

**TOWN OF LOCKPORT  
INDUSTRIAL DEVELOPMENT AGENCY**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Town of Lockport Industrial Development Agency

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Town of Lockport Industrial Development Agency (the Agency), a business-type activity, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Agency's financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Agency as of December 31, 2023 and 2022, and the changes in its financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

The Agency has omitted management's discussion and analysis that GAAP requires to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2024 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of the Agency's internal control over financial reporting and 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.

A handwritten signature in blue ink that reads "Lyndon & McCormick, LLP". The signature is written in a cursive, flowing style.

February 6, 2024

TOWN OF LOCKPORT INDUSTRIAL DEVELOPMENT AGENCY

**Balance Sheets**

December 31,	2023	2022
<b>Assets</b>		
<b>Current assets:</b>		
Cash	\$ 1,649,281	\$ 1,721,882
Prepaid expenses	155	130
Capital assets, net (Note 3)	<u>1,258,578</u>	<u>1,012,167</u>
	<b>\$ 2,908,014</b>	<b>\$ 2,734,179</b>
<b>Liabilities and Net Position</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt (Note 4)	\$ 6,160	\$ 6,160
Accounts payable	9,115	8,615
Accrued liabilities (Note 6)	<u>250,000</u>	<u>250,000</u>
	<b>265,275</b>	<b>264,775</b>
<b>Noncurrent liabilities:</b>		
Long-term debt (Note 4)	<u>36,960</u>	<u>43,120</u>
	<b>302,235</b>	<b>307,895</b>
<b>Net position:</b>		
Net investment in capital assets	1,215,458	962,887
Unrestricted	<u>1,390,321</u>	<u>1,463,397</u>
	<b>2,605,779</b>	<b>2,426,284</b>
	<b>\$ 2,908,014</b>	<b>\$ 2,734,179</b>

TOWN OF LOCKPORT INDUSTRIAL DEVELOPMENT AGENCY

**Statements of Revenues, Expenses, and Changes in Net Position**

For the years ended December 31,	2023	2022
<b>Operating revenues</b>		
Administrative, application, and other fees	\$ 257,887	\$ 111,700
<b>Operating expenses</b>		
Management and other fees	51,570	50,720
Legal and professional	47,604	37,674
Travel and meetings	4,273	2,397
Insurance	374	339
Repairs and maintenance	7,932	7,742
Property taxes	5,237	5,267
Dues and membership fees	1,330	1,390
Advertising and promotion	6,513	7,527
Depreciation	789	789
Interest	739	832
Total operating expenses	126,361	114,677
<b>Operating income (loss)</b>	131,526	(2,977)
<b>Nonoperating revenue</b>		
Interest	47,969	2,927
<b>Change in net position</b>	179,495	(50)
Net position - beginning	2,426,284	2,426,334
<b>Net position - ending</b>	\$ 2,605,779	\$ 2,426,284

TOWN OF LOCKPORT INDUSTRIAL DEVELOPMENT AGENCY

**Statements of Cash Flows**

For the years ended December 31,

	2023	2022
<b>Operating activities:</b>		
Receipts from administrative, application, and other fees	\$ 257,887	\$ 111,700
Payments for goods and services	(124,358)	(113,070)
Interest paid	(739)	(832)
<b>Net operating activities</b>	<b>132,790</b>	<b>(2,202)</b>
<b>Capital and related financing activities:</b>		
Principal payments on debt	(6,160)	(6,160)
<b>Investing activities:</b>		
Interest income	47,969	2,927
Purchase of land	(247,200)	-
<b>Net investing activities</b>	<b>(199,231)</b>	<b>2,927</b>
<b>Net change in cash</b>	<b>(72,601)</b>	<b>(5,435)</b>
Cash - beginning	1,721,882	1,727,317
<b>Cash - ending</b>	<b>\$ 1,649,281</b>	<b>\$ 1,721,882</b>
<b>Reconciliation of operating results to net operating activities:</b>		
Operating income (loss)	\$ 131,526	\$ (2,977)
Adjustments to reconcile operating results to net cash flows from operating activities:		
Depreciation	789	789
Changes in other current assets and liabilities:		
Prepaid expenses	(25)	165
Accounts payable	500	(179)
<b>Net operating activities</b>	<b>\$ 132,790</b>	<b>\$ (2,202)</b>

See accompanying notes.

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies:

#### Nature of Organization

Town of Lockport Industrial Development Agency (the Agency) was established by the Town of Lockport (the Town) under Title I of Article 18-A of the General Municipal Law of the State of New York (the State), as amended, and Chapter 426 of the Laws of 1981 of the State, the Industrial Development Agency Act. The purpose of the Agency is to promote, attract, encourage, and develop economically sound commerce and industry through governmental action. The Agency, although established by the Town Board, is a separate entity and operates independently of the Town. Its revenues stem from administrative fees, rents, and sale of property in an industrial development park.

