Inflows	2,246	-	2,247	-	-	4,493
Total Liabilities and Deferred Inflows of Resources	91,279	52,204	38,672	-	718	182,873
NET POSITION						
Net Investment in Capital Assets	112,986	482,124	257	-	77,239	672,606
Restricted	1,913	739,348	-	8,326	-	749,587
Unrestricted	(36,484)	-	172,369	-	235,813	371,698
Total Net Position	\$ 78,415	1,221,472	172,626	8,326	313,052	1,793,891

See accompanying notes to the financial statements.

CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2020

	General Operating Fund	Program Income RLF	Section 8 Housing Choice Vouchers	Third Generation UDAG	Salamanca Area Development Corporation	Total Proprietary Funds
Operating Revenues						
Program Income, Net of Allowance for Bad Debt	\$ -	28,099	-	-	-	28,099
Interest on Mortgages and Leases	628	3,441	-	-	2,468	6,537
Rental of Real Property	61,802	103,566	-	-	26,400	191,768
Federal Grant Revenue	-	-	504,408	-	-	504,408
Other Revenue	565	131	5,347	-	13,824	19,867
Total Operating Revenue	<u>62,995</u>	<u>135,237</u>	<u>509,755</u>	<u>-</u>	<u>42,692</u>	<u>750,679</u>
Operating Expenses						
Administrative and Contractual	53,658	20,091	18,855	13,853	5,678	112,135
Personnel Services	19,507	16,399	42,971	-	2,043	80,920
Employee Benefits	2,358	3,785	13,178	-	493	19,814
Housing Assistance Payments	-	-	481,459	-	-	481,459
Home and Community Services	-	8,650	-	650	-	9,300
Depreciation Expense	15,470	23,479	255	-	2,537	41,741
Total Operating Expense	<u>90,993</u>	<u>72,404</u>	<u>556,718</u>	<u>14,503</u>	<u>10,751</u>	<u>745,369</u>
Operating Income (Loss)	<u>(27,998)</u>	<u>62,833</u>	<u>(46,963)</u>	<u>(14,503)</u>	<u>31,941</u>	<u>5,310</u>
Nonoperating Revenues (Expenses)						
Gain on Disposition of Capital Assets	-	-	-	10,850	-	10,850
Interest Earned on Investments	16	582	191	3	-	792
Net Nonoperating Revenue (Expense)	<u>16</u>	<u>582</u>	<u>191</u>	<u>10,853</u>	<u>-</u>	<u>11,642</u>
Change in Net Position	<u>(27,982)</u>	<u>63,415</u>	<u>(46,772)</u>	<u>(3,650)</u>	<u>31,941</u>	<u>16,952</u>
Net Position - Beginning of the Year	<u>111,600</u>	<u>1,161,841</u>	<u>247,778</u>	<u>11,976</u>	<u>281,584</u>	<u>1,814,779</u>
Restatement (See Note K)	<u>(5,203)</u>	<u>(3,784)</u>	<u>(28,380)</u>	<u>-</u>	<u>(473)</u>	<u>(37,840)</u>
Net Position - End of the Year	<u>\$ 78,415</u>	<u>1,221,472</u>	<u>172,626</u>	<u>8,326</u>	<u>313,052</u>	<u>1,793,891</u>

See accompanying notes to the financial statements.

CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	General Operating Fund	Program Income RLF	Section 8 Housing Choice Vouchers	Third Generation UDAG	Salamanca Area Development Corporation	Total Proprietary Funds
Cash Flows From Operating Activities:						
Receipts From Tenants	\$ 57,941	103,566	-	(23)	26,400	187,884
Receipts From Customers	628	4,069	-	-	-	4,697
Proceeds From Notes and Leases Receivable	-	39,934	-	-	-	39,934
Payments to Employees	(24,349)	(20,184)	(55,290)	-	(2,536)	(102,359)
Payments to Suppliers	(48,092)	(19,500)	(497,600)	(14,503)	(5,632)	(585,327)
Receipts From Other Governments	-	(53)	504,408	-	-	504,355
Payments (to) from Other Funds	46,620	(45,976)	-	176	(820)	-
Payments to Other Governments	(12,235)	-	-	(2,801)	-	(15,036)
Other Receipts	565	131	5,347	-	16,292	22,335
Net Cash Provided by (Used in) Operating Activities	<u>21,078</u>	<u>61,987</u>	<u>(43,135)</u>	<u>(17,151)</u>	<u>33,704</u>	<u>56,483</u>
Cash Flows From Capital and Related Financing Activities:						
Acquisition and Modernization of Capital Assets	(34,550)	(2,580)	-	-	-	(37,130)
Proceeds from Sale of Assets	-	-	-	12,700	-	12,700
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(34,550)</u>	<u>(2,580)</u>	<u>-</u>	<u>12,700</u>	<u>-</u>	<u>(24,430)</u>
Cash Flows From Investing Activities:						
Proceeds From Notes and Leases Receivable	4,772	-	-	-	3,327	8,099
Principal Payments on Long Term Debt	-	(78)	-	-	-	(78)
Interest Income Received	16	582	191	3	-	792
Net Cash Provided by (Used in) Investing Activities	<u>4,788</u>	<u>504</u>	<u>191</u>	<u>3</u>	<u>3,327</u>	<u>8,813</u>
Net Cash and Cash Equivalents Increase (Decrease) for the Year	<u>(8,684)</u>	<u>59,911</u>	<u>(42,944)</u>	<u>(4,448)</u>	<u>37,031</u>	<u>40,866</u>
Cash and Cash Equivalents, Beginning of Year	<u>30,883</u>	<u>615,600</u>	<u>241,743</u>	<u>9,089</u>	<u>141,174</u>	<u>1,038,489</u>
Cash and Cash Equivalents, End of Year	<u>\$ 22,199</u>	<u>675,511</u>	<u>198,799</u>	<u>4,641</u>	<u>178,205</u>	<u>1,079,355</u>

