



Fairport Village Board
Agenda
January 12, 2015

7:00 P.M. Citizens Forum

Visitors:

7:30 P.M. Board Meeting

Visitors: Fire Department Chiefs: Chief Jay Dewitt, Deputy Chief Logan Muster, Assistant Chief, and Michael Kenney
Kal Wysokowski, Director, Office of Community and Economic Development.

Pledge Allegiance

Roll Call

Public Hearing

Local Law # 1 of 2015 for adoption. A local law to override the tax levy limit established in General Municipal Law §3-c.

Unfinished Business:

1. A motion to approve the December 8, 2014 minutes of the regular Village Board Meeting.
2. A motion to approve the December 23, 2014 minutes of the Village Board Work Session.

New Business:

1. The Mayor will swear in the following officers of the Fairport Fire Department:

Chief-Jay Dewitt
Deputy Chief- Logan Muster
Assistant Chief- Michael Kenney
2. A motion to approve Jonathan Nixon membership in the Deland Hose Company of the Fairport Fire Department.
3. Kal Wysokowski, Director of the Office of Community and Economic Development, will present its annual report.
4. A motion to accept the Office of Community and Economic Development Financial Statements.
5. A motion to authorize the attendance of a maximum of four (4) Fairport Fire Department officers or instructors at the annual Fire Department Instructor Conference to be held in Indianapolis, Indiana.
6. A motion to adopt the Information Resources Use Policy.

7. A motion to authorize Frederick H. May, as Mayor, to enter into an agreement with Lifetime Benefit Solutions, Inc. for Flexible Spending Account (FSA) management services.
8. A motion to authorize Frederick H. May, as Mayor, to enter into a lease agreement with Fairport Community Radio for the placement of a radio antenna on the water tower.
9. A motion to re-levy on to property taxes \$1,323.78 of unpaid lawn maintenance fees to the 2015-2016 property tax.
10. A resolution authorizing the sale of Village owned property located at 821 Mosely Road.

WHEREAS, the Village of Fairport previously owned and operated a water treatment plant and distribution facilities, and

WHEREAS, the water facilities have discontinued their service and cease to exist, and

WHEREAS, said property is no longer utilized or required by the Village of Fairport and therefore deemed excess, and

WHEREAS, the Fairport Municipal Commission (FMC) has entered into a contract last dated July 1, 2013 to sell the former Waterworks property located at 821 Mosely Road, Town of Perinton to purchaser, Jeffrey Seidel, and

WHEREAS, examination of the title and related documents to said property reveals that the property owner of record is the Village of Fairport, and

WHEREAS, the tax bills for said property are assigned and administered by the FMC, however, the taxes, insurance and carrying costs for said property have been expended by the Village of Fairport Water Fund,

NOW, THEREFORE, BE IT RESOLVED, that the Village of Fairport is hereby authorized to enter into an Assignment Agreement whereby FMC assigns to the Village of Fairport all of its rights, title and interest in the Real Estate contract last dated July 1, 2013 by and between the FMC and purchaser Jeffrey Seidel, and that Frederick H. May, Mayor, is hereby authorized to execute any and all title and sale documents on behalf of the Village necessary to effectuate said transfer.

11. A motion to accept the second quarter financial reports.
12. A motion to authorize payment of the audited bills.
13. A motion to accept the November Cash Flow Reports of the Village and the Fairport Municipal Commission.
14. A motion to amend the previously approved amount of \$68,000 to pay health and dental insurance premiums for the month of January to \$64,071.75.

15. A motion to authorize the Clerk-Treasurer to pay health and dental insurance premiums for the month of February, in an initial estimated amount not to exceed \$48,000, subject to audit and amending authorization by the Village Board at their regularly scheduled February meeting.
16. Announcements and Committee Reports.
17. The next Village Board Work Session will be Tuesday, January 27, at 4:00 pm. The Joint Village Boards Meeting will be held on Monday, February 2, 2015 at 7:00 pm in the Village Board Room and the next regular meeting of the Village Board will be Monday, February 9, 2015 at 7:30 pm. with the Citizens' Forum at 7:00 pm.
18. A motion to adjourn.

