

**VILLAGE OF FAIRPORT
URBAN RENEWAL AGENCY**

NEW YORK

FINANCIAL STATEMENTS

For Years Ended September 30, 2011 and 2010

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Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT

To the Council Members of
Village of Fairport
Urban Renewal Agency

We have audited the accompanying statement of net assets of the Village of Fairport Urban Renewal Agency, 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 Urban Renewal Agency, 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 Urban Renewal Agency, 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 12, 2011 on our consideration of the Village of Fairport Urban Renewal Agency, 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.

The Management's Discussion and Analysis on pages 3 through 5 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.

Raymond F. Wager CPA PC

December 12, 2011

**Village of Fairport
Urban Renewal Agency, New York**

Management's Discussion and Analysis (MD&A)

September 30, 2011 and 2010

Introduction

Our discussion and analysis of the Village of Fairport Urban Renewal Agency, New York's (Agency) financial performance provides an overview of the Agency's financial activities for the years ended September 30, 2011 and 2010. It should be read in conjunction with the 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 \$1,158,895 (net assets).
- ◆ \$1,152,328 (unrestricted net assets) is available for the Agency's ongoing operations related to Urban Renewal.

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 \$1,158,895. This represents an increase in net assets of \$113,100 from the prior year.

Net Assets

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>	<u>Variance</u>
Current Assets	\$ 922,687	\$ 791,486	\$ 131,201
Noncurrent Assets	277,269	297,373	(20,104)
Capital Assets, Net	6,567	9,598	(3,031)
Total Assets	\$ 1,206,523	\$ 1,098,457	\$ 108,066
 <u>LIABILITIES</u>			
Current Liabilities	\$ 29,455	\$ 39,615	\$ (10,160)
Long-Term Liabilities	18,173	13,047	5,126
Total Liabilities	\$ 47,628	\$ 52,662	\$ (5,034)
 <u>NET ASSETS</u>			
Investment in capital assets, net of related debt	\$ 6,567	\$ 9,598	\$ (3,031)
Unrestricted	1,152,328	1,036,197	116,131
Total Net Assets	\$ 1,158,895	\$ 1,045,795	\$ 113,100

The major assets of the Agency are cash, notes receivable, and amounts due from other governments. Liabilities consist of FSS-Escrow deposits and compensated absences.

Changes in Net Assets

<u>Revenues:</u>	<u>2011</u>	<u>2010</u>	<u>Variance</u>
HUD Grant Revenue	\$ 1,890,228	\$ 1,850,143	\$ 40,085
Interprogram revenues	39,571	39,489	82
Repayment of bad debt	2,772	-	2,772
Program income	14,207	15,201	(994)
Charges and fees	4,544	4,924	(380)
Total Revenues	\$ 1,951,322	\$ 1,909,757	\$ 41,565
<u>Expense:</u>			
Housing Assistance Payments	\$ 1,588,205	\$ 1,586,061	\$ 2,144
Personal Services	212,027	207,710	4,317
Employee Benefits	89,178	83,423	5,755
Depreciation Expense	3,031	3,031	-
Professional Services	13,801	13,554	247
Office	20,082	19,876	206
Other	11,321	12,146	(825)
Total Expenses	\$ 1,937,645	\$ 1,925,801	\$ 11,844
Net Operating Income (Loss)	\$ 13,677	\$ (16,044)	\$ 29,721
<u>Nonoperating Income (Expenses):</u>			
Realized loss on sale of property	\$ (13,135)	\$ -	\$ (13,135)
Interest income	498	724	(226)
Contributed capital	130,000	-	130,000
Provision for bad debt	-	(6,759)	6,759
Total Nonoperating Income (Expenses)	\$ 117,363	\$ (6,035)	\$ 123,398
Income (Loss) Before Operating Transfers	\$ 131,040	\$ (22,079)	\$ 153,119
Transfers to Other Funds	\$ (17,940)	\$ (5,417)	\$ (12,523)
Change in Net Assets	\$ 113,100	\$ (27,496)	\$ 140,596
Net Assets - Beginning of Year	1,045,795	1,073,291	(27,496)
Net Assets - End of Year	\$ 1,158,895	\$ 1,045,795	\$ 113,100

Capital Assets

The Agency's investment in capital assets as of September 30, 2011 and 2010 amounts to \$6,567 and \$9,598 (net of accumulated depreciation). This investment in capital assets includes equipment.

