

**TOWN OF LANCASTER**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
*(A Component Unit of the Town of Lancaster, New York)*  
*Basic Financial Statements, Required Supplementary*  
*Information, Supplementary Information and Other*  
*Information for the Years Ended December 31, 2015*  
*and 2014 and Independent Auditors' Reports*



**TOWN OF LANCASTER INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Component Unit of the Town of Lancaster, New York)**  
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**Years Ended December 31, 2015 and 2014**

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Certified Public Accountants

## **INDEPENDENT AUDITORS' REPORT**

The Members of Town of Lancaster  
Industrial Development Agency:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Town of Lancaster Industrial Development Agency (the "Agency"), a component unit of the Town of Lancaster, New York, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of December 31, 2015 and 2014, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

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

### *Other Information*

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The Schedule of Agency Investments and the Real Property Listing, as required under New York State Public Authority Law, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Agency Investments 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Agency Investments is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Real Property Listing has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2016 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



March 8, 2016

**TOWN OF LANCASTER INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Component Unit of the Town of Lancaster, New York)**  
**Management's Discussion and Analysis**  
**December 31, 2015 and 2014**

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As management of the Town of Lancaster Industrial Development Agency (the "Agency"), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the years ended December 31, 2015 and 2014. This narrative should be read in conjunction with the Agency's financial statements, which follow this narrative.

**Financial Highlights**

- The assets of the Agency exceeded its liabilities at December 31, 2015 and 2014 by \$1,170,566 and \$1,120,027, respectively. These amounts are termed *unrestricted net position* and may be used to fund the Agency's ongoing operations.
- The Agency's net position increased by \$50,539 and \$39,644 during the fiscal years ended December 31, 2015 and 2014, respectively.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise of two components: the Agency's financial statements and notes to those financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Required financial statements**—The financial statements are prepared using the accrual basis of accounting. The financial statements include:

The *statements of net position* presents information on all of the Agency's assets, liabilities, and deferred outflows/inflows of resources, with the differences reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *statements of activities* present information showing how the Agency's net position changed during the most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The *statements of cash flows* present the cash provided and used during years ended December 31, 2015 and 2014 and how it affects the cash balances at December 31, 2015 and 2014.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

**Financial Analysis**

The Agency provides administrative assistance to companies within the Town of Lancaster, New York and has limited operations. The Agency does not have any capital assets, long-term debt or full time employees. When analyzing the financial condition and the impact of current year operating activities, Agency management believes the most important issue is whether the Agency's financial position has improved or deteriorated from the prior year. The *statements of net position* and the *statements of activities* can assist in

determining whether the Agency's financial position has improved or deteriorated. The *statements of cash flows* provides information about the cash receipts, cash payments, and net change in cash resulting from the operating, investing and capital financing activities of the Agency during the year. These statements help users assess the Agency's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing. Condensed financial highlights of these statements are presented below.

**Table 1—Condensed Statements of Net Position**

	December 31,		
	2015	2014	2013
Assets:			
Current assets	\$1,170,566	\$1,120,027	\$1,010,383
Noncurrent assets	-	-	70,000
Total assets	<u>1,170,566</u>	<u>1,120,027</u>	<u>1,080,383</u>
Net Position:			
Unrestricted	<u>\$1,170,566</u>	<u>\$1,120,027</u>	<u>\$1,080,383</u>

The Agency's current assets are comprised of cash and cash equivalents and receivables. These assets increased in both 2015 and 2014 over the previous year as a result of operating activities. During the year ended December 31, 2014, the Agency sold and donated land held for industrial development, which accounts for the \$70,000 decrease in noncurrent assets in the year ended December 31, 2014.

The Agency reported no liabilities at December 31, 2015, December 31, 2014 or December 31, 2013.

The Agency's net position at December 31, 2015, 2014 and 2013 was primarily derived as a result of operating activities and there are no restrictions as to its use.

**Agency activities**—Agency activities increased net position by \$50,539, \$39,644, and \$57,544 for the years ended December 31, 2015, 2014 and 2013. Key elements of these increases are presented below in Table 2:

**Table 2—Condensed Statements of Changes in Net Position**

	Year Ended December 31,		
	2015	2014	2013
Operating revenues	\$ 173,078	\$ 144,453	\$ 146,134
Operating expenses	<u>123,028</u>	<u>98,632</u>	<u>94,124</u>
Net operating income	50,050	45,821	52,010
Nonoperating revenues (expenses)	<u>489</u>	<u>(6,177)</u>	<u>5,534</u>
Change in net position	50,539	39,644	57,544
Net position—beginning	<u>1,120,027</u>	<u>1,080,383</u>	<u>1,022,839</u>
Net position—ending	<u>\$1,170,566</u>	<u>\$1,120,027</u>	<u>\$1,080,383</u>

Operating revenues primarily represent administrative fees and charges resulting from the closing of transactions that assist Town of Lancaster businesses. This assistance can take the form of lease transactions, assistance with bond issuances, mortgage recording tax abatement, or sales tax exemptions, which generally allow such businesses to expand. During the years ended December 31, 2015, 2014, and 2013, the Agency assisted with several such transactions. The increased fees received during the year ended December 31, 2015, were the result of larger projects resulting in increased fees.

