

**VILLAGE OF FAIRPORT  
URBAN RENEWAL AGENCY**

**NEW YORK**

**FINANCIAL STATEMENTS**

**For Years Ended September 30, 2015 and 2014**

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**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  
Urban Renewal Agency

***Report on the Financial Statements***

We have audited the accompanying financial statements of the Village of Fairport Urban Renewal Agency, New York as of and for the years ended September 30, 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 Urban Renewal Agency, 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 XVI 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 3–5 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2015 on our consideration of the Village of Fairport Urban Renewal Agency, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Fairport Urban Renewal Agency, New York's internal control over financial reporting and compliance.



December 21, 2015

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

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

**September 30, 2015 and 2014**

**Introduction**

Our discussion and analysis of the Village of Fairport Urban Renewal Agency, New York's (Agency) financial performance provides an overview of the Agency's financial activities for the years ended September 30, 2015 and 2014. It should be read in conjunction with the financial statements to enhance understanding of the Agency's financial performance, which immediately follows this section.

**Financial Highlights**

Key financial highlights for year 2015 are as follows:

- ◆ The assets of the Agency exceeded its liabilities at the close of the most recent year by \$814,868 (net position).
- ◆ \$809,172 (unrestricted net position) is available for the Agency's ongoing operations related to Urban Renewal.
- ◆ The Residences at Canalside, a \$17.5M housing project (48 owner occupied condominiums on the south bank of the canal) is under construction by Mark 246 LLC, and occupancy should begin in the summer of 2016.

**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 \$814,868. This represents a decrease in net position of \$17,135 from the prior year.

### Net Position

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current Assets	\$ 504,544	\$ 476,614	\$ 405,195
Noncurrent Assets	384,116	418,466	450,183
Capital Assets, Net	<u>1,097</u>	<u>1,411</u>	<u>505</u>
<b>Total Assets</b>	<b><u>\$ 889,757</u></b>	<b><u>\$ 896,491</u></b>	<b><u>\$ 855,883</u></b>
<u>DEFERRED OUTFLOWS</u>			
<u>OF RESOURCES</u>			
Deferred Outflow of Resources	<u>\$ 39,611</u>	<u>\$ 24,822</u>	<u>\$ -</u>
<u>LIABILITIES</u>			
Current Liabilities	\$ 95,456	\$ 63,837	\$ 45,677
Long-Term Liabilities	<u>19,044</u>	<u>25,473</u>	<u>-</u>
<b>Total Liabilities</b>	<b><u>\$ 114,500</u></b>	<b><u>\$ 89,310</u></b>	<b><u>\$ 45,677</u></b>
<u>NET POSITION</u>			
Net Investment in Capital			
Assets	\$ 1,097	\$ 1,411	\$ 505
Restricted, Housing Assistance			
Equity	4,599	26,115	1,287
Unrestricted	<u>809,172</u>	<u>804,477</u>	<u>808,414</u>
<b>Total Net Position</b>	<b><u>\$ 814,868</u></b>	<b><u>\$ 832,003</u></b>	<b><u>\$ 810,206</u></b>

