

TOWN OF CLARENCE INDUSTRIAL  
DEVELOPMENT AGENCY

Management's Discussion and Analysis  
and Financial Statements

December 31, 2015 and 2014

(With Independent Auditors' Report Thereon)

TOWN OF CLARENCE INDUSTRIAL  
DEVELOPMENT AGENCY

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Town of Clarence Industrial  
Development Agency:

### Report on the Financial Statements

We have audited the accompanying financial statements of the Town of Clarence Industrial Development Agency (the Agency) as of and for the year ended December 31, 2015, and the related notes to 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 an opinion on these 2015 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Agency'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 Agency'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 opinion.

## Opinion

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

## Prior Period Financial Statements

The financial statements of the Agency as of December 31, 2014, were audited by other auditors whose report dated February 26, 2015, expressed an unmodified opinion on those statements.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 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 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying Schedule of Agency Investments and Schedule of 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 records 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of 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 30, 2016, on our consideration of the Agency's internal control over financial reporting and in 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 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.

EFPR Group, CPAs, PLLC

Williamsville, New York  
March 30, 2016

TOWN OF CLARENCE INDUSTRIAL  
DEVELOPMENT AGENCY

Management's Discussion and Analysis

December 31, 2015

The Town of Clarence Industrial Development Agency (the Agency) was established to provide a high quality of life to the residents of the Town, by promoting, developing encouraging, and assisting in the acquiring, constructing, reconstructing, improving, maintaining, equipping, and furnishing industrial, manufacturing, warehousing, commercial, research, and recreation facilities; through incentives; and thereby advancing the job opportunities, health, general prosperity, and economic welfare of the Town residents in a cost effective and efficient manner.

The Agency was formed as a public benefit corporation created by an act of the New York State Legislature to promote and assist private sector industrial and business development.

The Agency has incentive programs for qualified companies that can reduce taxes and improve the bottom line for most types of business expansion or start-ups.

- Industrial revenue bonds and leases
- Local property tax abatement
- Construction materials sales tax exemptions
- Mortgage recording tax exemptions
- Federal tax exempt revenue bonds
- State and local property tax exemptions
- Non-production equipment sales tax exemptions

As management of the Agency, we offer the readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with the Agency's financial statements.

**Overview of the Financial Statements**

The financial statements in this annual report are those of a special-purpose government. The following statements are included:

- Statements of net position - report the Agency's current and long-term financial resources with capital assets and long-term debt obligations.
- Statements of revenue, expenses and changes in net position - report the Agency's operating and nonoperating revenues, by major source along with operating and nonoperating expenses.
- Statements of cash flows - report the Agency's cash flows from operating, investing, and non-capital financing activities.

TOWN OF CLARENCE INDUSTRIAL  
DEVELOPMENT AGENCY  
Management's Discussion and Analysis, Continued

**Financial Analysis**

The Agency provides administrative assistance to businesses within the Town of Clarence 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 financial position of the Agency has improved or deteriorated from the prior year. The statement of net position and the statement of activities can assist in determining whether the Agency's financial position has improved or deteriorated from the prior year. The statement 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. This statement helps 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.

Condensed Statements of Net Position

	<u>December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets - current assets	\$ <u>887,950</u>	<u>908,396</u>	<u>946,975</u>
Net position - unrestricted	\$ <u>887,950</u>	<u>908,396</u>	<u>946,975</u>

The Agency's current assets are comprised entirely of cash and cash equivalents. These assets decreased in 2015 and 2014 and increased in 2013 over the previous year's primarily as a result of operating activities.

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

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

Agency activities - Agency activities decreased net position by \$20,446 and \$38,579 during the years ended December 31, 2015 and 2014, respectively, and increased by \$74,112 during the year ended 2013. Key elements of this change are presented below:

TOWN OF CLARENCE INDUSTRIAL  
DEVELOPMENT AGENCY  
Management's Discussion and Analysis

Condensed Statements of Changes in Net Position

	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating revenues	\$ 46,827	29,955	135,057
Operating expenses	<u>68,161</u>	<u>69,521</u>	<u>62,243</u>
Net operating income (loss)	(21,334)	(39,566)	72,814
Nonoperating revenues	<u>888</u>	<u>987</u>	<u>1,298</u>
Change in net position	(20,446)	(38,579)	74,112
Net position - beginning	<u>908,396</u>	<u>946,975</u>	<u>872,863</u>
Net position - ending	\$ <u>887,950</u>	<u>908,396</u>	<u>946,975</u>

Operating revenues represent administrative fees and charges resulting from the closing of transactions that assist Town of Clarence 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. In comparison to 2014, the Agency assisted in a greater number of transactions and as a result, they received greater fees during 2015. For the year ended December 31, 2014, operating revenues decreased by approximately \$105,000 over the previous year.

