

**VILLAGE OF FAIRPORT  
URBAN RENEWAL AGENCY**

**NEW YORK**

**FINANCIAL STATEMENTS**

**For Years Ended September 30, 2013 and 2012**

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**Certified Public Accountants**

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American Institute of  
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**INDEPENDENT AUDITORS' REPORT**

To the Council Members of  
Village of Fairport  
Urban Renewal Agency

***Report on the Financial Statements***

We have audited the accompanying financial statements of the Village of Fairport Urban Renewal Agency, New York as of and for the years ended September 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Agency's 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 accounting principles generally accepted in the United States of America; this includes 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 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 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 Agency's 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 Agency's 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.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Village of Fairport Urban Renewal Agency, New York as of September 30, 2013 and 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–5 be presented to supplement the financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Fairport Urban Renewal Agency, New York's financial statements. The accompanying supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying supplemental schedules as listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental schedules as listed in the table of contents are fairly stated, in all material respects, in relation to the financial statements as a whole.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2013 on our consideration of the Village of Fairport Urban Renewal Agency, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Fairport Urban Renewal Agency, New York's internal control over financial reporting and compliance.

*Raymond F. Wager, CPA P.C.*

December 12, 2013

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

**Management's Discussion and Analysis (MD&A)**

**September 30, 2013 and 2012**

**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, 2013 and 2012. 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 2013 are as follows:

- ◆ The assets of the Agency exceeded its liabilities at the close of the most recent year by \$810,206 (net position).
- ◆ \$808,414 (unrestricted net position) is available for the Agency's ongoing operations related to Urban Renewal.
- ◆ In its third successful residential project, a URA's low interest loan program made possible the construction of 6 new market-rate rental properties on Church Street, bringing the URA total new buildings to 25.
- ◆ Another 40 market-rate condominiums are in the pipeline, with construction planned to being in 2014, bringing the count to 65.

**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 position* presents information on all of the Agency's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 revenues, expenses, and changes in fund net position* presents information showing how the government's net position changed during the most recent year. All changes in net position 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 position may serve over time as a useful indicator of the Agency's financial position. In the case of the Agency, net position at the close of the current year was \$810,206. This represents a decrease in net position of \$287,166 from the prior year.

### Net Position

| <u>ASSETS</u>                  | <u>2013</u>       | <u>2012</u>         | <u>2011</u>         |
|--------------------------------|-------------------|---------------------|---------------------|
| Current Assets                 | \$ 405,195        | \$ 654,132          | \$ 922,687          |
| Noncurrent Assets              | 450,183           | 484,652             | 277,269             |
| Capital Assets, Net            | 505               | 3,536               | 6,567               |
| <b>Total Assets</b>            | <b>\$ 855,883</b> | <b>\$ 1,142,320</b> | <b>\$ 1,206,523</b> |
| <br><u>LIABILITIES</u>         |                   |                     |                     |
| Current Liabilities            | \$ 31,569         | \$ 30,090           | \$ 29,455           |
| Long-Term Liabilities          | 14,108            | 14,858              | 187,173             |
| <b>Total Liabilities</b>       | <b>\$ 45,677</b>  | <b>\$ 44,948</b>    | <b>\$ 216,628</b>   |
| <br><u>NET POSITION</u>        |                   |                     |                     |
| Net Investment in Capital      |                   |                     |                     |
| Assets                         | \$ 505            | \$ 3,536            | \$ 6,567            |
| Restricted, Housing Assistance |                   |                     |                     |
| Equity                         | 1,287             | 280,500             | 66,918              |
| Unrestricted, Administrative   |                   |                     |                     |
| Fee Equity                     | 89,920            | 116,709             | 135,449             |
| Unrestricted                   | 718,494           | 696,627             | 949,961             |
| <b>Total Net Position</b>      | <b>\$ 810,206</b> | <b>\$ 1,097,372</b> | <b>\$ 1,158,895</b> |

