

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

FOR THE YEAR ENDED MARCH 31, 2022

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
FOR THE YEAR ENDED MARCH 31, 2022
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INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the business-type activities and each major fund of the City of Salamanca Industrial Development Agency (the "Agency"), a component unit of the City of Salamanca, as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the 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 Agency, as of March 31, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The supplemental financial section and the financial data schedules (REAC) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information as listed in the table of contents is 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 October 18, 2022, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

R.A. Mercer & Co., P.C.

R.A. Mercer & Co., P.C.

West Seneca, New York
October 18, 2022

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, 2022. 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 \$1,758,445 for the fiscal year ended March 31, 2022. This compares to the previous year when assets exceeded liabilities by \$1,780,041.

Total net position comprises the following:

1. Net Investment in Capital Assets of \$770,255 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 \$767,995 is restricted by constraints imposed from outside the Agency, such as grantor requirements, laws, and regulations.
3. Unrestricted net position of \$220,195 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 \$16,902 to \$83,716 during the fiscal year.

Revenues for the year ended March 31, 2022, totaled \$863,295, of which \$224,508 was from charges for services, \$638,607 from operating grants, \$180 from interest income.

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 granters, 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, 2022, was \$1,758,445 which represents an decrease of \$21,596 from the prior year. The following table provides a summary of the Agency's net position before interfund eliminations.

	<u>2022</u>	<u>2021</u>	<u>Amount of Change</u>
Assets:			
Current and Other Assets	\$ 1,028,390	1,208,044	(179,654)
Capital Assets, Net	<u>770,255</u>	<u>631,835</u>	<u>138,420</u>
Total Assets	<u>1,798,645</u>	<u>1,839,879</u>	<u>(41,234)</u>
 Deferred Outflow of Resources	<u>43,516</u>	<u>40,780</u>	<u>2,736</u>
Liabilities:			
Other Liabilities	23,428	27,402	(3,974)
Long-Term Liabilities	<u>29,404</u>	<u>70,942</u>	<u>(41,538)</u>
Total Liabilities	<u>52,832</u>	<u>98,344</u>	<u>(45,512)</u>
 Deferred Inflows of Resources	<u>30,884</u>	<u>2,274</u>	<u>28,610</u>
Net Position:			
Net Investment in			
Capital Assets	770,255	631,835	138,420
Restricted	767,995	751,596	16,399
Unrestricted	<u>220,195</u>	<u>396,610</u>	<u>(176,415)</u>
Total Net Position	<u>\$ 1,758,445</u>	<u>1,780,041</u>	<u>(21,596)</u>

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

	Business-Type Activities			
	2022	% of Totals	2021	% of Totals
Revenue:				
Charges for Services	\$ 224,508	26.0	258,419	30.6
Operating Grants	638,607	74.0	586,591	69.4
Total Revenue	<u>863,115</u>	<u>100.0</u>	<u>845,010</u>	<u>100.0</u>
Expenses:				
Administrative and Constructual Expenses	116,705	13.2	156,647	18.2
Personnel Services	141,082	15.9	128,929	15.0
Housing Assitance Payments	574,846	65.0	489,171	56.9
Home and Community Services	52,258	5.9	84,567	9.8
Total Expense	<u>884,891</u>	<u>100.0</u>	<u>859,314</u>	<u>100.0</u>
Change in Net Position Before General Revenue	<u>(21,776)</u>		<u>(14,304)</u>	
General Revenue:				
Interest Earned on Investments	180		454	
Gain on Sale of Capital Assets	-		-	
Total General Revenue	<u>180</u>		<u>454</u>	
Change in Net Position	<u>\$ (21,596)</u>		<u>(13,850)</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.

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.

Section 8 Housing Voucher CARES Act – HUD provided additional funding under the Housing Choice Vouchers program to assist with eligible expenditures during the COVID-19 pandemic.

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, 2022, was \$770,255. This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

	<u>2022</u>	<u>2021</u>
Nondepreciable:		
Land and Land Improvements	\$ 24,500	10,500
Depreciable:		
Buildings and Leashold Improvements	2,705,835	2,537,865
Machinery and Equipment	28,865	29,644
Accumulated Depreciation	(1,988,945)	(1,946,174)
Total	<u>\$ 770,255</u>	<u>631,835</u>

Long-Term Debt

At the end of the year, the Agency had no debt outstanding.

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.