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

## Changes in Net Position

<u>Revenues:</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
HUD Grant Revenue	\$ 2,291,466	\$ 2,298,059	\$ 2,014,315
Interprogram revenues	33,673	57,288	67,423
Repayment of bad debt	-	2,803	1,250
Program income	16,670	19,434	20,010
Charges and fees	3,455	5,697	1,288
<b>Total Revenues</b>	<b>\$ 2,345,264</b>	<b>\$ 2,383,281</b>	<b>\$ 2,104,286</b>
<u>Expense:</u>			
Housing Assistance Payments	\$ 1,985,875	\$ 1,962,586	\$ 1,990,622
Personal Services	248,401	253,722	239,310
Employee Benefits	82,273	99,217	100,530
Depreciation Expense	314	662	3,031
Professional Services	15,553	14,195	14,084
Office	23,009	19,557	28,475
Other	3,040	4,626	7,357
<b>Total Expenses</b>	<b>\$ 2,358,465</b>	<b>\$ 2,354,565</b>	<b>\$ 2,383,409</b>
<b>Net Operating Income (Loss)</b>	<b>\$ (13,201)</b>	<b>\$ 28,716</b>	<b>\$ (279,123)</b>
<b>Nonoperating Income (Expenses):</b>			
Interest income	\$ 75	\$ 81	\$ 235
<b>Total Nonoperating Income (Expenses)</b>	<b>\$ 75</b>	<b>\$ 81</b>	<b>\$ 235</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>\$ (13,126)</b>	<b>\$ 28,797</b>	<b>\$ (278,888)</b>
Transfers to Other Funds	\$ (4,009)	\$ (7,000)	\$ (8,278)
<b>Change in Net Position</b>	<b>\$ (17,135)</b>	<b>\$ 21,797</b>	<b>\$ (287,166)</b>

## Capital Assets

The Agency's investment in capital assets as of September 30, 2015, 2014, and 2013 amounts to \$1,097, \$1,411, and \$505 (net of accumulated depreciation). This investment in capital assets includes equipment.

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Equipment	\$ 16,723	\$ 16,723	\$ 15,155
Less: Accumulated Depreciation	(15,626)	(15,312)	(14,650)
<b>Total</b>	<b>\$ 1,097</b>	<b>\$ 1,411</b>	<b>\$ 505</b>

## Future Factors

- Incentives were approved by the Fairport IDA for a 71-unit senior housing complex in the Village, known as High View Senior Housing, LLC. Construction should begin in 2016 for this much needed housing option.

## Requests for Information

This financial report is designed to provide a general overview of the Village of Fairport Urban Renewal Agency's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Ms. Kal Wysokowski, Village of Fairport, 31 South Main Street, Fairport, New York 14450.

VILLAGE OF FAIRPORT  
URBAN RENEWAL AGENCY, NEW YORK

Statement of Net Position

September 30, 2015 and 2014

<u>ASSETS:</u>	<u>2015</u>	<u>2014</u>
<u>Current Assets -</u>		
Cash	\$ 44,679	\$ 67,758
Restricted cash - FSS escrow	23,484	23,477
Accounts receivable	643	421
Due from other governments	401,038	349,701
Notes receivable, net	34,700	35,257
<b>Total Current Assets</b>	<b>\$ 504,544</b>	<b>\$ 476,614</b>
<u>Noncurrent Assets -</u>		
Notes receivable, net	\$ 384,116	\$ 418,466
<b>Total Noncurrent Assets</b>	<b>\$ 384,116</b>	<b>\$ 418,466</b>
<u>Capital Assets -</u>		
Office equipment	\$ 16,723	\$ 16,723
Less: accumulated depreciation	(15,626)	(15,312)
<b>Total Capital Assets</b>	<b>\$ 1,097</b>	<b>\$ 1,411</b>
<b>TOTAL ASSETS</b>	<b>\$ 889,757</b>	<b>\$ 896,491</b>
 <u>DEFERRED OUTFLOWS OF RESOURCES:</u>		
Deferred outflows of resources	\$ 39,611	\$ 24,822
<b>TOTAL ASSETS AND DEFERRED         OUTFLOWS OF RESOURCES</b>	<b>\$ 929,368</b>	<b>\$ 921,313</b>
 <u>LIABILITIES:</u>		
<u>Current Liabilities -</u>		
FSS - escrow	\$ 23,484	\$ 23,477
Due to ERS	22,651	4,500
Due to other governments	32,227	14,520
Compensated absences	17,094	21,340
<b>Total Current Liabilities</b>	<b>\$ 95,456</b>	<b>\$ 63,837</b>
<u>Long-Term Liabilities -</u>		
Net pension liability	\$ 19,044	\$ 25,473
<b>Total Long-Term Liabilities</b>	<b>\$ 19,044</b>	<b>\$ 25,473</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 114,500</b>	<b>\$ 89,310</b>
 <u>NET POSITION:</u>		
Net investment in capital assets	\$ 1,097	\$ 1,411
Restricted-housing assistance	4,599	26,115
Unrestricted	809,172	804,477
<b>TOTAL NET POSITION</b>	<b>\$ 814,868</b>	<b>\$ 832,003</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 929,368</b>	<b>\$ 921,313</b>