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 Position

|   | <u>2013</u>         | <u>2012</u>         | <u>2011</u>         |
|---|---------------------|---------------------|---------------------|
| <b>Revenues:</b>                                |                     |                     |                     |
| HUD Grant Revenue                               | \$ 2,014,315        | \$ 2,077,048        | \$ 1,890,228        |
| Interprogram revenues                           | 67,423              | 46,132              | 39,571              |
| Repayment of bad debt                           | 1,250               | 1,273               | 2,772               |
| Program income                                  | 20,010              | 12,996              | 14,207              |
| Charges and fees                                | 1,288               | 7,077               | 4,544               |
| <b>Total Revenues</b>                           | <b>\$ 2,104,286</b> | <b>\$ 2,144,526</b> | <b>\$ 1,951,322</b> |
| <b>Expense:</b>                                 |                     |                     |                     |
| Housing Assistance Payments                     | \$ 1,990,622        | \$ 1,577,191        | \$ 1,588,205        |
| Personal Services                               | 239,310             | 216,281             | 212,027             |
| Employee Benefits                               | 100,530             | 83,607              | 89,178              |
| Depreciation Expense                            | 3,031               | 3,031               | 3,031               |
| Professional Services                           | 14,084              | 17,487              | 13,801              |
| Office  | 28,475              | 22,841              | 20,082              |
| Other   | 7,357               | 12,402              | 11,321              |
| <b>Total Expenses</b>                           | <b>\$ 2,383,409</b> | <b>\$ 1,932,840</b> | <b>\$ 1,937,645</b> |
| <b>Net Operating Income (Loss)</b>              | <b>\$ (279,123)</b> | <b>\$ 211,686</b>   | <b>\$ 13,677</b>    |
| <b>Nonoperating Income (Expenses):</b>          |                     |                     |                     |
| Realized loss on sale of property               | \$ -                | \$ -                | \$ (13,135)         |
| Interest income                                 | 235                 | 495                 | 498                 |
| Allocation to LDC                               | -                   | (264,677)           | -                   |
| Contributed capital                             | -                   | -                   | 130,000             |
| <b>Total Nonoperating Income (Expenses)</b>     | <b>\$ 235</b>       | <b>\$ (264,182)</b> | <b>\$ 117,363</b>   |
| <b>Income (Loss) Before Operating Transfers</b> | <b>\$ (278,888)</b> | <b>\$ (52,496)</b>  | <b>\$ 131,040</b>   |
| Transfers to Other Funds                        | \$ (8,278)          | \$ (9,027)          | \$ (17,940)         |
| <b>Change in Net Position</b>                   | <b>\$ (287,166)</b> | <b>\$ (61,523)</b>  | <b>\$ 113,100</b>   |
| <b>Net Position - Beginning of Year</b>         | <b>1,097,372</b>    | <b>1,158,895</b>    | <b>1,045,795</b>    |
| <b>Net Position - End of Year</b>               | <b>\$ 810,206</b>   | <b>\$ 1,097,372</b> | <b>\$ 1,158,895</b> |

## Capital Assets

The Agency's investment in capital assets as of September 30, 2013 and 2012 amounts to \$505 and \$3,536 (net of accumulated depreciation). This investment in capital assets includes equipment.

|                                | <u>2013</u>   | <u>2012</u>     | <u>2011</u>     |
|--------------------------------|---------------|-----------------|-----------------|
| Equipment                      | \$ 15,155     | \$ 15,155       | \$ 15,155       |
| Less: Accumulated Depreciation | (14,650)      | (11,619)        | (8,588)         |
| <b>Total</b>                   | <b>\$ 505</b> | <b>\$ 3,536</b> | <b>\$ 6,567</b> |

## Future Factors

- The Agency will provide matching funds to support a housing inventory study grant in cooperation with the Fairport Historic Commission.
- The URA will continue to provide low interest loans and grants to diversify Fairport's housing options, including market-rate, affordable and single family homes.