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FINANCIAL STATEMENTS

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EXHIBIT A

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF NET POSITION
AS OF MARCH 31, 2022**

	<u>Primary Government Business-Type Activities</u>
ASSETS	
Unrestricted Cash and Cash Equivalents	\$ 216,118
Restricted Cash and Cash Equivalents	708,922
Accounts Receivable, Net	200
Prepaid Expenses	20,899
Current Portion of Notes Receivable, Net	18,478
Noncurrent Assets	
Prepaid Utility Deposit	3,059
Notes Receivable	60,714
Capital Assets	
Land and Land Improvements	24,500
Buildings and Leasehold Improvements	2,705,835
Machinery and Equipment	28,865
Less: Accumulated Depreciation	<u>(1,988,945)</u>
Total Assets	1,798,645
Deferred Outflow of Resources	
New York State Retirement	<u>43,516</u>
Total Deferred Outflow of Resources	43,516
Total Assets and Deferred Outflow of Resources	<u>1,842,161</u>
LIABILITIES	
Accounts Payable	812
Accrued Liabilities	11,149
Tenant Security Deposits	1,188
Due to HUD	5,653
Due to Other Governments	940
Compensated Absences	3,686
Long-Term Liabilities	
Due and Payable Within One Year	
Unearned Revenue	13,353
Due and Payable After One Year	
Unearned Revenue	15,959
Net Pension Liability	<u>92</u>
Total Liabilities	<u>52,832</u>
Deferred Inflow of Resources	
New York State Retirement	<u>30,884</u>
Total Deferred Inflow of Resources	<u>30,884</u>
Total Liabilities and Deferred Inflow of Resources	<u>83,716</u>
Net Position	
Net Investment in Capital Assets	770,255
Restricted	767,995
Unrestricted Net Position	<u>220,195</u>
Total Net Position	<u>\$ 1,758,445</u>

See accompanying notes to the financial statements.

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2022**

		Program Revenues		Net (Expenses) Revenue and Changes in Net Position
			Operating	Primary Government
	Expenses	Charges for Services	Grants and Contributions	Business-Type Activites
Primary Government:				
Business-Type Activities:				
General	\$ 257,787	196,974	100,183	39,370
Housing Assistance Payments	574,846	10,734	538,424	(25,688)
Home and Community Services	52,258	16,800	-	(35,458)
Total Business-Type Activities	884,891	224,508	638,607	(21,776)
Total Primary Government	884,891	224,508	638,607	(21,776)
General Revenue:				
Interest Income				180
Total General Revenue				180
Change in Net Position				(21,596)
Net Position - Beginning of the Year				1,780,041
Net Position - End of the Year				<u>\$ 1,758,445</u>

See accompanying notes to the financial statements.

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF NET POSITION AND
PROPRIETARY FUNDS BALANCE SHEET
AS OF MARCH 31, 2022**