Cash Flows From Operating Activities:

Operating Income (Loss)	62,833	(46,963)	(14,503)	31,941	5,310
Adjustments:					
Depreciation	15,470	255	-	2,537	41,741
Pension Related Liability	(2,982)	860	-	-	(2,122)
Changes in Assets and Liabilities:					
Decrease (Increase) in Accounts Receivable	(3,861)	-	(23)	-	36,776
Decrease (Increase) in Due From Other Funds	-	-	176	(820)	(46,620)
Decrease (Increase) in Prepaid Expenses	12,440	-	-	-	18,151
Increase (Decrease) in Due to Other Governments	(12,235)	-	(2,801)	-	(15,036)
Increase (Decrease) in Due to HUD	-	-	-	-	(53)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(6,874)	2,713	-	46	(585)
Increase (Decrease) in Accrued Liabilities	498	-	-	-	498
Increase (Decrease) in Due to Other Funds	46,620	-	-	-	46,620
Increase (Decrease) in Unearned Revenue	-	-	-	-	(28,197)
Net Cash Provided by (Used in) Operating Activities	<u>21,078</u>	<u>(43,135)</u>	<u>(17,151)</u>	<u>33,704</u>	<u>56,483</u>
Reconciliation of Unrestricted and Restricted Cash and Cash Equivalents:					
Cash and Cash Equivalents, Unrestricted	20,286	198,799	-	178,205	397,290
Cash and Cash Equivalents, Restricted	1,913	-	4,641	-	682,065
Total Unrestricted and Restricted Cash and Cash Equivalents	<u>\$ 22,199</u>	<u>198,799</u>	<u>4,641</u>	<u>178,205</u>	<u>1,079,355</u>

See accompanying notes to the financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

NOTE A - ORGANIZATION

The City of Salamanca Industrial Development Agency is a component unit of the City of Salamanca, based on management's evaluation in accordance with the criteria of Governmental Accounting Standards Board (GASB) Statement 39. This criteria includes the following:

1. Financial accountability
2. The appointment of a voting majority of the Agency's board of directors
3. Imposition of will
4. Financial benefit or burden on the primary government
5. Fiscal dependency

The City of Salamanca Industrial Development Agency was established in 1971 to promote the economic welfare and prosperity of the inhabitants of the City of Salamanca, and to develop economically sound commerce and industry. Its board is made up of from 3 to 7 members recommended for appointment by the mayor of the City of Salamanca.

The Agency has the power to acquire, hold and dispose of property as it sees fit, and property under its control is exempt from real property taxes. The Agency may also issue bonds for any legitimate corporate purpose on virtually any terms as limited by New York State Empire Development. Unless expressly provided otherwise, such bonds constitute special obligation bonds of the Agency, and are payable from project revenues. There were no bonds outstanding as of March 31, 2020.

The City of Salamanca Industrial Development Agency performs services pursuant to a subrecipient agreement with the City of Salamanca to administer the City of Salamanca's Program Income Revolving Loan Fund, the Third Generation Urban Development Action Grant Program, the Section 8 Housing Choice Vouchers Program, and the Salamanca Area Development Corporation (a blended component unit). The Agency's reporting entity includes each of these programs.

The City of Salamanca Industrial Development Agency's principal sources of revenue are obtained from rental activities, grant proceeds, and revenues derived from the Agency's lending related activities.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Financial Reporting Entity

The financial reporting entity consists of the following, as defined by Statement 39 of the Governmental Accounting Standards Board's Determining Whether Certain Organizations are Component Units, an amendment of GASB Statement No. 14:

1. The primary government, which is the City of Salamanca Industrial Development Agency.

2. Programs for which the City of Salamanca Industrial Development Agency is financially accountable.
3. Other programs for which the nature and significance of their relationship with the City of Salamanca Industrial Development Agency are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the Agency's reporting entity is based on several criteria set forth in GASB 39, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Salamanca Area Development Corporation has been reported as a blended component unit within these financial statements.

Governmentwide Financial Statements

The governmentwide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City of Salamanca Industrial Development Agency as a whole. Individual funds are not displayed but the statements highlight business-type activities, generally financed in whole or in part with rental income charged to tenants, funds received from grantors, and other fees charged in the Agency's economic development activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include charges for services that report fees and other charges to users of the Agency's services. Program revenues also include operating grants and contributions that finance annual operating activities, including interest income earned on mortgages and leases by the Agency.

Fund Financial Statements

Fund financial statements are provided for the Agency's proprietary funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the City of Salamanca Industrial Development Agency are prepared in accordance with generally accepted accounting principles (GAAP). The Agency's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The proprietary fund financial statements apply GASB Statement No. 62- Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

The governmentwide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity. Proprietary fund financial statements report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the funds. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue is presented as general revenue. Revenue is recognized upon the monthly billing for rent payments and upon receipt of the HUD subsidy. For the receipts of 1st generation loan payments in the Program Income RLF, the revenue is recognized when the loan payment is received, rather than when the cash was received from HUD.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use unrestricted resources first, then restricted resources as needed.

Proprietary Funds

The City of Salamanca Industrial Development Agency reports the following major proprietary funds:

General Operating Fund - This fund includes the Agency's Rochester Street rental activities.

Program Income Revolving Loan Fund (RLF) - This fund includes the Agency's economic development and rehabilitation loan programs.

Section 8 Housing Choice Vouchers Program - This program provides rental assistance to low income families. The program provides a monthly rental subsidy that allows eligible participants to rent privately owned housing.

Third Generation Urban Development Action Grant Program (UDAG) - This program funds eligible activities in an effort to stimulate economic development in the City of Salamanca, New York.

Salamanca Area Development Corporation Fund (a blended component unit) – This fund was created upon the formation of the Salamanca Area Development Corporation (SADC) which is a not-for-profit local development corporation to assist the City of Salamanca Industrial Development Agency and City of Salamanca in the implementation of programs, projects, and activities designed to create or stimulate economic and community development programs in the City of Salamanca.