## 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 Position**

**September 30, 2013 and 2012**

| <b><u>ASSETS:</u></b>                     | <b><u>2013</u></b>       | <b><u>2012</u></b>         |
|---|--------------------------|----------------------------|
| <b><u>Current Assets -</u></b>            |                          |                            |
| Cash                                      | \$ 44,947                | \$ 342,424                 |
| Restricted cash - FSS escrow              | 23,469                   | 23,450                     |
| Accounts receivable - fraud repayments    | 205                      | 1,517                      |
| Due from other governments                | 302,846                  | 254,055                    |
| Notes receivable (net)                    | 33,728                   | 32,686                     |
| <b>Total Current Assets</b>               | <b><u>\$ 405,195</u></b> | <b><u>\$ 654,132</u></b>   |
| <b><u>Noncurrent Assets -</u></b>         |                          |                            |
| Notes receivable, net                     | \$ 450,183               | \$ 484,652                 |
| <b>Total Noncurrent Assets</b>            | <b><u>\$ 450,183</u></b> | <b><u>\$ 484,652</u></b>   |
| <b><u>Capital Assets -</u></b>            |                          |                            |
| Office equipment                          | \$ 15,155                | \$ 15,155                  |
| Less: accumulated depreciation            | (14,650)                 | (11,619)                   |
| <b>Total Capital Assets</b>               | <b><u>\$ 505</u></b>     | <b><u>\$ 3,536</u></b>     |
| <b>TOTAL ASSETS</b>                       | <b><u>\$ 855,883</u></b> | <b><u>\$ 1,142,320</u></b> |
| <br><b><u>LIABILITIES:</u></b>            |                          |                            |
| <b><u>Current Liabilities -</u></b>       |                          |                            |
| FSS - escrow                              | \$ 23,469                | \$ 23,450                  |
| Due to ERS                                | 4,573                    | 2,926                      |
| Current portion compensated absences      | 3,527                    | 3,714                      |
| <b>Total Current Liabilities</b>          | <b><u>\$ 31,569</u></b>  | <b><u>\$ 30,090</u></b>    |
| <b><u>Long-Term Liabilities -</u></b>     |                          |                            |
| Long-term portion compensated absences    | \$ 14,108                | \$ 14,858                  |
| <b>Total Long-Term Liabilities</b>        | <b><u>\$ 14,108</u></b>  | <b><u>\$ 14,858</u></b>    |
| <b>TOTAL LIABILITIES</b>                  | <b><u>\$ 45,677</u></b>  | <b><u>\$ 44,948</u></b>    |
| <br><b><u>NET POSITION:</u></b>           |                          |                            |
| Net investment in capital assets          | \$ 505                   | \$ 3,536                   |
| Restricted, housing assistance equity     | 1,287                    | 280,500                    |
| Unrestricted                              | 808,414                  | 813,336                    |
| <b>TOTAL NET POSITION</b>                 | <b><u>\$ 810,206</u></b> | <b><u>\$ 1,097,372</u></b> |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <b><u>\$ 855,883</u></b> | <b><u>\$ 1,142,320</u></b> |

