VILLAGE OF FAIRPORT
INDUSTRIAL DEVELOPMENT AGENCY
dba FAIRPORT OFFICE OF ECONOMIC DEVELOPMENT

NEW YORK

FINANCIAL STATEMENTS

For Years Ended September 30, 2011 and 2010

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INDEPENDENT AUDITORS' REPORT

To the Council Members of
Village of Fairport
Industrial Development Agency
dba Fairport Office of Economic Development

We have audited the accompanying statement of net assets of the Village of Fairport Industrial Development Agency (Agency), a component unit of the Village of Fairport, New York as of September 30, 2011 and 2010, and the related statements of revenue, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Village of Fairport Industrial Development Agency, a component unit of the Village of Fairport, New York's management. Our responsibility is to express an opinion 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 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Village of Fairport Industrial Development Agency, a component unit of the Village of Fairport, New York as of September 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2011 on our consideration of the Village of Fairport Industrial Development Agency, a component unit of the Village of Fairport, New York's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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The Management's Discussion and Analysis on pages 3 through 6 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Agency's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 2011 supplementary information. However, we did not audit the information and do not express an opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Village of Fairport Industrial Development Agency, a component unit of the Village of Fairport, New York. Such schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

Raymond F. Wager CPA PC

December 13, 2011

Village of Fairport
Industrial Development Agency
dba Fairport Office of Economic Development

Management's Discussion and Analysis (MD&A)

September 30, 2011

Introduction

Our discussion and analysis of the Village of Fairport Industrial Development Agency (Agency), a component unit of the Village of Fairport, New York's financial performance provides an overview of the Agency's financial activities for the year ended September 30, 2011. It should be read in conjunction with the basic financial statements to enhance understanding of the Agency's financial performance, which immediately follows this section.

Financial Highlights

Key financial highlights for year 2011 are as follows:

- The assets of the Agency exceeded its liabilities at the close of the most recent year by $4,143,010 (net assets).
- $531,421 (invested in capital assets, net of related debt) represents the Agency's investments in land, structures, and equipment (there is no capital-related debt) and is not available for future spending.
- $3,356,605 (unrestricted net assets) is available for the Agency's ongoing operations.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's financial statements. The Agency's financial statements are comprised of two components: (1) government-wide financial statements, and (2) notes to the financial statements.

1. *Government-Wide Financial Statements*

The *government-wide financial statements* are the same as the fund financial statements for proprietary funds, so no additional schedules were necessary. The Agency's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Agency's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

- The *statement of net assets* presents information on all of the Agency's assets and liabilities, with the difference between the two reported as *net assets.* Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating. Evaluation of the overall health of the Agency would extend to other nonfinancial factors, such as diversification of the tenants base or the condition of agency infrastructure, in addition to the financial information provided in this report.

- The *statement of activities* presents information showing how the government's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. An important purpose of the design of this statement is to show the financial reliance of the Agency's distinct activities or functions on revenues provided by the Agency's lessees and grantors.

2. *Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the financial statement section of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the Agency's financial position. In the case of the Agency, net assets at the close of the current year were $4,143,010. This represents a decrease in net assets of $20,162 from the prior year.

Net Assets

ASSETS	2011	2010	Variance
Current Assets	$ 3,872,890	$ 3,621,250	$ 251,640
Noncurrent Assets	537,242	525,264	11,978
Capital Assets, Net	531,421	663,062	(131,641)
Total Assets	**$ 4,941,553**	**$ 4,809,576**	**$ 131,977**
LIABILITIES			
Current Liabilities	$ 784,477	$ 628,607	$ 155,870
Noncurrent Liabilities	14,066	17,797	(3,731)
Total Liabilities	**$ 798,543**	**$ 646,404**	**$ 152,139**
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	$ 531,421	$ 663,062	$ (131,641)
Restricted	254,984	260,119	(5,135)
Unrestricted	3,356,605	3,239,991	116,614
Total Net Assets	**$ 4,143,010**	**$ 4,163,172**	**$ (20,162)**

The investment in capital assets represents13% of the Agency's net assets. The largest of the Agency's net assets (81%) represents resources that are unrestricted on how they may be utilized. The remaining category of the Agency's net assets represents restricted assets.

