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

NEW YORK

FINANCIAL STATEMENTS

For Years Ended September 30, 2014 and 2013

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 6
Statement 1 - Statement of Net Position	7
Statement 2 - Statement of Revenues, Expenses, and Changes in Fund Net Position	8
Statement 3 - Statement of Cash Flows	9
Notes to Financial Statements	10 - 20
Supplemental	
Schedule 1 - Schedule of Projects	21 - 22
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	23 - 24

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Village of Fairport Industrial Development Agency (Agency), a component unit of the Village of Fairport, New York as of and for the years ended September 30, 2014 and 2013, 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.

1020 Lehigh Station Road • Suites 2 & 3 • Henrietta, New York 14467
Tel: (585) 321-5643 • Fax: (585) 321-5644 • E-Mail: theoffice@raymondfwagercpa.com

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 Industrial Development Agency (Agency), a component unit of the Village of Fairport, New York as of September 30, 2014 and 2013, 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 3–6 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 Industrial Development Agency, a component unit of the Village of Fairport, New York's financial statements. The accompanying supplemental schedule as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying supplemental schedule as listed in the table of contents is the responsibility of management and was 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 schedule as listed in the table of contents is 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 18, 2014 on our consideration of the Village of Fairport Industrial Development Agency (Agency), a component unit of the Village of Fairport, 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 Industrial Development Agency (Agency), a component unit of the Village of Fairport, New York's internal control over financial reporting and compliance.

Raymond F. Wager, CPA, P.C.

December 18, 2014

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

Management's Discussion and Analysis (MD&A)

September 30, 2014

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, 2014. 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 2014 are as follows:

- The assets of the Agency exceeded its liabilities at the close of the most recent year by $2,991,138 (net position).
- $544,470 (net investment in capital assets) represents the Agency's investments in land, structures, and equipment (there is no capital-related debt) and is not available for future spending.
- $2,196,668 (unrestricted net position) is available for the Agency's ongoing operations.
- The IDA successfully closed out and received all of its State grant awards.

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 $2,991,138. This represents a decrease in net position of $174,903 from the prior year.

Net Position

	2014	2013	2012
ASSETS			
Current Assets	$ 2,474,954	$ 2,909,963	$ 3,316,565
Noncurrent Assets	420,950	314,784	812,537
Capital Assets, Net	544,470	539,479	540,024
Total Assets	**$ 3,440,374**	**$ 3,764,226**	**$ 4,669,126**
LIABILITIES			
Current Liabilities	$ 432,454	$ 584,200	$ 295,931
Noncurrent Liabilities	16,782	13,985	19,832
Total Liabilities	**$ 449,236**	**$ 598,185**	**$ 315,763**
NET POSITION			
Net Investment in Capital Assets	$ 544,470	$ 539,479	$ 540,024
Restricted	250,000	250,000	253,027
Unrestricted	2,196,668	2,376,562	3,560,312
Total Net Position	**$ 2,991,138**	**$ 3,166,041**	**$ 4,353,363**

The investment in capital assets represents 18% of the Agency's net position. The largest of the Agency's net position (73%) represents resources that are unrestricted on how they may be utilized. The remaining category of the Agency's net position represents restricted assets.

The assets decreased $174,903 largely as a result of contributed capital of $175,000 from the IDA to the Fairport Local Development Corporation.

Changes in Net Position

	2014	2013	2012
Operating Revenues:			
Rental of Real Property	$ 312,461	$ 367,316	$ 283,804
Program Income (notes, loans, other)	3,484	20,642	31,363
Miscellaneous Revenue	3,417	8,526	3,050
Total Operating Revenues	**$ 319,362**	**$ 396,484**	**$ 318,217**
Operating Expenses:			
Administrative & Contractual	$ 53,408	$ 58,583	$ 45,877
Personal Services	97,294	105,863	138,118
Employee Benefits	38,554	35,270	33,522
Reimbursement to URA	57,288	67,423	49,058
Home and Community Services	88,028	99,324	99,053
Total Operating Expenses	**$ 334,572**	**$ 366,463**	**$ 365,628**
Net Operating Income	**$ (15,210)**	**$ 30,021**	**$ (47,411)**
Nonoperating Revenues (Expenses):			
Net investment income	$ 8,307	$ 13,755	$ 33,921
Allocation to LDC	(175,000)	(505,669)	-
Allocation to Village of Fairport	-	(1,357,539)	(42,163)
State Grants	-	623,832	12,099
NYS - Façade Program	-	-	(5,120)
Total Nonoperating Revenues (Expenses)	**$ (166,693)**	**$ (1,225,621)**	**$ (1,263)**
Income Before Operating Transfers	**$ (181,903)**	**$ (1,195,600)**	**$ (48,674)**
Operating Transfers In	$ 7,000	$ 8,278	$ 9,027
Net Income	**$ (174,903)**	**$ (1,187,322)**	**$ (39,647)**
Net Position - Beginning of Year	3,166,041	4,353,363	4,393,010
Net Position - End of Year	**$ 2,991,138**	**$ 3,166,041**	**$ 4,353,363**