ASSETS	Business-Type Activities					Total	Adjustments Note (C)	Statement of Net Position
	General Operating Fund Fund	Section 8 Housing Choice Vouchers	Housing Choice Voucher CARES ACT	Program Income RLF	Salamanca Area Development Corporation			
Current Assets								
Unrestricted Cash and Cash Equivalents	\$ 24,271	151,668	-	-	40,179	216,118	-	216,118
Restricted Cash and Cash Equivalents	-	-	-	708,922	-	708,922	-	708,922
Accounts Receivable, Net	200	-	-	-	-	200	-	200
Due From Other Funds	5,616	-	-	52,392	-	58,008	(58,008)	-
Prepaid Expenses	10,327	-	-	10,572	-	20,899	-	20,899
Current Portion of Notes Receivable, Net	-	-	-	13,353	5,125	18,478	-	18,478
Total Current Assets	40,414	151,668	-	785,239	45,304	1,022,625	(58,008)	964,617
Other Assets								
Prepaid Utility Deposit	3,059	-	-	-	-	3,059	-	3,059
Noncurrent Notes Receivable, Net	-	-	-	20,145	40,569	60,714	-	60,714
Total Other Assets	3,059	-	-	20,145	40,569	63,773	-	63,773
Capital Assets								
Land and Land Improvements	500	-	-	-	24,000	24,500	-	24,500
Buildings and Leasehold Improvements	1,799,028	-	-	662,717	244,090	2,705,835	-	2,705,835
Machinery and Equipment	6,608	22,257	-	-	-	28,865	-	28,865
Less: Accumulated Depreciation	(1,724,144)	(20,671)	-	(228,775)	(15,355)	(1,988,945)	-	(1,988,945)
Total Capital Assets	81,992	1,586	-	433,942	252,735	770,255	-	770,255
Total Assets	125,465	153,254	-	1,239,326	338,608	1,856,653	(58,008)	1,798,645
Deferred Outflow of Resources								
New York State Retirement	21,758	21,758	-	-	-	43,516	-	43,516
Total Deferred Outflows	21,758	21,758	-	-	-	43,516	-	43,516
Total Assets and Deferred Outflow of Resources	147,223	175,012	-	1,239,326	338,608	1,900,169	(58,008)	1,842,161
LIABILITIES AND FUND EQUITY/NET POSITION								
Current Liabilities								
Accounts Payable	-	612	-	-	200	812	-	812
Accrued Liabilities	1,172	1,090	-	6,688	2,199	11,149	-	11,149
Tenant Security Deposits	-	-	-	-	1,188	1,188	-	1,188
Due to Other Funds	58,008	-	-	-	-	58,008	(58,008)	-
Due to HUD	-	4,400	-	1,253	-	5,653	-	5,653
Due To Other Governments	940	-	-	-	-	940	-	940
Compensated Absences	1,639	1,911	-	136	-	3,686	-	3,686
Unearned Revenue, Current Portion	-	-	-	13,353	-	13,353	-	13,353
Total Current Liabilities	61,759	8,013	-	21,430	3,587	94,789	(58,008)	36,781
Noncurrent Liabilities								
Unearned Revenue, Net of Current Portion	-	-	-	15,959	-	15,959	-	15,959
Net Pension Liability	46	46	-	-	-	92	-	92
Total Noncurrent Liabilities	46	46	-	15,959	-	16,051	-	16,051
Total Liabilities	61,805	8,059	-	37,389	3,587	110,840	(58,008)	52,832
Deferred Inflow of Resources								
New York State Retirement	15,442	15,442	-	-	-	30,884	-	30,884
Total Deferred Inflows	15,442	15,442	-	-	-	30,884	-	30,884
Total Liabilities and Deferred Inflow of Resources	77,247	23,501	-	37,389	3,587	141,724	(58,008)	83,716
Net Position								
Net Investment in Capital Assets	81,992	1,586	-	433,942	252,735	770,255	-	770,255
Restricted	-	-	-	767,995	-	767,995	-	767,995
Unrestricted	(12,016)	149,925	-	-	82,286	220,195	-	220,195
Total Net Position	\$ 69,976	151,511	-	1,201,937	335,021	1,758,445	-	1,758,445

See accompanying notes to the financial statements

CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN FUND NET POSITION-PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2022

	Business-Type Activities						
	General Operating Fund	Section 8 Housing Choice Vouchers	Housing Choice Voucher CARES ACT	Program Income RLF	Salamanca Area Development Corporation	Adjustments Note (C)	Total
Operating Revenue							
Program Income, Net of Allowance for Bad Debt	\$ -	-	-	7,604	-	-	7,604
Interest on Mortgages and Leases	194	-	-	1,985	2,952	-	5,131
Rental of Real Property	63,116	-	-	103,895	29,963	-	196,974
Federal Grant Revenue	-	621,142	17,465	-	-	-	638,607
Other Revenue	2,250	11,819	-	500	230	-	14,799
Total Operating Revenue	65,560	632,961	17,465	113,984	33,145	-	863,115
Operating Expenses							
General							
Administrative and Contractual	35,192	24,263	525	24,100	13,166	19,459	116,705
Personal Services	21,399	42,421	17,465	32,930	1,747	-	115,962
Employee Benefits	3,893	15,740	-	5,352	135	-	25,120
Housing Assistance Payments	-	574,846	-	-	-	-	574,846
Home and Community Services	-	-	-	28,167	-	24,091	52,258
Depreciation Expense	15,020	502	-	24,091	3,937	(43,550)	-
Total Operating Expenses	75,504	657,772	17,990	114,640	18,985	-	884,891
Operating Income (Loss)	(9,944)	(24,811)	(525)	(656)	14,160	-	(21,776)
Nonoperating Revenues (Expenses)							
Interest Earned on Investments	6	34	-	140	-	-	180
Net Nonoperating Revenue (Expense)	6	34	-	140	-	-	180
Change in Net Position	(9,938)	(24,777)	(525)	(516)	14,160	-	(21,596)
Net Position - Beginning of the Year	79,914	176,813	-	1,202,453	320,861	-	1,780,041
Equity Transfer	-	(525)	525	-	-	-	-
Net Position - End of the Year	\$ 69,976	151,511	-	1,201,937	335,021	-	1,758,445

