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

NEW YORK

FINANCIAL STATEMENTS

For Years Ended September 30, 2015 and 2014

TABLE OF CONTENTS

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, 2015 and 2014, 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 Industrial Development Agency (Agency), a component unit of the Village of Fairport, New York as of September 30, 2015 and 2014, 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

As described in Note XIII to the financial statements, the Agency adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions made subsequent to Measurement Date, an amendment of GASB No. 68. As a result, the beginning net position has been restated.

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 21, 2015 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.

December 21, 2015

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

Management's Discussion and Analysis (MD&A)

September 30, 2015

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, 2015. 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 2015 are as follows:

- The assets of the Agency exceeded its liabilities at the close of the most recent year by $2,891,743 (net position).
- $129,891 (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.
- $2,511,852 (unrestricted net position) is available for the Agency's ongoing operations.
- The IDA closed on the sale of 15 Parker Street (former DPW site), and the Canal Corporation abandoned lands, and construction began on the $17.5M project.

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. <u>*Government-Wide Financial Statements*</u>

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 $2,891,743. This represents a decrease in net position of $94,465 from the prior year.

Net Position

	2015	2014	2013
ASSETS			
Current Assets	$ 2,827,792	$ 2,474,954	$ 2,909,963
Noncurrent Assets	397,922	420,950	314,784
Capital Assets, Net	129,891	544,470	539,479
Total Assets	**$ 3,355,605**	**$ 3,440,374**	**$ 3,764,226**
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow of Resources	$ 22,006	$ 9,870	$ -
LIABILITIES			
Current Liabilities	$ 454,459	$ 432,454	$ 584,200
Noncurrent Liabilities	31,409	31,582	13,985
Total Liabilities	**$ 485,868**	**$ 464,036**	**$ 598,185**
NET POSITION			
Net Investment in Capital Assets	$ 129,891	$ 544,470	$ 539,479
Restricted	250,000	250,000	250,000
Unrestricted	2,511,852	2,191,738	2,376,562
Total Net Position	**$ 2,891,743**	**$ 2,986,208**	**$ 3,166,041**

The investment in capital assets represents 4% of the Agency's net position. The largest of the Agency's net position (87%) represents resources that are unrestricted on how they may be utilized. The remaining category of the Agency's net position represents restricted assets.

The Net Position decreased $94,465 largely as a result of the sale of capital assets (land).

Changes in Net Position

	2015	2014	2013
Operating Revenues:			
Rental of Real Property	$ 309,772	$ 312,461	$ 367,316
Program Income (notes, loans, other)	6,728	3,484	20,642
Miscellaneous Revenue	4,705	3,417	8,526
Total Operating Revenues	**$ 321,205**	**$ 319,362**	**$ 396,484**
Operating Expenses:			
Administrative & Contractual	$ 55,528	$ 53,408	$ 58,583
Personal Services	144,323	97,294	105,863
Employee Benefits	28,619	43,484	35,270
Reimbursement to URA	33,673	57,288	67,423
Home and Community Services	4,009	88,028	99,324
Total Operating Expenses	**$ 266,152**	**$ 339,502**	**$ 366,463**
Net Operating Income	**$ 55,053**	**$ (20,140)**	**$ 30,021**
Nonoperating Revenues (Expenses):			
Net investment income	$ 27,510	$ 8,307	$ 13,755
Allocation to LDC	(143,367)	(175,000)	(505,669)
Allocation to Village of Fairport	-	-	(1,357,539)
State Grants	-	-	623,832
Loss on disposal of property	(37,670)	-	-
Total Nonoperating Revenues (Expenses)	**$ (153,527)**	**$ (166,693)**	**$ (1,225,621)**
Income Before Operating Transfers	**$ (98,474)**	**$ (186,833)**	**$ (1,195,600)**
Operating Transfers In	$ 4,009	$ 7,000	$ 8,278
Net Income	**$ (94,465)**	**$ (179,833)**	**$ (1,187,322)**

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. The IDA allocated $33,673 to the Urban Renewal Agency to fund its operations.

Capital Assets

The Agency's investment in capital assets as of September 30, 2015 amounts to $129,891 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and equipment.