The current assets increased $251,640 as a result of the sale of 29 Perrin Street increasing cash by $114,000.

The capital assets decreased ($131,641) as a result of the sale of 29 Perrin Street.

Current liabilities increased $155,870 primarily due to the increase in cash from the sale of 29 Perrin Street which is due to the URA.

Changes in Net Assets

Operating Revenues:	2011	2010	Variance
Rental of Real Property	$ 336,603	$ 330,829	$ 5,774
Program Income (notes, loans, other)	37,676	53,873	(16,197)
Miscellaneous Revenue	2,952	3,197	(245)
Village Partnership-Grant	89,586	64,123	25,463
Total Operating Revenues	**$ 466,817**	**$ 452,022**	**$ 14,795**
Operating Expenses:			
Administrative & Contractual	$ 39,722	$ 31,366	$ 8,356
Personal Services	183,542	186,604	(3,062)
Employee Benefits	52,301	56,599	(4,298)
Allocation to URA	39,571	39,489	82
Home and Community Services	152,200	167,728	(15,528)
Total Operating Expenses	**$ 467,336**	**$ 481,786**	**$ (14,450)**
Net Operating Income	**$ (519)**	**$ (29,764)**	**$ 29,245**
Nonoperating Revenues (Expenses):			
Interest Income, Other	$ 62,355	$ 65,714	$ (3,359)
Unrealized Gain (Loss) on Fair Value of Investments	4,181	(42,762)	46,943
State Grants	29,281	204,356	(175,075)
NYS - Façade Program	(3,400)	(22,966)	19,566
Pollution Remediation Obligations	-	(61,807)	61,807
Capital Contribution to URA	(130,000)	-	(130,000)
Total Nonoperating Revenues (Expenses)	**$ (37,583)**	**$ 142,535**	**$ (180,118)**
Income Before Operating Transfers	**$ (38,102)**	**$ 112,771**	**$ (150,873)**
Operating Transfers In	$ 17,940	$ 5,417	$ 12,523
Net Income	**$ (20,162)**	**$ 118,188**	**$ (138,350)**
Net Assets - Beginning of Year	4,163,172	4,044,984	118,188
Net Assets - End of Year	**$ 4,143,010**	**$ 4,163,172**	**$ (20,162)**

Effective October 1, 2008 the IDA entered into an agreement with the Urban Renewal Agency to allocate a portion of the administrative and professional costs to the Urban Renewal Agency. As a result of this the IDA allocated $12,786 of administrative and contractual expenses, $19,602 of personal service expenses, and $7,201 of employee benefit expenses to the Urban Renewal Agency. In addition the IDA allocated $39,571 to the Urban Renewal Agency to fund their operation. State grants increased for the Department of State (DOS) and restore New York grants received in 2011. The Agency also allocated property to the URA totalling $130,000.

Capital Assets

The Agency's investment in capital assets as of September 30, 2011 amounts to $531,421 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and equipment.

	2011	2010
Land	$ 122,169	$ 122,169
Buildings	404,346	534,346
Equipment	8,763	8,668
Less: Accumulated Depreciation	(3,857)	(2,121)
Total	**$ 531,421**	**$ 663,062**

Future Factors

- The completion of a major construction project in 2012 will expend a NYS-DOS (Department of State) grant of $584,000 with a cash Agency match of $584,000. A parcel of adjacent land owned by the IDA will be sold to a developer resulting in a decrease in capital assets.

- Refining the IDA reporting in PARIS to the Authority Budget Office (ABO) will continue to be a priority for Agency staff.

- Operating Revenues – the IDA's long-term lease with Applied Digital terminated at the end of 2011. As a result, the Agency will experience a decrease in operating revenue for 2012. The Agency successfully renegotiated another long-term land lease with Corning Tropel, extending the existing lease another 20 years.

Requests for Information

This financial report is designed to provide a general overview of the Village of Fairport Industrial Development Agency, a component unit of the Village of Fairport, New York's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: The Chairman of the Council, Village of Fairport Industrial Development Agency, 31 South Main Street, Fairport, New York 14450.