See accompanying notes to the financial statements

EXHIBIT E

CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	Business-Type Activities					
	General Operating Fund	Section 8 Housing Choice Vouchers	Housing Choice Voucher CARES ACT	Program Income RLF	Salamanca Area Development Corporation	Total
Cash Flows From Operating Activities:						
Receipts From Tenants	\$ 63,116	-	-	96,291	31,151	190,558
Receipts From Customers	194	-	-	1,985	2,952	5,131
Proceeds From Notes and Leases Receivables	-	-	-	7,604	-	7,604
Payments to Employees	(28,108)	(61,052)	-	(38,455)	(1,921)	(129,536)
Payments to Suppliers	(45,238)	(598,847)	(17,990)	(56,151)	(10,967)	(729,193)
Receipts From Other Governments	-	621,142	90	-	-	621,232
Payments (to) from Other Funds	(133)	-	-	281	(148)	-
Payments to Other Governments	(973)	756	-	859	-	642
Other Receipts	2,250	11,819	-	500	230	14,799
Net Cash Provided by (Used In) Operating Activities	(8,892)	(26,182)	(17,900)	12,914	21,297	(18,763)
Cash Flows From Capital and Related Financing Activities:						
Acquisition and Modernization of Capital Assets	-	-	-	-	(181,970)	(181,970)
Equity transfer	-	(525)	525	-	-	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	-	(525)	525	-	(181,970)	(181,970)
Cash Flows From Investing Activities:						
Proceeds From Notes and Leases Receivable	10,188	-	-	13,009	5,203	28,400
Interest Income Received	7	34	-	140	-	181
Net Cash Provided By (Used In) Investing Activities	10,195	34	-	13,149	5,203	28,581
Net Cash and Cash Equivalents Increase (Decrease) For the Year	1,303	(26,673)	(17,375)	26,063	(155,470)	(172,152)
Cash and Cash Equivalents, Beginning of Year	22,968	178,341	17,375	682,859	195,649	1,097,192
Cash and Cash Equivalents, End of Year	24,271	151,668	-	708,922	40,179	925,040
Cash Flows From Operating Activities:						
Operating Income (Loss)	(9,944)	(24,811)	(525)	(656)	14,160	(21,776)
Adjustments :						
Depreciation	15,020	502	-	24,091	3,937	43,550
Deferred Outflows	(1,368)	(1,368)	-	-	-	(2,736)
Deferred Inflows	14,305	14,305	-	-	-	28,610
Pension Related Liability	(16,967)	(16,967)	-	-	-	(33,934)
Changes in Assets and Liabilities:						
Decrease (Increase) in Due From Other Funds	(3,692)	-	-	281	-	(3,411)
Decrease (Increase) in Prepaid Expenses	(10,327)	-	-	(10,572)	-	(20,899)
Increase (Decrease) in Due to Other Governments	(973)	(90)	(17,375)	-	-	(18,438)
Increase (Decrease) in Due to HUD	-	846	-	859	-	1,705
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(63)	-	-	-	-	(63)
Increase (Decrease) in Accrued Liabilities	344	262	-	6,688	2,199	9,493
Increase (Decrease) in Tenant Security Deposits	-	-	-	-	1,188	1,188
Increase (Decrease) Compensated Absences	1,214	1,139	-	(173)	(39)	2,141
Increase (Decrease) in Due to Other Funds	3,559	-	-	-	(148)	3,411
Increase (Decrease) in Unearned Revenue	-	-	-	(7,604)	-	(7,604)
Net Cash Provided By (Used In) Operating Activities	(8,892)	(26,182)	(17,900)	12,914	21,297	(18,763)
Reconciliation of Unrestricted and Restricted Cash and Cash Equivalents:						
Cash and Cash Equivalents, Unrestricted	24,271	151,668	-	-	40,179	216,118
Cash and Cash Equivalents, Restricted	-	-	-	708,922	-	708,922
Total Unrestricted and Restricted Cash and Cash Equivalents	\$ 24,271	151,668	-	708,922	40,179	925,040

See accompanying notes to the financial statements.

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**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2022**

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 and (GASB) Statement 61. 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, 2022.

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 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 and GASB Statement No. 61 and GASB Statement No. 90th:

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 and GASB 61, 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.

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.

Section 8 Housing Voucher CARES Act – HUD provided additional funding under the Housing Choice Vouchers program to assist with eligible expenditures during the COVID-19 pandemic.

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.

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.