The Agency's expenses consist of advertising, consulting and other administrative costs related to general operations. Changes in operating costs are primarily the result of changes in advertising and administrative costs.

Agency cash and cash equivalents decreased by \$20,446 and \$38,579 during the years ended December 31, 2015 and 2014, respectively, and increased by \$74,112 during the year ended 2013. Key elements of these changes are shown below:

Cash flows

	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating activities	\$ (21,334)	(39,566)	72,814
Investing activities	<u>888</u>	<u>987</u>	<u>1,298</u>
Net (decrease) increase	(20,446)	(38,579)	74,112
Cash and cash equivalents - beginning	<u>908,396</u>	<u>946,975</u>	<u>872,863</u>
Cash and cash equivalents - ending	\$ <u>887,950</u>	<u>908,396</u>	<u>946,975</u>



TOWN OF CLARENCE INDUSTRIAL  
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Management's Discussion and Analysis

The increases and decreases in cash and cash equivalents primarily reflect the results of operating activities.

Capital Assets and Debt

The Agency does not own any capital assets, nor does it have any outstanding debt instruments.

Economic Factors

Due to the fluctuation in the number of new projects, the Agency's financial condition declined during the years ended December 31, 2015 and 2014.

Requests for Information

Questions regarding this report or requests for additional information should be directed to the Town of Clarence Industrial Development Agency, One Town Place, Clarence, New York 14031.

TOWN OF CLARENCE INDUSTRIAL  
DEVELOPMENT AGENCY  
Statements of Net Position  
December 31, 2015 and 2014

<u>Assets</u>	<u>2015</u>	<u>2014</u>
Current assets - cash and cash equivalents	\$ <u>887,950</u>	<u>908,396</u>
 <u>Net Position</u>		
Net position - unrestricted	\$ <u>887,950</u>	<u>908,396</u>

See accompanying notes to financial statements.

TOWN OF CLARENCE INDUSTRIAL  
DEVELOPMENT AGENCY  
Statements of Revenue, Expenses and Changes in Net Position  
Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenue - administrative fees	\$ 46,827	29,955
Operating expenses:		
Accounting services	7,600	4,100
Administrative costs	11,450	11,738
Advertising	3,964	8,099
Rent	4,200	4,200
Consultants	38,000	38,000
Insurance	2,864	3,019
Office supplies	9	245
Economic Development Officer training	74	120
Total operating expenses	<u>68,161</u>	<u>69,521</u>
Operating loss	<u>(21,334)</u>	<u>(39,566)</u>
Nonoperating revenue - interest earnings	<u>888</u>	<u>987</u>
Change in net position	<u>(20,446)</u>	<u>(38,579)</u>
Net position at beginning of year	<u>908,396</u>	<u>946,975</u>
Net position at end of year	<u>\$ 887,950</u>	<u>908,396</u>

See accompanying notes to financial statements.

TOWN OF CLARENCE INDUSTRIAL  
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Statements of Cash Flows  
Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Cash received for services provided	\$ 46,827	29,955
Payments made for operating costs	<u>(68,161)</u>	<u>(69,521)</u>
Net cash used in operating activities	<u>(21,334)</u>	<u>(39,566)</u>
Cash flows from investing activities - interest earned	<u>888</u>	<u>987</u>
Net change in cash and equivalents	(20,446)	(38,579)
Cash and cash equivalents at beginning of year	<u>908,396</u>	<u>946,975</u>
Cash and cash equivalents at end of year	<u><u>\$ 887,950</u></u>	<u><u>908,396</u></u>
Reconciliation of operating loss to net cash used in		
operating activities - operating loss	<u>(21,334)</u>	<u>(39,566)</u>
Net cash used in operating activities	<u><u>\$ (21,334)</u></u>	<u><u>(39,566)</u></u>

See accompanying notes to financial statements.