The operations of each major fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund net position, and revenue and expenses. The operations are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, and limitations. Operating revenues are determined by the specific purpose of each fund. Nonoperating revenues will include bank interest and gain on disposition of assets.

Basis of Accounting

The financial statements of the City of Salamanca Industrial Development Agency have been prepared in conformity with generally accepted accounting principles (GAAP) that provide for proprietary fund accounting for industrial development agencies. Management must make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. These estimates and accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

The following is a summary of the more significant accounting policies:

Cash Equivalents and Investments

The City of Salamanca Industrial Development Agency has its own written investment policy. The Agency is authorized to use demand deposits, savings and time deposits, as well as other permissible investments, which include obligations of the federal government, the State of New York, and revenue and tax anticipation notes authorized by the state comptroller. Certificates of deposit with maturities of less than 90 days are considered cash equivalents.

Cash includes demand deposits, savings accounts, and cash on hand.

Budgetary Basis of Accounting

Budgets are adopted by the City of Salamanca Industrial Development Agency Board of Directors. Budgetary data is not included in this report as the Agency has no legal obligation to adopt a budget. The Agency does not encumber appropriations to the following year.

Due To/From Other Funds and Interfund Transfers

Due to/from other funds arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. These amounts have been eliminated on the Statement of Net Position. Interfund revenue and expenses have also been eliminated.

Unearned Revenue

Unearned revenue is recorded when grant funds received by the Agency are subsequently loaned out under a revolving loan fund program or when funds are used to purchase capital assets. Revenue is ultimately recognized upon repayment of the loan principal and interest or through depreciation of capital assets.

Estimates

Management must make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The City of Salamanca Industrial Development Agency is exempt from federal and state income tax provisions.

Capital Assets

Capital assets are recorded at actual cost, or in the case of gifts and contributions, at the fair market value at the time received.

Property acquired with Program Income Revolving Loan 1st generation funds is capitalized within the fund and not depreciated until rented to eligible program participants. The accumulated depreciation is increased by charges to unearned revenues.

Depreciation on the property and equipment with an initial cost of \$1,000 or more have been recorded in accordance with generally accepted accounting principles. Depreciation is computed using the straight-line method over the estimated useful life of the related asset, ranging from 5 to 40 years, as follows:

	<u>Estimated Useful Life</u>	<u>Capitalization Threshold</u>
Building	30 - 40 years	\$1,000
Improvements	7 -25 years	\$1,000
Furniture, Fixtures, and Equipment	5-7 years	\$1,000

Notes Receivable

Notes receivable are stated at principal balances, less the estimated portion that is expected to be uncollectible.

The allowance for loan losses on 1st generation notes receivable is increased by charges to unearned revenue in the Program Income RLF. Management's periodic evaluation of the adequacy of the allowance is based on the aging of the notes receivable balances.

Retirement Benefits

Employees of the City of Salamanca Industrial Development Agency participate in the New York State Retirement System. The City of Salamanca administers the plan on behalf of its employees and those of related agencies.

The City of Salamanca offers a 457b deferred compensation plan to the Agency's full time employees.

Net Position

Net position presents the difference between assets and liabilities in the Statement of Net Position. Net position investment in capital assets is reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on its use by Agency legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

Explanation of Differences Between the Proprietary Fund Balances and the Statement of Net Position

Total assets and liabilities in the Agency's proprietary funds differ from the total assets and liabilities as reported on the Statement of Net Position. This difference results from the elimination of due to/due from balances.

Explanation of Differences Between Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Balances and the Statement of Activities

Total expense in the proprietary funds differs from total expenditures in the Statement of Activities. The difference is the allocation of depreciation among functional expense categories, and elimination of interfund revenues and expenses.

NOTE C - CASH

The Agency's level of custody credit risk based upon how its deposits were insured or secured with collateral at March 31, 2020. The categories of credit risk are defined as follows:

- Category 1 - Insured by FDIC or collateralized with securities held by the Agency or by its agent in the Agency's name.
- Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Agency's name.
- Category 3 - Uninsured and uncollateralized.

Type of Deposit	Total Bank Balance	Custody Credit Risk Category			Total Carrying Value
		1	2	3	
Demand Deposits	\$ 1,057,645	434,700	622,945	-	1,055,331
Savings and Time Deposits	23,974	23,974	-	-	23,974
Cash on Hand	-	-	-	-	50
Total Deposits	<u>\$ 1,081,619</u>	<u>458,674</u>	<u>622,945</u>	<u>-</u>	<u>1,079,355</u>

Reconciliation to the Statement of Net Position:

Unrestricted Cash	\$ 397,290
Restricted Cash	682,065
Total	<u>\$ 1,079,355</u>

The restricted cash comprises funds that are subject to limitations imposed by grantors.

NOTE D - ACCOUNTS RECEIVABLE

Receivables at March 31, 2020, included the following:

	General Operating Fund	Housing Choice Vouchers	Third Generation UDAG	Total
Tenants	\$ 3,861	51,701	23	55,585
Miscellaneous	200	-	-	200
Allowance	-	(51,701)	-	(51,701)
Total	<u>\$ 4,061</u>	<u>-</u>	<u>23</u>	<u>4,084</u>

NOTE E - CAPITAL ASSETS

A summary of the Agency's capital assets for the General Operating Fund, the Program Income Revolving Loan Fund, the Section 8 Housing Choice Vouchers Program, the Urban Development Action Grant Program, and the Salamanca Area Development Corporation Fund is as follows:

Description	Balance at 4/1/19	Additions	Deletions and Other Adjustments	Balance at 3/31/20
<u>Nondepreciable</u>				
Land and Land Improvements	\$ 10,500	-	-	10,500
<u>Depreciable</u>				
Buildings and Leasehold Improvements	2,503,575	37,130	2,840	2,537,865
Machinery and Equipment	27,133	-	-	27,133
Totals	2,541,208	37,130	2,840	2,575,498
Less: Accumulated Depreciation	(1,861,528)	(42,354)	(990)	(1,902,892)
Net Land, Buildings, and Equipment	<u>\$ 679,680</u>	<u>(5,224)</u>	<u>1,850</u>	<u>672,606</u>

On the Statement of Activities (Exhibit B) a depreciation expense allocation of \$41,741 was made to the Home and Community Services function. The amount of \$612 was charged to deferred revenue through the Program Income Fund.