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

**VILLAGE OF FAIRPORT**  
**URBAN RENEWAL AGENCY, NEW YORK**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For Years Ended September 30, 2015 and 2014**

<u><b>OPERATING INCOME:</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>
HUD grant revenue	\$ 2,291,466	\$ 2,298,059
Interprogram income	33,673	57,288
Repayment of bad debt	-	2,803
Program income	16,670	19,434
Charges and fees	3,455	5,697
<b>TOTAL OPERATING INCOME</b>	<b><u>\$ 2,345,264</u></b>	<b><u>\$ 2,383,281</u></b>
 <u><b>OPERATING EXPENSES:</b></u>		
Housing assistance payments	\$ 1,985,875	\$ 1,962,586
Personal services	248,401	253,722
Employee benefits	82,273	99,217
Depreciation expense	314	662
Professional services	15,553	14,195
Office	23,009	19,557
Other	3,040	4,626
<b>TOTAL OPERATING EXPENSES</b>	<b><u>\$ 2,358,465</u></b>	<b><u>\$ 2,354,565</u></b>
<b>NET OPERATING INCOME (LOSS)</b>	<b><u>\$ (13,201)</u></b>	<b><u>\$ 28,716</u></b>
<b>NONOPERATING INCOME (EXPENSES)</b>		
Interest income	\$ 75	\$ 81
<b>TOTAL NONOPERATING INCOME (EXPENSES)</b>	<b><u>\$ 75</u></b>	<b><u>\$ 81</u></b>
<b>INCOME (LOSS) BEFORE</b>		
<b>OPERATING TRANSFERS</b>	<b><u>\$ (13,126)</u></b>	<b><u>\$ 28,797</u></b>
Operating transfers out to Fairport IDA	\$ (4,009)	\$ (7,000)
<b>NET INCOME (LOSS)</b>	<b><u>\$ (17,135)</u></b>	<b><u>\$ 21,797</u></b>
<b>NET POSITION - BEGINNING OF YEAR, (restated)</b>	<b><u>832,003</u></b>	<b><u>810,206</u></b>
<b>NET POSITION - END OF YEAR</b>	<b><u><u>\$ 814,868</u></u></b>	<b><u><u>\$ 832,003</u></u></b>

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

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

**Statement of Cash Flows**

**For Years Ended September 30, 2015 and 2014**

<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Receipts from charges, fees, and grants	\$ 2,291,466	\$2,298,059
Payments of HAP benefits	(1,985,875)	(1,962,586)
Payments to suppliers	(32,995)	(29,834)
Payments to employees and benefits	(314,992)	(285,391)
Other receipts	3,233	5,545
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>\$ (39,163)</u></b>	<b><u>\$ 25,793</u></b>
 <b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Interest income	\$ 82	\$ 25
<b>Net Cash Provided (Used) by Investing Activities</b>	<b><u>\$ 82</u></b>	<b><u>\$ 25</u></b>
 <b><u>CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES:</u></b>		
Purchase of equipment	\$ -	\$ (1,568)
<b>Net Cash Provided (Used) by Capital Related Financing Activities</b>	<b><u>\$ -</u></b>	<b><u>\$ (1,568)</u></b>
 <b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>		
Intercompany transfers, net	\$ 20,018	\$ 5,569
Transfers out to IDA for senior grant	(4,009)	(7,000)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b><u>\$ 16,009</u></b>	<b><u>\$ (1,431)</u></b>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b><u>\$ (23,072)</u></b>	<b><u>\$ 22,819</u></b>
 <b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<b><u>-</u></b>	<b><u>68,416</u></b>
 <b>ENDING CASH AND CASH EQUIVALENTS</b>	<b><u>\$ (23,072)</u></b>	<b><u>\$ 91,235</u></b>
 <b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
<b>Net Operating Income (Loss)</b>	<b><u>\$ (13,201)</u></b>	<b><u>\$ 28,716</u></b>
 <b>Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:</b>		
Depreciation expense	\$ 314	\$ 662
(Increase)/decrease in due from other governments	(51,577)	(37,904)
(Increase)/decrease in accounts receivable	(222)	(152)
(Increase)/decrease in notes receivable	34,907	30,188
(Increase)/decrease in deferred outflows	(14,789)	(24,822)
Increase/(decrease) in due to ERS	(1,627)	(73)
Increase/(decrease) in compensated absences	(4,246)	3,705
Increase/(decrease) in due to other governments	17,707	-
Increase/(decrease) in pension liability	(6,429)	25,473
<b>Total Adjustments</b>	<b><u>\$ (25,962)</u></b>	<b><u>\$ (2,923)</u></b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>\$ (39,163)</u></b>	<b><u>\$ 25,793</u></b>