TOWN OF CLARENCE INDUSTRIAL  
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Notes to Financial Statements

December 31, 2015 and 2014

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

The Town of Clarence Industrial Development Agency (the Agency) is a public benefit corporation authorized under the laws of the State of New York and, in particular, the New York State Industrial Development Agency Act, constituting Title 2 of Article 18-A of the General Municipal Law, to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, importing, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial and research facilities and thereby advance the job opportunities, general prosperity and economic welfare of the people of the Town of Clarence (the Town).

The Agency is empowered to issue Industrial Revenue Bonds for the purpose of constructing, acquiring, equipping and furnishing industrial manufacturing, warehousing and certain commercial research and recreational facilities. The Agency may acquire property, enter into lease agreements, mortgage agreements and pledge agreements.

The Agency is not considered a component unit of the Town because the Town has no authority to approve the Agency's budget nor does it have any responsibility for Agency debt, financing of any Agency deficits or fiscal management of the Agency.

(b) Basis of Accounting

The financial statements of the Agency have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This statement codifies all sources of accounting principles generally accepted in the United States of America into the GASB's authoritative literature. The more significant accounting policies are described below:

- The Agency's activities are accounted for similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, deferred outflows of resources, deferred inflows of resources, net position, revenues, and expenses are accounted for through enterprise funds with revenue recorded when earned and expenses recorded at the time liabilities are incurred.

(c) Use of Estimates

The preparation of financial statements in accordance 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.

TOWN OF CLARENCE INDUSTRIAL  
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Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies. Continued

(d) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Agency considers all temporary cash investments with a maturity of three months or less to be cash equivalents.

New York State statutes govern the Agency's investment policies. Deposits are valued at cost or cost plus interest and are categorized as either: (1) insured; (2) collateralized with securities held by the Agency or by its agent in the Agency's name; (3) collateralized with securities held by the pledging financial institution's trust department in the Agency's name; or (4) uncollateralized. Cash deposits were covered by FDIC or collateralized at December 31, 2015 and 2014.

(e) Grant Accounting

Revenue from grants is recognized as the Agency meets the performance requirements of the contracts.

(f) Budgetary Policies

The Agency's administration prepares a proposed budget for the Agency, which is then approved by the Board of Directors. Such appropriations constitute a limitation on expenses that may be incurred. Appropriations lapse at the end of each fiscal year end.

(g) Subsequent Events

The Agency has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(h) Income Taxes

The Agency is a quasi-governmental organization and is not subject to federal or state income taxes, nor is it required to file federal or state income tax returns. Therefore, no provision for income taxes is reflected in the financial statements.

(i) 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.

TOWN OF CLARENCE INDUSTRIAL  
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Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(i) 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.

(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 demand deposits and certificates of deposits 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.

(a) Deposits

All deposits are carried at fair value and are classified by custodial credit risk at December 31, 2015 and 2014 as follows:

	<u>2015</u>		<u>2014</u>	
	<u>Bank</u>	<u>Carrying</u>	<u>Bank</u>	<u>Carrying</u>
	<u>Balance</u>	<u>Amount</u>	<u>Balance</u>	<u>Amount</u>
Insured (FDIC)	\$ 232,191	232,191	281,836	281,836
Uninsured - collateralized	<u>655,759</u>	<u>655,759</u>	<u>626,560</u>	<u>626,560</u>
Total deposits	\$ <u>887,950</u>	<u>887,950</u>	<u>908,396</u>	<u>908,396</u>

(b) 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. At December 31, 2015 and 2014, all the Agency's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the Agency's name.

TOWN OF CLARENCE INDUSTRIAL  
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Notes to Financial Statements, Continued

(3) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 72 - "Fair Value Measurement and Application" provides guidance regarding accounting and financial reporting relate to fair value measures of certain investments. The requirements of this Statement are effective for periods beginning after June 15, 2015, which is the fiscal year beginning January 1, 2016 for the Agency. The effects of this Statement on the financial statements of the Agency are not presently determinable.

