Amato, Fox & Company, PC

Town of Hamburg
Industrial Development Agency
Hamburg, New York

FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013

Amato Fox

Certified Public Accountants

TOWN OF HAMBURG
INDUSTRIAL DEVELOPMENT AGENCY
HAMBURG, NEW YORK

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Town of Hamburg Industrial Development Agency
Hamburg, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Town of Hamburg Industrial Development Agency as of and for the years ending December 31, 2014 and 2013, 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

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 opinions 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 *Governmental 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 Town of Hamburg Industrial Development Agency as of December 31, 2014 and 2013, and the changes in financial position and, cash flows thereof for the year 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 on pages 3 through 7 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 the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated March 20, 2015 on our consideration of the Town of Hamburg Industrial Development 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 Town of Hamburg Industrial Development Agency's internal control over financial reporting and compliance.

Amato, Fox & Company PC

March 20, 2015

Tonawanda, New York

TOWN OF HAMBURG INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis
December 31, 2014 and 2013

This section of the Hamburg Industrial Development Agency's (the "Agency") annual financial report presents a discussion and analysis of the Agency's financial performance during the fiscal years ended December 31, 2014 and 2013. Please read it in conjunction with the Agency's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the Agency exceeded liabilities at the close of the 2014 and 2013 fiscal years by $625,330 and $690,290, respectively (net position). The entire amounts, $625,330 and $690,290 (unrestricted net position) may be used to meet ongoing obligations.

- The Agency's total net position decreased by $64,960.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes the independent auditors' report, management discussion and analysis, and the basic financial statements of the Agency.

Required Financial Statements - The basic financial statements are prepared using the accrual basis of accounting. This provides an indication of the Agency's financial health. The basic financial statements include:

The Statements of Net Position shows all assets, liabilities and net position. The Statement of Net Position can be found on page 8 of this report.

The Statements of Activities shows the financial activity for 2014 and 2013 and displays how this financial activity changes the Agency's net position. The Statement of Activities and Changes in Net Position can be found on page 9 of this report.

The Statements of Cash Flows shows the cash provided and used during 2014 and 2013 and how it affects cash balances at December 31, 2014 and 2013. The Statement of Cash Flows can be found on page 10 of this report.

The notes to the basic financial statements provide information regarding the Agency and explain in more detail some of the information in the basic financial statements. The notes can be found on pages 11-14 of this report.

FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of the Agency's financial position. In the case of the Agency, assets exceeded liabilities by $625,330 at the close of the most recent fiscal year.

Summary of Hamburg Industrial Development Agency's Net Position

	Total Activities December 31, 2014	Total Activities December 31, 2013
Current and other assets	$ 625,330	$ 690,290
Total assets	625,330	690,290
Current liabilities	-	-
Total liabilities	-	-
Net position:		
Unrestricted	625,330	690,290
Total net position	**$ 625,330**	**$ 690,290**

The entire portion of the Agency's current and other assets are comprised of cash and cash equivalents.

The entire portion of the Agency's net position of $625,330 (100.0%) represents unrestricted net position, which may be used to meet the Agency's ongoing obligations.

At the end of the year, the Agency is able to report a positive balance in its net position. The following table indicates the changes in net position for the Agency's activities:

Summary of Hamburg Industrial Development Agency's Changes in Net Position

	2014	2013
Revenues:		
Program revenues:		
Charges for services	$ 131,904	$ 125,251
General revenues:		
Miscellaneous Income	4,500	-
Interest Earnings	449	931
Total revenues	136,853	126,182
Expenses:		
Salaries and benefits	137,472	128,776
General	64,341	11,972
Total expenses	201,813	140,748
Increase in net position	(64,960)	(14,566)
Net position - beginning	690,290	704,856
Net position - ending	**$ 625,330**	**$ 690,290**

The following table presents the amount of revenue from various sources, as well as, increases or decreases from the prior year:

	2014 Amount	Percent of Total	2013 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Revenues:					
Administrative fees	$ 130,404	95.29%	$ 121,751	$ 8,653	7.11%
Interest income	449	0.33%	931	(482)	-51.77%
Miscellaneous income	4,500	3.29%	-	4,500	100.00%
Application fees	1,500	1.10%	3,500	(2,000)	-57.14%
Total revenues	**$ 136,853**	**100.00%**	**$ 126,182**	**$ 10,671**	**8.46%**

The following provides an explanation of revenues that have changed significantly over the prior year:

Administrative fees - The increase was due mostly to more projects closing in 2014.
Interest income – The decrease was due to a decline in cash investments in 2014.