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

NEW YORK

FINANCIAL STATEMENTS

For Years Ended September 30, 2014 and 2013

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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
Industrial Development Agency
dba Fairport Office of Economic Development

Report on the Financial Statements

We have audited the accompanying financial statements of the Village of Fairport Industrial Development Agency (Agency), a component unit of the Village of Fairport, New York as of and for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Agency's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Village of Fairport Industrial Development Agency (Agency), a component unit of the Village of Fairport, New York as of September 30, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–6 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2014 on our consideration of the Village of Fairport Industrial Development Agency (Agency), a component unit of the Village of Fairport, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Fairport Industrial Development Agency (Agency), a component unit of the Village of Fairport, New York's internal control over financial reporting and compliance.

Raymond F. Wager, CPA, P.C.

December 18, 2014

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

Management's Discussion and Analysis (MD&A)

September 30, 2014

Introduction

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

Financial Highlights

Key financial highlights for year 2014 are as follows:

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

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's financial statements. The Agency's financial statements are comprised of two components: (1) government-wide financial statements, and (2) notes to the financial statements.

1. Government-Wide Financial Statements

The *government-wide financial statements* are the same as the fund financial statements for proprietary funds, so no additional schedules were necessary. The Agency's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Agency's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

- ◆ The *statement of net position* presents information on all of the Agency's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating. Evaluation of the overall health of the Agency would extend to other nonfinancial factors, such as diversification of the tenants base or the condition of agency infrastructure, in addition to the financial information provided in this report.

- ◆ The *statement of revenues, expenses, and changes in fund net position* presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. An important purpose of the design of this statement is to show the financial reliance of the Agency's distinct activities or functions on revenues provided by the Agency's lessees and grantors.

2. *Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the financial statement section of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Agency's financial position. In the case of the Agency, net position at the close of the current year was \$2,991,138. This represents a decrease in net position of \$174,903 from the prior year.

Net Position

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

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

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

Changes in Net Position

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

Effective October 1, 2008 the IDA entered into an agreement with the Urban Renewal Agency to allocate a portion of the administrative and professional costs to the Urban Renewal Agency. As a result of this the IDA allocated \$8,544 of administrative and contractual expenses, \$45,324 of personal service expenses, and \$17,868 of employee benefit expenses to the Urban Renewal Agency. In addition the IDA allocated \$57,288 to the Urban Renewal Agency to fund their operation. The Agency also provided \$175,000 of contributed capital to the Village of Fairport Local Development Corporation.

Capital Assets

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

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

Future Factors

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

Requests for Information

This financial report is designed to provide a general overview of the Village of Fairport Industrial Development Agency, a component unit of the Village of Fairport, New York's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: The Chairman of the Council, Village of Fairport Industrial Development Agency, 31 South Main Street, Fairport, New York 14450.

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

Statement of Net Position

September 30, 2014 and 2013

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

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

VILLAGE OF FAIRPORT
INDUSTRIAL DEVELOPMENT AGENCY
dba FAIRPORT OFFICE OF ECONOMIC DEVELOPMENT
Statement of Revenues, Expenses, and Changes in Fund Net Position
For Years Ended September 30, 2014 and 2013

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

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

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

Statement of Cash Flows

For Years Ended September 30, 2014 and 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

	<u>2014</u>	<u>2013</u>
Receipts from rentals	\$ 280,692	\$ 380,048
Payments to suppliers	(163,066)	(155,332)
Payments to employees	(130,653)	(141,592)
Other revenue	6,901	29,168
Net Cash Provided (Used) by Operating Activities	<u>\$ (6,126)</u>	<u>\$ 112,292</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest income	\$ 60,194	\$ 65,374
Issuance of notes receivable	(125,000)	-
Repayment of notes receivable	7,910	23,506
Purchase/sale of investments (net)	(319,331)	545,893
Net Cash Provided (Used) by Investing Activities	<u>\$ (376,227)</u>	<u>\$ 634,773</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:

Contributed capital to Village of Fairport	\$ (197,002)	\$ (1,155,765)
Purchase of capital assets	(6,902)	(1,321)
State grants	375,359	293,029
Net Cash Provided (Used) by Capital Financing Activities	<u>\$ 171,455</u>	<u>\$ (864,057)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfers-in from FURA Section 8 program	\$ 7,000	\$ 8,278
Allocation to LDC	(175,000)	-
Intercompany transfers, net	(5,507)	(33,150)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>\$ (173,507)</u>	<u>\$ (24,872)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

\$ (384,405) \$ (141,864)

BEGINNING CASH AND CASH EQUIVALENTS

1,017,007 1,158,871

ENDING CASH AND CASH EQUIVALENTS

\$ 632,602 \$ 1,017,007

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Operating Income	<u>\$ (15,210)</u>	<u>\$ 30,021</u>
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Adjustments to Reconcile Net Operating Income to Net Cash