Operating expenses primarily consist of the cost of administration and consultants, who assist in locating, communicating and matching business needs to Agency programs of assistance.

**Cash flows**—Agency cash and cash equivalents increased by \$51,539, \$108,644, and, \$58,044 for the years ended December 31, 2015, 2014 and 2013. Key elements of these changes are presented in Table 3 below:

**Table 3—Cash flows**

	<u>For the Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cash flows from:			
Operating activities	\$ 51,050	\$ 49,821	\$ 52,510
Investing activities	489	856	5,534
Capital and related financing activities	<u>-</u>	<u>57,967</u>	<u>-</u>
Net increase in cash and cash equivalents	51,539	108,644	58,044
Cash and cash equivalents - beginning	<u>1,119,027</u>	<u>1,010,383</u>	<u>952,339</u>
Cash and cash equivalents - ending	<u>\$1,170,566</u>	<u>\$1,119,027</u>	<u>\$1,010,383</u>

The change in cash and cash equivalents in each year is reflective of the results of operations for each of the years presented. Additionally, during the year ended December 31, 2014 the Agency reported an increase in cash from financing activities from the sale of land held for industrial development.

### **Capital Assets and Debt**

The Agency acquired 30.11 acres of land in 2005 for \$70,000. During the year ended December 31, 2014, the Agency sold 9.4 acres for commercial development/ the remainder was donated to the Town of Lancaster. See Note 4 to the financial statement for additional information.

The Agency reports no capital assets at December 31, 2015 and the Agency has not issued any debt instruments.

### **Economic Factors**

The Agency's financial status and level of activity have remained relatively steady over the past few years. The local economic environment continues to be supportive of business development and expansion. There are several projects in the planning and development stages.

### **Requests for Information**

Questions concerning any information in this report or requests for additional information should be directed to the Town of Lancaster Industrial Development Agency, 21 Central Avenue, Lancaster, New York 14086.

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**TOWN OF LANCASTER INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Component Unit of the Town of Lancaster, New York)**  
**Statements of Net Position**  
**December 31, 2015 and 2014**

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	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,170,566	\$ 1,119,027
Receivables, net	<u>          -</u>	<u>          1,000</u>
Total current assets	<u>1,170,566</u>	<u>1,120,027</u>
Total assets	<u>1,170,566</u>	<u>1,120,027</u>
 <b>NET POSITION</b>		
Unrestricted	<u>\$ 1,170,566</u>	<u>\$ 1,120,027</u>

The notes to the financial statements are an integral part of these statements.

**TOWN OF LANCASTER INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Component Unit of the Town of Lancaster, New York)**  
**Statements of Activities**  
**For the Years Ended December 31, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
Operating revenues:		
Charges for services	\$ 172,390	\$ 144,453
Other operating revenues	688	-
Total operating revenue	173,078	144,453
Operating expenses:		
Salaries and wages	11,358	11,423
Professional service contracts	41,500	46,885
Supplies and materials	782	49
Donations	-	5,000
Other operating expenses	69,388	35,275
Total operating expenses	123,028	98,632
Operating income	50,050	45,821
Nonoperating revenues (expenses):		
Interest earnings	489	856
Loss on sale of land	-	(7,033)
Total nonoperating revenues (expenses)	489	(6,177)
Change in net position	50,539	39,644
Net position—beginning	1,120,027	1,080,383
Net position—ending	\$ 1,170,566	\$ 1,120,027

The notes to the financial statements are an integral part of these statements.

**TOWN OF LANCASTER INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Component Unit of the Town of Lancaster, New York)**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received for services provided	\$ 174,078	\$ 143,453
Payments made for operating costs	<u>(123,028)</u>	<u>(93,632)</u>
Net cash provided by operating activities	<u>51,050</u>	<u>49,821</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earned	<u>489</u>	<u>856</u>
Net cash provided by investing activities	<u>489</u>	<u>856</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Cash received on sale of land	<u>-</u>	<u>57,967</u>
Net cash provided by capital and related financing activities	<u>-</u>	<u>57,967</u>
Net increase in cash and cash equivalents	51,539	108,644
Cash and cash equivalents—beginning	<u>1,119,027</u>	<u>1,010,383</u>
Cash and cash equivalents—ending	<u>\$ 1,170,566</u>	<u>\$ 1,119,027</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	<u>\$ 50,050</u>	<u>\$ 45,821</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Increase for non-cash donations	-	5,000
Decrease (increase) in accounts receivable	<u>1,000</u>	<u>(1,000)</u>
Total adjustments	<u>1,000</u>	<u>4,000</u>
Net cash provided by operating activities	<u>\$ 51,050</u>	<u>\$ 49,821</u>

The notes to the financial statements are an integral part of these statements.