VILLAGE OF FAIRPORT
INDUSTRIAL DEVELOPMENT AGENCY
dba FAIRPORT OFFICE OF ECONOMIC DEVELOPMENT
Statement of Net Assets
September 30, 2011 and 2010

ASSETS:	2011	2010
Current Assets -		
Cash	$ 1,457,179	$ 1,297,054
Investments	2,167,430	2,090,673
Accounts receivable	213,822	196,339
Current portion of notes and mortgages receivable	26,327	25,552
Current portion of investment in leases	8,132	11,632
Total Current Assets	$ 3,872,890	$ 3,621,250
Noncurrent Assets -		
Long-term notes and mortgages receivable (net)	$ 457,026	$ 411,114
Long-term investment in leases	80,216	114,150
Total Noncurrent Assets	$ 537,242	$ 525,264
Capital Assets -		
Land	$ 122,169	$ 122,169
Building	404,346	534,346
Equipment	8,763	8,668
Less: accumulated depreciation	(3,857)	(2,121)
Total Capital Assets	$ 531,421	$ 663,062
TOTAL ASSETS	**$ 4,941,553**	**$ 4,809,576**
LIABILITIES:		
Current Liabilities -		
Accrued liabilities	$ 373	$ 23
Deferred revenue	22,021	15,830
Security deposit-Anco Builders	4,200	4,200
Due to other governments	729,689	599,554
Due to ERS	28,194	9,000
Total Current Liabilities	$ 784,477	$ 628,607
Noncurrent Liabilities -		
Current obligations	$ 1,135	$ 2,441
Long-term obligations	12,931	15,356
Total Noncurrent Liabilities	$ 14,066	$ 17,797
TOTAL LIABILITIES	**$ 798,543**	**$ 646,404**
NET ASSETS:		
Investment in capital assets, net of related debt	$ 531,421	$ 663,062
Restricted	254,984	260,119
Unrestricted	3,356,605	3,239,991
TOTAL NET ASSETS	$ 4,143,010	$ 4,163,172
TOTAL LIABILITIES AND NET ASSETS	**$ 4,941,553**	**$ 4,809,576**

(The accompanying notes are an integral part of these financial statements)

VILLAGE OF FAIRPORT
INDUSTRIAL DEVELOPMENT AGENCY
dba FAIRPORT OFFICE OF ECONOMIC DEVELOPMENT
Statement of Activities
For Years Ended September 30, 2011 and 2010

OPERATING REVENUES:	2011	2010
Rental of real property	$ 336,603	$ 330,829
Program income (notes, loans, other)	37,676	53,873
Miscellaneous revenue	2,952	3,197
Village partnership - grants	89,586	64,123
TOTAL OPERATING REVENUES	**$ 466,817**	**$ 452,022**
OPERATING EXPENSES:		
Administrative and contractual	$ 39,722	$ 31,366
Personal services	183,542	186,604
Employee benefits	52,301	56,599
Allocation to URA	39,571	39,489
Home and community services	152,200	167,728
TOTAL OPERATING EXPENSES	**$ 467,336**	**$ 481,786**
NET OPERATING INCOME	**$ (519)**	**$ (29,764)**
NONOPERATING REVENUES (EXPENSES)		
Interest income, other	$ 62,355	$ 65,714
Unrealized gain (loss) on fair value of investments	4,181	(42,762)
State grants	29,281	204,356
NYS - facade program	(3,400)	(22,966)
Pollution remediation obligations	-	(61,807)
Capital contribution to URA	(130,000)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	$ (37,583)	$ 142,535
INCOME BEFORE OPERATING TRANSFERS	$ (38,102)	$ 112,771
Operating transfers in	$ 17,940	$ 5,417
NET INCOME	$ (20,162)	$ 118,188
NET ASSETS - BEGINNING OF YEAR	4,163,172	4,044,984
NET ASSETS - END OF YEAR	**$ 4,143,010**	**$ 4,163,172**

(The accompanying notes are an integral part of these financial statements)