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:

	Estimated Useful Life	Capitalization Threshold
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 457(b) 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, granters, 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, 2022. 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	\$ 953,466	252,363	701,103	-	924,580
Savings and Time Deposits	410	410	-	-	410
Cash on Hand	-	-	-	-	50
Total Deposits	<u>\$ 953,876</u>	<u>252,773</u>	<u>701,103</u>	<u>-</u>	<u>925,040</u>

Reconciliation to the Statement of Net Position:

Unrestricted Cash	\$ 216,118
Restricted Cash	708,922
Total	<u>\$ 925,040</u>

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

NOTE D - ACCOUNTS RECEIVABLE

Receivables at March 31, 2022, included the following:

	General Operating Fund	Housing Choice Vouchers	Total
Tenants	\$ -	51,940	51,940
Miscellaneous	200	-	200
Allowance	-	(51,940)	(51,940)
Total	<u>\$ 200</u>	<u>-</u>	<u>200</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, and the Salamanca Area Development Corporation Fund is as follows:

Description	Balance at 4/1/2021	Additions	Deletions and Other Adjustments	Balance at 3/31/2022
<u>Nondepreciable</u>				
Land and Land Improvements	\$ 10,500	14,000	-	24,500
<u>Depreciable</u>				
Buildings and Leasehold Improvements	2,537,865	167,970	-	2,705,835
Machinery and Equipment	29,644	-	(779)	28,865
Totals	2,578,009	181,970	(779)	2,759,200
Less: Accumulated Depreciation	(1,946,174)	(43,550)	779	(1,988,945)
Net Land, Buildings, and Equipment	<u>\$ 631,835</u>	<u>138,420</u>	<u>-</u>	<u>770,255</u>

On the Statement of Activities (Exhibit B) depreciation expense allocations of \$19,459 and \$24,091 were made to the General and Home and Community Services functions respectively.

NOTE F - NOTES RECEIVABLE

As of March 31, 2022, the City of Salamanca Industrial Development Agency had notes receivable with varying interest rates and terms as follows:

	Program Income	SADC	Total
Notes Receivable	\$ 55,149	45,694	100,843
Less: Allowance for Doubtful Accounts	(21,651)	-	(21,651)
Total Notes Receivable, Net	33,498	45,694	79,192
Less: Noncurrent Notes Receivable, Net	(20,145)	(40,569)	(60,714)
Total Current Portion of Notes Receivable, Net	<u>\$ 13,353</u>	<u>5,125</u>	<u>18,478</u>

Allowance for Doubtful Accounts in the Program Income Fund includes an outstanding loan balance of \$21,651 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 - DUE FROM/TO OTHER FUNDS

As of March 31, 2022, amounts due from and to other funds were as follows:

	Due From	Due To
General Operating Fund	\$ 5,616	58,008
Program Income Revolving Loan Fund	52,392	-
	<u>\$ 58,008</u>	<u>58,008</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.

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

Amounts Paid to the City of Salamanca

Expenses of \$8,638 were incurred by the City of Salamanca Industrial Development Agency for the year ended March 31, 2022, in connection with the City of Salamanca's services to the Agency relating to comptroller services, use of a copy machine, postage, 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 \$111,359 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 I - UNEARNED REVENUES

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, 2022, the Agency had unearned revenues of \$29,312 for notes receivable. The current portion is \$13,353 while the long-term portion was \$15,959.

Unearned revenue also includes capital assets acquired in prior years with grant funds totaling \$16,832, of which \$7,683 has been recovered through depreciation.

NOTE J- 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:

	Balance 4/1/2021	Additions	Decrease	Balance 3/31/2022	Due Within One Year
General Fund	\$ 425	1,639	(425)	1,639	1,639
Program Income RLF	309	136	(309)	136	136
Section 8 Program Housing Choice	722	1,911	(722)	1,911	1,911
Salamanca Area Development Corp.	39	-	(39)	-	-
Total	<u>\$ 1,495</u>	<u>3,686</u>	<u>(1,495)</u>	<u>3,686</u>	<u>3,686</u>

NOTE K - 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	\$ 81,992	-	(12,016)	69,976
Program Income RLF	433,942	767,995	-	1,201,937
Section 8 Housing Choice Vouchers	1,586	-	149,925	151,511
Salamanca Area Development Corp	252,735	-	82,286	335,021
Total	<u>\$ 770,255</u>	<u>767,995</u>	<u>220,195</u>	<u>1,758,445</u>

NOTE L- ADMINISTRATIVE AND CONTRACTUAL EXPENSES

The following is a detail of administrative and contractual expenses:

	General Operating Fund	Program Income RLF	Housing Choice Vouchers	Housing Choice Voucher CARES ACT	SADC	Total
Administrative	\$ -	-	555	-	-	555
Continuing Education	-	-	2,809	-	-	2,809
Comptroller Expense	1,157	964	1,157	-	-	3,278
Insurance	10,548	9,860	-	-	6,215	26,623
Lease	7,828	2,232	-	-	1,330	11,390
Miscellaneous Expense	885	-	-	-	-	885
Office Expense	2,051	3,058	15,241	-	1,292	21,642
Professional Fees & Consulting	3,567	4,278	2,625	-	2,820	13,290
Rent	1,083	1,083	1,083	-	-	3,249
Repairs and Maintenance	7,041	698	668	-	185	8,592
Telephone Expense	938	840	-	-	-	1,778
Property Taxes	-	1,026	-	-	-	1,026
Coronavirus Aid, Relief	-	-	-	525	-	525
Travel	94	43	125	-	74	336
Depreciation Expense	15,020	-	502	-	3,937	19,459
Utilities	-	18	-	-	1,250	1,268
	<u>\$ 50,212</u>	<u>24,100</u>	<u>24,765</u>	<u>525</u>	<u>17,103</u>	<u>116,705</u>

NOTE M - 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, 2022, the Agency paid \$9,700 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 \$9,700 per year over the remaining 9 years of the lease, based on the properties owned at March 31, 2022.

During the year ended March 31, 2022, 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 \$744,169, comprising \$2,705,835 of original costs less accumulated depreciation of \$1,961,666. The lease agreements require monthly installments or annual payments varying in amount from \$1,287 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 \$196,974.

NOTE N - 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 \$145,837.

NOTE O - 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, 2021 was approximately 14.1 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, 2022, the applicable interest rate was 5.9 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:

	<u>Amount</u>
2022	\$ 13,670
2021	\$ 10,747
2020	\$ 10,869

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

At March 31, 2022, 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, 2021. 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.

	<u>NYSLRS</u>
Actuarial Valuation Date	April 1 , 2021
Net Pension Liability	\$ 92
Agency's Portion of the Plan's Total Net Pension Liability	0.0000915%

For the year ended March 31, 2022, the Agency recognized pension expense of \$5,698 for NYSLRS. At March 31, 2022, 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>
Difference between expected and actual experience	\$ 1,113	-
Changes of assumptions	16,752	316
Net difference between projected and actual earnings on pension investments	-	26,172
Changes in proportion and differences between the Agency's contributions and proportionate share contributions	11,981	4,396
Employer contributions subsequent to the measurement date	<u>13,670</u>	<u>-</u>
Total	<u>\$ 43,516</u>	<u>30,884</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, 2022. 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>
2022	\$ 1,425
2023	1,923
2024	76
2025	(4,462)
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:

	NYSLRS
Measurement Date	March 31, 2021
Actuarial Valuation Date	April 1, 2020
Investment Rate of Return	5.9%
Salart Scale	6.2%
Decrement Tables	April 1, 2015 - March 31, 2020 ERS' Experience
Inflation Rate	2.7%
Cost of Living Adjustment	1.4%

The annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2019.

The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each 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:

	NYSLRS	
Measurement Date	March 31, 2021	
Asset Type:	Target Allocation	Rate of Return
Domestic Equity	32.00%	3.30%
International Equity	15.00%	5.85%
Private Equity	10.00%	6.50%
Real Estate	9.00%	5.00%
Opportunistic Portfolio	3.00%	4.10%
Credit	4.00%	3.78%
Real Assets	3.00%	5.58%
Fixed Income	23.00%	0.00%
Cash	1.00%	-1.00%
	<u>100.00%</u>	

e. Discounts

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the

assumptions, 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.

6 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 5.9%, as well as what the Agency's proportionate share of the net pension asset or liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.9%) or 1-percentage point higher (6.9%) than the current rate:

	NYSLRS		
	1.0% Decrease 4.9%	Current Assumption 5.9%	1.0% Increase 6.9%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 25,289	92	(23,147)

7 Pension Plan Fiduciary Net Position

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

The components of the current-year net pension liabilities of the employers as of the valuation dates were as follows:

	(Dollars in Thousands)
	ERS
Valuation Date	March 31, 2021
Employers' Total Pension Liability	\$ 220,680,157
Plan Fiduciary Net Pension	220,580,583
Employers' Net Pension Liability	<u>\$ 99,574</u>
Systems' Fiduciary Net Position as a Percentage of Total Pension Liability	99.95%

NOTE P - 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, 2022, 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 Q - NEW ACCOUNTING STANDARDS

The Agency has adopted all current Statement of the Governmental Accounting Standards Board (GASB) that are applicable. During the year ended March 31, 2022, the Agency implemented the following new statements issued by GASB:

- GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a

Construction Period, now effective for the year ending June 30, 2022.