	<u>2011</u>	<u>2010</u>
Equipment	\$ 15,155	\$ 15,155
Less: Accumulated Depreciation	(8,588)	(5,557)
Total	\$ 6,567	\$ 9,598

Future Factors

- The sale of a residential property for redevelopment will impact the Agency's net assets in 2012.
- Due to an increase in vouchers in 2012, the Section 8 Housing Program will likely see an increase in administrative fees/operating income.

Requests for Information

This financial report is designed to provide a general overview of the Village of Fairport Urban Renewal Agency, 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: Ms. Kal Wysokowski, Village of Fairport, 31 South Main Street, Fairport, New York 14450.

VILLAGE OF FAIRPORT
URBAN RENEWAL AGENCY, NEW YORK

Statement of Net Assets

September 30, 2011 and 2010

<u>ASSETS:</u>	<u>2011</u>	<u>2010</u>
<u>Current Assets -</u>		
Cash	\$ 140,521	\$ 133,742
Restricted cash - FSS escrow	23,429	23,401
Accounts receivable - fraud repayments	3,913	4,355
Due from other governments	729,689	599,554
Notes receivable (net)	22,358	27,873
Mortgage receivable (net)	2,777	2,561
Total Current Assets	\$ 922,687	\$ 791,486
<u>Noncurrent Assets -</u>		
Notes receivable, net	\$ 262,788	\$ 279,907
Mortgage receivable, net	14,481	17,466
Total Noncurrent Assets	\$ 277,269	\$ 297,373
<u>Capital Assets -</u>		
Office equipment	\$ 15,155	\$ 15,155
Less: accumulated depreciation	(8,588)	(5,557)
Total Capital Assets	\$ 6,567	\$ 9,598
TOTAL ASSETS	\$ 1,206,523	\$ 1,098,457
 <u>LIABILITIES:</u>		
<u>Current Liabilities -</u>		
FSS - escrow	\$ 23,428	\$ 23,401
Due to ERS	1,484	12,952
Current portion compensated absences	4,543	3,262
Total Current Liabilities	\$ 29,455	\$ 39,615
<u>Long-Term Liabilities -</u>		
Long-term portion compensated absences	\$ 18,173	\$ 13,047
Total Long-Term Liabilities	\$ 18,173	\$ 13,047
TOTAL LIABILITIES	\$ 47,628	\$ 52,662
 <u>NET ASSETS:</u>		
Investment in capital assets, net of related debt	\$ 6,567	\$ 9,598
Unrestricted	1,152,328	1,036,197
TOTAL NET ASSETS	\$ 1,158,895	\$ 1,045,795
TOTAL LIABILITIES AND NET ASSETS	\$ 1,206,523	\$ 1,098,457

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

VILLAGE OF FAIRPORT
URBAN RENEWAL AGENCY, NEW YORK
Statement of Activities
For Years Ended September 30, 2011 and 2010

