

**TOWN OF LANCASTER,
NEW YORK**

*Statement of Changes in Cash Balances and
Statements of Cash Receipts and Disbursements
of the Town Clerk and Town Justices for the
Year Ended December 31, 2012 and
Independent Auditors' Report*

TOWN OF LANCASTER, NEW YORK
Table of Contents
Year Ended December 31, 2012

	Page
Independent Auditors' Report.....	1-2
Town Clerk and Town Justices— Statements of Changes in Cash Balances	3
Town Clerk—Taxes Statement of Cash Receipts and Disbursements	4
Town Clerk—Licenses, Permits and Fees Statement of Cash Receipts and Disbursements	5
Town Justices—Statement of Cash Receipts and Disbursements	6
Note to the Financial Statements.....	7

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable Town Board
Town of Lancaster, New York

Report on the Financial Statements

We have audited the accompanying statements of changes in cash balances and the related statements of cash receipts and cash disbursements of the Town Clerk and Town Justices (the "Departments") of the Town of Lancaster, New York, for the year ended December 31, 2012, and the related note to the financial statements, which collectively comprise the Departments' 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 the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express opinions on these 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 Departments' 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 Departments' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the changes in cash balances and the revenue collected and expenditures paid of the Departments' of Town of Lancaster, New York, for the year ended December 31, 2012, on the cash basis of accounting described in Note 1.

Other Matters

Basis for Accounting

We draw attention to Note 1 of the financial statements which describes the basis of accounting. The financial statements are prepared on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Department

As discussed in Note 1 to the financial statements, these financial statements are intended to present the financial position, and the changes in financial position of the Town that are attributable to the transactions of certain Town of Lancaster, New York Departments. They do not purport to, and do not, present fairly the financial position of the Town of Lancaster, New York as of December 31, 2012 or the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Drescher & Malecki LLP

June 4, 2013

TOWN OF LANCASTER, NEW YORK
Town Clerk and Town Justices
Statements of Changes in Cash Balances
Year Ended December 31, 2012

	Town Clerk		
	Taxes	Licenses, Permits and Fees	Town Justices
Cash balance—beginning	\$ 500	\$ 39,244	\$ 34,094
Add: cash receipts	76,157,418	660,339	369,546
Deduct: cash disbursements	<u>76,157,416</u>	<u>675,293</u>	<u>371,076</u>
Cash balance—ending	<u>\$ 502</u>	<u>\$ 24,290</u>	<u>\$ 32,564</u>

The note to the financial statements is an integral part of this statement.

TOWN OF LANCASTER, NEW YORK
Town Clerk – Taxes
Statement of Cash Receipts and Disbursements
Year Ended December 31, 2012

Cash balance—beginning		\$ <u>500</u>
RECEIPTS:		
County and Town taxes:		
Taxes	\$ 38,282,368	
Penalties and fees	44,781	
Interest	<u>4,523</u>	38,331,672
School taxes:		
Taxes	37,771,942	
Interest	3,653	
Penalties and fees	<u>43,112</u>	37,818,707
Interest on bank accounts		<u>2,595</u>
Total receipts		<u>76,152,974</u>
DISBURSEMENTS:		
Remittances to Erie County, Commissioner of Finance:		
County taxes	17,465,305	
Interest on taxes	4,523	
Less: Unpaid Parcel Fee	<u>(546)</u>	17,469,282
Remittances to Town of Lancaster, Supervisor:		
Town taxes	20,817,063	
Penalties and fees	88,439	
Interest on bank accounts	<u>2,594</u>	20,908,096
Remittances to school districts:		
School taxes	37,771,942	
Interest on school taxes	<u>3,653</u>	<u>37,775,595</u>
Total disbursements		<u>76,152,973</u>

The note to the financial statements is an integral part of this statement.

TOWN OF LANCASTER, NEW YORK
Town Clerk – Licenses Permits and Fees
Statement of Cash Receipts and Disbursements
Year Ended December 31, 2012

	Petty Cash	Entity Entitled to Funds		Total
		Town	New York State	
Cash balance—beginning	\$ 300	\$ 34,979	\$ 3,965	\$ 39,244
RECEIPTS:				
Town - various licenses and fees	-	580,930	-	580,930
Town - interest earnings	-	79	-	79
N.Y.S. - marriage licenses	-	-	5,110	5,110
N.Y.S. - conservation licenses	-	-	65,767	65,767
State bingo/games of chance	-	-	3,292	3,292
State dog licenses	-	-	5,161	5,161
	-	581,009	79,330	660,339
Total receipts	-	581,009	79,330	660,339
DISBURSEMENTS:				
Town's share of various licenses and fees	-	595,108	-	595,108
Town - interest earnings	-	79	-	79
N.Y.S. share of marriage licenses	-	-	5,110	5,110
N.Y.S. share of conservation licenses	-	-	65,699	65,699
N.Y.S. share of bingo/games of chance	-	-	4,143	4,143
State dog licenses	-	-	5,154	5,154
	-	595,187	80,106	675,293
Total disbursements	-	595,187	80,106	675,293
Cash balance—ending	\$ 300	\$ 20,801	\$ 3,189	\$ 24,290

The note to the financial statements is an integral part of this statement.

TOWN OF LANCASTER, NEW YORK
Town Justices
Statement of Cash Receipts and Disbursements
Year Ended December 31, 2012

	<u>Justice Montour</u>	<u>Justice Kelleher</u>	<u>Total</u>
Cash balance—beginning	\$ 16,046	\$ 18,048	\$ 34,094
Receipts:			
Fines, surcharges and fees	165,438	159,263	324,701
Bail postings	<u>16,915</u>	<u>27,930</u>	<u>44,845</u>
Total receipts	<u>182,353</u>	<u>187,193</u>	<u>369,546</u>
Disbursements:			
Fines, surcharges and fees	164,360	159,995	324,355
Bail forfeitures and refunds	<u>19,309</u>	<u>27,412</u>	<u>46,721</u>
Total disbursements	<u>183,669</u>	<u>187,407</u>	<u>371,076</u>
Cash balance—ending	<u>\$ 14,730</u>	<u>\$ 17,834</u>	<u>\$ 32,564</u>

The note to the financial statements is an integral part of this statement.

TOWN OF LANCASTER, NEW YORK
Town Clerk and Town Justices
Note to the Financial Statements
Year Ended December 31, 2012

1. The accompanying cash basis financial statements include the operations of the Town Clerk and Town Justices. These departments maintain accounting records on the cash basis; whereby, revenue is recognized as cash is received and expenditures are recognized when cash is disbursed. Consequently, accounts receivable, due from others and amounts due to others at December 31, 2012 are not included in the financial statements.

Revenues of the Town, which are collected by these departments, are remitted to the Town Supervisor to the extent specified under Town Law. Other receipts are remitted directly to individuals or entities designated to receive such funds.

The departments' bank accounts are maintained separately from the Town's general books of accounts. All cash balances are FDIC insured.

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