GASB Statement No. 73 - "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This Statement, issued in June 2015, establishes requirements for defined benefit pension plans and defined contribution pension plans that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as requirements for the assets accumulated for purposes of providing those pensions. The requirements of this Statement for pensions that are not within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2016. Requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions as well as the requirements for pension plans within the scope of Statements 67 and 68 are effective for fiscal years beginning after June 15, 2015, which is the fiscal year beginning January 1, 2016. This Statement is not expected to have a material effect on the financial statements of the Agency.

GASB Statement No. 74 - "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This Statement, issued in June 2015, replaces existing standards of accounting and financial reporting for postemployment benefit plans other than pension plans and also replaces existing requirements for defined contribution OPEB plans. The provisions of this Statement are effective for financial statements for fiscal years beginning after June 15, 2016, which is the fiscal year beginning January 1, 2017 for the Agency. The effects of this Statement on the financial statements of the Agency are not presently determinable.

GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This Statement, issued in June 2015, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This Statement is effective for fiscal years beginning after June 15, 2017, which is the fiscal year beginning January 1, 2018 for the Agency. The effects of this Statement on the financial statements of the Agency are not presently determinable.



TOWN OF CLARENCE INDUSTRIAL  
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Notes to Financial Statements, Continued

(3) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 76 - "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." This Statement, issued in June 2015, supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, and reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements for this Statement are effective for financial statements for periods beginning after June 15, 2015, which is the fiscal year beginning January 1, 2016 for the Agency. This Statement is not expected to have a material effect on the financial statements of the Agency.

GASB Statement No. 77 - "Tax Abatement Disclosures." This Statement, issued in August 2015, requires governments that enter into tax abatement agreements to disclose taxes abated, the gross amount of such taxes abated during the period and any other commitments made by the government other than to abate taxes, as a part of the abatement agreement. The requirements for this Statement are effective for financial statements for periods beginning after December 15, 2015, which is the fiscal year beginning January 1, 2016 for the Agency. The effects of this Statement on the financial statements of the Agency are not presently determinable.

GASB Statement No. 78 - "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans." This Statement, issued in December 2015 amends GASB Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The provisions of this Statement are effective for financial statements for years beginning after December 15, 2015, which is the fiscal year beginning January 1, 2016 for the Agency. This statement is not expected to have a material effect on the financial statements of the Agency.

TOWN OF CLARENCE INDUSTRIAL  
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Notes to Financial Statements, Continued

(3) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 79 - "Certain External Investment Pools and Pool Participants." This Statement, issued in December 2015, addresses the accounting and financial reporting for certain external investment pools and pool participants. It establishes the criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. For the Agency, this statement becomes effective for the fiscal year beginning January 1, 2016. This statement is not expected to have a material effect on the financial statements of the Agency.

GASB Statement No. 80 - "Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14." This Statement, issued in January 2016, amends the blending requirements for the financial statement presentation of component units of all state and local governments. It requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2016, which is the fiscal year beginning January 1, 2017 for the Agency. This Statement is not expected to have a material effect on the financial statements of the Agency.

TOWN OF CLARENCE INDUSTRIAL  
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Schedule of Agency Investments

Year ended December 31, 2015

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
Bank of Akron	\$ 11
First Niagara Bank	<u>877</u>
	\$ <u>888</u>

- (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.

TOWN OF CLARENCE INDUSTRIAL  
DEVELOPMENT AGENCY  
Schedule of Real Property Listing  
Year ended December 31, 2015

(1) Real Property List - §2896(3) of Public Authorities Law of the State of New York requires that each public authority must publish, at least annually, a report listing all real property of the authority. At December 31, 2015, the Agency reported no real property.

<u>Date Acquired</u>	<u>Section/Block/Lot Identification</u>	<u>Property Location and Description</u>	<u>Recorded Value</u>
		The Agency owned no real property at December 31, 2015.	None

(2) Real Property Acquisitions/Dispositions - during the year ended December 31, 2015, the Agency neither acquired nor disposed of any real property.

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 Board of Directors  
Town of Clarence Industrial  
Development Agency:

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 Clarence Industrial Development Agency (the Agency), as of and for the year ended December 31, 2015, and the related notes to financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 30, 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 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 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 Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### 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, including Investment Guidelines for Public Authorities and the Agency's investment policy, 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 result of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York  
March 30, 2016