

September 4, 2020

Board of Directors and Management  
City of Salamanca Industrial Development Agency  
225 Wildwood Avenue  
Salamanca, New York 14779

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of City of Salamanca Industrial Development Agency (the Agency) for the year ended March 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards*), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 9, 2020. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note B to the financial statements. As described in Note S to the financial statements, the Agency changed accounting policies related to delayed implementation of GASB pronouncements by adopting GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance* for the year ended March 31, 2020. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Agency's financial statements were:

Management's estimate of the useful lives and annual depreciation of fixed assets is based on adopted Agency policy. We evaluated the key factors and assumptions used to develop the useful lives and annual depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for doubtful accounts is based on Agency history and known factors. We evaluated the key factors and assumptions used to develop allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability and related deferred outflows and inflows is based on amounts reported to the Agency by the NYSLRS. We evaluated the key factors and assumptions used to develop the net pension liability and related deferred outflows and inflows in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the compensated absence liability is based on accumulated leave time and current hourly pay rates. We evaluated the key factors and assumptions used to develop the compensated absence liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The attached schedule identifies material misstatements detected as a result of audit procedures and were corrected by management.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 4, 2020.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### Other Matters

We applied certain limited procedures to the schedule of proportionate share of the net pension liability and the schedule of employer contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of leases, schedule of payments in lieu of taxes, schedule of bonds, and financial data schedules (REAC), which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

BRIDGES, HORNING & CO., P.C.

*Bridges, Horning & Co. P.C.*

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

Unadjusted audit differences:	Revenues Over (Under) Expenditures/Expenses; and Net Change in Fund Balance/Equity
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Program Income Fund:	
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Adjustment for Unearned Revenue	\$ 1,066
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Adjustment for Notes Receivable	(1,066)
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Adjustment for Accrued Payroll	1,572
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Cumulative effect (before effect of prior-year differences)	1,572
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Effect of unadjusted audit differences - prior year:	2,659
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Cumulative effect (after effect of prior-year differences)	\$ 4,231
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Salamanca IDA  
Audit Entries  
March 31, 2020

	Acct Number	Ref	DR	CR
1) Other Income	A4020	T1	48,905.04	
Misc Expense	A5813			48,905.04
(to remove revenue/expense posting due to cash transfer)				
2) Other Income	M4002	T1.1	6,886.06	
Misc Expense	M5813			6,886.06
(to remove revenue/expense posting due to cash transfer)				
3) Depreciation Expense	A5910	K1	15,470.15	
Accumulated Depreciaton	A1450			15,470.15
(To record General Fund Depreciaton)				
4) Depreciation Expense	B5910	K2	23,478.92	
Deferred Revenue	B2080		612.07	
Accumulated Depreciaton	B1450			24,090.99
(To record program income fund depreciation)				
5) Gain On Sale	E1125 Bal Sheet	K4	11,149.68	
Gain On Sale	E4090			10,849.68
Legal Expense	E5310			300.00
(To reclass and adjust gain on property sale)				
6) Other Income	D4010	G1	1,685.00	
Allowance for Uncollectible	D1201			1,685.00
(To adjust allowance to A/R)				
7) Due to Other Funds	A1140	F	534.78	
Fringe Benefits	A5110			534.78
(To adjust balances)				
8) Notes Receivable	B1210		7,337.36	
Deferred Revenue	B2080			7,337.36
9) Unrestricted Net Assets	A3020	L1	5,202.87	
Compensated Absences	A2015			5,202.87
Unrestricted Net Assets	B3020		3,783.91	
Compensated Absences	B2015			3,783.91
Unrestricted Net Assets	D3900		28,379.32	
Compensated Absences	D2015			28,379.32
Unrestricted Net Assets	M3020		472.99	
Compensated Absences	M2015			472.99
(To record beginning balances)				
10) Fringe Benefits	A5110	L1	497.62	
Compensated Absences	A2015			497.62
Fringe Benefits	B5100		361.90	
Compensated Absences	B2015			361.90
Fringe Benefits	D5020		2,714.27	
Compensated Absences	D2015			2,714.27

Fringe Benefits	M5111		45.24	
Compensated Absences	M2015			45.24
(To record CY change in Compensated Absences)				
11) Due to HUD	B2050	R	14.29	
Allowance for Uncollectible	B1230			136.13
Unrestricted Net Assets	B3020		121.84	
Unrestricted Net Assets	D3900			146.15
Pension Liability	D2050		146.15	
(to adjust beginning balances)				
12) Fringe Benefits	A5110	P4		2,981.36
Deferred Outflow	A2090		5,081.86	
Deferred Inflow	A1470		2,013.98	
Net Pension Liability	A2085			4,114.48
Fringe Benefits	D5020		1,005.84	
Deferred Outflow	D2060			10,432.86
Deferred Inflow	D1470		11,245.02	
Net Pension Liability	D2050			1,818.00
To adjust Pension Liability & related)				