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 indictor 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.

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 ("GDIC") 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.

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	$ 115,000

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.