	2015	2014	2013
Land	$ 128,198	$ 134,598	$ 128,198
Buildings	-	407,240	407,240
Equipment	12,171	12,171	11,669
Less: Accumulated Depreciation	(10,478)	(9,539)	(7,628)
Total	**$ 129,891**	**$ 544,470**	**$ 539,479**

Future Factors

- The Agency will soon receive a report released by the Office of the State Comptroller on its review of the IDA.
- Policy guidance issued by both the ABO and Attorney General's office in 2015 helped clarify several ongoing concerns for the Fairport IDA. Written guidance included a policy for restrictions on IDA grants and loans, circumstances for property disposal by negotiation, and recognition that land leases, in addition to issuing debt, constitute an active (and not dissolved) IDA.

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, 2015 and 2014

	2015	2014
ASSETS:		
Current Assets -		
Cash	$ 956,065	$ 632,602
Investments	1,818,452	1,743,437
Accounts receivable	-	27,644
Due from other governments	33,036	52,070
Current portion of notes and mortgages receivable	10,902	10,501
Current portion of investment in leases	9,337	8,700
Total Current Assets	$ 2,827,792	$ 2,474,954
Noncurrent Assets -		
Long-term notes and mortgages receivable, net	$ 354,487	$ 364,499
Long-term investment in leases, net	43,435	56,451
Total Noncurrent Assets	$ 397,922	$ 420,950
Capital Assets -		
Land	$ 128,198	$ 134,598
Building and site improvements	-	407,240
Equipment	12,171	12,171
Less: accumulated depreciation	(10,478)	(9,539)
Total Capital Assets	$ 129,891	$ 544,470
TOTAL ASSETS	**$ 3,355,605**	**$ 3,440,374**
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources	**$ 22,006**	**$ 9,870**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 3,377,611**	**$ 3,450,244**
LIABILITIES:		
Current Liabilities -		
Accrued liabilities	$ 8,305	$ 5,663
Unearned revenue	23,061	23,061
South Bank retainer	-	17,000
Due to other governments	401,038	349,700
Due to ERS	12,152	30,192
Compensated absences	9,903	6,838
Total Current Liabilities	$ 454,459	$ 432,454
Noncurrent Liabilities -		
Net pension liability	$ 11,064	$ 14,800
Other post employment benefits	20,345	16,782
Total Noncurrent Liabilities	$ 31,409	$ 31,582
TOTAL LIABILITIES	**$ 485,868**	**$ 464,036**
NET POSITION:		
Net investment in capital assets	$ 129,891	$ 544,470
Restricted	250,000	250,000
Unrestricted	2,511,852	2,191,738
TOTAL NET POSITION	$ 2,891,743	$ 2,986,208
TOTAL LIABILITIES AND NET POSITION	**$ 3,377,611**	**$ 3,450,244**

(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, 2015 and 2014

	2015	2014
OPERATING REVENUES:		
Rental of real property	$ 309,772	$ 312,461
Program income (notes, loans)	6,728	3,484
Miscellaneous revenue	4,705	3,417
TOTAL OPERATING REVENUES	**$ 321,205**	**$ 319,362**
OPERATING EXPENSES:		
Administrative and contractual	$ 55,528	$ 53,408
Personal services	144,323	97,294
Employee benefits	28,619	43,484
Reimbursement to Village of Fairport URA	33,673	57,288
Home and community services	4,009	88,028
TOTAL OPERATING EXPENSES	**$ 266,152**	**$ 339,502**
NET OPERATING INCOME	**$ 55,053**	**$ (20,140)**
NONOPERATING REVENUES (EXPENSES)		
Net investment income	$ 27,510	$ 8,307
Allocation to Village of Fairport LDC	(143,367)	(175,000)
Loss on disposal of property	(37,670)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	$ (153,527)	$ (166,693)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	$ (98,474)	$ (186,833)
Operating transfers in from FURA Section 8 program	$ 4,009	$ 7,000
NET INCOME	$ (94,465)	$ (179,833)
NET POSITION - BEGINNING OF YEAR, (restated)	2,986,208	3,166,041
NET POSITION - END OF YEAR	**$ 2,891,743**	**$ 2,986,208**