VILLAGE OF FAIRPORT
INDUSTRIAL DEVELOPMENT AGENCY
dba FAIRPORT OFFICE OF ECONOMIC DEVELOPMENT
Statement of Cash Flows
For Years Ended September 30, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from rentals	$ 332,007	$ 354,596
Payments to suppliers/other governments	(99,622)	(206,745)
Payments to employees	(220,029)	(228,901)
Other revenue	130,214	121,193
Net Cash Provided (Used) by Operating Activities	**$ 142,570**	**$ 40,143**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	$ 62,355	$ 65,714
Change in other assets	(954)	(61,803)
Issuance of notes receivable	(70,000)	(66,500)
Repayment of notes receivable	65,881	324,539
Purchase of investments	(76,757)	(6,479)
Net Cash Provided (Used) by Investing Activities	**$ (19,475)**	**$ 255,471**
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchase of equipment	$ (95)	$ (4,880)
Net Cash Provided (Used) by Capital Financing Activities	**$ (95)**	**$ (4,880)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Payments from other funds	$ 17,940	$ 5,417
State grants	22,585	13,375
NYS - facade program	(3,400)	(22,966)
Pollution remediation obligations	-	(180,307)
Net Cash Provided (Used) by Noncapital Financing Activities	**$ 37,125**	**$ (184,481)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 160,125	$ 106,253
BEGINNING CASH AND CASH EQUIVALENTS	**1,297,054**	**1,190,801**
ENDING CASH AND CASH EQUIVALENTS	**$ 1,457,179**	**$ 1,297,054**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Operating Income	$ (519)	$ (29,764)
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:		
(Increase)/Decrease in accounts receivable	(4,596)	23,767
Depreciation expense	1,736	1,490
Increase/(Decrease) in accrued liabilities	350	(374)
Increase/(Decrease) in security deposits	-	(800)
Increase/(Decrease) in due to other governments	130,135	31,148
Increase/(Decrease) in due to ERS	19,194	9,000
Increase/(Decrease) in OPEB	2,798	5,594
Increase/(Decrease) in compensated absences	(6,528)	82
Total Adjustments	$ 143,089	$ 69,907
Net Cash Provided (Used) by Operating Activities	**$ 142,570**	**$ 40,143**

(The accompanying notes are an integral part of these financial statements)

VILLAGE OF FAIRPORT
INDUSTRIAL DEVELOPMENT AGENCY
dba FAIRPORT OFFICE OF ECONOMIC DEVELOPMENT

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

I. Summary of Significant Accounting Policies:

The financial statement of the Village of Fairport Industrial Development Agency (Agency) have been prepared in conformity with generally accepted accounting principles (GAAP) that provides for proprietary fund accounting for Industrial Development Agencies.

A. Organization

The Agency was created under the provision of laws of New York State for the purpose of encouraging economic growth in the Village of Fairport, New York. The Agency is exempt from federal, state, and local income taxes. The Agency, established by the Village of Fairport, New York, is a component unit of the Village of Fairport, New York based on several criteria set forth in GASB 14 as amended by GASB 39 (including legal standing, fiscal dependency, and financial accountability). The Agency has been doing business as (dba) Fairport Office of Community and Economic Development over the past year.

B. Basis of Accounting

The financial statements of the Agency have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to proprietary funds on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Management must make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Financial instruments, including borrowings, are all carried at amounts that approximate fair value.

The government-wide financial statements are the same as the fund financial statements for proprietary funds, so no additional schedules were necessary. The first of these government-wide statements is the Statement of Net Assets. This is the Agency-wide statement of position presenting information that includes all of the Agency's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency as a whole is improving or deteriorating. Evaluation of the overall health of the Agency would extend to other nonfinancial factors, such as diversification of the tenants base or the condition of Agency infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities which reports how the Agency's net assets changed during the current fiscal year. All current-year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of this statement is to show the financial reliance of the Agency's distinct activities or functions on revenues provided by the Agency's lessees and grantors.

C. Assets, Liabilities, and Net Assets

1. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Agency considers all highly liquid cash accounts and other temporary investments of three months or less as cash equivalents.

2. Investments

a. Investments are recorded at fair market values based on quoted market prices. The Agency is permitted to invest monies in the following types of investments:

1. Interest bearing checking and/or savings accounts
2. Certificates of deposit
3. Obligations of the United States of America
4. Obligations issued by Agencies of the United States, for which the United States of America guarantees the payment of principal and interest on the obligations
5. Obligations of the State of New York
6. Obligations of Public Authorities, Public Housing Authorities, and Urban Renewal Agencies where New York State statutes governing such entities or whose specific enabling legislation authorizes such investments.

b. Diversification

It shall be the policy of the Agency to diversify its deposits and investments. Diversification will further protect the principal amount of deposits and investments but may not serve to maximize interest earnings. No more than 75% of total available cash may be placed in any one particular authorized depository, financial institution, or security dealer at any time.