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

## VILLAGE OF FAIRPORT

## URBAN RENEWAL AGENCY, NEW YORK

## Statement of Revenues, Expenses, and Changes in Fund Net Position

For Years Ended September 30, 2013 and 2012

| <b><u>OPERATING INCOME:</u></b>             | <b><u>2013</u></b>  | <b><u>2012</u></b>  |
|---|---------------------|---------------------|
| HUD grant revenue                           | \$ 2,014,315        | \$ 2,077,048        |
| Interprogram income                         | 67,423              | 46,132              |
| Repayment of bad debt                       | 1,250               | 1,273               |
| Program income                              | 20,010              | 12,996              |
| Charges and fees                            | 1,288               | 7,077               |
| <b>TOTAL OPERATING INCOME</b>               | <b>\$ 2,104,286</b> | <b>\$ 2,144,526</b> |
| <b><u>OPERATING EXPENSES:</u></b>           |                     |                     |
| Housing assistance payments                 | \$ 1,990,622        | \$ 1,577,191        |
| Personal services                           | 239,310             | 216,281             |
| Employee benefits                           | 100,530             | 83,607              |
| Depreciation expense                        | 3,031               | 3,031               |
| Professional services                       | 14,084              | 17,487              |
| Office                                      | 28,475              | 22,841              |
| Other                                       | 7,357               | 12,402              |
| <b>TOTAL OPERATING EXPENSES</b>             | <b>\$ 2,383,409</b> | <b>\$ 1,932,840</b> |
| <b>NET OPERATING INCOME (LOSS)</b>          | <b>\$ (279,123)</b> | <b>\$ 211,686</b>   |
| <b>NONOPERATING INCOME (EXPENSES)</b>       |                     |                     |
| Allocation to LDC                           | \$ -                | \$ (264,677)        |
| Interest income                             | 235                 | 495                 |
| <b>TOTAL NONOPERATING INCOME (EXPENSES)</b> | <b>\$ 235</b>       | <b>\$ (264,182)</b> |
| <b>INCOME (LOSS) BEFORE</b>                 |                     |                     |
| <b>OPERATING TRANSFERS</b>                  | <b>\$ (278,888)</b> | <b>\$ (52,496)</b>  |
| Operating transfers out                     | \$ (8,278)          | \$ (9,027)          |
| <b>NET INCOME (LOSS)</b>                    | <b>\$ (287,166)</b> | <b>\$ (61,523)</b>  |
| <b>NET POSITION - BEGINNING OF YEAR</b>     | <b>1,097,372</b>    | <b>1,158,895</b>    |
| <b>NET POSITION - END OF YEAR</b>           | <b>\$ 810,206</b>   | <b>\$ 1,097,372</b> |

(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, 2013 and 2012**

| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>                | <b><u>2013</u></b>         | <b><u>2012</u></b>       |
|--|----------------------------|--------------------------|
| Receipts from charges, fees, and grants                            | \$ 2,022,465               | \$ 2,085,856             |
| Payments to suppliers  | (2,026,559)                | (1,613,477)              |
| Payments to employees  | (287,940)                  | (271,418)                |
| Other receipts   | 2,619                      | 9,495                    |
| <b>Net Cash Provided (Used) by Operating Activities</b>            | <b><u>\$ (289,415)</u></b> | <b><u>\$ 210,456</u></b> |
| <br>   |                            |                          |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>                |                            |                          |
| Interest income  | \$ 235                     | \$ 495                   |
| <b>Net Cash Provided (Used) by Investing Activities</b>            | <b><u>\$ 235</u></b>       | <b><u>\$ 495</u></b>     |
| <br>   |                            |                          |
| <b><u>CASH FLOWS FROM NONCAPITAL</u></b>                           |                            |                          |
| <b><u>FINANCING ACTIVITIES:</u></b>                                |                            |                          |
| Payments to other funds  | \$ (8,278)                 | \$ (9,027)               |
| <b>Net Cash Provided (Used) by Noncapital Financing Activities</b> | <b><u>\$ (8,278)</u></b>   | <b><u>\$ (9,027)</u></b> |
| <br>   |                            |                          |
| <b>NET INCREASE (DECREASE) IN CASH</b>                             |                            |                          |
| <b>AND CASH EQUIVALENTS</b>  | <b>\$ (297,458)</b>        | <b>\$ 201,924</b>        |
| <b>BEGINNING CASH AND CASH EQUIVALENTS</b>                         | <b><u>365,874</u></b>      | <b><u>163,950</u></b>    |
| <b>ENDING CASH AND CASH EQUIVALENTS</b>                            | <b><u>\$ 68,416</u></b>    | <b><u>\$ 365,874</u></b> |
| <br>   |                            |                          |
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>                |                            |                          |
| <b>Net Operating Income (Loss)</b>                                 | <b><u>\$ (279,123)</u></b> | <b><u>\$ 211,686</u></b> |
| <br>   |                            |                          |
| <b>Adjustments to Reconcile Net Operating Income to</b>            |                            |                          |
| <b>Net Cash Provided By (Used In) Operating Activities:</b>        |                            |                          |
| Depreciation expense   | \$ 3,031                   | \$ 3,031                 |
| Allocation to LDC  | -                          | (264,677)                |
| (Increase)/decrease in due from other governments                  | \$ (48,791)                | 475,634                  |
| (Increase)/decrease in accounts receivable                         | 1,312                      | 2,396                    |
| (Increase)/decrease in notes receivable                            | 33,427                     | (232,279)                |
| (Increase)/decrease in mortgage receivable                         | -                          | 17,345                   |
| Increase/(decrease) in due to ERS                                  | 1,647                      | 1,442                    |
| Increase in FSS escrow liability                                   | 19                         | 22                       |
| Decrease in compensated absences                                   | (937)                      | (4,144)                  |
| <b>Total Adjustments</b>   | <b><u>\$ (10,292)</u></b>  | <b><u>\$ (1,230)</u></b> |
| <b>Net Cash Provided (Used) by Operating Activities</b>            | <b><u>\$ (289,415)</u></b> | <b><u>\$ 210,456</u></b> |