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**TOWN OF LANCASTER INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Component Unit of the Town of Lancaster, New York)**  
**Notes to the Financial Statements**  
**Years Ended December 31, 2015 and 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Lancaster Industrial Development Agency (the “Agency”) is a public benefit corporation and was created in 1972 under Title I Article 18-A of New York State General Municipal Law for the purpose of encouraging financially sound companies to locate and expand in the Town of Lancaster, New York (the “Town”). The Agency is a separate entity and operates independently of the Town.

***Financial Reporting Entity***

The Agency is considered a component unit of the Town. The Town has the ability to impose its will upon the Agency through the appointment process of the governing body of the Agency; however the Town does not have authority to approve the Agency’s budget nor any responsibility for the debt, financing deficits or fiscal management of the Agency.

***Basis of Presentation***

The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America. Significant accounting policies are listed below.

***Basis of Accounting***

The accounts of the Agency are maintained on the accrual basis of accounting.

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position***

***Cash, Cash Equivalents and Investments***—The Agency’s cash, cash equivalents and investments consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash and have a maturity date within 90 days or less from the date of acquisition. The Agency had no investments at December 31, 2015 and 2014; however, when the Agency does have investments they are recorded at fair value based on quoted market value.

***Deferred Outflows/Inflows of Resources***—In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. At December 31, 2015 and 2014, the Agency does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At December 31, 2015 and 2014, the Agency does not have any items that qualify for reporting in this category.

## ***Revenues and Expenses***

***Industrial Development Revenue Bond and Note Transactions***—Industrial development revenue bonds and notes issued by the Agency are secured by the properties which are leased to companies and are retired by lease payments. The bonds and notes are not obligations of the Agency, the Town or the State of New York. The Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts, since its primary function is to arrange the financing between the borrowing companies and the bond and note holders. The funds arising there from are controlled by trustees or banks acting as fiscal agents. The Agency receives bond administrative fees from the borrowing companies for providing the service. Such administrative fee income is recognized immediately upon issuance of the bonds and notes.

***Lease Transactions***—The Agency has established a lease program to provide state and local tax benefits to companies developing industrial properties. Under this program, the Agency receives title to properties under development and leases the property to the previous titleholder (lessee). The Agency generally contracts for payment-in-lieu-of-tax agreements between lessees and participating municipalities. All risks associated with property ownership and business activities on such property remain with the lessee. Title to those properties is transferred back to the lessee at the end of the maximum tax benefit period or at any time during the lease period at the option of the lessee. The Agency does not record assets acquired under the lease program since the Agency's primary function is to provide state and local tax benefits to the lessee. The Agency receives lease administrative fees from the lessee for providing this service. Such administrative fee income is recognized at lease inception or ratably over the term of the lease depending on the agreement terms between the lessee and the Agency.

***Tax Status***—The Agency is exempt from Federal income taxes and New York State franchise taxes.

### ***Other***

***Estimates***—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

***Adoption of New Accounting Pronouncements***—During the year ended December 31, 2015, the Agency implemented GASB Statements No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*; and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. GASB Statements No. 68 and No. 71 improve accounting and recognize liabilities/(assets), deferred outflows of resources, deferred inflows of resources and expenses related to pensions. GASB Statement No. 68 and No. 71 did not have a material impact on the Agency's financial position or results from operations.

***Future Impacts of Accounting Pronouncements***—The Agency has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 72, *Fair Value Measurement and Application*; No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; No. 77, *Tax Abatement Disclosures*; No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; and No. 79, *Certain External Investment Pools and Pool Participants*, effective for the year ending December 31, 2016, No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No.*

68; No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*; and No. 80, *Blending Requirements for Certain Component Units*, effective for the year ending December 31, 2017, and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending December 31, 2018. The Agency is, therefore, unable to disclose the impact that adopting GASB Statements No. 72, No. 73, No. 74, No. 75, No. 76, No. 77, No. 78, No. 79 and No. 80 will have on its financial position and results of operations when such statements are adopted.