<u>OPERATING INCOME:</u>	<u>2011</u>	<u>2010</u>
HUD grant revenue	\$ 1,890,228	\$ 1,850,143
Interprogram income	39,571	39,489
Repayment of bad debt	2,772	-
Program income	14,207	15,201
Charges and fees	4,544	4,924
TOTAL OPERATING INCOME	<u>\$ 1,951,322</u>	<u>\$ 1,909,757</u>
<u>OPERATING EXPENSES:</u>		
Housing assistance payments	\$ 1,588,205	\$ 1,586,061
Personal services	212,027	207,710
Employee benefits	89,178	83,423
Depreciation expense	3,031	3,031
Professional services	13,801	13,554
Office	20,082	19,876
Other	11,321	12,146
TOTAL OPERATING EXPENSES	<u>\$ 1,937,645</u>	<u>\$ 1,925,801</u>
NET OPERATING INCOME (LOSS)	<u>\$ 13,677</u>	<u>\$ (16,044)</u>
NONOPERATING INCOME (EXPENSES)		
Realized loss on sale of property	\$ (13,135)	\$ -
Interest income	498	724
Contributed capital	130,000	-
Provision for bad debt	-	(6,759)
TOTAL NONOPERATING INCOME (EXPENSES)	<u>\$ 117,363</u>	<u>\$ (6,035)</u>
INCOME (LOSS) BEFORE		
OPERATING TRANSFERS	<u>\$ 131,040</u>	<u>\$ (22,079)</u>
Operating transfers out	\$ (17,940)	(5,417)
NET INCOME (LOSS)	<u>\$ 113,100</u>	<u>\$ (27,496)</u>
NET ASSETS - BEGINNING OF YEAR	<u>1,045,795</u>	<u>1,073,291</u>
NET ASSETS - END OF YEAR	<u>\$ 1,158,895</u>	<u>\$ 1,045,795</u>

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

**VILLAGE OF FAIRPORT
URBAN RENEWAL AGENCY, NEW YORK**

Statement of Cash Flows

For Years Ended September 30, 2011 and 2010

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	<u>2011</u>	<u>2010</u>
Receipts from charges, fees, and grants	\$ 1,919,726	1,855,152
Payments to suppliers	(1,632,495)	(1,605,112)
Payments to employees	(267,995)	(263,928)
Other receipts	5,013	3,598
Net Cash Provided (Used) by Operating Activities	\$ 24,249	(10,290)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest income	\$ 498	724
Net Cash Provided (Used) by Investing Activities	\$ 498	724
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Payments to other funds	\$ (17,940)	(5,417)
Net Cash Provided (Used) by Noncapital Financing Activities	\$ (17,940)	(5,417)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 6,807	(14,983)
BEGINNING CASH AND CASH EQUIVALENTS	157,143	172,126
ENDING CASH AND CASH EQUIVALENTS	\$ 163,950	157,143
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Net Operating Income (Loss)	\$ 13,677	(16,044)
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:		
Depreciation expense	3,031	3,031
Sale of assets	130,000	-
Realized loss on sale of assets	(13,135)	-
(Increase)/decrease in due from other governments	(130,135)	(31,148)
(Increase)/decrease in accounts receivable	442	(1,218)
(Increase)/decrease in notes receivable	22,619	17,480
(Increase)/decrease in mortgage receivable	2,783	2,378
Increase/(decrease) in due to ERS	(11,467)	12,952
Increase in FSS escrow liability	27	(108)
Increase in compensated absences	6,407	2,387
Total Adjustments	\$ 10,572	\$ 5,754
Net Cash Provided (Used) by Operating Activities	\$ 24,249	\$ (10,290)

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

**VILLAGE OF FAIRPORT URBAN RENEWAL AGENCY
NEW YORK**

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

I. Organization:

The accompanying financial statements present the financial position and revenues and expenditures of the Village of Fairport Urban Renewal Agency (FURA). The FURA is a component unit of the Village of Fairport and has the power to transact business and other powers defined by law. The FURA has five commissioners who are members of the community and are appointed to 5-year terms. The accounting records of the FURA are separate from those of the Village of Fairport. The FURA was created to develop and oversee the Village's urban renewal efforts. As part of that effort the FURA administers the Rehabilitation Loan Fund to benefit entities within the Village. The FURA also operates the Section 8 Housing Assistance Payments Program which covers the eastern part of Monroe County.

II. Summary of Significant Accounting Policies:

The financial statements of the Village of Fairport Urban Renewal Agency, New York have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are recognized when the liability is incurred. It is the policy of the FURA that administrative costs are provided by the Village of Fairport Industrial Development Agency (IDA).

III. Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

IV. 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.

V. Reclassification:

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

VI. 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.

At September 30, 2011 and 2010, the carrying amount of the Agency's cash accounts was \$140,521 and \$133,742, which is checking and money market accounts. Deposits in financial institutions are covered by federal depository insurance on bank accounts in the FURA's name. Other collateral has been assigned to funds over the FDIC coverage. Restricted cash is for FSS escrow with a balance of \$23,429 and \$23,401, which has a corresponding liability account to the FSS tenants.

VII. Capital Assets:

Property and equipment owned by the Agency is stated at original cost upon acquisition. Property acquired is considered to be owned by the Section 8 Program while used in the program for which it was purchased or while used in other future authorized programs. Depreciation is computed using the straight-line method over estimated useful lives. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

A summary of capital assets is as follows:

	<u>2011</u>	<u>2010</u>
Equipment	\$ 15,155	\$ 15,155
Less: Accumulated Depreciation	<u>(8,588)</u>	<u>(5,557)</u>
Total	<u>\$ 6,567</u>	<u>\$ 9,598</u>

During the year, the Village of Fairport Industrial Development Agency transferred 29 Perrin Street to the Urban Renewal Agency. The Agency subsequently sold Perrin Street to a third party and reported a realized loss on the sale of the property totaling \$13,135.

VIII. Due From Other Governments:

The Village of Fairport Industrial Development Agency (IDA) maintains a combined account which invests funds on behalf of the FURA, as well as the funds of the IDA. Excess funds on hand are invested and are collateralized with securities pledged by the financial institution. The amount invested by the IDA on behalf of the Agency as of September 30, 2011 and 2010 was \$611,340 and \$599,554.

IX. Notes Receivable, Net:

The Agency administers notes receivable which have been issued to various individuals and organizations in accordance with policies, laws, and regulations of the FURA. The following represents the outstanding balances as of September 30th:

	<u>2011</u>	<u>2010</u>
Notes Receivable	\$ 292,929	\$ 318,320
Less: Allowance for Doubtful Accounts	<u>(7,783)</u>	<u>(10,540)</u>
Total Notes	<u>\$ 285,146</u>	<u>\$ 307,780</u>
Less: Current Portion	<u>(22,358)</u>	<u>(27,873)</u>
Total Noncurrent Notes Receivable	<u>\$ 262,788</u>	<u>\$ 279,907</u>

X. Mortgages Receivable, Net:

The Agency administers a mortgage receivable in accordance with laws and regulations applicable to the Agency. The following represents the outstanding balances as of September 30th:

	<u>2011</u>	<u>2010</u>
Mortgage Receivable	\$ 17,345	\$ 20,128
Less: Allowance for Doubtful Accounts	(87)	(101)
Total Mortgages	<u>\$ 17,258</u>	<u>\$ 20,027</u>
Less: Current Portion	(2,777)	(2,561)
Total Noncurrent Mortgages Receivable	<u><u>\$ 14,481</u></u>	<u><u>\$ 17,466</u></u>

XI. Operating Transfer:

Operating transfers out (other uses) were to the IDA Fund in the amount of \$17,940 and \$5,417, respectively.

XII. Net Assets:

On April 19, 2010 the Board passed a resolution to designate up to \$150,000 of unrestricted net assets. As a result the unrestricted net assets are as follows:

	<u>2011</u>	<u>2010</u>
<u>Unrestricted</u>		
Revolving Loan Fund - Residential Property	\$ 150,000	\$ 150,000
Housing Assistance Payment	66,918	50,875
Administrative fee equity	135,449	169,205
Undesignated	799,961	675,715
Total Unrestricted Net Assets	<u><u>\$ 1,152,328</u></u>	<u><u>\$ 1,045,795</u></u>

XIII. Pension Plan:

A. Plan Descriptions

The Agency participates in the New York State Local Employees' Retirement System. This is a cost sharing multiple employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. Reports may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

(XIII) (Continued)

B. Funding Policies

The Systems are noncontributory for the employee, 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 contributes their allocated portion of the pension cost based on the participating employee's salaries. The required contributions for the current and prior year were as follows:

	<u>NYSERS</u>
2011	\$ 36,407
2010	\$ 34,821

The Agency only reports the years in which an audited financial statement has been issued.