- GASB Statement No. 98, The Annual Comprehensive Financial Report

NOTE R - ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED

The Agency has not completed the process of evaluating the impact that will result from adopting the provisions of GASB Statement No. 87, Leases, now effective for the year ending March 31, 2023; GASB Statement No. 91, Conduit Debt Obligations, now effective for years ending March 31, 2023; GASB Statement No. 92, Omnibus 2020, effective for the year ending March 31, 2023; GASB Statement No. 93, Replacement of Interbank Offered Rates, effective for the year ending March 31, 2023; GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Agreements, effective for the year ending March 31, 2024; GASB Statement No. 96, Subscription-Based Information Technology Arrangements, effective for the year ended March 31, 2024; and GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, a supersession of GASB Statement No. 32, has a dual effective date with a portion of it effective for the year ended March 31, 2021 and a portion of it effective for the year ended March 31, 2023. GASB Statement No. 99 – “Omnibus 2022.” This statement, issued in April, 2022, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial report for financial guarantees. The requirements of this statement are effective for the year ended March 31, 2025. GASB Statement No. 100 – “Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62.” This statement, issued in June, 2022, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the year ended March 31, 2025. GASB Statement No. 101 – “Compensated Absences.” This statement, issued in June, 2022, helps to meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this statement are effective for the year ended March 31, 2025. The Agency is, therefore, unable to disclose the impact that adopting GASB Statements Nos. 87, 91, 92, 93, 94, 96, 97, 99, 100, and 101 will have on its financial position and results of operations.

NOTE S- 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 T- SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 18, 2022, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE LAST SEVEN YEARS

	2022	2021	2020	2019	2018	2017	2016
NYSLRS Pension Plan							
Authority's proportion of the net pension liability (asset)	0.0000915%	0.0001285%	0.0001480%	0.0001456%	0.0001758%	0.0001819%	0.0001449%
Authority's proportionate share of the net pension liability (asset)	\$ 91	34,026	10,484	4,698	16,519	29,203	4,896
Authority's covered-employee payroll	93,985	68,525	80,918	77,524	70,397	70,374	92,831
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.10%	49.65%	12.96%	6.06%	23.47%	41.50%	5.27%
Plan fiduciary net position as a percentage of the total pension liability	100.0%	86.4%	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.

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

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
REQUIRED SUPPLEMENT INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE LAST SEVEN YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
NYSLRS Pension Plan							
Statutory Required Contributions	\$ 13,670	10,747	10,869	10,517	9,890	13,066	12,742
Contributions In Relation To Statutory Required Contributions	<u>13,670</u>	<u>10,747</u>	<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>	<u>-</u>	<u>-</u>
Employer's covered-employee payroll	\$ 93,985	68,525	80,918	77,524	70,397	70,374	92,831
Contributions as a percentage of Covered-employee payroll	14.54%	15.68%	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.

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

SUPPLEMENTARY FINANCIAL INFORMATION

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**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF PAYMENTS IN LIEU OF TAXES (SEE TOC)
FOR THE YEAR ENDED MARCH 31, 2022**

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	\$9,046
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 BONDS
FOR THE YEAR ENDED MARCH 31, 2022**

<u>Project Name</u>	<u>Project No.</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at 4/1/2021</u>	<u>Issued During Fiscal Year</u>	<u>Paid During Fiscal Year</u>	<u>Balance at 3/31/2022</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: 03/31/2022

	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
111 Cash - Unrestricted	\$151,667		\$151,667	\$151,667
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	\$151,667	\$0	\$151,667	\$151,667
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	\$51,940		\$51,940	\$51,940
128.1 Allowance for Doubtful Accounts - Fraud	-\$51,940		-\$51,940	-\$51,940
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$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	\$151,667	\$0	\$151,667	\$151,667
161 Land				
162 Buildings				
163 Furniture, Equipment & Machinery - Dwellings	\$22,257		\$22,257	\$22,257
164 Furniture, Equipment & Machinery - Administration				
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$20,671		-\$20,671	-\$20,671
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,586	\$0	\$1,586	\$1,586
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	\$1,586	\$0	\$1,586	\$1,586
200 Deferred Outflow of Resources	\$21,758		\$21,758	\$21,758
290 Total Assets and Deferred Outflow of Resources	\$175,011	\$0	\$175,011	\$175,011
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$612		\$612	\$612
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$1,090		\$1,090	\$1,090
322 Accrued Compensated Absences - Current Portion	\$1,911		\$1,911	\$1,911
324 Accrued Contingency Liability				