## 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Agency's investment policies are governed by New York State statutes. There were no investments at December 31, 2015 or 2014. All deposits are carried at fair value. Collateral is required for all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

**Deposits**—All deposits are carried at fair value, and are classified by custodial credit risk at December 31, 2015 and 2014 as shown below:

	December 31, 2015		December 31, 2014	
	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount
FDIC insured	\$ 250,082	\$ 250,082	\$ 250,537	\$ 250,037
Uninsured:				
Collateral held by pledging bank's agent in entity's name	920,536	920,484	868,990	868,990
Total	<u>\$1,170,618</u>	<u>\$1,170,566</u>	<u>\$1,119,527</u>	<u>\$1,119,027</u>

**Custodial Credit Risk—Deposits**—Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2015 and 2014, all Agency deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the Agency's name.

## 3. NOTE RECEIVABLE

During 1999, the Agency and the Buffalo and Erie County Regional Development Corporation participated in a loan to the Village of Lancaster Community Development Corporation (the "Corporation") for \$300,000. The loan carried an annual interest rate of 4% with interest payable on a monthly basis. The note matured on August 1, 2009. The loan was collateralized by a mortgage (collateral security) and assignment of rents and leases. The Agency's portion of the \$300,000 loan was 50%, or \$150,000. At December 31, 2014, the Agency's outstanding balance of the note receivable was \$150,000. However, the Agency determined that there was a potential for uncollectibility and determined that an allowance was appropriate. The balance of the allowance at December 31, 2014 was \$150,000. Consequently, the balance of the note receivable, net of allowance is zero at December 31, 2014. On July 14, 2015, the Agency wrote-off the outstanding balance of \$150,000. Consequently, the balance of the note receivable is zero at December 31, 2015.

**4. LAND HELD FOR INDUSTRIAL DEVELOPMENT**

The Agency acquired 30.11 acres of land in 2005 for \$70,000. During the year ended December 31, 2014, the Agency sold a portion of the land with a book value of \$65,000 for \$57,967 resulting in a \$7,033 loss. The remaining portion of land that was not considered commercially viable, with a book value of \$5,000, was donated to the Town of Lancaster.

**5. RELATED PARTY TRANSACTIONS**

The Town provides the Agency with administrative services. The cost of these services has been included as expenses on the Agency's statement of activities. The Agency paid the Town \$30,000 for administrative expenses for both years ended December 31, 2015 and 2014.

Additionally, as described in Note 4, the Agency donated land with a book value of \$5,000 to the Town of Lancaster during the year ended December 31, 2014.

**6. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 8, 2016, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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## SUPPLEMENTARY INFORMATION

Presented as supplementary information is certain information as required to be reported under New York State Public Authority Law.



**TOWN OF LANCASTER INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Component Unit of the Town of Lancaster, New York)**  
**Schedule of Agency Investments**  
**Year Ended December 31, 2015**

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**Annual Investment Report**—§2925(6) of Public Authorities Law of the State of New York requires that each public authority must annually prepare an investment report which shall include (a) investment guidelines, (b) amendments to such guidelines since the last investment report, (c) an explanation of the investment guidelines and amendments, (d) results of the annual independent audit, (e) the investment income record of the Agency, and (f) a list of the total fees, commissions or other charges paid to each investment banker, broker, dealer and adviser rendering investment associated services to the Agency since the last investment report.

- a. Investment guidelines – the Agency’s investment policy was adopted by the Board of Directors.
- b. Amendments to guidelines – none
- c. Explanation of guidelines and investments – the Agency has not made any amendments to its investment policy, which restricts investments to money market accounts and certificates of deposit.
- d. Results of the annual independent audit – the independent auditors have issued an unmodified opinion on the Agency’s financial statements for the year ended December 31, 2015.
- e. Investment income record – investment income for the year ended December 31, 2015 consisted of:

	Interest Earned
JP Morgan Chase Bank - Premier Money Market Account	\$ 489
	\$ 489

- f. List of the total fees, commissions or other charges paid to each investment banker, broker, dealer and adviser rendering investment associated services to the Agency since the last investment report – no such fees or commissions were paid during the year ended December 31, 2015.

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## OTHER INFORMATION



**TOWN OF LANCASTER INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Component Unit of the Town of Lancaster, New York)**  
**Real Property Listing**  
**Year Ended December 31, 2015**

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1. **Real Property List**—§2896(3) of Public Authorities Law of the State of New York requires that each public authority publish, at least annually, a report listing all real property of the authority. During the year ended December 31, 2015, the Agency reported no real property.
2. **Real Property Acquisitions/Dispositions**—during the year ended December 31, 2015, the Agency neither acquired nor disposed of any real property.

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Certified Public Accountants

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

The Members of Town of Lancaster  
Industrial Development Agency:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Lancaster Industrial Development Agency ("Agency") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 8, 2016.

***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 opinion 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of December 31, 2015 and 2014, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***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.

Handwritten signature in black ink that reads "Duescher & Malachi LLP". The signature is written in a cursive, flowing style.

March 8, 2016