Provided By (Used In) Operating Activities:

(Increase)/Decrease in accounts receivable	\$ (27,644)	\$ -
(Increase)/Decrease in due from other governments	(4,157)	(8,393)
Increase/(Decrease) in accrued liabilities	252	90
Increase/(Decrease) in Retainer	-	17,000
Increase/(Decrease) in deferred revenues	(4,125)	4,125
Increase/(Decrease) in due to other governments	37,904	68,131
Increase/(Decrease) in due to ERS	4,278	(3,671)
Increase/(Decrease) in OPEB	2,797	2,797
Increase/(Decrease) in compensated absences	(2,132)	326
Depreciation expense	1,911	1,866
Total Adjustments	<u>\$ 9,084</u>	<u>\$ 82,271</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (6,126)</u>	<u>\$ 112,292</u>

(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, 2014

I. Summary of Significant Accounting Policies:

The financial statement of the Village of Fairport Industrial Development Agency (Agency) have been prepared in conformity with generally accepted accounting principles (GAAP) that provides for proprietary fund accounting for Industrial Development Agencies.

A. Organization

The Agency was created under the provision of laws of New York State for the purpose of encouraging economic growth in the Village of Fairport, New York. The Agency is exempt from federal, state, and local income taxes. The Agency, established by the Village of Fairport, New York, is a component unit of the Village of Fairport, New York based on several criteria set forth in GASB 14 as amended by GASB 39 (including legal standing, fiscal dependency, and financial accountability). The Agency has been doing business as (dba) Fairport Office of Community and Economic Development.

B. Basis of Accounting

The financial statements of the Agency have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to proprietary funds on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Management must make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Financial instruments, including borrowings, are all carried at amounts that approximate fair value.

The government-wide financial statements are the same as the fund financial statements for proprietary funds, so no additional schedules were necessary. The first of these government-wide statements is the Statement of Net Position. This is the Agency-wide statement of position presenting information that includes all of the Agency's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency as a whole is improving or deteriorating. Evaluation of the overall health of the Agency would extend to other nonfinancial factors, such as diversification of the tenants base or the condition of Agency infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities which reports how the Agency's net position changed during the current fiscal year. All current-year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of this statement is to show the financial reliance of the Agency's distinct activities or functions on revenues provided by the Agency's lessees and grantors.

C. Assets, Liabilities, and Net Position

1. Cash and Cash Equivalents

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

2. **Investments**

- a. Investments are recorded at fair market values based on quoted market prices. The Agency is permitted to invest monies in the following types of investments:

1. Interest bearing checking and/or savings accounts
2. Certificates of deposit
3. Obligations of the United States of America
4. Obligations issued by Agencies of the United States, for which the United States of America guarantees the payment of principal and interest on the obligations
5. Obligations of the State of New York
6. Obligations of Public Authorities, Public Housing Authorities, and Urban Renewal Agencies where New York State statutes governing such entities or whose specific enabling legislation authorizes such investments.

b. **Concentration of Credit Risk**

It is the policy of the Agency to diversify its deposits and investments. Diversification will further protect the principal amount of deposits and investments but may not serve to maximize interest earnings. No more than 75% of total available cash may be placed in any one particular authorized depository, financial institution, or security dealer at any time.

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

3. **Accounts Receivable**

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

4. **Capital Assets**

The capital assets are recorded at cost and are depreciated utilizing the straight-line method of depreciation over the estimated useful life of the asset.

5. **Notes Receivable**

Notes receivable are stated at principal balances, less the estimated portion that is expected to be uncollectible. The Agency's Board approved the transfer of \$505,669 of outstanding notes to the Fairport Local Development Corporation effective May 1, 2013.

6. **Compensated Absences**

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

7. **Net Position**

a. **Government-Wide Statements**

Net position is categorized as follows:

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

8. **Pension Plan**

Employees of the Agency participate in the New York State Retirement System.

Information relating to the Agency's participation is described in these financial statements. A full description of ERS membership, benefits, and employer and employee obligations to contribute are described in the System's annual reports and financial statements.

