

Olean Urban Renewal Agency Audit Presentation Meeting Notes (since no quorum was present)
Wednesday, September 15, 2021

Mr. Bysiek presented copies of the Audit Report for the members' review.

Mr. Bysiek explained that a fair amount is going on in this year's set of financial statements. Mr. Bysiek explained that the Independent Auditor's Report shows that a clean, unmodified opinion was issued and that whomever needs to rely on the financial statements can effectively do so.

Mr. Bysiek explained that the Balance Sheet shows the Agency's Statement of Net Position, comparing fiscal year end 2020 to fiscal year end 2021. Mr. Bysiek explained that the cash flow is very good and that there is over \$437,000 of cash in the bank because the Stabilization Project was grant funded and there is an approximately \$182,000 profit from the sale on the buildings. Mr. Bysiek explained that there is a significant decrease in Assets under "Property Held for Sale" because the Manufacturers' Hanover building was on the books for \$411,000. Mr. Bysiek explained that accounting rules state to put a property on the books for what it originally cost, and this creates a unique situation where the cash flow is positive but there is a loss on the sale of the building. Mr. Bysiek noted that the remaining amounts in this section represent the original appraised value of property that the Agency still owns which is mostly located on Constitution Avenue.

Mr. Bysiek explained that the Contractual Fees Payable of \$19,680 represents the estimated City of Olean share should there be future sales of the properties on Constitution Avenue. Mr. Bysiek explained that there is a clause in the Agency's Bylaws that twenty percent of the value of the property sold is to be remitted to the City.

Mr. Bysiek explained that the overall cash flow is positive, but that the Agency's net position decreased by \$270,000 because of the loss on paper due to the sale of the Manufacturers' Hanover building. Mr. Bysiek explained that the property was listed on the books for \$411,000 but sold for \$182,000. Mr. Bysiek explained that this is spelled out on the Statement of Revenues and Expenses. Mr. Bysiek explained that the first item is grant revenue, which shows \$700,000 in grant proceeds between ESD and Parks. Mr. Bysiek explained that this largely funded all of the project stabilization expenditures on the building. Mr. Bysiek explained that interest on the Note and property maintenance costs are also listed. Mr. Bysiek explained that the loss on the sale of the property is shown a few lines down, and he explained that this is a paper loss on the books because it is such a large amount. Mr. Bysiek explained that it is reported here because something needs to be done with the difference between the value and the sale price.

Mr. Bysiek explained that the next page in the report shows the Statement of Cash Flows. Mr. Bysiek explained that this shows that while there is a loss on paper, cash flows were very positive. Mr. Bysiek explained that the fourth line on the bottom of the page shows a net change in cash of \$161,290, which is a more applicable number to consider in overall financial results.

Mr. Bysiek explained that these are the numbers themselves and from here he used accounting rules to prepare the report and provided more specifics about what items in the financial statements

are reporting. Mr. Bysiek explained that Note 2 describes how numbers were arrived at for the net values of properties held for sale. Mr. Bysiek explained that on the books it shows what the appraised value of the property was at the time that the property was transferred by the City to the Agency. Mr. Bysiek explained that the Agency might not get these amounts when selling the properties, which would be shown as a loss on paper with a positive cash flow much like the sale of the Manufacturers' Hanover property. Mr. Bysiek explained that everything else in the report is more or less mentioned in the comments. Mr. Bysiek explained that the books have been accounted for properly through the years and financial statements through the year have been accurate. Mr. Bysiek explained that there were no findings of issues with the internal controls structure, and finances coming in and going out are proper. Mr. Bysiek explained that the good news is that from an audit perspective, the numbers are accurate with explanations that speak for themselves.