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

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

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2015**

**I. Organization:**

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

**II. Summary of Significant Accounting Policies:**

The financial statements of the FURA 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. It is the policy of the FURA that administrative costs are provided by the Village of Fairport Industrial Development Agency (IDA).

**III. Use of Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**IV. Compensated Absences:**

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

V. **Net Position:**

a. **Government-Wide Statements**

Net position is categorized as follows:

1. **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. **Restricted net position** - consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. **Unrestricted net position** - all other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

VI. **Changes in Accounting Standards**

A. **Changes in Accounting Standards**

At September 30, 2015, the Village 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*.

B. **Recently Issued Accounting Pronouncements**

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

**VII. 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 Agency’s participation in the New York State Employees’ retirement systems. The FURA’s net position has been restated as follows:

	<u>Consolidated</u>	<u>Operating Fund</u>	<u>Section 8 Housing</u>
Net position beginning of year, as previously stated GASB Statement No. 68 implementation	\$ 832,654	\$ 726,283	\$ 106,371
Beginning System liabilities	(25,473)	(3,523)	(21,950)
Beginning deferred outflow of resources for contributions subsequent to the measurement date -	24,822	4,500	20,322
Net position beginning of year, as restated	<u>\$ 832,003</u>	<u>\$ 727,260</u>	<u>\$ 104,743</u>

**VIII. 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 XVI for the financial statement impact of implementation of the Statements.

**IX. Reclassification:**

Certain amounts have been reclassified in the 2014 financial statements to conform with the current year presentation.

**X. Cash and Cash Equivalents:**

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

At September 30, 2015 and 2014, the carrying amount of the FURA’s cash accounts was \$44,679 and \$67,758, which is checking and money market accounts. Deposits in financial institutions are covered by federal depository insurance on bank accounts in the FURA’s name. Other collateral has been assigned to funds over the FDIC coverage. Restricted cash is for FSS escrow with a balance of \$23,484 and \$23,477, which has a corresponding liability account to the FSS tenants.

**XI. Capital Assets:**

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

A summary of capital assets is as follows:

	<u>2015</u>	<u>2014</u>
Equipment	\$ 16,723	\$ 16,723
Less: Accumulated Depreciation	(15,626)	(15,312)
<b>Total</b>	<u><u>\$ 1,097</u></u>	<u><u>\$ 1,411</u></u>

**XII. Due From Other Governments:**

The IDA maintains a combined account which invests funds on behalf of the FURA, as well as the funds of the IDA. Excess funds on hand are invested and are collateralized with securities pledged by the financial institution. The amount invested by the IDA on behalf of the FURA as of September 30, 2015 and 2014 was \$401,038 and \$349,701.