(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, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from rentals	$ 337,416	$ 280,692
Payments to suppliers	(111,983)	(163,066)
Payments to employees	(176,702)	(130,653)
Other revenue	11,433	6,901
Net Cash Provided (Used) by Operating Activities	**$ 60,164**	**$ (6,126)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	$ 61,495	$ 60,194
Issuance of notes receivable	-	(125,000)
Repayment of notes receivable	21,990	7,910
Purchase/sale of investments (net)	(109,000)	(319,331)
Net Cash Provided (Used) by Investing Activities	**$ (25,515)**	**$ (376,227)**
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Contributed capital to Village of Fairport	$ -	$ (197,002)
Purchase of capital assets	(57,600)	(6,902)
Proceeds from sale of capital assets	433,570	-
State grants	-	375,359
Net Cash Provided (Used) by Capital Financing Activities	**$ 375,970**	**$ 171,455**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers-in from FURA Section 8 program	$ 4,009	$ 7,000
Allocation to LDC	(143,367)	(175,000)
Intercompany transfers, net	52,202	(5,507)
Net Cash Provided (Used) by Noncapital Financing Activities	**$ (87,156)**	**$ (173,507)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 323,463	$ (384,405)
BEGINNING CASH AND CASH EQUIVALENTS	**632,602**	**1,017,007**
ENDING CASH AND CASH EQUIVALENTS	**$ 956,065**	**$ 632,602**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Operating Income	$ 55,053	$ (20,140)
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:		
(Increase)/Decrease in accounts receivable	$ 27,644	$ (27,644)
(Increase)/Decrease in due from other governments	12,402	(2,158)
(Increase)/Decrease in deferred outflows	(12,136)	(9,870)
Increase/(Decrease) in accrued liabilities	2,642	252
Increase/(Decrease) in retainer	(17,000)	-
Increase/(Decrease) in unearned revenues	-	(4,125)
Increase/(Decrease) in due to other governments	3,769	37,904
Increase/(Decrease) in other accrued liabilities	(13,149)	17,744
Depreciation expense	939	1,911
Total Adjustments	$ 5,111	$ 14,014
Net Cash Provided (Used) by Operating Activities	**$ 60,164**	**$ (6,126)**

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

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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. Building and site improvements are not depreciated as they are held for future development. Equipment is depreciated 3-7 years.

5. Notes Receivable

Notes receivable are stated at principal balances, less the estimated portion that is expected to be uncollectible.

6. Deferred Outflows

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The Agency has two items that qualify for reporting in this category. First item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the Agency's proportion of the collective net pension asset or liability and difference during the measurement period between the Agency's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly is the Agency contributions to the pension system (ERS) subsequent to the measurement date.

7. 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.

8. 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".

9. 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.

10. 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.

11. 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, 2015 and 2014, 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. Impact of Recently Issued Accounting Principles

1. Changes in Accounting Standards

At September 30, 2015, the Agency implemented the following new standards issued by GASB:

The GASB has issued Statement No. 68, *Accounting and Reporting for Pension Plans – an Amendment of GASB Statement No. 27.*

The GASB has issued Statement No. 71, *Accounting and Reporting for Pension Plans – an Amendment of GASB Statement No.68.*

2. **Recently Issued Accounting Pronouncements**

The Agency is currently studying these statements and plans on adoption as required.

The GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* effective for the year ending September 30 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. Statement No. 74, *Financial reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The GASB has issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the year ending September 30, 2016.

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. Restatement of Net Position:

For the fiscal year ended September 30, 2015, the District implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27.* The implementation of Statement No. 68 resulted in the reporting of an asset, deferred outflow of resources, liability and deferred inflow of resources related to the Agencys's participation in the New York State Employees' retirement systems. The Agency's net position has been restated as follows:

Net position beginning of year, as previously stated GASB Statement No. 68 implementation	$	2,991,138
Beginning System liabilities - Employees' retirement system		(14,800)
Beginning deferred outflow of resources for contributions subsequent to the measurement date - Employees' retirement system		9,870
Net position beginning of year, as restated	$	2,986,208

III. Changes in Accounting Principles:

For the fiscal year ended September 30, 2015, the Agency implemented GASB Statement No. 68 Accounting and Financial Reporting for Pensions-Amendment to GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for contributions Made Subsequent to the Measurement date. The implementation of the Statements requires the Agency to report as an asset and/or liability its portion of the collective net pensions asset and liability in the New York State Employees' Retirement System. The implementation of the Statements also requires the Agency to report a deferred outflow and/or inflow for the effect of the net change in the Agency's proportion of the collective net pension asset and/or liability and difference during the measurement period between the Agency's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Also included as a deferred outflow is the Agency contributions to the pension system subsequent to the measurement date. See Note XIII for the financial statement impact of implementation of the Statements.