The IDA sold property for \$13,000 during the year with an undepreciated basis of \$1,850. After legal costs incurred, the IDA reported a gain the disposition of this asset in the amount of \$10,850.

NOTE F - NOTES RECEIVABLE

As of March 31, 2020, the City of Salamanca Industrial Development Agency had notes receivable with varying interest rates and terms as follows:

	Program Income	SADC	Total
Notes Receivable	\$ 78,016	51,874	129,890
Less: Allowance for Doubtful Accounts	(22,273)	-	(22,273)
Total Notes Receivable, Net	55,743	51,874	107,617
Less: Noncurrent Notes Receivable, Net	(44,683)	(41,496)	(86,179)
Total Current Portion of Notes Receivable, Net	<u>\$ 11,060</u>	<u>10,378</u>	<u>21,438</u>

Allowance for Doubtful Accounts in the Program Income Fund includes an outstanding loan balance of \$21,650 on a single property. This property was foreclosed on by the City of Salamanca for unpaid property taxes and subsequently sold. The IDA currently has an outstanding lien on the property.

NOTE G - INVESTMENT IN DIRECT FINANCING LEASES

As of March 31, 2020, the City of Salamanca Industrial Development Agency was the lessor for one lease with an outstanding present value minimum lease payment of \$15,268 of which the current portion was \$4,950. An allowance for uncollectable amounts of \$123 has been provided. The lease agreement has an implicit interest rate of 3.52 percent on a building requiring monthly installments of \$450. At any time during the term of the lease, the lessee has the option of acquiring the building by paying the Agency the present value of the lease. There were no initial direct costs associated with this lease.

The value of all future minimum lease payments is \$15,268, that will be received during the next three years through maturity as follows:

	Principal	Interest
2021	4,950	449
2022	5,128	272
2023	5,190	218
	<u>\$ 15,268</u>	<u>939</u>

NOTE H - DUE FROM/TO OTHER FUNDS

As of March 31, 2020, amounts due from and to other funds were as follows:

	<u>Due From</u>	<u>Due To</u>
General Operating Fund	\$ -	70,412
Program Income Revolving Loan Fund	60,298	-
Third Generation UDAG Fund	3,662	-
SADC Fund	6,452	-
	<u>\$ 70,412</u>	<u>70,412</u>

These balances were eliminated in accordance with the provisions of GASB Statement No. 34 for the Statement of Net Position for the governmentwide financial statements.

During the fiscal year, the General Operating Fund received \$28,000 from the Program Income RLF for the purchase of geothermal equipment for a property owned by the General Operating Fund. The board authorized the repayment of the interfund receivable in monthly installments over a three-year period. On March 31, 2020, the remaining balance to be repaid was \$21,600.

NOTE I - DUE TO CITY OF SALAMANCA AND OTHER RELATED-PARTY TRANSACTIONS

Amounts Paid to the City of Salamanca

Expenses of \$5,775 were incurred by the City of Salamanca Industrial Development Agency for the year ended March 31, 2020 in connection with the City of Salamanca's services to the Agency relating to comptroller services, use of a copy machine, and monthly rental for office space. Utility expenses were paid to the City of Salamanca Board of Public Utilities in the normal course of business.

The City of Salamanca Industrial Development Agency made payments in the amount of \$111,831 to the Salamanca Housing Authority, a related organization. These payments were for rental housing assistance under the Agency's Section 8 Housing Choice Voucher program. Utility payments, related to rental housing assistance, were paid to the City of Salamanca Board of Public Utilities.

Under a capital lease agreement, the City of Salamanca Industrial Development Agency collects and remits to the City of Salamanca real property taxes.

Other Related-Party Transactions

Through the normal course of business, rental services and repair and maintenance services were provided by parties related to an employee of the City of Salamanca Industrial Development Agency.

NOTE J - UNEARNED REVENUES

The General Operating Fund reports an unearned revenue totaling \$3,000 which represents a grant from the City of Salamanca which has not yet been completed.

Pursuant to HUD regulations, revolving loans made from the revolving loan fund grant programs are recorded as unearned revenue in the Program Income RLF when the respective note receivable is established. Revenue is recognized upon repayment of loan principal and interest. As of March 31, 2020, the Agency had unearned revenues of \$44,890 for notes receivable. The current portion is \$17,507 and \$27,383 was the long-term portion.

Unearned revenue also includes capital assets acquired in prior years with grant funds totaling \$16,832, of which \$6,459 has been recovered through depreciation.

NOTE K - COMPENSATED ABSENCES

The Agency's eligible employees are granted vacation, sick leave, and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave and compensatory time subject to certain maximum limitations. Estimated compensated absence leave is recorded as an expense when earned. A summary of the compensated absence liability is as follows:

	Restated Balance 4/1/19	Additions	Balance 03/31/20	Due Within One Year
General Fund	5,203	498	5,701	5,701
Program Income RLF	3,784	362	4,146	4,146
Section 8 Program Housing Choice	28,380	2,713	31,093	31,093
Salamanca Area Development Corp.	473	45	518	518
Total	<u>\$ 37,840</u>	<u>3,618</u>	<u>41,458</u>	<u>41,458</u>

The beginning balance has been restated by \$37,840 to adjust for amounts that were not previously reported.

All the compensated absence liability is estimated to be due within one year as the sole employee with accumulated time is intending to retire in January 2021.