9. **Industrial Development Revenue Bond and Note Transactions**

Industrial development revenue bonds and notes issued by the Agency are secured by the properties which are leased to companies and are retired by lease payments. The bonds and notes are not obligations of the Agency, the Village or the State of New York. The Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts, since its primary function is to arrange the financing between the borrowing companies and the bond and note holders. The funds arising there from are controlled by trustees or banks acting as fiscal agents. The Agency receives bond administrative fees from the borrowing companies for providing the service. Such administrative fee income is recognized immediately upon issuance of the bonds and notes.

10. Lease Transactions

The Agency has established a lease program to provide state and local tax benefits to companies developing industrial properties. Under this program, the Agency receives title to properties under development and leases the property to the previous titleholder (lessee). The Agency generally contracts for payment-in-lieu-of-tax agreements between lessees and participating municipalities. All risks associated with property ownership and business activities on such property remain with the lessee. Title to those properties is transferred back to the lessee at the end of the maximum tax benefit period or at any time during the lease period at the option of the lessee. The Agency does not report assets acquired under the lease program since the Agency's primary function is to provide state and local tax benefits to the lessee. The Agency receives lease administrative fees from the lessee for providing this service. Such administrative fee income is recognized at lease inception or ratably over the term of the lease depending on the agreement terms between the lessee and the Agency. As of September 30, 2014 and 2013, the Agency has four outstanding lease transactions with companies within the Village. As part of these agreements the Agency receives payment in lieu of tax (PILOT) payments which are recorded as an operating revenue of the Agency.

D. Changes in Accounting Standards

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

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

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

E. Future Changes in Accounting Standards

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

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

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

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

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

II. Cash and Cash Equivalents:

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. While the Agency does not have a specific policy for custodial credit risk, New York State statutes govern the Agency's investment policies, as discussed previously in these notes.

The Agency's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year end are collateralized as follows:

	<u>2014</u>	<u>2013</u>
Uncollateralized	\$ -	\$ -
Collateralized with securities held by the pledging financial institution	590,847	638,337
Total	<u><u>\$ 590,847</u></u>	<u><u>\$ 638,337</u></u>

III. Investments – Fair Value Measurement:

The Agency's investments are recorded at fair value and have been categorized based upon a fair market value. See Note 1 for a discussion of the Agency's policies.

The following table presents information about the Agency's investments measured at fair value as of September 30, 2014 and 2013:

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

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

(III.) (Continued)

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

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

IV. Accounts Receivable:

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

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

V. Due From Other Governments:

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

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

VI. Notes Receivable and Mortgages Receivable:

The Agency has established a revolving loan fund offering low interest loans to area businesses. The loans are approved by the governing board after giving consideration to the major criteria, i.e., enhancement of the economic environment. Revenue recognition on these loans is limited to the receipt of interest. Non-accruing portions of interest, rents, and PILOT's are not recorded as receivables or revenues.

Interest at below market rates is considered an element of a grant provided by the Agency; therefore, the face amount of the obligation is not discounted nor is an effective rate of interest imputed.

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

VII. Lease Transactions:

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

	<u>2014</u>	<u>2013</u>
A lease for \$175,000 at an initial rate of 8% interest per annum, adjusted 5%. Monthly payments are \$980, including interest and principal, and is collateralized by property. Final payment is due February 2025.	\$ 65,151	\$ 73,427
Less: Allowance for doubtful accounts	-	(366)
Total Leases	\$ 65,151	\$ 73,061
Less: Current Portion	(8,700)	(8,277)
Total Long-Term Portion of Leases	<u>\$ 56,451</u>	<u>\$ 64,784</u>

VIII. Capital Assets:

A summary of changes in capital assets follows:

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

IX. Due To Other Governments:

Due to other governments represents funds invested by the Agency on behalf of the following programs of the Fairport Urban Renewal Agency:

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

X. Net Position:

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

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

(X.) (Continued)

As a result the unrestricted net position is as follows:

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

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

XI. Pension Plan:

A. General Information

The Agency participates in the New York State and Local Employees' Retirement System (ERS). This System is a cost sharing multiple employer, public employee retirement system. The System offers a wide range of plans and benefits which is related to years of service and final average salary, vesting of retirement benefits, death, and disability.

B. Provisions and Administration

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute, and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to NYSERS, Governor Alfred E. Smith State Office Building, Albany, New York 12244.

C. Funding Policies

The Systems are noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% to 3.5% of their salary. With the exception of ERS tier V and VI employees, employees in the system more than ten years are no longer required to contribute. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For NYSERS and NYSPFRS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund.