IV. 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:

	2015	2014
Uncollateralized	$ -	$ -
Collateralized with securities held by the pledging financial institution	211,170	590,847
Total	**$ 211,170**	**$ 590,847**

V. 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, 2015 and 2014:

	2015		2014	
	Cost	Market Value	Cost	Market Value
Core Cash	$ 28,741	$ 28,741	$ 138,164	$ 138,164
US Treasury Bonds	378,548	380,081	222,701	222,144
Federal National Mtg Bonds	-	-	150,526	151,694
Federal Farm Bonds	-	-	178,158	180,230
Metro. Transn. Auth., NY Bonds	128,581	128,700	22,448	22,290
Greenburgh, NY Bonds	25,700	25,722	-	-
New York City, NY Bonds	239,635	241,115	190,502	192,514
Hempstead, NY Bonds	79,178	79,759	81,800	81,288
NYS Dorm Authority	50,628	50,992	80,000	81,121
New York State Bonds	66,521	66,901	-	-
Westchester County, NY Bonds	40,983	40,660	-	-
Amherst, NY Bonds	76,538	70,441	72,254	72,894
Brookhaven, NY Bonds	52,396	52,653	53,613	53,350
Auburn, NY Bonds	25,442	25,537	-	-
Fulton, NY Bonds	76,625	75,289	-	-
Monroe County,NY Bonds	26,389	25,947	-	-
Rochester, NY Bonds	-	-	50,047	50,068
Liverpool CSD, NY Bonds	31,939	31,852	-	-
Syracuse, NY Bonds	75,123	76,112	75,133	74,999
Buffalo, NY Bonds	31,631	31,639	-	-
NYS Thruway Auth Bonds	100,393	101,125	180,323	182,625
Rockland County, NY Bonds	55,999	57,205	57,500	57,351
Nassau County, NY Bonds	43,692	43,885	-	-
Poland CSD, NY Bonds	-	-	51,005	51,409
Yonkers, NY Bonds	51,697	52,853	52,185	52,355
Suffolk County, NY Bonds	75,958	76,598	78,103	78,941
Longbeach, NY Bonds	54,677	54,645	-	-
Total	**$ 1,817,014**	**$ 1,818,452**	**$ 1,734,462**	**$ 1,743,437**

(V.) (Continued)

The credit rating for US Treasury 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 Aaa to Baa2.

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

Type	2015 Operating	2014 Operating
Interest/Dividends	$ 61,495	$ 60,128
Change in Market Value	(7,537)	(10,653)
Fees	(7,413)	(8,553)
Amortized Premiums	(19,034)	(32,615)
Net Investment Income	**$ 27,511**	**$ 8,307**

VI. Accounts Receivable:

The accounts receivable as of September 30, 2015 and 2014, consisted of the following:

	2015	2014
Rental Income	$ -	$ 27,644
Total Accounts Receivable	**$ -**	**$ 27,644**

VII. Due To/ From Other Governments:

Due from other governments represents funds owed to the Agency from its related organizations. Amounts due to other governments represent investments held by Agency on behalf of the related organizations:

	2015	2014
Village of Fairport Local Development Corporation	$ 809	$ 37,550
Village of Fairport Urban Renewal Agency	32,227	14,520
Total Due From Other Governments	**$ 33,036**	**$ 52,070**

	2015	2014
Village of Fairport Urban Renewal Agency	$ 343,157	$ 291,580
Village of Fairport Section 8 Housing Assistance Payments Program	57,881	58,121
Total Due To Other Governments	**$ 401,038**	**$ 349,701**

VIII. 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.

	2015	2014
Notes and Mortgages Receivable	$ 365,389	$ 375,000
Less: Current Portion	(10,902)	(10,501)
Total Long-Term Portion of Notes and Mortgages Receivable	**$ 354,487**	**$ 364,499**