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 $8,544 of administrative and contractual expenses, $45,324 of personal service expenses, and $17,868 of employee benefit expenses to the Urban Renewal Agency. In addition the IDA allocated $57,288 to the Urban Renewal Agency to fund their operation. The Agency also provided $175,000 of contributed capital to the Village of Fairport Local Development Corporation.

Capital Assets

The Agency's investment in capital assets as of September 30, 2014 amounts to $544,470 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and equipment.

	2014	2013	2012
Land	$ 134,598	$ 128,198	$ 128,198
Buildings	407,240	407,240	407,240
Equipment	12,171	11,669	10,348
Less: Accumulated Depreciation	(9,539)	(7,628)	(5,762)
Total	**$ 544,470**	**$ 539,479**	**$ 540,024**

Future Factors

- The IDA's completion of the sale of land to Riedman Development in 2015 is a priority. The proposed project has been a long time coming.
- The IDA is being audited by the Office of the State Comptroller. OSC auditors arrived on-site in the spring of 2014 and work continues into 2015. When complete, a report on the Fairport IDA will be issued by OSC.

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 Position
September 30, 2014 and 2013

ASSETS:	2014	2013
Current Assets -		
Cash	$ 632,602	$ 1,017,007
Investments	1,743,437	1,475,927
Accounts receivable	27,644	375,359
Due from other governments	52,070	33,393
Current portion of notes and mortgages receivable	10,501	-
Current portion of investment in leases	8,700	8,277
Total Current Assets	$ 2,474,954	$ 2,909,963
Noncurrent Assets -		
Long-term notes and mortgages receivable, net	$ 364,499	$ 250,000
Long-term investment in leases, net	56,451	64,784
Total Noncurrent Assets	$ 420,950	$ 314,784
Capital Assets -		
Land	$ 134,598	$ 128,198
Building and site improvements	407,240	407,240
Equipment	12,171	11,669
Less: accumulated depreciation	(9,539)	(7,628)
Total Capital Assets	$ 544,470	$ 539,479
TOTAL ASSETS	**$ 3,440,374**	**$ 3,764,226**
LIABILITIES:		
Current Liabilities -		
Accrued liabilities	$ 5,663	$ 202,413
Deferred revenue	23,061	27,186
South Bank retainer	17,000	17,000
Due to other governments	349,700	302,717
Due to ERS	30,192	25,914
Compensated absences	6,838	8,970
Total Current Liabilities	$ 432,454	$ 584,200
Noncurrent Liabilities -		
Other post employment benefits	$ 16,782	$ 13,985
Total Noncurrent Liabilities	$ 16,782	$ 13,985
TOTAL LIABILITIES	**$ 449,236**	**$ 598,185**
NET POSITION:		
Net investment in capital assets	$ 544,470	$ 539,479
Restricted	250,000	250,000
Unrestricted	2,196,668	2,376,562
TOTAL NET POSITION	$ 2,991,138	$ 3,166,041
TOTAL LIABILITIES AND NET POSITION	**$ 3,440,374**	**$ 3,764,226**

(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 Revenues, Expenses, and Changes in Fund Net Position
For Years Ended September 30, 2014 and 2013