#### Basis of Presentation

The financial statements of the Agency are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

#### Measurement Focus

The Agency reports as a special-purpose government engaged in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The Agency's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred.

The Agency's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for services, including administrative, application, and other fees, and payments made to purchase those goods or services. Certain other transactions are reported as nonoperating activities and include interest income.

#### Capital Assets

Property acquired for resale is accounted for at the lower of cost or net realizable value.

Assets used in operations are recorded at cost net of accumulated depreciation. Depreciation is provided over estimated useful lives using the straight-line method. Estimated useful lives range from five to seven years.

#### Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Net Position

Net position consists of the following components:

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by related liabilities and deferred inflows of resources, if any. Restrictions are imposed by external organizations such as federal or state laws or required by the terms of the Agency's debt agreements.
- *Unrestricted* – the net amount of assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by the Agency.



## Tax Incentive Transactions

The Agency maintains a lease program to provide state and local tax benefits to companies developing industrial and other properties which includes sales tax abatement on construction materials and payments in lieu of taxes. The Agency charges an administrative fee for these services. Under this program, the Agency receives or retains title to properties under development and leases the property to the previous title holder (lessee). Title to these properties is transferred to the lessee at the end of the maximum tax benefit period or at any time during the lease at the option of the lessee. The Agency does not record assets acquired or retained under the lease program since the Agency's primary function is to provide state and local tax benefits to the lessee. The Agency receives administrative fees from the lessee for providing this service which is recognized in income at lease inception (unconditional lease) or ratably over the term of the lease (conditional lease) depending on the terms between the lessee and the Agency. The original value of the property leased by the Agency under this program aggregated \$118,719,000 and \$106,200,000 in 2023 and 2022, respectively.

The Agency also may issue bonds that meet the definition of conduit debt obligations. Such bonds provide private-sector entities with access to capital for the acquisition, rehabilitation, and construction of industrial and commercial facilities. The bonds are secured by the properties they finance and are payable solely by the private-sector entities. At December 31, 2023 and 2022, there were no such bonds outstanding.

## 2. Cash:

Cash management is governed by State laws and as established by the Agency's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Agency's policies permit the Chief Financial Officer to use demand accounts and certificates of deposit for daily operating funds. Investments are limited to obligations of the United States Treasury and its agencies, repurchase agreements, and obligations of the State or its localities.

Collateral is required for demand and time deposits and certificates of deposit 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.

Custodial credit risk is the risk that, in the event of a bank failure, the Agency's deposits may not be returned to it. At December 31, 2023, the Agency's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institution's agent in the Agency's name.

## 3. Capital Assets:

	2023	2022
Land available for sale	\$ 1,167,395	\$ 920,195
Development property	90,000	90,000
Office equipment	14,133	14,133
	<u>1,271,528</u>	<u>1,024,328</u>
Less accumulated depreciation	12,950	12,161
	<u>\$ 1,258,578</u>	<u>\$ 1,012,167</u>

The Agency maintains land in an industrial park that is classified as available for sale. The land is recorded at cost; management believes that future sales proceeds will continue to exceed the recorded amount of the land.

Net investment in capital assets consists of the following at December 31:

	2023	2022
Capital assets, net of accumulated depreciation	\$ 1,258,578	\$ 1,012,167
Loan payable	(43,120)	(49,280)
	<u>\$ 1,215,458</u>	<u>\$ 962,887</u>

## 4. Long-Term Debt:

	2023	2022
Term loan through the Town of Lockport, annual payments of \$6,160 plus interest at 1.5%, due November 2030, secured by related land.	\$ 43,120	\$ 49,280
Less current portion	6,160	6,160
	<u>\$ 36,960</u>	<u>\$ 43,120</u>

Principal and interest payments on long-term debt subsequent to December 31, 2023 are:

	Principal	Interest
2024	\$ 6,160	\$ 647
2025	6,160	554
2026	6,160	462
2027	6,160	370
2028	6,160	277
2029 - 2030	12,320	277
	<u>\$ 43,120</u>	<u>\$ 2,587</u>

**5. Risk Management:**

The Agency purchases commercial insurance for various risks of loss due to torts, theft, damage, injuries to employees, and natural disasters in addition to insurance purchased to indemnify directors and officers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**6. Litigation:**

The Agency is currently a participant in a lawsuit that may result in a judgment against it. The Agency continues to accrue \$250,000 for purposes of satisfying any judgments against it until such time as all decisions and appeals have been exhausted.