(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, 2013**

**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. Net Position:**

**a. Government-Wide Statements**

Net position is categorized as follows:

- 1. Net investment in capital assets** - 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.

( V. ) (Continued)

2. **Restricted net position** - consists of net position 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 position** - all other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

VI. **Reclassification:**

Certain amounts have been reclassified in the 2012 financial statements to conform with the current year presentation.

VII. **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, 2013 and 2012, the carrying amount of the Agency’s cash accounts was \$44,947 and \$342,424, 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 \$23,469 and \$23,450, which has a corresponding liability account to the FSS tenants.

VIII. **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>2013</u>          | <u>2012</u>            |
|--------------------------------|----------------------|------------------------|
| Equipment                      | \$ 15,155            | \$ 15,155              |
| Less: Accumulated Depreciation | <u>(14,650)</u>      | <u>(11,619)</u>        |
| <b>Total</b>                   | <b><u>\$ 505</u></b> | <b><u>\$ 3,536</u></b> |

IX. **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, 2013 and 2012 was \$302,718 and \$254,055.

**X. 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 30<sup>th</sup>:

|  | <u>2013</u>              | <u>2012</u>              |
|--|--------------------------|--------------------------|
| Notes Receivable                         | \$ 488,994               | \$ 523,671               |
| Less: Allowance for Doubtful Accounts    | <u>(5,083)</u>           | <u>(6,333)</u>           |
| <b>Total Notes</b>                       | <b>\$ 483,911</b>        | <b>\$ 517,338</b>        |
| Less: Current Portion                    | <u>(33,728)</u>          | <u>(32,686)</u>          |
| <b>Total Noncurrent Notes Receivable</b> | <b><u>\$ 450,183</u></b> | <b><u>\$ 484,652</u></b> |

**XI. Operating Transfer:**

Operating transfers out (other uses) were to the IDA Fund in the amount of \$8,278 and \$9,027, respectively.