	2014	2013
OPERATING REVENUES:		
Rental of real property	$ 312,461	$ 367,316
Program income (notes, loans)	3,484	20,642
Miscellaneous revenue	3,417	8,526
TOTAL OPERATING REVENUES	**$ 319,362**	**$ 396,484**
OPERATING EXPENSES:		
Administrative and contractual	$ 53,408	$ 58,583
Personal services	97,294	105,863
Employee benefits	38,554	35,270
Reimbursement to Village of Fairport URA	57,288	67,423
Home and community services	88,028	99,324
TOTAL OPERATING EXPENSES	**$ 334,572**	**$ 366,463**
NET OPERATING INCOME	**$ (15,210)**	**$ 30,021**
NONOPERATING REVENUES (EXPENSES)		
Net investment income	$ 8,307	$ 13,755
Allocation to Village of Fairport LDC	(175,000)	(505,669)
Allocation to Village of Fairport	-	(1,357,539)
Contributed capital - New York State Grant Revenue	-	623,832
TOTAL NONOPERATING REVENUES (EXPENSES)	$ (166,693)	$ (1,225,621)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	$ (181,903)	$ (1,195,600)
Operating transfers in from FURA Section 8 program	$ 7,000	$ 8,278
NET INCOME	$ (174,903)	$ (1,187,322)
NET POSITION - BEGINNING OF YEAR	3,166,041	4,353,363
NET POSITION - END OF YEAR	**$ 2,991,138**	**$ 3,166,041**

(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, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from rentals	$ 280,692	$ 380,048
Payments to suppliers	(163,066)	(155,332)
Payments to employees	(130,653)	(141,592)
Other revenue	6,901	29,168
Net Cash Provided (Used) by Operating Activities	**$ (6,126)**	**$ 112,292**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	$ 60,194	$ 65,374
Issuance of notes receivable	(125,000)	-
Repayment of notes receivable	7,910	23,506
Purchase/sale of investments (net)	(319,331)	545,893
Net Cash Provided (Used) by Investing Activities	**$ (376,227)**	**$ 634,773**
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Contributed capital to Village of Fairport	$ (197,002)	$ (1,155,765)
Purchase of capital assets	(6,902)	(1,321)
State grants	375,359	293,029
Net Cash Provided (Used) by Capital Financing Activities	**$ 171,455**	**$ (864,057)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers-in from FURA Section 8 program	$ 7,000	$ 8,278
Allocation to LDC	(175,000)	-
Intercompany transfers, net	(5,507)	(33,150)
Net Cash Provided (Used) by Noncapital Financing Activities	**$ (173,507)**	**$ (24,872)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (384,405)	$ (141,864)
BEGINNING CASH AND CASH EQUIVALENTS	**1,017,007**	**1,158,871**
ENDING CASH AND CASH EQUIVALENTS	**$ 632,602**	**$ 1,017,007**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Operating Income	$ (15,210)	$ 30,021
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:		
(Increase)/Decrease in accounts receivable	$ (27,644)	$ -
(Increase)/Decrease in due from other governments	(4,157)	(8,393)
Increase/(Decrease) in accrued liabilities	252	90
Increase/(Decrease) in Retainer	-	17,000
Increase/(Decrease) in deferred revenues	(4,125)	4,125
Increase/(Decrease) in due to other governments	37,904	68,131
Increase/(Decrease) in due to ERS	4,278	(3,671)
Increase/(Decrease) in OPEB	2,797	2,797
Increase/(Decrease) in compensated absences	(2,132)	326
Depreciation expense	1,911	1,866
Total Adjustments	$ 9,084	$ 82,271
Net Cash Provided (Used) by Operating Activities	**$ (6,126)**	**$ 112,292**

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

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.

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 Position. 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 position. Over time, increases or decreases in net position 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 position 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 Position

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. **Concentration of Credit Risk**

It is 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.

With respect to fixed income investments other than cash, holdings are diversified across multiple issuers and cover a range of maturities. While taking into account any income needs of the agency, the fixed income portfolio will use the Barclay's Intermediate Term U.S. Government Index as a benchmark for duration. A range of 60% - 125% of the benchmark's duration is considered acceptable based upon the prevailing interest rate environment.

3. **Accounts Receivable**

Accounts receivable are reported at their net value and management considers them to be fully collectible.

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. The Agency's Board approved the transfer of $505,669 of outstanding notes to the Fairport Local Development Corporation effective May 1, 2013.