The amount of cash readily available, as well as maturity dates for investments shall also be diversified. In this regard, up to 25% of moneys available may be invested for 1 year or less, up to 35% may be invested from 1-3 years, 55-60% may be invested from 3-8 years, and 0-10% may be invested for up to 10 years.

3. Accounts Receivable

Accounts receivable are reported at their net value after reduction for the estimated portion that is expected to be uncollectible as of September 30, 2011 and 2010. Accounts receivable are recorded as revenue in the year they are earned.

4. Capital Assets

The capital assets are recorded at cost and are depreciated utilizing the straight-line method of depreciation over the estimated useful life of the asset.

5. Notes Receivable

Notes receivable are stated at principal balances, less the estimated portion that is expected to be uncollectible as of September 30, 2011 and 2010.

6. Compensated Absences

The Agency's employees are granted vacation and sick leave and earn compensated absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation leave subject to certain maximum limitations. Estimated vacation leave is recorded as an expense when earned.

7. Net Assets

a. Government-Wide Statements

Net assets are categorized as follows:

1. **Invested in capital assets, net of related debt** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. **Restricted net assets** - consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

3. **Unrestricted net assets** - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

8. Pension Plan

Employees of the Agency participate in the New York State Retirement System.

Information relating to the Agency's participation is described in these financial statements. A full description of ERS membership, benefits, and employer and employee obligations to contribute are described in the System's annual reports and financial statements.

9. 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 Village 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. As of September 30, 2011, the Agency has no industrial revenue bonds or note transactions outstanding.

10. 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 report 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. As of September 30, 2011, the Agency has five outstanding lease transactions with companies within the Village. As part of these agreements the Agency receives payment in lieu of tax (PILOT) payments which are recorded as an operating revenue of the Agency. During the year one lease transaction expired.

11. Reclassification

Certain amounts have been reclassified in the 2010 financial statements to conform with the current year presentation.

II. Cash and Cash Equivalents:

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. While the Agency does not have a specific policy for custodial credit risk, New York State statutes govern the Agency's investment policies, as discussed previously in these notes.

The Agency's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year end are collateralized as follows:

	2011	2010
Uncollateralized	$ -	$ -
Collateralized with securities held by the pledging financial institution	965,128	613,885
Total	**$ 965,128**	**$ 613,885**

III. Investments – Fair Value Measurement:

The Agency's investments are recorded at fair value and have been categorized based upon a fair market value. See Note 1 for a discussion of the Agency's policies.

The following table presents information about the Agency's investments measured at fair value as of September 30, 2011 and 2010:

	2011		2010	
	Cost	Market Value	Cost	Market Value
Core Cash	$ 75,080	$ 75,080	$ 599,130	$ 599,130
US Treasury Bonds	445,000	457,097	445,000	475,569
NYS Dorm Authority	325,000	352,227	330,000	365,902
Yonkers NY Bonds	100,000	105,701	100,000	108,802
New York NY Bonds	105,000	114,156	105,000	117,855
Federal National Mtg Bonds	150,000	163,931	100,000	106,188
Federal Home Loan Mtg Bonds	100,000	104,594	100,000	104,947
Rockland County Bonds	100,000	104,827	100,000	106,571
Rochester NY Bonds	50,000	53,833	50,000	54,390
Carmel NY CSD Bonds	-	-	50,000	51,319
Syracuse NY Public Impt Bonds	25,000	26,905	-	-
Federal Farm Bonds	175,000	193,244	-	-
NYS Thruway Auth Bonds	175,000	198,469	-	-
Poland CSD Bonds	50,000	55,585	-	-
Amherst NY Serial Bonds	70,000	78,084	-	-
Suffolk County Serial Bonds	75,000	83,697	-	-
Total	**$ 1,475,080**	**$ 2,167,430**	**$ 1,979,130**	**$ 2,090,673**

The following schedule summarizes the investment return and its classification in the statement of activities for the year:

Type	2011 Operating	2010 Operating
Interest/Dividends	$ 41,828	$ 52,642
Unrealized Gains/(Losses)	4,181	(42,762)
Total	**$ 46,009**	**$ 9,880**

IV. Accounts Receivable:

The accounts receivable as of September 30, 2011 and 2010, consisted of the following:

	2011	2010
Rental Income	$ 19,545	$ 14,949
DOS Grant	37,563	24,676
Restore NY Grant	156,714	156,714
Total Accounts Receivable	**$ 213,822**	**$ 39,625**

V. Notes Receivable and Mortgages Receivable:

The Agency has established a revolving loan fund offering low interest loans to area businesses. The loans are approved by the governing board after giving consideration to the major criteria, i.e., enhancement of the economic environment. Revenue recognition on these loans is limited to the receipt of interest. A provision for uncollectible accounts has been deemed necessary by management where substantial delinquencies exist totaling $254,540. Non-accruing portions of interest, rents, and PILOT's are not recorded as receivables or revenues.

Interest at below market rates is considered an element of a grant provided by the Agency; therefore, the face amount of the obligation is not discounted nor is an effective rate of interest imputed.

	2011	2010
Notes and Mortgages Receivable	$ 737,893	$ 696,153
Less: Allowance for doubtful accounts	(254,540)	(259,487)
Total Notes and Mortgages Receivable	$ 483,353	$ 436,666
Less: Current Portion	(26,327)	(25,552)
Total Long-Term Portion of Notes and Mortgages Receivable	**$ 457,026**	**$ 411,114**

VI. Lease Transactions:

The following are two leases held by the Agency as lessor:

	2011	2010
30-year lease having a monthly payment of $535 based upon a 5% interest rate per annum, collateralized by property. Final payment is due September 2011.	$ -	$ 5,772
A lease for $175,000 at an initial rate of 8% interest per annum, adjusted 5%. Monthly payments are $980, including interest and principal, and is collateralized by property. Final payment is due February 2025.	88,792	120,642
Less: Allowance for doubtful accounts	(444)	(632)
Total Leases	$ 88,348	$ 125,782
Less: Current Portion	(8,132)	(11,632)
Total Long-Term Portion of Leases	**$ 80,216**	**$ 114,150**

VII. Capital Assets:

A summary of the change in capital assets follows:

	Beginning 10/1/2010	Additions	Deletions	Ending 9/30/2011
Land	$ 122,169	$ -	$ -	$ 122,169
Building	534,346	-	130,000	404,346
Equipment	8,668	95	-	8,763
Accumulated Depreciation	(2,121)	(1,736)	-	(3,857)
Total	**$ 663,062**	**$ (1,641)**	**$ 130,000**	**$ 531,421**

VIII. Due To Other Governments:

Due to other governments represents funds invested by the Agency on behalf of the following programs of the Fairport Urban Renewal Agency:

	2011	2010
Village of Fairport Urban Renewal Agency	$ 649,041	$ 489,408
Village of Fairport Section 8 Housing Assistance Payments Program	80,648	110,146
Total Due To Other Governments	**$ 729,689**	**$ 599,554**

IX. Noncurrent Liabilities:

Noncurrent liabilities represent the Agency's obligations for compensated absences and other postemployment benefits (retiree health) as follows:

	2011	2010
Compensated absences	$ 5,675	$ 12,203
Other postemployment benefits	8,391	5,594
Total Noncurrent Liabilities	$ 14,066	$ 17,797
Less: Current portion	(1,135)	(2,441)
Total Long-Term Portion of Noncurrent Liabilities	**$ 12,931**	**$ 15,356**

X. Net Assets:

On April 19, 2010 the Board passed a resolution to designate up to $2,850,000 of unrestricted net assets. As a result the unrestricted net assets are as follows:

Unrestricted	2011	2010
Designated		
RLF-Commercial Property	$ 500,000	$ 500,000
Canal Waterfront Revitalization	1,000,000	1,000,000
Business District Improvement	750,000	750,000
Federal/State Matching Fees	600,000	600,000
Total Designated	$ 2,850,000	$ 2,850,000
Undesignated	$ 506,605	$ 389,991
Total Unrestricted Net Assets	**$ 3,356,605**	**$ 3,239,991**

XI. Pension Plan:

A. General Information

The Agency participates in the New York State and Local Employees' Retirement System (ERS). This System is a cost sharing multiple employer, public employee retirement system. The System offers a wide range of plans and benefits which is related to years of service and final average salary, vesting of retirement benefits, death, and disability.