NOTE L - NET POSITION

The business-type activities of the City of Salamanca Industrial Development Agency utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents net position of the Agency not restricted for any project or other purpose. The deficit net position amount reported in the General Operating Fund will be funded by future rental operations of the fund.

A summary of Net Position by fund is as follows:

	Net Investment in Capital			
	Assets	Restricted	Unrestricted	Total
General Operating	\$ 112,986	1,913	(36,484)	78,415
Program Income RLF	482,124	739,348	-	1,221,472
Section 8 Housing Choice Vouchers	257	-	172,369	172,626
Third Generation UDAG	-	8,326	-	8,326
Salamanca Area Development Corp	77,239	-	235,813	313,052
Total	\$ 672,606	749,587	371,698	1,793,891

NOTE M - ADMINISTRATIVE AND CONTRACTUAL EXPENSES

The following is a detail of administrative and contractual expenses:

	General Operating Fund	Program Income RLF	Housing Choice Vouchers	Third Gen UDAG	SADC	Total
Administrative	\$ -	-	435	-	-	435
Comptroller Expense	1,157	-	1,060	-	-	2,217
Contractual	540	540	3,752	13,662	1,340	19,834
Flag Pride	-	-	-	-	213	213
Insurance	12,441	5,711	-	-	2,243	20,395
Lease	6,430	2,863	-	-	-	9,293
Miscellaneous Expense	100	-	-	-	-	100
Office Expense	1,027	603	4,263	50	107	6,050
Printing and Advertising	-	-	-	116	-	116
Professional Fees and Consulting	659	7,342	1,580	25	1,742	11,348
Rent	1,083	1,083	993	-	-	3,159
Repairs and Maintenance	29,249	945	6,772	-	33	36,999
Telephone Expense	917	917	-	-	-	1,834
Travel	55	-	-	-	-	55
Utilities	-	87	-	-	-	87
	<u>\$53,658</u>	<u>20,091</u>	<u>18,855</u>	<u>13,853</u>	<u>5,678</u>	<u>112,135</u>

NOTE N - OPERATING LEASES

The City of Salamanca Industrial Development Agency, as lessee, renewed land leases with the Seneca Nation of Indians in 1991 for a term of forty years with a forty-year renewal clause. For the year ended March 31, 2020, the Agency paid \$9,293 for these leases, which were recorded as expenses in the General Operating and Program Income Funds. The Agency is obligated to make future minimum lease rental payments of approximately \$9,300 per year over the remaining 11 years of the lease, based on the properties owned at March 31, 2020.

During the year ended March 31, 2020, the Agency owned six cancellable operating leases on properties for which it was the lessor. These properties are accounted for in the Agency's General Operating, Program Income and SADC Funds. The net book value of all properties available for lease totals \$642,389, comprising \$2,537,865 of original costs less accumulated depreciation of \$1,895,476. The lease agreements require monthly installments or annual payments varying in amount from \$1,071 to \$4,091. On the termination of the lease agreement, the tenant would surrender the property to the Agency. Total rental income for the fiscal year was \$191,768.

NOTE O - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS AND SALARIES

The Agency reimburses the City of Salamanca for on-behalf payments for fringe benefits and salaries to employees and taxing entities. The total amount recognized was \$122,472.

NOTE P - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The Statement of Net Position reports a separate section for deferred outflows of resources which represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The Agency has a pension related item that qualifies for reporting in this category. This represents the effect of the change in the Agency's proportion of the collective net pension asset or liability and difference during the measurement period between the Agency's contributions and its proportionate share of total contribution to the pension systems not included in pension expense.

The Statement of Net Position also reports a separate section for deferred inflows of resources which represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. This represents the effect of the net change in the Agency's proportion of the collective net pension liability or 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 systems not included in pension expense.

NOTE Q - PENSION PLAN

The Agency participates in the New York State and Local Employees' Retirement System. This system is a cost-sharing multiple employer, public employee retirement system. The system offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability. All full-time employees of the Agency are covered by the pension plan.

a. Provisions and Administration

The New York State and Local Employees' Retirement System (ERS) provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute, and benefits to employees. The system issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244-0001 or on the Comptroller's website at: www.osc.state.ny.us/retire/about_us/financial_statements_index.php.

b. Funding Policies

Vesting

Members who joined the System prior to January 1, 2010 need five years of service to be 100 percent vested. Members who joined on or after January 1, 2010 require ten years of service credit to be 100 percent vested.

Employer Contributions

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2019 was approximately 14.9 percent of payroll. Delinquent annual bills for employer contributions accrue interest

at the actuarial interest rate applicable during the year. For the fiscal year ended March 31, 2020, the applicable interest rate was 7 percent.

Member Contributions

Generally, Tier 3, 4, and 5 members must contribute 3 percent of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

The Agency is required to contribute at an actuarially determined rate by NYSERS. Contributions made to the system were equal to 100% of the contributions required for each year. Required contributions for the current year and two preceding years were:

	Amount
2020	\$ 10,869
2019	\$ 10,517
2018	\$ 9,890

c. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Inflows of Resources Related to Pension

At March 31, 2020, the Agency reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the NYSLRS in a report provided to the Agency.