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 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.

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".

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.

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, 2014 and 2013, the Agency has four 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.

D. Changes in Accounting Standards

The Agency has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At September 30, 2014, the Agency implemented the following new standards issued by GASB:

GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, effective for the year ending September 30, 2014.

GASB Statement 66, GASB *Technical Corrections – 2012 – an Amendment of Statement 10 and 62*, effective for the year ending September 30, 2014.

E. Future Changes in Accounting Standards

GASB has issued Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*, effective for the year ending September 30, 2015.

GASB has issued Statement 69, *Government Combinations and Disposals of Government Operations*, effective for the year ending September 30, 2015.

GASB has issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for the year ending September 30, 2015.

GASB has issued Statement 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – an Amendment of GASB Statement No. 68*, effective for the year ending September 30, 2015.

The Agency will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

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:

	2014	2013
Uncollateralized	$ -	$ -
Collateralized with securities held by the pledging financial institution	590,847	638,337
Total	**$ 590,847**	**$ 638,337**

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, 2014 and 2013:

	2014		2013	
	Cost	Market Value	Cost	Market Value
Core Cash	$ 138,164	$ 138,164	$ 217,130	$ 217,130
US Treasury Bonds	222,701	222,144	120,336	120,929
Federal National Mtg Bonds	150,526	151,694	154,483	156,875
Federal Home Loan Mtg Bonds	-	-	100,360	100,656
Federal Farm Bonds	178,158	180,230	181,889	186,123
NYS Dorm Authority	80,000	81,121	212,809	218,858
Yonkers NY Bonds	52,185	52,355	-	-
New York NY Bonds	190,502	192,514	107,000	109,182
Rochester NY Bonds	50,047	50,068	51,251	51,757
Syracuse NY Public Impt Bonds	75,133	74,999	25,477	25,543
NYS Thruway Auth Bonds	180,323	182,625	79,197	80,182
Poland CSD Bonds	51,005	51,409	52,266	53,014
Amherst NY Serial Bonds	72,254	72,894	74,167	74,992
Suffolk County Serial Bonds	78,103	78,941	79,987	80,686
Hemptstead NY Bonds	81,800	81,288	-	-
Brookhaven NY Bonds	53,613	53,350	-	-
Metro. Transn. Auth. NY Bonds	22,448	22,290	-	-
Rockland County NY Bonds	57,500	57,351	-	-
Total	**$ 1,734,462**	**$ 1,743,437**	**$ 1,456,352**	**$ 1,475,927**

The credit rating for Federal National Mortgage Association Bonds and Federal Farm Credit Bank Bonds, as reported by Moody's, for long-term debt is Aaa. The Agency's investments in New York Municipal Bonds have credit ratings, as reported by Moody's, of Aa2 to A3.

(III.) (Continued)

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

Type	2014 Operating	2013 Operating
Interest/Dividends	$ 60,128	$ 65,374
Change in Market Value	(10,653)	(10,771)
Fees	(8,553)	(7,868)
Amortized Premiums	(32,615)	(32,980)
Net Investment Income	**$ 8,307**	**$ 13,755**

IV. Accounts Receivable:

The accounts receivable as of September 30, 2014 and 2013, consisted of the following:

	2014	2013
Rental Income	$ 27,644	$ -
NYS - South Bank Water Front Project	-	134,238
NYS - Promenade Project	-	241,121
Total Accounts Receivable	**$ 27,644**	**$ 375,359**

V. Due From Other Governments:

Due from other governments represents funds owed to the Agency from the Fairport Local Development Corporation:

	2014	2013
Village of Fairport Local Development Corporation	$ 37,550	$ 33,393
Village of Fairport Urban Renewal Agency	14,520	-
Total Due To Other Governments	**$ 52,070**	**$ 33,393**

VI. 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. 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.

	2014	2013
Notes and Mortgages Receivable	$ 375,000	$ 250,000
Less: Current Portion	(10,501)	-
Total Long-Term Portion of Notes and Mortgages Receivable	**$ 364,499**	**$ 250,000**

VII. Lease Transactions:

The following is a lease held by the Agency as lessor:

	2014	2013
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.	$ 65,151	$ 73,427
Less: Allowance for doubtful accounts	-	(366)
Total Leases	$ 65,151	$ 73,061
Less: Current Portion	(8,700)	(8,277)
Total Long-Term Portion of Leases	**$ 56,451**	**$ 64,784**

VIII. Capital Assets:

A summary of changes in capital assets follows:

	Beginning 10/1/2013	Additions	Deletions	Ending 9/30/2014
Land	$ 128,198	$ 6,400	$ -	$ 134,598
Building and Site Improvements	407,240	-	-	407,240
Equipment	11,669	502	-	12,171
Accumulated Depreciation	(7,628)	(1,911)	-	(9,539)
Total	**$ 539,479**	**$ 4,991**	**$ -**	**$ 544,470**

IX. 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:

	2014	2013
Village of Fairport Urban Renewal Agency	$ 291,580	$ 239,156
Village of Fairport Section 8 Housing Assistance Payments Program	58,120	63,561
Total Due To Other Governments	**$ 349,700**	**$ 302,717**

X. Net Position:

On April 19, 2010 the Board passed a resolution to designate up to $2,850,000 of unrestricted net position.

In addition, on May 29, 2014 the Board passed a resolution approving a transfer up to $200,000 from the Agency's undesignated reserve fund to the Fairport Local Development Corporation for the express purpose of funding the Veterans Memorial Renovation at Potter Park, a portion of the funds to be raised by donations. As of the date of this report no transfers have been made from the Agency to fund the project.

As a result the unrestricted net position is as follows:

Unrestricted	2014	2013
Designated		
RLF-Commercial Property	$ 500,000	$ 500,000
Canal Waterfront Revitalization	819,571	819,571
Business District Improvement	750,000	750,000
Committed for current projects	200,000	750,000
Total Designated	$ 2,269,571	$ 2,819,571
Undesignated	$ (72,903)	$ 306,991
Total Unrestricted Net Position	**$ 2,196,668**	**$ 3,126,562**
Restricted		
Notes Receivable	$ 250,000	$ 250,000

The Agency has recorded a restricted fund balance for notes receivable for the Box Factory due to the uncertainty of its collectability.

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 Systems are noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% to 3.5% of their salary. With the exception of ERS tier V and VI employees, employees in the system more than ten years are no longer required to contribute. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For NYSERS and NYSPFRS, 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
2014	$ 18,545
2013	$ 20,971
2012	$ 11,054

XII. Other Postemployment Benefits

Plan Description

In addition to providing pension benefits described in Note XI, 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		13,985
Net OPEB obligation - end of year	**$**	**16,782**

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 2014 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2010	$ 9,002	62.14%	$ 5,594
9/30/2011	$ 9,002	93.21%	$ 8,391
9/30/2012	$ 9,002	124.28%	$ 11,188
9/30/2013	$ 9,002	155.35%	$ 13,985
9/30/2014	$ 9,002	186.43%	$ 16,782

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 $99,426 and the ratio of the UAAL to the covered payroll was 98.29%.

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.

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)
2010	$ -	$ 97,727	0.00%	$ 97,727	$ 186,604	59.98%
2011	$ -	$ 97,727	0.00%	$ 97,727	$ 183,542	53.25%
2012	$ -	$ 97,727	0.00%	$ 97,727	$ 140,718	69.45%
2013	$ -	$ 97,727	0.00%	$ 97,727	$ 93,360	104.68%
2014	$ -	$ 97,727	0.00%	$ 97,727	$ 99,426	98.29%

(XII.) (Continued)

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, 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, 2014 was twenty-four years.

XIII. Service Commitment:

For the years ended September 30, 2014 and 2013, the Agency paid $52,800 each year 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, 2014 and 2013, the Agency was reimbursed by the Fairport Urban Renewal Agency Section 8 Housing Payments Program in the amount of $312,043 and $321,300, respectively.

XV. Commitments and Contingencies:

A. Litigation

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

XVI. Subsequent Event:

On December 15, 2014 the Board of the Agency approved a capital contribution of up to $200,000 to the Fairport Local Development Corporation for the Veterans Memorial renovation project at Potter Park. These funds are expected to be transferred during fiscal 2015.