(XI.) (Continued)

The Agency is required to contribute at an actuarially determined rate. The Agency contributions made to the System were equal to 100 percent of the contributions required for each year. The required contributions for the current year and two preceding years were:

		<u>NYSERS</u>
2014	\$	18,545
2013	\$	20,971
2012	\$	11,054

XII. Other Postemployment Benefits

Plan Description

In addition to providing pension benefits described in Note XI, the Agency provides post-employment medical and prescription drug benefits (OPEB) for retirees, spouses, and their covered dependents through the Agency's Postemployment Health Care Benefits Program (Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the Agency and can be amended by the Agency through its contracts. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan.

Funding Policy

The Agency currently pays for health care benefits on a pay-as-you-go basis. Once New York State Law allows for the establishment of a trust to fund and invest assets necessary to pay for the accumulated liability, the Agency will study the establishment of such a trust. These financial statements assume that pay-as-you-go funding will continue.

Annual OPEB Cost and Net OPEB Obligation

The Agency's annual other postemployment (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Agency's annual OPEB cost for the year, the amount actually contributed to the Plan and changes in the Agency's net OPEB obligation by governmental activities:

Annual required contribution	\$	9,002
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost (expense)	\$	9,002
Contributions made		6,205
Increase in net OPEB obligation	\$	2,797
Net OPEB obligation - beginning of year		13,985
Net OPEB obligation - end of year	\$	<u>16,782</u>

(XII.) (Continued)

The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended 2014 was as follows:

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

Funded Status and Funding Progress

As of September 30, 2008, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$97,727, and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability of \$97,727. The covered payroll (annual payroll of active employees covered by the plan) was \$99,426 and the ratio of the UAAL to the covered payroll was 98.29%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

<u>Actuarial Valuation Date September 30,</u>	<u>(1) Actuarial Value of Assets</u>	<u>(2) Actuarial Accrued Liability (AAL) Entry-Age Normal</u>	<u>(3) Funded Ratio (1) / (2)</u>	<u>(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)</u>	<u>(5) Active Members Covered Payroll</u>	<u>(6) UAAL As a Percentage of Covered Payroll (4) / (5)</u>
2010	\$ -	\$ 97,727	0.00%	\$ 97,727	\$ 186,604	59.98%
2011	\$ -	\$ 97,727	0.00%	\$ 97,727	\$ 183,542	53.25%
2012	\$ -	\$ 97,727	0.00%	\$ 97,727	\$ 140,718	69.45%
2013	\$ -	\$ 97,727	0.00%	\$ 97,727	\$ 93,360	104.68%
2014	\$ -	\$ 97,727	0.00%	\$ 97,727	\$ 99,426	98.29%

(XII.) (Continued)

In the September 30, 2008 actuarial valuation, the actuarial cost method was used. The discount rate used was 5%. Because the plan is unfunded, reference to the general assets was considered in the selection of the five percent rate. The valuation assumes a 10% medical cost trend, reduced by decrements to a rate of 5% each subsequent year through 2017 and remain at 5% for 2017 and beyond. The remaining amortization period at September 30, 2014 was twenty-four years.

XIII. Service Commitment:

For the years ended September 30, 2014 and 2013, the Agency paid \$52,800 each year to the Village for reimbursement related to maintenance and operating support provided by the Village. This arrangement is reviewed annually by the Village during the budget process.

XIV. Cost Allocation:

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

XV. Commitments and Contingencies:

A. Litigation

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

XVI. Subsequent Event:

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

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

Project Name	Corning Tropel Corporation
Project Owner and Address	Corning Tropel Corporation CP.AP-01-9 Corning, NY 14831
Purpose	Land lease
Jobs Created/Retained	147
PILOT Received	\$ 207,658
Benefited Amount	\$ (45,375)

Project Name	Packetts Landing
Project Owner and Address	Canal East Inc. 210 Packetts Landing Fairport, NY 14450
Exempt Amounts	\$ 22,355
Purpose	Land lease
Jobs Created/Retained	N/A
PILOT Received	\$ 50,000
Benefited Amount	\$ (27,645)

Project Name	Canal East
Project Owner and Address	Canal East Inc. 210 Packetts Landing Fairport, NY 14450
Exempt Amounts	\$ 75,303
Purpose	PILOT
Jobs Created/Retained	165
PILOT Received	\$ 102,816
Benefited Amount	\$ (27,513)

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

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

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

Shareholders:

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

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

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Village of Fairport Industrial Development Agency, a component unit of the Village of Fairport, New York, as of and for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Village of Fairport Industrial Development Agency, a component unit of the Village of Fairport, New York's financial statements, and have issued our report thereon dated December 18, 2014.