	NYSLRS
Actuarial Valuation Date	April 1, 2018
Net Pension Liability	\$10,484
Agency's Portion of the Plan's Total Net Pension Liability	0.0001480%

For the year ended March 31, 2020 the Agency recognized pension expense of \$8,746 for NYSLRS. At March 31, 2020, the Agency reported deferred outflows of resources related to the pension plan from the following sources:

<u>NYSLRS</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,064	704
Changes of assumptions	2,635	-
Net difference between projected and actual earnings on pension investments	-	2,691
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	8,917	1,098
Employer contributions subsequent to the measurement date	<u>10,869</u>	<u>-</u>
Total	<u>\$ 24,485</u>	<u>4,493</u>

Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending March 31,:</u>	<u>NYSLRS</u>
2020	\$ 5,468
2021	-
2022	1,272
2023	2,384
Thereafter	-

d. 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 valuations used the following significant actuarial assumptions:

	<u>NYSLRS</u>
Measurement Date	March 31, 2019
Actuarial Valuation Date	April 1, 2018
Investment Rate of Return	7.00%
Salary Scale	4.20%
Decrement Tables	April 1, 2010 - March 31, 2015 ERS' Experience
Inflation Rate	2.50%
Cost of Living Adjustment	1.30%

The annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – 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 of the target asset allocation percentages 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 are summarized below:

	<u>NYSLRS</u>	
Measurement Date	March 31, 2019	
Asset Type:	<u>Target Allocation</u>	<u>Rate of Return</u>
Domestic Equity	36%	4.55%
International Equity	14%	6.35%
Private Equity	10%	7.50%
Real Estate	10%	5.55%
Absolute Return Strategy Investment	2%	3.75%
Opportunistic Funds	3%	5.68%
Real Assets	3%	5.29%
Bonds and Mortgages	17%	1.31%
Cash	1%	-0.25%
Inflation-indexed Bonds	4%	1.25%
	<u>100%</u>	

e. Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. 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, the Systems' 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.

f. Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Agency's proportionate share of the net pension asset/liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	NYSLRS		
	1% Decrease 6.0%	Current Assumption 7.0%	1% Increase 8.0%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 45,837	10,484	(19,215)

g. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued NYSLRS financial reports.

NOTE R - POST EMPLOYMENT BENEFITS

GASB 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* states that the governmental agency must accrue a liability for postemployment benefits that would be paid to a retired employee. As of March 31, 2020, the Agency was under no contractual obligations to provide postemployment benefits to any employee. Therefore, there is no postemployment liability recorded at year end.

NOTE S - NEW ACCOUNTING STANDARDS

At March 31, 2020, the Agency implemented the following new standards issued by GASB:

GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement postpones the effective dates of various pronouncements.

NOTE T - ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED

The upcoming GASB pronouncements, along with their delayed implementation dates, are as follows:

GASB Statement No. 83 - *Certain Asset Retirement Obligations*. Effective for reporting periods beginning after June 15, 2019.

GASB Statement No. 84 - *Fiduciary Activities*. Effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 87 – *Leases*. Effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 88 – *Certain Disclosures related to Debt, including Direct Borrowings and Direct Placements*. Effective for reporting periods beginning after June 15, 2019.

GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. Effective for reporting periods beginning after December 15, 2020.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Effective for reporting periods beginning after December 15, 2020.

GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. Effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 91, *Conduit Debt Obligations*. Effective for reporting periods beginning after December 15, 2021.

The Agency will evaluate the impact each may have on its financial statements and will implement them as applicable and when material.

NOTE U - SALAMANCA AREA DEVELOPMENT CORPORATION (SADC)

In 2010, the City of Salamanca Industrial Development Agency formed the Salamanca Area Development Corporation (SADC) as a not-for-profit local development corporation to assist the City of Salamanca Industrial Development Agency and City of Salamanca in the implementation of programs, projects, and activities designed to create or stimulate economic and community development programs in the City of Salamanca. In some circumstances the SADC will administer grant projects, when the municipality or Salamanca Industrial Development Agency is unable to do so as a unit of local government. The SADC purchased 18-20 Main Street (the former O’Laughlin Pontiac building) for redevelopment for several reasons. First, the building’s footprint is approximately 8,000 sq. ft. per floor, and it was felt that it was important to the overall Main Street revitalization efforts to control such a substantial building at a key location along the corridor. Second, the parcel itself is also quite substantial, and includes an area at the rear of the building (near the existing City of Salamanca parking lot) as well as a 1 acre lot on the North side of East Race Street that is included in the Downtown Parking Plan. Third, the SIDA sees the opportunity to reuse the building for multiple reasons, including upper floor housing, the creation of a senior center at the rear of the complex, and for street level commercial occupancy. This concept is the subject of a 2010 CDBG application to the NYS Office of Community Renewal. To date, the Salamanca Area Senior Center occupies approximately one third of the main floor.

Because of the nature of the activity conducted by the Salamanca Area Development Corporation, it has been determined to be a component unit of the Salamanca Industrial Development Agency and is required to be reported as a separate major fund within these financial statements.

NOTE V - SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 virus, economic uncertainties have arisen which have resulted in a significant disruption to the economy.

The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time, but management does not believe that there is a need for a provision for this uncertainty in the financial statements.

Management has evaluated subsequent events through September 4, 2020, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED MARCH 31, 2020**

	2020	2019	2018	2017	2016
NYSLRS Pension Plan					
Agency's proportion of the net pension liability	0.0001480%	0.0001456%	0.0001758%	0.0001819%	0.0001449%
Agency's proportionate share of the net pension liability	\$ 10,484	\$ 4,698	\$ 16,519	\$ 29,203	\$ 4,896
Agency's covered-employee payroll	\$ 80,918	\$ 77,524	\$ 70,397	\$ 70,374	\$ 92,831
Agency's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	12.96%	6.06%	23.47%	41.50%	5.27%
Plan fiduciary net position as a percentage of the total pension liability	96.3%	98.2%	94.7%	90.7%	97.9%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Ten years of historical information is not available as of year end. An additional year of historical information will be added each year subsequent to the current year until 10 years of historical data is available.

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
NYSLRS Pension Plan					
Statutory Required Contributions	\$ 10,869	\$ 10,517	\$ 9,890	\$ 13,066	\$ 12,742
Contributions In Relation To Statutory Required Contributions	<u>10,869</u>	<u>10,517</u>	<u>9,890</u>	<u>13,066</u>	<u>12,742</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's Covered-Employee Payroll	\$ 80,918	\$ 77,524	\$ 70,397	\$ 70,374	\$ 92,831
Contributions As A Percentage of Covered-Employee Payroll	13.43%	13.57%	14.05%	18.57%	13.73%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Ten years of historical information is not available as of year end. An additional year of historical information will be added each year subsequent to the current year until 10 years of historical data is available.

