

**TOWN OF MALONE COUNTY OF FRANKLIN  
INDUSTRIAL DEVELOPMENT AGENCY  
(A COMPONENT UNIT OF THE TOWN OF MALONE)  
FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

## CONTENTS

	<u>Page</u>
<b>Independent Auditor's Report</b>	2 – 3
<b>Management Discussion and Analysis</b>	4 – 6
<b>Financial Statements:</b>	
Comparative Statements of Financial Position	7
Comparative Statements of Activities and Net Assets	8
Comparative Statements of Cash Flows	9
<b>Notes to Financial Statements</b>	10 – 12
<b>Required Communication Letter</b>	13 – 14

---

**John C. Parcell IV, CPA, CFE**  
**Certified Public Accountant**

6711 US Highway 11  
Canton, New York 13617  
Tel: (315) 265-5222  
Fax: (315) 265-5223  
Email: jparcell@twcnny.rr.com

Member:  
American Institute of Certified Public Accountants  
New York State Society of Certified Public Accountants  
Association of Certified Fraud Examiners

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Town of Malone County of Franklin Industrial Development Agency  
Malone, New York 12953

I have audited the accompanying financial statements of Town of Malone County of Franklin Industrial Development Agency (a component unit of the Town of Malone) which comprise the statements of financial position as of December 31, 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Town of Malone County of Franklin Industrial Development Agency as of December 31, 2015 and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note A, the financial statements of the Town of Malone County of Franklin Industrial Development Agency, are intended to present the financial position, the changes in financial position, and where applicable, cash flows of only that portion of the Town of Malone County of Franklin Industrial Development Agency and the aggregate remaining fund information of Malone, New York that is attributable to the transactions of the Department. They do not purport to, and do not present fairly the financial position of the Town of Malone County of Franklin Industrial Development Agency as of December 31, 2015, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*John C. Parelli IV, CPA, CFE*

March 7, 2016

**TOWN OF MALONE COUNTY OF FRANKLIN  
INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**INTRODUCTION**

Within the section of the Town of Malone County of Franklin Industrial Development Agency (“IDA or the “Agency”) financial statements, the Agency’s management provides narrative discussion and analysis of the financial activity of the Agency for the year ended December 31, 2015. The discussion and analysis should be read in conjunction with the basic financial statements to enhance understanding of the Agency’s financial performance, which immediately follows this section.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Agency’s basic financial statements include: (1) financial statements, and (2) notes to the financial statements.

**FINANCIAL STATEMENTS**

The Agency’s financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The Agency is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and are depreciated over their useful lives. See notes to the financial statements for a summary of the Agency’s financial position.

The *Statement of Financial Position* present information on the Agency’s assets and liabilities, with the difference between the two reports as net position. Over time, increases or decreases in financial position may serve as a useful indicator of the Agency’s financial position.

The *Statement of Revenues, Expenses and Change in Net Assets* present information showing how the Agency’s net asset changed during the most recent years. All changes in net assets are reported as soon as the underlying event giving to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported these statements for some items that will result in cash flow in future periods.

The Statements of Cash Flow related to flows of cash and cash equivalents. Consequently, only transactions that affect the Agency’s cash accounts are recorded in these statements.

**NOTES TO FINANCIAL STATEMENTS**

The accompanying notes to the financial statements provide information essential; to a full understanding of the basic financial statements.

**TOWN OF MALONE COUNTY OF FRANKLIN  
INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(CONTINUED)**

**FINANCIAL HIGHLIGHTS**

The following items are the financial highlights experienced by the Town of Malone County of Franklin Industrial Development Agency.

The overall financial position of the Agency slightly increased by \$ 20 during the year ended December 31, 2015.

The Agency's total revenue and expenses increased by \$ 2,705 and \$ 1,703 respectively.