Internal Control Over Financial Reporting

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

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

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 18, 2014

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

LETTER OF COMMUNICATION

For Year Ended September 30, 2014

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

Shareholders:

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

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

December 18, 2014

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

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

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

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

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

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

B. Planned Scope and Timing of the Audit

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

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

C. Significant Audit Findings

Qualitative Aspects of Accounting Practices

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

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

D. Difficulties Encountered in Performing the Audit

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

E. Corrected and Uncorrected Misstatements

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

F. Disagreements with Management

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

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

G. Management Representations

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

H. Management Consultations with Other Independent Accountants

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

I. Other Audit Findings or Issues

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

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

Raymond F. Wages, CPA, PC

December 18, 2014

**VILLAGE OF FAIRPORT
LOCAL DEVELOPMENT CORPORATION**

NEW YORK

FINANCIAL STATEMENTS

For Years Ended September 30, 2014 and 2013

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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
Local Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the Village of Fairport Local Development Corporation, a component unit of the Village of Fairport, New York, (The Corporation) which comprise the statement of net position as of September 30, 2014 and 2013, and the related statements of revenues, expenses, and changes in fund net position, and cash flows for the years then ended, and the related notes to the financial statements.

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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Corporation'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 Corporation'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Village of Fairport Local Development Corporation, a component unit of the Village of Fairport, New York as of September 30, 2014 and 2013, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2014 on our consideration of the Village of Fairport Local Development Corporation, 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 Local Development Corporation, a component unit of the Village of Fairport, New York's internal control over financial reporting and compliance.

Raymond F. Wager, CPA, P.C.

December 18, 2014

**Village of Fairport
Local Development Corporation**

Management's Discussion and Analysis (MD&A)

September 30, 2014

Introduction

Our discussion and analysis of the Village of Fairport Local Development Corporation (Corporation), a component unit of the Village of Fairport, New York's financial performance provides an overview of the Corporation's financial activities for the year ended September 30, 2014. It should be read in conjunction with the basic financial statements to enhance understanding of the Corporation's financial performance, which immediately follows this section.

Financial Highlights

Key financial highlights for year 2014 are as follows:

- ◆ The assets of the Corporation exceeded its liabilities at the close of the most recent year by \$958,497 (net position) an increase of \$191,349 over the prior year.
- ◆ \$259,260 (net investment in capital assets) represents the Corporation's investment in land (there is no capital-related debt) and this amount is not available for future spending.
- ◆ The LDC recruited a tenant for the historic Pure Oil building, whose signature product line and shared vision helped transform the southern gateway into a distinctive and eye-catching corner, saying to those who pass "you are someplace special".

Overview of the Financial Statements

The statement of net position, the statement of activities and statement of cash flows report information about the Corporation as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses would be accounted for regardless of when cash is received or paid.

These two statements report the Corporation's net position and changes in them. The Corporation's net position, the difference between assets and liabilities, are one way to measure the Corporation's financial health or financial position. Over time, increases or decreases in the Corporation's net position are one indicator of whether its financial health is improving or deteriorating.

Additionally, the statement of cash flows provides information about the Corporation's cash receipts, cash disbursements, and net changes in cash resulting from operating, financing and investing activities.

Government-Wide Financial Analysis

The Corporation was established in 2012 as a local development corporation.

As noted earlier, net position may serve over time as a useful indicator of the Corporation's financial position. In the case of the Corporation, net position at the close of the current year were \$958,497.

Net Position**ASSETS**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Current Assets	\$ 158,965	\$ 80,405	\$ -
Noncurrent Assets	578,322	455,959	-
Capital Assets, Net	<u>259,260</u>	<u>264,677</u>	<u>264,677</u>
Total Assets	<u>\$ 996,547</u>	<u>\$ 801,041</u>	<u>\$ 264,677</u>

LIABILITIES

Current Liabilities	\$ 38,050	\$ 33,893	\$ -
Total Liabilities	<u>\$ 38,050</u>	<u>\$ 33,893</u>	<u>\$ -</u>

NET POSITION

Net Investment in Capital Assets	\$ 259,260	\$ 264,677	\$ 264,677
Unrestricted	<u>699,237</u>	<u>502,471</u>	<u>-</u>
Total Net Position	<u>\$ 958,497</u>	<u>\$ 767,148</u>	<u>\$ 264,677</u>