**XII. Net Position:**

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

|  | <u>2013</u>              | <u>2012</u>              |
|--|--------------------------|--------------------------|
| <b><u>Unrestricted</u></b>                 |                          |                          |
| Revolving Loan Fund - Residential Property | \$ 150,000               | \$ 150,000               |
| Administrative fee equity                  | 89,792                   | 116,709                  |
| Undesignated                               | <u>568,494</u>           | <u>546,627</u>           |
| <b>Total Unrestricted Net Position</b>     | <b><u>\$ 808,286</u></b> | <b><u>\$ 813,336</u></b> |

**XIII. Pension Plan:**

**A. General Information**

The Agency participates in the New York State and Local Employees' Retirement System (NYSERS). This System is a cost sharing multiple employer public employee retirement system. The System offers a wide range of plans and benefits which are 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 Systems are noncontributory for the employee, except for those who joined the systems after July 27, 1976 and before January 1, 2011 with less than ten years membership, who contribute 3% of their salary. Those joining on or after January 1, 2011 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.

( XIII. ) (Continued)

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 the preceding year were:

|      | <u>NYSERS</u> |        |
|------|---------------|--------|
| 2013 | \$            | 45,962 |
| 2012 | \$            | 40,020 |
| 2011 | \$            | 36,407 |

**XIV. Litigation:**

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

**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 Position**

**September 30, 2013**

|   | <b>Operating<br/>Fund</b> | <b>Section 8<br/>Housing</b> | <b>Total<br/>2013</b> |
|---|---------------------------|------------------------------|-----------------------|
| <b><u>ASSETS:</u></b>                     |                           |                              |                       |
| <b><u>Current Assets -</u></b>            |                           |                              |                       |
| Cash                                      | \$ -                      | \$ 44,947                    | \$ 44,947             |
| Restricted cash - FSS escrow              | -                         | 23,469                       | 23,469                |
| Accounts receivable - fraud repayments    | -                         | 205                          | 205                   |
| Due from other governments                | 239,156                   | 63,690                       | 302,846               |
| Notes receivable (net)                    | 33,728                    | -                            | 33,728                |
| <b>Total Current Assets</b>               | <b>\$ 272,884</b>         | <b>\$ 132,311</b>            | <b>\$ 405,195</b>     |
| <b><u>Noncurrent Assets -</u></b>         |                           |                              |                       |
| Notes receivable, net                     | \$ 450,183                | \$ -                         | \$ 450,183            |
| <b>Total Noncurrent Assets</b>            | <b>\$ 450,183</b>         | <b>\$ -</b>                  | <b>\$ 450,183</b>     |
| <b><u>Capital Assets -</u></b>            |                           |                              |                       |
| Office equipment                          | \$ -                      | \$ 15,155                    | \$ 15,155             |
| Less: accumulated depreciation            | -                         | (14,650)                     | (14,650)              |
| <b>Total Capital Assets</b>               | <b>\$ -</b>               | <b>\$ 505</b>                | <b>\$ 505</b>         |
| <b>TOTAL ASSETS</b>                       | <b>\$ 723,067</b>         | <b>\$ 132,816</b>            | <b>\$ 855,883</b>     |
| <br><b><u>LIABILITIES:</u></b>            |                           |                              |                       |
| <b><u>Current Liabilities -</u></b>       |                           |                              |                       |
| FSS - escrow                              | \$ -                      | \$ 23,469                    | \$ 23,469             |
| Due to ERS                                | 4,573                     | -                            | 4,573                 |
| Current portion compensated absences      | -                         | 3,527                        | 3,527                 |
| <b>Total Current Liabilities</b>          | <b>\$ 4,573</b>           | <b>\$ 26,996</b>             | <b>\$ 31,569</b>      |
| <b><u>Long-Term Liabilities -</u></b>     |                           |                              |                       |
| Long-term portion compensated absences    | \$ -                      | \$ 14,108                    | \$ 14,108             |
| <b>Total Long-Term Liabilities</b>        | <b>\$ -</b>               | <b>\$ 14,108</b>             | <b>\$ 14,108</b>      |
| <b>TOTAL LIABILITIES</b>                  | <b>\$ 4,573</b>           | <b>\$ 41,104</b>             | <b>\$ 45,677</b>      |
| <br><b><u>NET POSITION:</u></b>           |                           |                              |                       |
| Net investment in capital assets          | \$ -                      | \$ 505                       | \$ 505                |
| Restricted, housing assistance equity     | -                         | 1,287                        | 1,287                 |
| Unrestricted                              | 718,494                   | 89,920                       | 808,414               |
| <b>TOTAL NET POSITION</b>                 | <b>\$ 718,494</b>         | <b>\$ 91,712</b>             | <b>\$ 810,206</b>     |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <b>\$ 723,067</b>         | <b>\$ 132,816</b>            | <b>\$ 855,883</b>     |