IX. Lease Transactions:

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

	2015	2014
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.	$ 52,772	$ 65,151
Less: Current Portion	(9,337)	(8,700)
Total Long-Term Portion of Leases	**$ 43,435**	**$ 56,451**

X. Capital Assets:

A summary of changes in capital assets follows:

	Beginning 10/1/2014	Additions	Deletions	Ending 9/30/2015
Land	$ 134,598	$ 57,600	$ 64,000	$ 128,198
Building and Site Improvements	407,240	-	407,240	-
Equipment	12,171	-	-	12,171
Accumulated Depreciation	(9,539)	(939)	-	(10,478)
Total	**$ 544,470**	**$ 56,661**	**$ 471,240**	**$ 129,891**

XII. 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 (LDC) for the express purpose of funding the Veterans Memorial Renovation at Potter Park, a portion of the funds to be raised by donations. During fiscal 2015 the Agency made a transfer of $143,367 to the LDC for this project.

As a result the unrestricted net position is as follows:

Unrestricted	**2015**	**2014**
Designated		
RLF-Commercial Property	$ 500,000	$ 500,000
Canal Waterfront Revitalization	619,571	819,571
Business District Improvement	750,000	750,000
Committed for current projects	56,633	200,000
Total Designated	$ 1,926,204	$ 2,269,571
Undesignated	$ 585,648	$ (67,973)
Total Unrestricted Net Position (restated)	**$ 2,511,852**	**$ 2,201,598**
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 terms of the agreement.

XIII. Pension Plan:

A. General Information

The Agency participates in the New York State and Local Employees' Retirement System (ERS).

B. Provisions and Administration

ERS is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Agency also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, and the Report on the Schedule of Employer Allocations and Schedules of Pension Amounts by Employer may be found at *www.osc.state.ny.us/retire/publications/index.php* or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

C. Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

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
2015	$	22,092
2014	$	18,545
2013	$	20,971

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At September 30, 2015, the Agency reported the following liability for its proportionate share of the net pension liability for the ERS System The net pension liability was measured as of March 31, 2015 for ERS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined.

	ERS
Actuarial valuation date	March 31, 2015
Net pension liability	$ 11,064
Agency's portion of the Plan's total net pension asset/(liability)	0.00089%

For the year ended September 30, 2015, the Agency recognized pension expenses of $6,220 for ERS. At September 30, 2015 the Agency's reported deferred outflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources ERS
Differences between expended and actual experience	$	354
Net difference between projected and actual earnings on pension plan investments		1,922
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions		7,578
Subtotal	$	9,854
Agency's contributions subsequent to the measurement date		12,152
Grand Total	**$**	**22,006**

Agency contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year		ERS
2015	$	-
2016		2,464
2017		2,464
2018		2,464
2019		2,464
Total	**$**	**9,856**

E. Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	ERS
Measurement date	March 31, 2015
Actuarial valuation date	April 1, 2014
Interest rate	7.50%
Salary scale	4.90%
Decrement tables	April 1, 2005- March 31, 2010 System's Experience
Inflation rate	2.70%

For ERS, annuitant mortality rates are based on April 1, 2005 – March 31, 2010 System's experience with adjustments for mortality improvements based on MP-2015. For TRS, annuitant mortality rates are based on July 1, 2005 – June 30, 2010 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2011 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010. For TRS, the actuarial assumptions used in the June 30, 2013 valuation are based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

Long Term Expected Rate of Return	ERS
Actuarial valuation date	March 31, 2015
Asset Type -	
Cash	2.25%
Inflation-index bonds	4.00%
Domestic equity	7.30%
International equity	8.55%
Real estate	8.25%
Alternative investments	0.00%
Domestic fixed income securities	0.00%
Global fixed income securities	0.00%
Bonds/mortgages	4.00%
Short-term	0.00%
Private equity	11.00%
Absolute return strategies	6.75%
Opportunistic portfolios	8.60%
Real assets	8.65%

F. **Discount Rate**

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. **Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**

The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Agency's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.5%) or 1-percentagepoint higher (8.5%) than the current rate :

ERS	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Employer's proportionate share of the net pension liability (asset)	$ 73,749	$ 11,064	$ (41,857)

H. Pension Plan Fiduciary Net Position

The components of the current year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	ERS
Valuation date	March 31, 2015
Employers' total pension assets/(liability)	$ (164,591,504)
Plan net position	(161,213,259)
Employers' net pension asset/(liability)	$ (3,378,245)
Ration of plan net position to the employers' total pension asset/(liability)	97.90%

I. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of September 30, 2015 represent the projected employer contribution for the period of April 1, 2015 through September 30, 2015 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of September 30, 2015 amounted to $12,152.