**XIII. Notes Receivable, Net:**

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

	<u>2015</u>	<u>2014</u>
Notes Receivable	\$ 422,438	\$ 456,003
Less: Allowance for Doubtful Accounts	(3,622)	(2,280)
<b>Total Notes</b>	<u>\$ 418,816</u>	<u>\$ 453,723</u>
Less: Current Portion	(34,700)	(35,257)
<b>Total Noncurrent Notes Receivable</b>	<u><u>\$ 384,116</u></u>	<u><u>\$ 418,466</u></u>

**XIV. Operating Transfer:**

Operating transfers out (other uses) were to the IDA in the amount of \$4,009 and \$7,000, respectively.

**XV. Net Position:**

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

	<u>2015</u>	<u>2014</u>
<b><u>Unrestricted</u></b>		
Revolving Loan Fund - Residential Property	\$ 150,000	\$ 150,000
Administrative fee equity	63,930	78,845
Undesignated	595,242	575,632
<b>Total Unrestricted Net Position</b>	<b><u>\$ 809,172</u></b>	<b><u>\$ 804,477</u></b>

**XVI. 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 FURA 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](http://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.

( XVI. ) (Continued)

The FURA is required to contribute at an actuarially determined rate. The FURA 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:

	<u>NYSERS</u>	
2015	\$	47,412
2014	\$	46,634
2013	\$	45,962

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

At September 30, 2015, the FURA 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 FURA's proportion of the net pension liability was based on a projection of the FURA's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined.

	<u>ERS</u>	
Actuarial valuation date		March 31, 2015
Net pension liability	\$	19,044
Agency's portion of the Plan's total net pension asset/(liability)		0.00089%

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

Differences between expended and actual experience	\$	610
Net difference between projected and actual earnings on pension plan investments		3,307
Changes in proportion and differences between the District's contributions and proportionate share of contributions		13,043
Subtotal	\$	16,960
District's contributions subsequent to the measurement date		22,651
<b>Grand Total</b>	<b>\$</b>	<b>39,611</b>

FURA 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:

( XVI. ) (Continued)

<u>Year</u>	<u>ERS</u>
2015	\$ -
2016	4,240
2017	4,240
2018	4,240
2019	4,240
<b>Total</b>	<b>\$ 16,960</b>

**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:

	<u>ERS</u>
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:

( XVI. ) (Continued)

**Long Term Expected Rate of Return**

	<u>ERS</u>
Actuarial valuation date	March 31, 2015
<b><u>Asset Type -</u></b>	
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 FURA'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 :

<u>ERS</u>	1% Decrease <u>(6.5%)</u>	Current Assumption <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Employer's proportionate share of the net pension liability (asset)	\$ 126,932	\$ 19,044	\$ (72,041)

( XVI. ) (Continued)

**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:

	<u>ERS</u>
Valuation date	March 31, 2015
Employers' total pension assets/(liability)	\$ (164,591,504)
Plan net position	<u>(161,213,259)</u>
Employers' net pension asset/(liability)	<u>\$ (3,378,245)</u>
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 31<sup>st</sup>. 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 \$22,651.