XIV. Litigation:

Management is not aware of any pending litigation as of the date of this report.

XV. Housing Assistance Payment Contract (HAP Contract):

The Agency has a Housing Assistance Payment Contract with HUD to provide rent subsidies on behalf of qualified tenants, and a limited rent subsidy for vacant apartments. The project must operate according to HUD regulations to retain the subsidies. No rent increases are allowed without HUD approval.

**VILLAGE OF FAIRPORT
URBAN RENEWAL AGENCY, NEW YORK**

Combining Statement of Net Assets

September 30, 2011

	Rehabilitation Loan Fund	Section 8 Housing	Total 2011
<u>ASSETS:</u>			
<u>Current Assets -</u>			
Cash	\$ -	\$ 140,521	\$ 140,521
Restricted cash - FSS escrow	-	23,429	23,429
Accounts receivable - fraud repayments	-	3,913	3,913
Due from other governments	649,041	80,648	729,689
Notes receivable (net)	22,358	-	22,358
Mortgage receivable (net)	2,777	-	2,777
Total Current Assets	\$ 674,176	\$ 248,511	\$ 922,687
<u>Noncurrent Assets -</u>			
Notes receivable, net	\$ 262,788	\$ -	\$ 262,788
Mortgage receivable, net	14,481	-	14,481
Total Noncurrent Assets	\$ 277,269	\$ -	\$ 277,269
<u>Capital Assets -</u>			
Office equipment	\$ -	\$ 15,155	\$ 15,155
Less: accumulated depreciation	-	(8,588)	(8,588)
Total Capital Assets	\$ -	\$ 6,567	\$ 6,567
TOTAL ASSETS	\$ 951,445	\$ 255,078	\$ 1,206,523
<u>LIABILITIES:</u>			
<u>Current Liabilities -</u>			
FSS - escrow	\$ -	\$ 23,428	\$ 23,428
Due to ERS	1,484	-	\$ 1,484
Current portion compensated absences	-	4,543	4,543
Total Current Liabilities	\$ 1,484	\$ 27,971	\$ 29,455
<u>Long-Term Liabilities -</u>			
Long-term portion compensated absences	\$ -	\$ 18,173	\$ 18,173
Total Long-Term Liabilities	\$ -	\$ 18,173	\$ 18,173
TOTAL LIABILITIES	\$ 1,484	\$ 46,144	\$ 47,628
<u>NET ASSETS:</u>			
Investment in capital assets, net of related debt	\$ -	\$ 6,567	\$ 6,567
Unrestricted	949,961	202,367	1,152,328
TOTAL NET ASSETS	\$ 949,961	\$ 208,934	\$ 1,158,895
TOTAL LIABILITIES AND NET ASSETS	\$ 951,445	\$ 255,078	\$ 1,206,523