XIV. Other Postemployment Benefits

The Agency has fewer than 100 participants therefore an internal calculation can be utilized to calculate the estimated liability. Since there have been no changes to the benefits and minimal employee turnover, the Agency has chosen to utilize the information calculated in their most recent actuary report dated September 30, 2008 as their internal calculation.

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	$	13,275
Interest on net OPEB obligation		671
Adjustment to annual required contribution		(695)
Annual OPEB cost (expense)	$	13,251
Contributions made		9,688
Increase in net OPEB obligation	$	3,563
Net OPEB obligation - beginning of year		16,782
Net OPEB obligation - end of year	**$**	**20,345**

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 2015 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
9/30/2015	$ 13,251	153.54%	$ 20,345

Funded Status and Funding Progress

As of September 30, 2015, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was $257,775, and the actuarial value of assets was $0 resulting in an unfunded actuarial accrued liability of $257,775. The covered payroll (annual payroll of active employees covered by the plan) was $99,106 and the ratio of the UAAL to the covered payroll was 260.10%.

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)
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%
2015	$ -	$ 257,775	0.00%	$ 257,775	$ 99,106	260.10%

In the September 30, 2015 actuarial valuation, the entry age normal method was used. The discount rate used was 4%. Because the plan is unfunded, reference to the general assets was considered in the selection of the four percent rate. The valuation assumes a 7.8% medical cost trend, reduced by decrements to an ultimate rate of 4.2%. The remaining amortization period at September 30, 2015 was twenty-three years.

XV. Service Commitment:

For the years ended September 30, 2015 and 2014, the Agency paid $0 and $52,800, respectively to the Village for reimbursement related to maintenance and operating support provided by the Village. This arrangement is reviewed annually by the Village during the budget process.

XVI. Cost Allocation:

For the years ended September 30, 2015 and 2014, the Agency was reimbursed by the Fairport Urban Renewal Agency Section 8 Housing Payments Program in the amount of $345,341 and $312,043, respectively.

XVII. Commitments and Contingencies:

A. Litigation

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

VILLAGE OF FAIRPORT
INDUSTRIAL DEVELOPMENT AGENCY
dba FAIRPORT OFFICE OF ECONOMIC DEVELOPMENT
Schedule of Projects
For Years Ended September 30, 2015 and 2014

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	$	214,433
Benefited Amount	$	(49,500)

Project Name	Packetts Landing	
Project Owner and Address	Canal East Inc. 210 Packetts Landing Fairport, NY 14450	
Exempt Amounts	$	22,719
Purpose	Land lease	
Jobs Created/Retained	N/A	
PILOT Received	$	50,000
Benefited Amount	$	(27,281)

Project Name	Canal East	
Project Owner and Address	Canal East Inc. 210 Packetts Landing Fairport, NY 14450	
Exempt Amounts	$	76,529
Purpose	PILOT	
Jobs Created/Retained	165	
PILOT Received	$	102,816
Benefited Amount	$	(26,287)

VILLAGE OF FAIRPORT
INDUSTRIAL DEVELOPMENT AGENCY
dba FAIRPORT OFFICE OF ECONOMIC DEVELOPMENT
Schedule of Projects (Continued)
For Years Ended September 30, 2015 and 2014

Project Name	Box Factory	
Project Owner and Address	Casa Associates, LLC 6 North Main Street Fairport, NY 14450	
Exempt Amounts	$	131,249
Purpose	Land lease	
Jobs Created/Retained	N/A	
PILOT Received	$	135,100
Benefited Amount	$	(3,851)

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, 2015 and 2014, 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 21, 2015.

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.

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.

December 21, 2015