**XVII. Litigation:**

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

**XVIII. Housing Assistance Payment Contract (HAP Contract):**

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

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

**Combining Statement of Net Position**

**September 30, 2015**

	<b>Operating Fund</b>	<b>Section 8 Housing</b>	<b>Total 2015</b>
<b><u>ASSETS:</u></b>			
<b><u>Current Assets -</u></b>			
Cash	\$ -	\$ 44,679	\$ 44,679
Restricted cash - FSS escrow	-	23,484	23,484
Accounts receivable	-	643	643
Due from other governments	343,157	57,881	401,038
Notes receivable, net	34,700	-	34,700
<b>Total Current Assets</b>	<b>\$ 377,857</b>	<b>\$ 126,687</b>	<b>\$ 504,544</b>
<b><u>Noncurrent Assets -</u></b>			
Notes receivable, net	\$ 384,116	\$ -	\$ 384,116
<b>Total Noncurrent Assets</b>	<b>\$ 384,116</b>	<b>\$ -</b>	<b>\$ 384,116</b>
<b><u>Capital Assets -</u></b>			
Office equipment	\$ -	\$ 16,723	\$ 16,723
Less: accumulated depreciation	-	(15,626)	(15,626)
<b>Total Capital Assets</b>	<b>\$ -</b>	<b>\$ 1,097</b>	<b>\$ 1,097</b>
<b>TOTAL ASSETS</b>	<b>\$ 761,973</b>	<b>\$ 127,784</b>	<b>\$ 889,757</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>			
Deferred outflows of resources	\$ 5,219	\$ 34,392	\$ 39,611
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 767,192</b>	<b>\$ 162,176</b>	<b>\$ 929,368</b>
<b><u>LIABILITIES:</u></b>			
<b><u>Current Liabilities -</u></b>			
FSS - escrow	\$ -	\$ 23,484	\$ 23,484
Due to ERS	2,873	19,778	22,651
Due to other governments	32,227	-	32,227
Compensated absences	2,198	14,896	17,094
<b>Total Current Liabilities</b>	<b>\$ 37,298</b>	<b>\$ 58,158</b>	<b>\$ 95,456</b>
<b><u>Long-Term Liabilities -</u></b>			
Net pension liability	\$ 2,634	\$ 16,410	\$ 19,044
<b>Total Long-Term Liabilities</b>	<b>\$ 2,634</b>	<b>\$ 16,410</b>	<b>\$ 19,044</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 39,932</b>	<b>\$ 74,568</b>	<b>\$ 114,500</b>
<b><u>NET POSITION:</u></b>			
Net investment in capital assets	\$ -	\$ 1,097	\$ 1,097
Restricted-housing assistance	-	4,599	4,599
Unrestricted	727,260	81,912	809,172
<b>TOTAL NET POSITION</b>	<b>\$ 727,260</b>	<b>\$ 87,608</b>	<b>\$ 814,868</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 767,192</b>	<b>\$ 162,176</b>	<b>\$ 929,368</b>

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

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

**For Year Ended September 30, 2015**

	<b>Operating Fund</b>	<b>Section 8 Housing</b>	<b>Total 2015</b>
<b><u>OPERATING INCOME:</u></b>			
HUD grant revenue	\$ -	\$ 2,291,466	\$ 2,291,466
Interprogram income	33,673	-	33,673
Program income	16,670	-	16,670
Charges and fees	-	3,455	3,455
<b>TOTAL OPERATING INCOME</b>	<b><u>\$ 50,343</u></b>	<b><u>\$ 2,294,921</u></b>	<b><u>\$ 2,345,264</u></b>
<b><u>OPERATING EXPENSES:</u></b>			
Housing assistance payments	\$ -	\$ 1,985,875	\$ 1,985,875
Personal services	34,354	214,047	248,401
Employee benefits	7,382	74,891	82,273
Depreciation expense	-	314	314
Professional services	7,155	8,398	15,553
Office	1,318	21,691	23,009
Other	134	2,906	3,040
<b>TOTAL OPERATING EXPENSES</b>	<b><u>\$ 50,343</u></b>	<b><u>\$ 2,308,122</u></b>	<b><u>\$ 2,358,465</u></b>
<b>NET OPERATING INCOME (LOSS)</b>	<b><u>\$ -</u></b>	<b><u>\$ (13,201)</u></b>	<b><u>\$ (13,201)</u></b>
<b><u>NONOPERATING INCOME (EXPENSES):</u></b>			
Interest income	\$ -	\$ 75	\$ 75
<b>TOTAL NONOPERATING INCOME (EXPENSES)</b>	<b><u>\$ -</u></b>	<b><u>\$ 75</u></b>	<b><u>\$ 75</u></b>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b><u>\$ -</u></b>	<b><u>\$ (13,126)</u></b>	<b><u>\$ (13,126)</u></b>
Operating transfers out to Fairport IDA	\$ -	\$ (4,009)	\$ (4,009)
<b>NET INCOME (LOSS)</b>	<b><u>\$ -</u></b>	<b><u>\$ (17,135)</u></b>	<b><u>\$ (17,135)</u></b>
<b>NET POSITION - BEGINNING OF YEAR, (restated)</b>	<b>727,260</b>	<b>104,743</b>	<b>832,003</b>
<b>NET POSITION - END OF YEAR</b>	<b><u>\$ 727,260</u></b>	<b><u>\$ 87,608</u></b>	<b><u>\$ 814,868</u></b>

