

## MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of the City of Salamanca Industrial Development Agency for the year ended March 31, 2020, we considered the IDA's internal control system to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the Agency's internal controls.

The following items were noted during our audit. These items were deemed not serious enough to be considered significant deficiencies, but warrant attention. We recommend that the IDA review and consider the appropriate action to be taken.

### **Bank Transfers**

We noted that certain bank transfers were reported as a revenue and a corresponding expense when made. Transfers between bank accounts should not affect revenues and expenses and should be recorded as a transfer between the bank accounts.

### **Interfund Activity**

We noted that interfund account accounts are carrying balances from year to year. Normally interfund borrowing are considered short term and efforts should be made to repay, if possible, amounts borrowed at least annually.

### **Beginning of Year Net Position**

We noted that the beginning of year net position amounts for two different funds did not agree to the prior year ending amounts by immaterial differences. A journal entry was required to correct these differences. We recommend all daily operating transactions be posted in the current year so net position amounts are properly stated.

### **Cash Disbursements**

We noted an instance where voucher documentation was not completed and/or missing supporting documentation and one instance where all required authorization signatures were not on the voucher. It is recommended that all vouchers be fully completed and include appropriate account postings, authorization signatures and supporting documents.

We noted two instances where an invoice for repairs was paid by the IDA but was invoiced to an IDA tenant. Although it was determined that the IDA had agreed to pay the invoice, it is recommended that all payments made be invoiced to the IDA.

### **Notes Receivable Write-off**

We noted an instance where the Board authorized the write off of an immaterial amount due to the recipient's death, however the write off was not recorded during the year.

### **Journal Entry Approvals**

While we noted that journal entries are being submitted to the Board for approval, we recommend the Board's approval of the journal entries be documented.

## IMMATERIAL INSTANCES OF NONCOMPLIANCE

In connection with our tests of compliance with certain provisions of the laws, regulations, contracts, and grants as of and for the year ended March 31, 2020, we noted no matters we considered to be an immaterial instance of noncompliance.

We believe that the implementation of these recommendations will provide the IDA with a stronger system of internal accounting control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you and assist in any way possible with their implementation.

This report is intended solely for the information and use of the members of the Board, management, and others within the organization (or specified regulatory agency) and is not intended to be and should not be used by anyone other than these specified parties.

Cattaraugus, New York  
September 4, 2020

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