VILLAGE OF FAIRPORT
URBAN RENEWAL AGENCY, NEW YORK

Combining Statement of Activities

For Year Ended September 30, 2011

	Rehabilitation Loan Fund	Section 8 Housing	Total 2011
<u>OPERATING INCOME:</u>			
HUD grant revenue	\$ -	\$ 1,890,228	\$ 1,890,228
Interprogram income	39,571	-	39,571
Repayment of bad debt	2,772	-	2,772
Program income	14,207	-	14,207
Charges and fees	-	4,544	4,544
TOTAL OPERATING INCOME	\$ 56,550	\$ 1,894,772	\$ 1,951,322
<u>OPERATING EXPENSES:</u>			
Housing assistance payments	\$ -	\$ 1,588,205	\$ 1,588,205
Personal services	19,602	192,425	212,027
Employee benefits	7,201	81,977	89,178
Depreciation expense	-	3,031	3,031
Professional services	6,151	7,650	13,801
Office	5,432	14,650	20,082
Other	1,185	10,136	11,321
TOTAL OPERATING EXPENSES	\$ 39,571	\$ 1,898,074	\$ 1,937,645
NET OPERATING INCOME (LOSS)	\$ 16,979	\$ (3,302)	\$ 13,677
<u>NONOPERATING INCOME (EXPENSES):</u>			
Realized loss on sale of property	\$ (13,135)	\$ -	\$ (13,135)
Interest income	-	498	498
Contributed capital	130,000	-	130,000
TOTAL NONOPERATING INCOME (EXPENSES)	\$ 116,865	\$ 498	\$ 117,363
INCOME (LOSS) BEFORE OPERATING TRANSFERS	\$ 133,844	\$ (2,804)	\$ 131,040
Operating transfers out	\$ -	\$ (17,940)	\$ (17,940)
NET INCOME (LOSS)	\$ 133,844	\$ (20,744)	\$ 113,100
NET ASSETS - BEGINNING OF YEAR	816,117	229,678	1,045,795
NET ASSETS - END OF YEAR	\$ 949,961	\$ 208,934	\$ 1,158,895

VILLAGE OF FAIRPORT
URBAN RENEWAL AGENCY, NEW YORK
Combining Statement of Cash Flows
For Year Ended September 30, 2011

	Rehabilitation Loan Fund	Section 8 Housing	Total 2011
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Receipts from charges, fees, and grants	\$ -	\$ 1,919,726	\$ 1,919,726
Payments to suppliers	-	(1,632,495)	(1,632,495)
Payments to employees	-	(267,995)	(267,995)
Other receipts	-	5,013	5,013
Net Cash Provided (Used) by Operating Activities	\$ -	\$ 24,249	\$ 24,249
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest income	\$ -	\$ 498	\$ 498
Net Cash Provided (Used) by Investing Activities	\$ -	\$ 498	\$ 498
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Payments to other funds	\$ -	\$ (17,940)	\$ (17,940)
Net Cash Provided (Used) by Noncapital Financing Activities	\$ -	\$ (17,940)	\$ (17,940)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ -	\$ 6,807	\$ 6,807
BEGINNING CASH AND CASH EQUIVALENTS	-	157,143	157,143
ENDING CASH AND CASH EQUIVALENTS	\$ -	\$ 163,950	\$ 163,950
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Net Operating Income (Loss)	\$ 16,979	\$ (3,302)	\$ 13,677
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:			
Depreciation expense	-	3,031	3,031
Sale of assets	130,000	-	130,000
Realized loss on sale of assets	(13,135)	-	(13,135)
(Increase)/decrease in due from other governments	(159,633)	29,498	(130,135)
(Increase)/decrease in accounts receivable	-	442	442
(Increase)/decrease in notes receivable	22,619	-	22,619
(Increase)/decrease in mortgage receivable	2,783	-	2,783
Increase/(decrease) in due to ERS	387	(11,854)	(11,467)
Increase in FSS escrow liability	-	27	27
Increase in compensated absences	-	6,407	6,407
Total Adjustments	\$ (16,979)	\$ 27,551	\$ 10,572
Net Cash Provided (Used) by Operating Activities	\$ -	\$ 24,249	\$ 24,249

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
Urban Renewal Agency

We have audited the financial statements of the Village of Fairport Urban Renewal Agency, New York as of and for the year ended September 30, 2011, and have issued our report thereon dated December 12, 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 Urban Renewal Agency is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Village of Fairport Urban Renewal Agency, New York's 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.

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 Urban Renewal Agency, 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 Urban Renewal Agency, New York in a separate letter dated December 12, 2011.

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

A handwritten signature in black ink that reads "Raymond F. Wager, CPA, P.C." The signature is written in a cursive style.

December 12, 2011