**VILLAGE OF FAIRPORT**  
**URBAN RENEWAL AGENCY, NEW YORK**  
**Combining Statement of Cash Flows**  
**For Year Ended September 30, 2015**

	<b>Operating Fund</b>	<b>Section 8 Housing</b>	<b>Total 2015</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Receipts from charges, fees, and grants	\$ -	\$ 2,291,466	\$ 2,291,466
Payments of HAP benefits	-	(1,985,875)	(1,985,875)
Payments to suppliers	-	(32,995)	(32,995)
Payments to employees and benefits	-	(314,992)	(314,992)
Other receipts	-	3,233	3,233
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ -</b>	<b>\$ (39,163)</b>	<b>\$ (39,163)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Interest income	\$ -	\$ 82	\$ 82
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>\$ -</b>	<b>\$ 82</b>	<b>\$ 82</b>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>			
Intercompany transfers, net	\$ -	\$ 20,018	\$ 20,018
Transfers out to IDA for senior grant	-	(4,009)	(4,009)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>\$ -</b>	<b>\$ 16,009</b>	<b>\$ 16,009</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ -</b>	<b>\$ (23,072)</b>	<b>\$ (23,072)</b>
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>91,235</b>	<b>91,235</b>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<b>\$ -</b>	<b>\$ 68,163</b>	<b>\$ 68,163</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
<b>Net Operating Income (Loss)</b>	<b>\$ -</b>	<b>\$ (13,201)</b>	<b>\$ (13,201)</b>
<b>Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:</b>			
Depreciation expense	\$ -	\$ 314	\$ 314
(Increase)/decrease in due from other governments	(51,577)	-	(51,577)
(Increase)/decrease in accounts receivable	-	(222)	(222)
(Increase)/decrease in notes receivable	34,907	-	34,907
(Increase)/decrease in deferred outflows	(719)	(14,070)	(14,789)
Increase/(decrease) in due to ERS	(1,627)	-	(1,627)
Increase/(decrease) in compensated absences	2,198	(6,444)	(4,246)
Increase/(decrease) in due to other governments	17,707	-	17,707
Increase/(decrease) in pension liability	(889)	(5,540)	(6,429)
<b>Total Adjustments</b>	<b>\$ -</b>	<b>\$ (25,962)</b>	<b>\$ (25,962)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ -</b>	<b>\$ (39,163)</b>	<b>\$ (39,163)</b>

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

**Shareholders:**

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

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

**Report on Internal Control Over Financial Reporting  
And on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance  
With *Government Auditing Standards***

**Independent Auditors' Report**

To the Council Members of  
Village of Fairport  
Urban Renewal Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Village of Fairport Urban Renewal Agency, New York, as of and for the years ended September 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Village of Fairport Urban Renewal Agency, New York's financial statements, and have issued our report thereon dated December 21, 2015.

***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

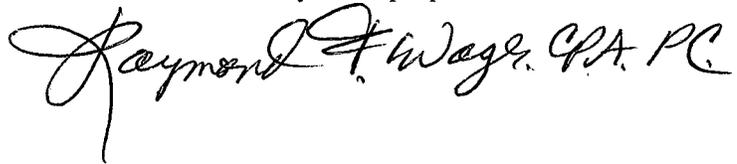
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village of Fairport Urban Renewal Agency, New York's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

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

A handwritten signature in black ink that reads "Raymond F. Wager, CPA, P.C." The signature is written in a cursive style with a large, stylized initial 'R'.

December 21, 2015