SUPPLEMENTAL FINANCIAL INFORMATION

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF LEASES
FOR THE YEAR ENDED MARCH 31, 2020**

Name of Project:	Great Wall, Inc.
Project Owner and Address:	Great Wall, Inc. 83 Main Street Salamanca, New York 14779
Year of Origination:	1998
Purpose:	Retail Restaurant
Estimated Project Amount:	\$100,000
Amount of Tax Exemption:	N/A
Estimated Jobs:	
New	0
Retained	2

The accompanying independent auditors' report should be read in conjunction with these financial statements.

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF PAYMENTS IN LIEU OF TAXES
FOR THE YEAR ENDED MARCH 31, 2020**

Name of Project: Great Wall, Inc.
Project Owner and Address: Great Wall, Inc.
83 Main Street
Salamanca, New York 14779
Purpose: Retail Restaurant
Amount of PILOT \$2,400
Estimated Jobs:
New 0
Retained 2

Name of Project: Arbor Valley Flooring, Inc.
Project Owner and Address: Arbor Valley Flooring, Inc.
25 Morningside Drive
Salamanca, New York 14779
Purpose: Lumber Sorting and Storage Facility
Amount of PILOT \$10,018
Estimated Jobs:
New 2
Retained 0

The accompanying independent auditors' report should be read in conjunction with these financial statements.

CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF BONDS
FOR THE YEAR ENDED MARCH 31, 2020

<u>Project Name</u>	<u>Project No.</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at 4/1/19</u>	<u>Issued During Fiscal Year</u>	<u>Paid During Fiscal Year</u>	<u>Balance at 3/31/20</u>
None Issued								

The accompanying independent auditors' report should be read in conjunction with these financial statements.

City of Salamanca (NY403)
Salamanca, NY
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2020

	14,871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted	\$198,799	\$198,799	\$198,799
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits			
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$198,799	\$198,799	\$198,799
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects			
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants			
126.1 Allowance for Doubtful Accounts - Tenants			
126.2 Allowance for Doubtful Accounts - Other			
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery	\$51,701	\$51,701	\$51,701
128.1 Allowance for Doubtful Accounts - Fraud	-\$51,701	-\$51,701	-\$51,701
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$0
131 Investments - Unrestricted			
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets			
143 Inventories			
143.1 Allowance for Obsolete Inventories			
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$198,799	\$198,799	\$198,799
161 Land			
162 Buildings			
163 Furniture, Equipment & Machinery - Dwellings			
164 Furniture, Equipment & Machinery - Administration	\$19,746	\$19,746	\$19,746
165 Leasehold Improvements			
166 Accumulated Depreciation	-\$19,489	-\$19,489	-\$19,489
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$257	\$257	\$257
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due			
173 Grants Receivable - Non Current			
174 Other Assets			
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$257	\$257	\$257
200 Deferred Outflow of Resources	\$12,242	\$12,242	\$12,242
290 Total Assets and Deferred Outflow of Resources	\$211,298	\$211,298	\$211,298
311 Bank Overdraft			
312 Accounts Payable <= 90 Days			
313 Accounts Payable >90 Days Past Due			

The accompanying independent auditors' report should be read in conjunction with these financial statements.

321	Accrued Wage/Payroll Taxes Payable			
322	Accrued Compensated Absences - Current Portion	\$31,093	\$31,093	\$31,093
324	Accrued Contingency Liability			
325	Accrued Interest Payable			
331	Accounts Payable - HUD PHA Programs			
332	Account Payable - PHA Projects	\$90	\$90	\$90
333	Accounts Payable - Other Government			
341	Tenant Security Deposits			
342	Unearned Revenue			
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			
344	Current Portion of Long-term Debt - Operating Borrowings			
345	Other Current Liabilities			
346	Accrued Liabilities - Other			
347	Inter Program - Due To			
348	Loan Liability - Current			
310	Total Current Liabilities	\$31,183	\$31,183	\$31,183
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			
352	Long-term Debt, Net of Current - Operating Borrowings			
353	Non-current Liabilities - Other			
354	Accrued Compensated Absences - Non Current			
355	Loan Liability - Non Current			
356	FASB 5 Liabilities			
357	Accrued Pension and OPEB Liabilities	\$5,242	\$5,242	\$5,242
350	Total Non-Current Liabilities	\$5,242	\$5,242	\$5,242
300	Total Liabilities	\$36,425	\$36,425	\$36,425
400	Deferred Inflow of Resources	\$2,247	\$2,247	\$2,247
508.4	Net Investment in Capital Assets	\$257	\$257	\$257
511.4	Restricted Net Position			
512.4	Unrestricted Net Position	\$172,369	\$172,369	\$172,369
513	Total Equity - Net Assets / Position	\$172,626	\$172,626	\$172,626
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$211,298	\$211,298	\$211,298

The accompanying independent auditors' report should be read in conjunction with these financial statements.

City of Salamanca (NY403)
Salamanca, NY
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2020

	14.871 Housing Choice Vouchers	Subtotal	Total
70300 Net Tenant Rental Revenue			
70400 Tenant Revenue - Other			
70500 Total Tenant Revenue	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$504,408	\$504,408	\$504,408
70610 Capital Grants			
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$191	\$191	\$191
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery	\$3,338	\$3,338	\$3,338
71500 Other Revenue	\$2,009	\$2,009	\$2,009
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$509,946	\$509,946	\$509,946
91100 Administrative Salaries	\$42,971	\$42,971	\$42,971
91200 Auditing Fees	\$1,582	\$1,582	\$1,582
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$10,464	\$10,464	\$10,464
91600 Office Expenses	\$17,273	\$17,273	\$17,273
91700 Legal Expense			
91800 Travel			
91810 Allocated Overhead			
91900 Other			
91000 Total Operating - Administrative	\$72,290	\$72,290	\$72,290
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other			
92500 Total Tenant Services	\$0	\$0	\$0
93100 Water			
93200 Electricity			
93300 Gas			
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$0	\$0	\$0

The accompanying independent auditors' report should be read in conjunction with these financial statements.