Expenditures by Function

	2014 Amount	Percent of Total	2013 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Expenditures:					
Salaries and benefits	$ 137,472	68.12%	$ 128,776	$ 8,696	6.75%
General operating	64,341	31.88%	11,972	52,369	437.43%
Total expenditures	**$ 201,813**	**100.00%**	**$ 140,748**	**$ 61,065**	**43.39%**

The following provides an explanation of the expenditures that changed significantly over the prior year:

General operating – The increase is due mostly to engineering expenses related to the Jones Development project.

The current year and previous year change in net position is presented below:

Statement of Revenues, Expenses and Changes in Net Position

	2014	2013
Revenues	$ 136,853	$ 126,182
Expenditures	201,813	140,748
Excess of Revenues over Expenditures	(64,960)	(14,566)
Net position at January 1	690,290	704,856
Net position at December 31	**$ 625,330**	**$ 690,290**

CAPITAL ASSETS AND DEBT ADMINISTRATION

***Capital Assets* -** The Agency's investment in capital assets for its activities as of December 31, 2014 and 2013, amounted to $0.

***Long-term Debt* -** At December 31, 2014 and 2013, the Agency had no long-term debt.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to: Hamburg Industrial Development Agency, 6122 South Park Avenue, Hamburg, NY 14075.

FINANCIAL STATEMENTS

TOWN OF HAMBURG INDUSTRIAL DEVELOPMENT AGENCY

Statements of Net Position
December 31, 2014 and 2013

	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 505,330	$ 595,290
Other assets:		
Loan receivable	120,000	95,000
Total assets	**$ 625,330**	**$ 690,290**
LIABILITIES AND NET POSITION		
Liabilities	$ -	$ -
Net position:		
Unrestricted	625,330	690,290
Total liabilities and net position	**$ 625,330**	**$ 690,290**

The accompanying notes are an integral part of the financial statements.

TOWN OF HAMBURG INDUSTRIAL DEVELOPMENT AGENCY

Statements of Activities and Changes in Net Position
For the Years Ended December 31, 2014 and 2013

	2014	2013
Operating revenues:		
Administrative and application fees	$ 131,904	$ 125,251
Town of Hamburg Contribution	4,500	-
Total operating revenues	136,404	125,251
Operating expenses:		
Salaries and benefits	137,472	128,776
Other operating expenses	64,341	11,972
Total operating expenses	201,813	140,748
Operating income	(65,409)	(15,497)
Nonoperating revenues:		
Interest earnings	449	931
Change in net position	(64,960)	(14,566)
Net position at beginning of year	690,290	704,856
Net position at end of year	**$ 625,330**	**$ 690,290**

The accompanying notes are an integral part of the financial statements.

TOWN OF HAMBURG INDUSTRIAL DEVELOPMENT AGENCY

Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash flows from (used by) operating activities:		
Cash received from services provided	$ 136,404	$ 125,251
Payments made for operating costs	(201,813)	(140,748)
Net cash flows from (used by) operating activities	(65,409)	(15,497)
Cash flows from financing activities		
Issuance of loan receivable	-	-
Net cash flows from (used by) financing activities	-	-
Cash flows from (used by) investing activities:		
Interest income	449	931
Net cash flows from (used by) investing activities	449	931
Net increase (decrease) in cash flows	(64,960)	(14,566)
Cash and cash equivalents at beginning of year	595,290	609,856
Cash and cash equivalents at end of year	**$ 530,330**	**$ 595,290**
Cash flows from (used by) operating activities:		
Decrease in net position from operations	$ (65,409)	$ (15,497)
Cash flows from (used by) operating activities	$ (65,409)	$ (15,497)

	2014	2013
Supplemental Cash Flow Information:		
Cash Paid for Interest	$ -	$ -
Cash Paid for Income Taxes	$ -	$ -

The accompanying notes are an integral part of the financial statements.

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of the Town of Hamburg Industrial Development Agency (the Agency) is presented to assist in understanding the Agency's financial statements. The financial statements and notes are representations of the Agency's management, which is responsible for their integrity and objectivity. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

***Organization and Purpose* -** The Agency is a public benefit corporation and was created in 1987 in accordance with 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 Hamburg, New York, Village of Hamburg, New York and the Village of Blasdell, New York. The Agency is a separate entity and operates independently of the Town of Hamburg, New York.

***Basis of Accounting* –** The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America. The accounts of the Agency are maintained on the accrual basis of accounting.

***Income Taxes* -** The Agency is exempt from federal, state and local income taxes.

***Uncertain Tax Positions* –** Management has determined that the organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. The Organization's Return of Organization Exempt from Income Tax Returns (Form 990) for tax years 2013, 2012, and 2011 are subject to examination by the Internal Revenue Service (IRS), generally for three years after they were filed.