B. Provisions and Administration

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute, and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to NYSERS, Governor Alfred E. Smith State Office Building, Albany, New York 12244.

C. Funding Policies

The System is noncontributory for the employees, except for those who joined the systems after July 27, 1976 and before January 1, 2010 with less than ten years membership, who contribute 3% of their salary. Those joining on or after January 1, 2010 are required to contribute 3.5% of their annual salary for their entire career. For NYSERS the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund.

The Agency is required to contribute at an actuarially determined rate. The Agency contributions made to the System were equal to 100 percent of the contributions required for each year. The required contributions for the current year and two preceding years were:

	NYSERS
2011	$ 22,949
2010	$ 9,084
2009	$ 27,692

XII. Other Postemployment Benefits

Plan Description

In addition to providing pension benefits described in Note IX, the Agency provides post-employment medical and prescription drug benefits (OPEB) for retirees, spouses, and their covered dependents through the Agency's Postemployment Health Care Benefits Program (Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the Agency and can be amended by the Agency through its contracts. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan.

Funding Policy

The Agency currently pays for health care benefits on a pay-as-you-go basis. Once New York State Law allows for the establishment of a trust to fund and invest assets necessary to pay for the accumulated liability, the Agency will study the establishment of such a trust. These financial statements assume that pay-as-you-go funding will continue.

Annual OPEB Cost and Net OPEB Obligation

The Agency's annual other postemployment (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Agency's annual OPEB cost for the year, the amount actually contributed to the Plan and changes in the Agency's net OPEB obligation by governmental activities:

Annual required contribution	$	9,002
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost (expense)	$	9,002
Contributions made		6,205
Increase in net OPEB obligation	$	2,797
Net OPEB obligation - beginning of year		5,594
Net OPEB obligation - end of year	**$**	**8,391**

The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended 2011 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2009	$ 9,002	31.07%	$ 2,797
9/30/2010	$ 9,002	62.14%	$ 5,594
9/30/2011	$ 9,002	93.21%	$ 8,391

Funded Status and Funding Progress

As of September 30, 2008, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was $97,727, and the actuarial value of assets was $0 resulting in an unfunded actuarial accrued liability of $97,727. The covered payroll (annual payroll of active employees covered by the plan) was $183,542 and the ratio of the UAAL to the covered payroll was 53.25%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

(XII.) (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial Valuation Date September 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Active Members Covered Payroll	(6) UAAL As a Percentage of Covered Payroll (4) / (5)
2009	$ -	$ 97,727	0.00%	$ 97,727	$ 163,361	59.98%
2010	$ -	$ 97,727	0.00%	$ 97,727	$ 186,604	52.37%
2011	$ -	$ 97,727	0.00%	$ 97,727	$ 183,542	53.25%

In the September 30, 2008 actuarial valuation, the actuarial cost method was used. The discount rate used was 5%. Because the plan is unfunded, reference to the general assets was considered in the selection of the five percent rate. The valuation assumes a 10% medical cost trend for 2011, reduced by decrements to a rate of .5% each subsequent year through 2017 and remain at 5% for 2017 and beyond. The remaining amortization period at September 30, 2011 was twenty-seven years.

XIII. Service Commitment:

For the years ended September 30, 2011 and 2010, the Agency paid $48,000 and $46,500, respectively to the Village for reimbursement related to maintenance and operating support provided by the Village. This arrangement is reviewed annually by the Village during the budget process.

XIV. Cost Allocation:

For the years ended September 30, 2011 and 2010, the Agency was reimbursed by the Fairport Urban Renewal Agency Section 8 Program in the amount of $299,175 and $282,600, respectively. This reimbursement of expenses consisted of the following:

	2011	2010
Administrative Fee	$ 294,675	$ 278,080
Audit Expense	4,500	4,520
Total Reimbursement	**$ 299,175**	**$ 282,600**

XV. Fairport Village Partnership:

Fairport Village Partnership is an organization that links the community together through a common mission; to leverage the unique canal and historic character of Fairport in order to stimulate economic growth, preserve the Village's heritage, and encourage a diversity of use to service residences, businesses, and visitors. The transactions relating to the partnership were as follows:

	2011	2010
Sponsors Revenue	$ 38,500	$ 27,500
Other Revenue	$ 51,086	$ 36,623
Expenditures	$ 118,946	$ 80,203

XVI. Commitments and Contingencies:

A. Litigation

As of the date of this report management is not aware of any pending or threatening litigation.