**FINANCIAL STATEMENT ANALYSIS**

Below is the Summary of the Agency's Statements of Financial Position as of December 31, 2015:

<b>ASSETS</b>	<u>2015</u>
Current Assets	
Cash	\$ 59,062
Accounts Receivables	<u>3,371</u>
Total Current Assets	\$ 62,433
Capital Asset	
Land	<u>115,000</u>
Total Assets	<u>\$ 177,433</u>
 <b>LIABILITIES</b>	
Accounts Payable	<u>\$ 1,892</u>
Total Liabilities	\$ 1,892
 <b>NET POSITION</b>	
Invested in Capital Assets	115,000
Unrestricted	<u>60,541</u>
Total Net Position	<u>\$ 175,541</u>
Total Liabilities & Net Position	<u>\$ 177,433</u>

**TOWN OF MALONE COUNTY OF FRANKLIN  
INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(CONTINUED)**

**FINANCIAL STATEMENTS ANALYSIS (CONTINUED)**

The Agency's cash includes cash in bank and certificates of deposits. The Accounts receivable consists of billings to occupants in the fourth quarter of 2015. The accounts payable consists of unpaid inspection fees and utilities in 2015. There is no significant changes from the prior year balances.

Below is the summary of the Agency's Statement of Revenues, Expenses and Change in Financial Position for the year ended December 31, 2015:

	<b>2015</b>
<b>REVENUE</b>	
User's Fees	\$ 17,733
Interest	3
Total Revenue	\$ 17,736
 <b>EXPENSES</b>	
Personal Services	2,400
Utilities	7,480
Professional Fees	4,655
Repairs and Maintained	3,181
Miscellaneous	-0-
Total Expenses	\$ 17,716
 <b>CHANGE IN NET POSITION</b>	 \$ 20
<b>NET POSITION- Beginning of Year</b>	60,521
<b>NET POSITION- END OF YEAR</b>	\$ 60,541

Revenues are derived primarily from billings to industrial park's occupants related to recurring expenses such as repairs and maintained, professional fees, utilities, etc. Expenditures consist primarily of repairs and maintenance, utilities and personal services. There was no significant change from prior year balance.

**CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This report is prepared for use of the Agency's management and pass-through entities, and members of the public interested in the affairs of the Agency. Questions with regard to the if financial report or requests for additional information should be addressed to the Town of Malone County of Franklin Industrial Development Agency, 27 Airport Road, Malone NY 12953.

**TOWN OF MALONE COUNTY OF FRANKLIN  
INDUSTRIAL DEVELOPMENT AGENCY  
STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

		12/31/2015
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$	59,062
Accounts Receivables		3,371
Total Current Assets	\$	62,433
 <b>CAPITAL ASSETS:</b>		
Land		115,000
<b>TOTAL</b>		<b>\$ 177,433</b>
 <b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable	\$	1,892
Total Current Liabilities	\$	1,892
 <b>NET POSITION:</b>		
Unrestricted		60,541
Investment in Capital Assets		115,000
<b>TOTAL</b>		<b>\$ 177,433</b>

**TOWN OF MALONE COUNTY OF FRANKLIN  
INDUSTRIAL DEVELOPMENT AGENCY  
STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	12/31/2015
<b>INCOME:</b>	
User's Fee	\$ 17,733
Interest Income	3
Total Income	\$ 17,736
 <b>OPERATING EXPENSES:</b>	
Professional Fees	4,655
Personal Services	2,400
Repairs and Maintenance	3,181
Utilities	7,480
Miscellaneous Expenses	-0-
Total Operating Expenses	\$ 17,716
 <b>CHANGE IN NET POSITION</b>	 20
 <b>NET POSITION- Beginning of Year</b>	 60,521
 <b>NET POSITION- END OF YEAR</b>	 \$ 60,541

**TOWN OF MALONE COUNTY OF FRANKLIN  
INDUSTRIAL DEVELOPMENT AGENCY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	12/31/2015
<b>OPERATING ACTIVITIES:</b>	
Change in Net Position	\$ 20
<b>ADJUSTMENT TO RECONCILE CHANGE IN NET ASSET TO  NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
(Increase) Decrease in Accounts Receivable	(184)
Decrease (Increase) in Accounts Payable	(8)
Net Cash Provided by Operating Activities	\$ (172)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	
<b>CASH AND CASH EQUIVALENTS- Beginning of Year</b>	<b>60,078</b>
<b>CASH AND CASH EQUIVALENTS- END OF YEAR</b>	<b>\$ 59,906</b>

**TOWN OF MALONE COUNTY OF FRANKLIN  
INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

The Town of Malone County of Franklin Industrial Development Agency ("IDA or the "Agency") was created in 1972 by the Town of Malone (the "Town") under the provisions of Chapter 314 of the Laws of New York State for the purpose of encouraging economic growth in the Town. The Agency is exempt from federal, state and income taxes. The Agency is a component unit of the Town. Although established by the Town, the Agency is a separate entity and operates independently of the Town.