Changes in Net Position**OPERATING REVENUES**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Program Income	\$ 32,853	\$ 2,500	\$ -
Rental of Real Property	6,500	11,772	-
Miscellaneous Revenue	<u>921</u>	<u>-</u>	<u>-</u>
Total Operating Revenues	<u>\$ 40,274</u>	<u>\$ 14,272</u>	<u>\$ -</u>

Operating Expenses:

Administrative & Contractual	\$ 5,637	\$ 8,393	\$ -
Home & Community Services	12,286	-	-
Depreciation	<u>5,417</u>	<u>282</u>	<u>-</u>
Total Operating Expenses	<u>\$ 23,340</u>	<u>\$ 8,675</u>	<u>\$ -</u>

Net Operating Income

\$ 16,934	\$ 5,597	\$ -
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Nonoperating Revenues (Expenses):

Contributed Capital	\$ 175,000	\$ 505,669	\$ 264,677
Allowance for Doubtful Accounts	<u>(585)</u>	<u>(8,795)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 174,415</u>	<u>\$ 496,874</u>	<u>\$ 264,677</u>

NET INCOME

\$ 191,349	\$ 502,471	\$ 264,677
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NET POSITION - BEGINNING OF YEAR

<u>767,148</u>	<u>264,677</u>	<u>-</u>
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NET POSITION - END OF YEAR

<u>\$ 958,497</u>	<u>\$ 767,148</u>	<u>\$ 264,677</u>
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Capital Assets

The Corporation's investment in capital assets as of September 30, 2014, 2013, and 2012 amounts to \$259,260, \$264,677, and \$264,677, respectively. This net investment in capital assets includes land.

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Land	\$ 48,000	\$ 48,000	\$ 48,000
Buildings	216,677	216,677	216,677
Less: Accumulated Depreciation	(5,417)	-	-
Total	<u><u>\$ 259,260</u></u>	<u><u>\$ 264,677</u></u>	<u><u>\$ 264,677</u></u>

Future Factors

- The Agency will investigate ways to provide administrative support services to the actives, programs, and loans of the LDC.
- The 3-year lease for 99 South Main Street will terminate in 2016, and negotiations should begin in 2015 to determine the terms of a new or extended lease.

Requests for Information

This financial report is designed to provide a general overview of the Village of Fairport Local Development Corporation, 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 Local Development Corporation, 31 South Main Street, Fairport, New York 14450.

**VILLAGE OF FAIRPORT
LOCAL DEVELOPMENT CORPORATION
NEW YORK**

**Statement of Net Position
September 30, 2014 and 2013**

<u>ASSETS:</u>	<u>2014</u>	<u>2013</u>
<u>Current Assets -</u>		
Cash	\$ 112,902	\$ 51,300
Current portion of notes and mortgages receivable	46,063	29,105
Total Current Assets	\$ 158,965	\$ 80,405
<u>Noncurrent Assets -</u>		
Long-term notes and mortgages receivable (net)	\$ 578,322	\$ 455,959
<u>Capital Assets -</u>		
Land	\$ 48,000	\$ 48,000
Building	216,677	216,677
Less: accumulated depreciation	(5,417)	-
Total Capital Assets, Net	\$ 259,260	\$ 264,677
TOTAL ASSETS	\$ 996,547	\$ 801,041
<u>LIABILITIES:</u>		
<u>Current Liabilities -</u>		
Security deposit-99 Main Street	\$ 500	\$ 500
Due to other governments	37,550	33,393
Total Current Liabilities	\$ 38,050	\$ 33,893
TOTAL LIABILITIES	\$ 38,050	\$ 33,893
<u>NET POSITION:</u>		
Net investment in capital assets	\$ 259,260	\$ 264,677
Unrestricted	699,237	502,471
TOTAL NET POSITION	\$ 958,497	\$ 767,148
TOTAL LIABILITIES AND NET POSITION	\$ 996,547	\$ 801,041