325	Accrued Interest Payable				
331	Accounts Payable - HUD PHA Programs	\$4,400		\$4,400	\$4,400
332	Account Payable - PHA Projects				
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	\$8,013	\$0	\$8,013	\$8,013
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	\$45		\$45	\$45
350	Total Non-Current Liabilities	\$45	\$0	\$45	\$45
300	Total Liabilities	\$8,058	\$0	\$8,058	\$8,058
400	Deferred Inflow of Resources	\$15,442		\$15,442	\$15,442
508.4	Net Investment in Capital Assets	\$1,586		\$1,586	\$1,586
511.4	Restricted Net Position	\$0		\$0	\$0
512.4	Unrestricted Net Position	\$149,925	\$0	\$149,925	\$149,925
513	Total Equity - Net Assets / Position	\$151,511	\$0	\$151,511	\$151,511
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$175,011	\$0	\$175,011	\$175,011

City of Salamanca (NY403)

Salamanca, NY

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2022

	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
70300 Net Tenant Rental Revenue				
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$621,142	\$17,465	\$638,607	\$638,607
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	\$34		\$34	\$34
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery	\$0		\$0	\$0
71500 Other Revenue	\$11,819		\$11,819	\$11,819
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted	\$0		\$0	\$0
70000 Total Revenue	\$632,995	\$17,465	\$650,460	\$650,460
91100 Administrative Salaries	\$42,420	\$17,465	\$59,885	\$59,885
91200 Auditing Fees	\$2,625		\$2,625	\$2,625
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$15,740		\$15,740	\$15,740
91600 Office Expenses	\$19,780		\$19,780	\$19,780
91700 Legal Expense				
91800 Travel	\$108		\$108	\$108
91810 Allocated Overhead				
91900 Other		\$525	\$525	\$525
91000 Total Operating - Administrative	\$80,673	\$17,990	\$98,663	\$98,663
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	\$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	\$0
94100 Ordinary Maintenance and Operations - Labor				
94200 Ordinary Maintenance and Operations - Materials and Other	\$668		\$668	\$668
94300 Ordinary Maintenance and Operations Contracts				

94500 Employee Benefit Contributions - Ordinary Maintenance				
94000 Total Maintenance	\$668	\$0	\$668	\$668
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	\$0
96110 Property Insurance				
96120 Liability Insurance				
96130 Workmen's Compensation				
96140 All Other Insurance				
96100 Total Insurance Premiums	\$0	\$0	\$0	\$0
96200 Other General Expenses				
96210 Compensated Absences				
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	\$0	\$0	\$0	\$0
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	\$0
96900 Total Operating Expenses	\$81,341	\$17,990	\$99,331	\$99,331
97000 Excess of Operating Revenue over Operating Expenses	\$551,654	-\$525	\$551,129	\$551,129
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments	\$564,394		\$564,394	\$564,394
97350 HAP Portability-In	\$10,452		\$10,452	\$10,452
97400 Depreciation Expense	\$502		\$502	\$502
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense	\$1,083		\$1,083	\$1,083
90000 Total Expenses	\$657,772	\$17,990	\$675,762	\$675,762
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	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$24,777	-\$525	-\$25,302	-\$25,302
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$176,813	\$0	\$176,813	\$176,813
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$525	\$525	\$0	\$0
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	\$172,437		\$172,437	\$172,437
11180 Housing Assistance Payments Equity	-\$20,926		-\$20,926	-\$20,926
11190 Unit Months Available	174		174	174
11210 Number of Unit Months Leased	12		12	12
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				

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INTERNAL CONTROL AND COMPLIANCE

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the 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, each major fund of the City of Salamanca Industrial Development Agency, as of and for the year ended March 31, 2022, 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 October 18, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal controls discussed in the accompanying Schedule of Findings and Responses that we considered to be significant deficiencies (2013-1).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and



material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

R.A. Mercer & Co., P.C.

R.A. Mercer & Co., P.C.

West Seneca, New York

October 18, 2022

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED MARCH 31, 2022**

1. FINDINGS – FINANCIAL STATEMENTS AUDIT

Internal Control Over Financial Statements

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 netting 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 Standard Number 115, entitled “Communicating Internal Control Related Matters in and 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 abovementioned 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 reviewing and the appropriate action will be taken on a monthly basis.

**CITY OF SALAMANCA
INDUSTRIAL DEVELOPMENT AGENCY
STATUS OF PRIOR-YEAR FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED MARCH 31, 2022**

Findings reported for the year ended March 31, 2021 were as follows:

Internal Control Over Financial Statements

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 netting 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 Standard Number 115, entitled “Communicating Internal Control Related Matters in and 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 abovementioned 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 reviewing and the appropriate action will be taken on a monthly basis.

Status: This finding has been reported on again for the year ended March 31, 2022.