**Basis of Accounting**

The IDA is classified as an "enterprise fund", as defined by the Governmental Accounting Standards Board ("GASB"), and as such, the financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. In its accounting and financial reporting, the IDA follows the pronouncements of the GASB.

**Use of Estimates**

The preparation of the financial statements are in conformity with Accounting principles generally accepted in the United States of America and required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Investments**

The Agency's investments policies are governed by state statutes. Agency monies are required to be deposited in Federal Depository Insurance Corporation ("FDIC") insured commercial banks or trust companies located within the state. The Agency is authorized to use demand accounts and certificates of deposit. Collateral is required for demand deposit and certificates of deposit not covered by FDIC.

**Concentration of Risk**

The Agency maintains cash balances at a financial institution located in New York. Accounts at the financial institution are insured by the FDIC up to \$ 250,000. At December 31, 2015, the Agency has no unsecured cash balances.

**Capital Assets**

Capital assets recorded on the financial statements are stated at cost. It is the Agency's policy to capitalize new expenditures for additions, improvements, and major renewals, which extend the life of an asset, whereas expenditures for maintained and repairs are charged to operations when incurred. Gains and losses from sales or other dispositions of depreciable property are included in current operations.

**TOWN OF MALONE COUNTY OF FRANKLIN  
INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(CONTINUED)**

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donated Assets and Services**

The estimated fair value of the full use of facilities owned by others and estimated value of contributed services over which the Agency exercise control, which constitute a part of the normal services that would otherwise be performed by paid personnel, have not been reflected in the accompanying financial statements. Also, the value of the other donated services (board members, etc.) is not reflected in the accompanying financial statements.

**Income Taxes**

The Agency was determined to be exempt from federal reporting requirements under Internal Revenue Procedure 94-48, 1995 C.B 418 as a government unit or affiliate of a governmental unit described in such procedure. In addition, the Agency is exempt from state income tax reporting requirements under Article 7-A and EPTL.

Accounting principles generally accepted in the United States of America require the Agency to evaluate all significant tax positions. As of December 31, 2015, the Agency does not believe that it has taken any positions that would require the recording of any tax liability, nor does it believe that there is any unrealized tax benefit that should be recorded or that would increase or decrease within the next year.

**Cash and Cash Equivalents**

The Agency considers all highly liquid investments purchased with original maturities of 90 days or less to be cash equivalents.

**Fair Value of Financial Instruments**

The Agency's financial instruments consist primarily of cash, receivables and payables. The Agency estimates that the fair value of all its financial instruments does not differ materially from the aggregate carrying values recorded in the accompanying statements of financial position. The estimate fair value amounts have been determined by the Agency using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of the fair value, and accordingly the estimates are not necessarily indicative of the amounts that the Agency could realize in a current market exchange.

**NOTE B -- CAPITAL ASSETS**

The capital assets recorded on the financial records is stated at assessed value and consist of the following as of December 31, 2015:

	2015
Land	\$ <u>115,000</u>

**TOWN OF MALONE COUNTY OF FRANKLIN  
INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(CONTINUED)**

**NOTE C -- SUBSEQUENT EVENTS**

The Agency has evaluated events and transactions that occurred between January 1, 2016 and March 7, 2016, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

**REQUIRED COMMUNICATION LETTER**

---

**John C. Parcell IV, CPA, CFE**  
**Certified Public Accountant**

6711 US Highway 11  
Canton, New York 13617  
Tel: (315) 265-5222  
Fax: (315) 265-5223  
Email: jparcell@twcny.rr.com

Member:  
American Institute of Certified Public Accountants  
New York State Society of Certified Public Accountants  
Association of Certified Fraud Examiners

**INDEPENDENT AUDITOR'S 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 Management and  
The Board of Directors  
Town of Malone County of Franklin 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 Malone County of Franklin Industrial Development Agency, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Malone, New York, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the New York basic financial statements, and have issued our report thereon dated March 7, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Malone, New York'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Malone, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Malone, New York'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 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 Malone, New York'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.

**John C. Parelli IV, CPA, CFE**

March 7, 2016