94100 Ordinary Maintenance and Operations - Labor			
94200 Ordinary Maintenance and Operations - Materials and Other			
94300 Ordinary Maintenance and Operations Contracts			
94500 Employee Benefit Contributions - Ordinary Maintenance			
94000 Total Maintenance	\$0	\$0	\$0
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance			
96120 Liability Insurance			
96130 Workmen's Compensation			
96140 All Other Insurance			
96100 Total Insurance Premiums	\$0	\$0	\$0
96200 Other General Expenses			
96210 Compensated Absences	\$2,714	\$2,714	\$2,714
96300 Payments in Lieu of Taxes			
96400 Bad debt - Tenant Rents			
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$2,714	\$2,714	\$2,714
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$75,004	\$75,004	\$75,004
97000 Excess of Operating Revenue over Operating Expenses	\$434,942	\$434,942	\$434,942
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments	\$478,114	\$478,114	\$478,114
97350 HAP Portability-In	\$3,345	\$3,345	\$3,345
97400 Depreciation Expense	\$255	\$255	\$255
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$556,718	\$556,718	\$556,718
10010 Operating Transfer In			
10020 Operating transfer Out			
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$46,772	-\$46,772	-\$46,772

The accompanying independent auditors' report should be read in conjunction with these financial statements.

11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$247,778	\$247,778	\$247,778
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$28,380	-\$28,380	-\$28,380
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity	\$202,238	\$202,238	\$202,238
11180 Housing Assistance Payments Equity	-\$1,232	-\$1,232	-\$1,232
11190 Unit Months Available	1651	1651	1651
11210 Number of Unit Months Leased	2088	2088	2088
11270 Excess Cash			
11610 Land Purchases			
11620 Building Purchases			
11630 Furniture & Equipment - Dwelling Purchases			
11640 Furniture & Equipment - Administrative Purchases			
11650 Leasehold Improvements Purchases			
11660 Infrastructure Purchases			
13510 CFFP Debt Service Payments			
13901 Replacement Housing Factor Funds			

The accompanying independent auditors' report should be read in conjunction with these financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

INTERNAL CONTROL AND COMPLIANCE

THIS PAGE INTENTIONALLY LEFT BLANK

**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
City of Salamanca Industrial Development Agency
Salamanca, New York 14779

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 business-type activities and each major fund of the City of Salamanca Industrial Development Agency, as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Salamanca Industrial Development Agency's basic financial statements and have issued our report thereon dated September 4, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Salamanca Industrial Development 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 City of Salamanca Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Salamanca Industrial Development 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. We did identify a certain deficiency in internal control discussed in the accompanying Schedule of Findings and Responses that we consider to be a significant deficiency (Item 2013-1).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Salamanca Industrial Development 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*.

City of Salamanca Industrial Development Agency's Response to Findings

The City of Salamanca Industrial Development Agency's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The City of Salamanca Industrial Development Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Cattaraugus, New York
September 4, 2020

BRIDGES, HORNING & CO., P.C.

Bridges, Horning & Co., P.C.

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED MARCH 31, 2020**

I. FINDINGS - FINANCIAL STATEMENTS AUDIT

Internal Control Over Financial Reporting

2013-1 – Adjusting Journal Entries and Required Disclosures to the Financial Statements

Condition and Criteria: During the current year, significant adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the Agency to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments included adjusting unearned revenues, notes receivable, grants receivable, compensated absences, reclassifying income being netted with expenses, and payroll related items. In addition, the draft of the financial statements was prepared by the auditors and accepted by the Agency.

Effect: The American Institute of Certified Public Accountants (AICPA) issued Statement on Auditing Standards Number 115, entitled Communicating Internal Control Related Matters in an Audit. This standard considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Auditors' Recommendation: Although auditors may continue to provide such assistance both now and, in the future, under the new pronouncement, the Agency should continue to review, accept, and assume responsibility for both proposed adjusting journal entries and footnote disclosures, along with the draft of the financial statements.

Agency's Response: The Agency will continue to review, accept and assume responsibility for both proposed and adjusting journal entries, footnote disclosures and financial statements per the audit. The appropriate adjusting journal entries will be entered in a timely manner. The Salamanca IDA's accounting policies have been strictly reviewed and the appropriate action will be taken on a monthly basis.

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
STATUS OF PRIOR-YEAR FINDINGS AND RECOMMENDATIONS**

Findings reported for the year ended March 31, 2019 were as follows:

Internal Control Over Financial Reporting

2013-1 – Adjusting Journal Entries and Required Disclosures to the Financial Statements

Condition and Criteria: During the current year, significant adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the Agency to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments included adjusting unearned revenues, notes receivable, grants receivable, reclassifying income being netted with expenses, and payroll related items. In addition, the draft of the financial statements was prepared by the auditors and accepted by the Agency.

Effect: The American Institute of Certified Public Accountants (AICPA) issued Statement on Auditing Standards Number 115, entitled Communicating Internal Control Related Matters in an Audit. This standard considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Auditors' Recommendation: Although auditors may continue to provide such assistance both now and, in the future, under the new pronouncement, the Agency should continue to review, accept, and assume responsibility for both proposed adjusting journal entries and footnote disclosures, along with the draft of the financial statements.

Agency's Response: The Agency will continue to review, accept and assume responsibility for both proposed and adjusting journal entries, footnote disclosures and financial statements per the audit. The appropriate adjusting journal entries will be entered in a timely manner. The Salamanca IDA's accounting policies have been strictly reviewed and the appropriate action will be taken on a monthly basis

Status: – This finding has been repeated for the year ended March 31, 2020.