**VILLAGE OF FAIRPORT**

**URBAN RENEWAL AGENCY, NEW YORK**

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**

**For Year Ended September 30, 2013**

|   | <b>Operating<br/>Fund</b> | <b>Section 8<br/>Housing</b> | <b>Total<br/>2013</b> |
|---|---------------------------|------------------------------|-----------------------|
| <b><u>OPERATING INCOME:</u></b>                     |                           |                              |                       |
| HUD grant revenue                                   | \$ -                      | \$ 2,014,315                 | \$ 2,014,315          |
| Interprogram income                                 | 67,423                    | -                            | 67,423                |
| Repayment of bad debt                               | 1,250                     | -                            | 1,250                 |
| Program income                                      | 20,010                    | -                            | 20,010                |
| Charges and fees                                    | -                         | 1,288                        | 1,288                 |
| <b>TOTAL OPERATING INCOME</b>                       | <b>\$ 88,683</b>          | <b>\$ 2,015,603</b>          | <b>\$ 2,104,286</b>   |
| <b><u>OPERATING EXPENSES:</u></b>                   |                           |                              |                       |
| Housing assistance payments                         | \$ -                      | \$ 1,990,622                 | \$ 1,990,622          |
| Personal services                                   | 39,224                    | 200,086                      | 239,310               |
| Employee benefits                                   | 13,613                    | 86,917                       | 100,530               |
| Depreciation expense                                | -                         | 3,031                        | 3,031                 |
| Professional services                               | 5,944                     | 8,140                        | 14,084                |
| Office  | 3,255                     | 25,220                       | 28,475                |
| Other   | 4,780                     | 2,577                        | 7,357                 |
| <b>TOTAL OPERATING EXPENSES</b>                     | <b>\$ 66,816</b>          | <b>\$ 2,316,593</b>          | <b>\$ 2,383,409</b>   |
| <b>NET OPERATING INCOME (LOSS)</b>                  | <b>\$ 21,867</b>          | <b>\$ (300,990)</b>          | <b>\$ (279,123)</b>   |
| <b><u>NONOPERATING INCOME (EXPENSES):</u></b>       |                           |                              |                       |
| Interest income                                     | \$ -                      | \$ 235                       | \$ 235                |
| <b>TOTAL NONOPERATING<br/>INCOME (EXPENSES)</b>     | <b>\$ -</b>               | <b>\$ 235</b>                | <b>\$ 235</b>         |
| <b>INCOME (LOSS) BEFORE<br/>OPERATING TRANSFERS</b> | <b>\$ 21,867</b>          | <b>\$ (300,755)</b>          | <b>\$ (278,888)</b>   |
| Operating transfers out                             | \$ -                      | \$ (8,278)                   | \$ (8,278)            |
| <b>NET INCOME (LOSS)</b>                            | <b>\$ 21,867</b>          | <b>\$ (309,033)</b>          | <b>\$ (287,166)</b>   |
| <b>NET POSITION - BEGINNING OF YEAR</b>             | <b>696,627</b>            | <b>400,745</b>               | <b>1,097,372</b>      |
| <b>NET POSITION - END OF YEAR</b>                   | <b>\$ 718,494</b>         | <b>\$ 91,712</b>             | <b>\$ 810,206</b>     |