XVII. Subsequent Event:

A. The Agency has amended their agreement with the URA to adjust the allocation of cost between the two entities for the 2011-12 fiscal year.

B. The Authority Budget Office is currently reviewing the legal status of the IDA to determine compliance with certain aspects of Section 882 of General Municipal Law.

VILLAGE OF FAIRPORT
INDUSTRIAL DEVELOPMENT AGENCY
dba FAIRPORT OFFICE OF ECONOMIC DEVELOPMENT
Schedule of Projects
For Years Ended September 30, 2011 and 2010

Project Name	Corning Tropel Corporation	
Project Owner and Address	Corning Tropel Corporation CP.AP-01-9 Corning, NY 14831	
Exempt Amounts	$	13,832
Purpose	Land lease	
Jobs Created/Retained	N/A	
PILOT Received	$	47,625
Benefited Amount	$	(33,793)

Project Name	Packetts Landing	
Project Owner and Address	Canal East Inc. 210 Packetts Landing Fairport, NY 14450	
Exempt Amounts	$	7,882
Purpose	Land lease	
Jobs Created/Retained	N/A	
PILOT Received	$	50,000
Benefited Amount	$	(42,118)

Project Name	Packetts Landing	
Project Owner and Address	Canal East Inc. 210 Packetts Landing Fairport, NY 14450	
Exempt Amounts	$	113,152
Purpose	PILOT	
Jobs Created/Retained	N/A	
PILOT Received	$	102,816
Benefited Amount	$	10,336

VILLAGE OF FAIRPORT
INDUSTRIAL DEVELOPMENT AGENCY
dba FAIRPORT OFFICE OF ECONOMIC DEVELOPMENT
Schedule of Projects (Continued)
For Years Ended September 30, 2011 and 2010

Project Name	Applied Digital	
Project Owner and Address	Robert J. King 73 Woodcliff Terrance Fairport, NY 14450	
Exempt Amounts	$	27,512
Purpose	Land lease	
Jobs Created/Retained	N/A	
PILOT Received	$	27,512
Benefited Amount	$	-

Project Name	Box Factory	
Project Owner and Address	Casa Associates, LLC 6 North Main Street Fairport, NY 14450	
Exempt Amounts	$	124,205
Purpose	PILOT	
Jobs Created/Retained	N/A	
PILOT Received	$	108,650
Benefited Amount	$	15,555

Raymond F. Wager, CPA, P.C.
Certified Public Accountants

Shareholders:

Raymond F. Wager, CPA
Thomas J. Lauffer, CPA
Thomas C. Zuber, CPA

Members of
American Institute of
Certified Public Accountants
and
New York State Society of
Certified Public Accountants

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 the Council Members of
Village of Fairport
Industrial Development Agency
dba Fairport Office of Economic Development

We have audited the financial statements of the Village of Fairport Industrial Development Agency, a component unit of the Village of Fairport, New York as of and for the year ended September 30, 2011, and have issued our report thereon dated December 13, 2011. We conducted our 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.

Internal Control Over Financial Reporting

The management of Village of Fairport Industrial Development Agency, a component unit of the Village of Fairport, New York is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Village of Fairport Industrial Development Agency's, a component unit of the Village of Fairport internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. 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 significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Fairport Industrial Development Agency, a component unit of the Village of Fairport, New York's financial statements are free of 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*.

We noted certain matters that we reported to the management of the Village of Fairport Industrial Development Agency, a component unit of the Village of Fairport, New York in a separate letter dated December 13, 2011.

This report is intended solely for the information and use of the Council, management, and the Federal Awarding Agencies and is not intended to be and should not be used by anyone other than these specified parties.

Raymond F. Wager, CPA, PC

December 13, 2011