***Industrial Development Revenue Bond Transactions* -** Industrial development revenue bonds issued by the Agency are secured by the properties which are in turn leased to client companies. The bonds are retired by lease payments and are not obligations of the Agency. The Agency does not record the assets or liabilities resulting from completed bond issues in its accounts since its primary function is to arrange the financing between the borrowing companies and the bondholders. Funds arising there from are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administrative fees from the borrowing companies. Such fees are recognized immediately upon issuance of the bonds.

Note 1 - Summary of Significant Accounting Policies (Cont.)

Lease Agreements **-** Lease agreements are used for projects when no financing is needed. Typically the project is financed internally by the company or developer. The Agency does not record the assets or liabilities resulting from these activities in its accounts since its primary function is to arrange the financing. Funds arising there from are controlled by trustees and banks acting as fiscal agents. For providing this service, the Agency receives administrative fees from the borrowing companies. Such fees are recognized when earned.

Cash and Cash Equivalents **–** For purposes of the statement of cash flows, the Agency considers all certificates of deposit and money market funds purchased with a maturity date of three months or less to be cash equivalents for statements of cash flows purposes.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Future Impacts of Accounting Pronouncements **–** The Agency has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 67, *Financial Reporting For Pension Plans, and GASB Statement No. 68, Accounting and Financial Reporting for Pensions*, effective for the year ending December 31, 2014. The Agency concluded that there would be no impact on its financial position and results of operations when such statements are adopted.

Note 2 - Cash and Cash Equivalents

The Agency's investment policies are governed by New York State statutes. Agency monies must be deposited in FDIC insured commercial banks or trust companies located within the state. The Treasurer is authorized to use only demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 102% of the amount of 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.

Unrestricted cash and cash equivalents are comprised of the following:

	2014	2013
Cash on deposit - demand accounts	$ 505,330	$ 595,290
	$ 505,330	**$ 595,290**

Unrestricted cash and investments at December 31, 2014 and 2013 were entirely covered by federal depository insurance or by collateral held by the Agency's custodial bank in the Agency's name.

	December 31, 2014		December 31, 2013	
	Bank Balance	Book Amount	Bank Balance	Book Amount
Insured (FDIC)	$ 251,000	$ 250,500	$ 250,500	$ 250,500
Uninsured:				
Collateralized	254,830	254,830	344,790	344,790
Total deposits	**$ 505,830**	**$ 505,330**	**$ 595,290**	**$ 595,290**

Note 3 – Related Party Transactions

The Town of Hamburg Industrial Development Agency has an outstanding loan receivable from the Hamburg New York Land Development Corporation in the amount of $120,000 as of December 31, 2014 ($95,000 in 2013).

Note 4 - Subsequent Events

The Town of Hamburg Industrial Development Agency has evaluated events and transactions for potential recognition or disclosure in the financial statements through March 20, 2015 (the date the financial statements were available to be issued).

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TOWN OF HAMBURG INDUSTRIAL DEVELOPMENT AGENCY

Schedule of Agency Investments
For the Year Ended December 31, 2014

Annual Investment Report – Section 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 advisor 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 unqualified opinion on the Agency's financial statements for the year ended December 31, 2014.

e. Investment income record – Investment income for the year ended December 31, 2014 consisted of:

	Interest Earned
M&T Bank – Money market savings account	$449

f. List of the total fees, commissions or other charges paid to each investment banker, broker, dealer and advisor 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, 2014.

TOWN OF HAMBURG INDUSTRIAL DEVELOPMENT AGENCY

Real Property Listing
For the Year Ended December 31, 2014

Real Property List – Section 2896 (3) of Public Authorities Law of the State of New York requires that each public authority must, at least annually, a report listing all real property of the authority. At December 31, 2014, the Agency reported no real property.

Real Property Acquisitions/Dispositions – During the year ended December 31, 2014, the Agency neither acquired nor disposed of any real property.

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
Town of Hamburg Industrial Development Agency
Hamburg, New York

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 Town of Hamburg Industrial Development Agency, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town of Hamburg Industrial Development Agency's basic financial statements, and have issued our report thereon dated March 20, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Hamburg Industrial Development Agency's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

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 misstatements on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, that adversely affects the Town of Hamburg Industrial Development Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Hamburg Industrial Development Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Hamburg Industrial Development Agency's internal control.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Hamburg Industrial Development Agency's financial statements are free of 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.*

This report is intended solely for the information and use of management, the audit committee, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Amato, Fax & Company PC

March 20, 2015

Tonawanda, New York