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

Combining Statement of Cash Flows  
For Year Ended September 30, 2013

|  | <b>Operating<br/>Fund</b> | <b>Section 8<br/>Housing</b> | <b>Total<br/>2013</b> |
|--|---------------------------|------------------------------|-----------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>  |                           |                              |                       |
| Receipts from charges, fees, and grants  | \$ -                      | \$ 2,022,465                 | \$ 2,022,465          |
| Payments to suppliers  | -                         | (2,026,559)                  | (2,026,559)           |
| Payments to employees  | -                         | (287,940)                    | (287,940)             |
| Other receipts   | -                         | 2,619                        | 2,619                 |
| <b>Net Cash Provided (Used) by Operating Activities</b>  | <b>\$ -</b>               | <b>\$ (289,415)</b>          | <b>\$ (289,415)</b>   |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>  |                           |                              |                       |
| Interest income  | \$ -                      | \$ 235                       | \$ 235                |
| <b>Net Cash Provided (Used) by Investing Activities</b>  | <b>\$ -</b>               | <b>\$ 235</b>                | <b>\$ 235</b>         |
| <b><u>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES:</u></b>   |                           |                              |                       |
| Payments to other funds  | \$ -                      | \$ (8,278)                   | \$ (8,278)            |
| <b>Net Cash Provided (Used) by Noncapital<br/>Financing Activities</b>   | <b>\$ -</b>               | <b>\$ (8,278)</b>            | <b>\$ (8,278)</b>     |
| <b>NET INCREASE (DECREASE) IN CASH<br/>AND CASH EQUIVALENTS</b>  | <b>\$ -</b>               | <b>\$ (297,458)</b>          | <b>\$ (297,458)</b>   |
| <b>BEGINNING CASH AND CASH EQUIVALENTS</b>   | <b>-</b>                  | <b>365,874</b>               | <b>365,874</b>        |
| <b>ENDING CASH AND CASH EQUIVALENTS</b>  | <b>\$ -</b>               | <b>\$ 68,416</b>             | <b>\$ 68,416</b>      |
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>  |                           |                              |                       |
| <b>Net Operating Income (Loss)</b>   | <b>\$ 21,867</b>          | <b>\$ (300,990)</b>          | <b>\$ (279,123)</b>   |
| <b>Adjustments to Reconcile Net Operating Income to<br/>Net Cash Provided By (Used In) Operating Activities:</b> |                           |                              |                       |
| Depreciation expense   | \$ -                      | \$ 3,031                     | \$ 3,031              |
| (Increase)/decrease in due from other governments  | (56,941)                  | 8,150                        | (48,791)              |
| (Increase)/decrease in accounts receivable   | -                         | 1,312                        | 1,312                 |
| (Increase)/decrease in notes receivable  | 33,427                    | -                            | 33,427                |
| Increase/(decrease) in due to ERS  | 1,647                     | -                            | 1,647                 |
| Increase in FSS escrow liability   | -                         | 19                           | 19                    |
| Decrease in compensated absences   | -                         | (937)                        | (937)                 |
| <b>Total Adjustments</b>   | <b>\$ (21,867)</b>        | <b>\$ 11,575</b>             | <b>\$ (10,292)</b>    |
| <b>Net Cash Provided (Used) by Operating Activities</b>  | <b>\$ -</b>               | <b>\$ (289,415)</b>          | <b>\$ (289,415)</b>   |

**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***

**Independent Auditors' Report**

To the Council Members of  
Village of Fairport  
Urban Renewal Agency

We have audited, in accordance with the 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, the financial statements of the Village of Fairport Urban Renewal Agency, New York, as of and for the years ended September 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Village of Fairport Urban Renewal Agency, New York's financial statements, and have issued our report thereon dated December 12, 2013.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village of Fairport Urban Renewal Agency, New York's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Fairport Urban Renewal Agency, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Fairport Urban Renewal Agency, New York's internal control.

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 deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***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 from 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*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Raymond F. Wager, CPA P.C.

December 12, 2013