VILLAGE OF FAIRPORT
INDUSTRIAL DEVELOPMENT AGENCY
dba FAIRPORT OFFICE OF ECONOMIC DEVELOPMENT
Schedule of Projects
For Years Ended September 30, 2014 and 2013

Project Name	Corning Tropel Corporation	
Project Owner and Address	Corning Tropel Corporation CP.AP-01-9 Corning, NY 14831	
Purpose	Land lease	
Jobs Created/Retained	147	
PILOT Received	$	207,658
Benefited Amount	$	(45,375)
Project Name	Packetts Landing	
Project Owner and Address	Canal East Inc. 210 Packetts Landing Fairport, NY 14450	
Exempt Amounts	$	22,355
Purpose	Land lease	
Jobs Created/Retained	N/A	
PILOT Received	$	50,000
Benefited Amount	$	(27,645)
Project Name	Canal East	
Project Owner and Address	Canal East Inc. 210 Packetts Landing Fairport, NY 14450	
Exempt Amounts	$	75,303
Purpose	PILOT	
Jobs Created/Retained	165	
PILOT Received	$	102,816
Benefited Amount	$	(27,513)

VILLAGE OF FAIRPORT
INDUSTRIAL DEVELOPMENT AGENCY
dba FAIRPORT OFFICE OF ECONOMIC DEVELOPMENT
Schedule of Projects (Continued)
For Years Ended September 30, 2014 and 2013

Project Name	Box Factory	
Project Owner and Address	Casa Associates, LLC 6 North Main Street Fairport, NY 14450	
Exempt Amounts	$	129,145
Purpose	Land lease	
Jobs Created/Retained	N/A	
PILOT Received	$	82,500
Benefited Amount	$	46,645

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
Industrial Development Agency
dba Fairport Office of Economic Development

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 Industrial Development Agency, a component unit of the Village of Fairport, New York, as of and for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Village of Fairport Industrial Development Agency, a component unit of the Village of Fairport, New York's financial statements, and have issued our report thereon dated December 18, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Fairport Industrial Development 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 Industrial Development Agency, a component unit of the Village of Fairport, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Fairport Industrial Development Agency, a component unit of the Village of Fairport, 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.

1020 Lehigh Station Road • Suites 2 & 3 • Henrietta, New York 14467
Tel: (585) 321-5643 • Fax: (585) 321-5644 • E-Mail: theoffice@raymondfwagercpa.com

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 Industrial Development Agency, a component unit of the Village of Fairport, 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, PC

December 18, 2014

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

LETTER OF COMMUNICATION

For Year Ended September 30, 2014

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

December 18, 2014

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 (the Agency), a component unit of the Village of Fairport, New York for the year ended September 30, 2014, and have issued our report thereon dated December 18, 2014. Professional standards require that we provide you with the following information related to our audit.

A. Our Responsibility Under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated September 4, 2014, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Village of Fairport Industrial Development Agency (the Agency), a component unit of the Village of Fairport, New York. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Village of Fairport Industrial Development Agency (the Agency), a component unit of the Village of Fairport, New York's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

B. Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to management and the Board in our engagement letter dated September 4, 2014.

1020 Lehigh Station Road • Suites 2 & 3 • Henrietta, New York 14467
Tel: (585) 321-5643 • Fax: (585) 321-5644 • E-Mail: theoffice@raymondfwagercpa.com

C. Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note I to the financial statements. The new accounting pronouncements which were implemented were GASB Statement 65, *Items Previously Reported as Assets and Liabilities* and GASB Statement 66, GASB *Technical Corrections – 2012 – an Amendment of Statement 10 and 62*. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates may be particularly sensitive because of their significance to the financial statements and because of the possibility that future events effecting them may differ significantly from those expected. The estimates used in the basic financial statements are based upon management's judgments. The disclosures in the financial statements are neutral, consistent and clear. Certain financial statement disclosures may be sensitive because of their significance to financial statement users. There were no individually sensitive disclosures affecting the financial statements.

D. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

E. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

F. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

G. Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 18, 2014.

H. Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

I. Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

* * *

This report is intended solely for the use of the Council and management of the Village of Fairport Industrial Development Agency, a component unit of the Village of Fairport, New York and is not intended to be and should not be used by anyone other than these specified parties.

Raymond F. Wager, CPA, PC

December 18, 2014