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

**VILLAGE OF FAIRPORT
LOCAL DEVELOPMENT CORPORATION
NEW YORK**

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

<u>OPERATING REVENUES:</u>	<u>2014</u>	<u>2013</u>
Program income (notes and loans)	\$ 32,853	\$ 2,500
Rental of real property	6,500	11,772
Miscellaneous revenue	921	-
TOTAL OPERATING REVENUES	<u>\$ 40,274</u>	<u>\$ 14,272</u>
<u>OPERATING EXPENSES:</u>		
Administrative and contractual	\$ 5,637	\$ 8,393
Home and community services	12,286	-
Depreciation	5,417	282
TOTAL OPERATING EXPENSES	<u>\$ 23,340</u>	<u>\$ 8,675</u>
NET OPERATING INCOME	<u>\$ 16,934</u>	<u>\$ 5,597</u>
NONOPERATING REVENUES (EXPENSES)		
Contributed capital	\$ 175,000	\$ 505,669
Allowance for doubtful accounts	(585)	(8,795)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>\$ 174,415</u>	<u>\$ 496,874</u>
NET INCOME	\$ 191,349	\$ 502,471
NET POSITION - BEGINNING OF YEAR	<u>767,148</u>	<u>264,677</u>
NET POSITION - END OF YEAR	<u><u>\$ 958,497</u></u>	<u><u>\$ 767,148</u></u>

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

**VILLAGE OF FAIRPORT
LOCAL DEVELOPMENT CORPORATION
NEW YORK**

**Statement of Cash Flows
For Years Ended September 30, 2014 and 2013**

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	<u>2014</u>	<u>2013</u>
Receipts from loan and lease agreements	\$ 75,368	\$ 26,583
Payments to suppliers	(13,766)	(283)
Issuance of new loans	(175,000)	(505,669)
Net Cash Provided (Used) by Operating Activities	\$ (113,398)	\$ (479,369)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Contributed capital	\$ 175,000	\$ 505,669
Cash advances from Village of Fairport IDA	-	25,000
Net Cash Provided (Used) by Financing Activities	\$ 175,000	\$ 530,669
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 61,602	\$ 51,300
BEGINNING CASH AND CASH EQUIVALENTS	51,300	-
ENDING CASH AND CASH EQUIVALENTS	\$ 112,902	\$ 51,300
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Net Operating Income (Loss)	\$ 16,934	\$ 5,597
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:		
Increase/(decrease) in due to other governments	4,157	8,393
Increase/(decrease) in security deposit	-	500
(Increase)/decrease in notes receivable	(139,321)	(485,064)
Depreciation expense	5,417	-
Allowance for doubtful accounts	(585)	(8,795)
Total Adjustments	\$ (130,332)	\$ (484,966)
Net Cash Provided (Used) by Operating Activities	\$ (113,398)	\$ (479,369)

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

**VILLAGE OF FAIRPORT
LOCAL DEVELOPMENT CORPORATION
NEW YORK**

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

I. Summary of Significant Accounting Policies:

The financial statements of the Village of Fairport Local Development Corporation (The Corporation) have been prepared in conformity with generally accepted accounting principles (GAAP) that provides for proprietary fund accounting for Local Development Corporations.

A. Organization

The Village of Fairport Local Development Corporation is a local development corporation of the State of New York authorized under Section 1411 of the Not-for-Profit Corporation Law. The Corporation was created through a Local Law enacted in 2013 by the Village of Fairport Board of Directors. The Corporation's operating certificate was granted by the New York State Department of State on April 17, 2013. The Board consists of four members, all appointed by the Village of Fairport Board of Directors. They serve at the pleasure of the Board.

B. Basis of Accounting

The financial statements of the Corporation 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 Corporation-wide statement of position presenting information that includes all of the Corporation'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 Corporation as a whole is improving or deteriorating. Evaluation of the overall health of the Corporation would extend to other nonfinancial factors, such as diversification of the tenants base or the condition of Corporation 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 Corporation'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 Corporation's distinct activities or functions on revenues provided by the Corporation's lessees and grantors.

(I.) (Continued)

C. Related Party

The Corporation is related through common management with the Village of Fairport Industrial Development Corporation (IDA), which also promotes economic development in the Village. Annually, employees of the IDA provide certain administrative and management services to the Corporation. The cost of these services are covered by the IDA and are not reflected in the accompanying financial statements.

D. Income Taxes

The Corporation is a not-for-profit public benefit corporation and is exempt from income taxes under the Internal Revenue Code.

E. Assets and Net Position

1. 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.

2. Net Position

a. Government-Wide Statements

Net position are 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 the 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".

3. Notes Receivable

Notes receivable are stated at principal balances, less the estimated portion that is expected to be uncollectible as of September 30, 2014.

(I.) (Continued)

F. Changes in Accounting Standards

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

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

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

G. Future Changes in Accounting Standards

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

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

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

The Corporation will evaluate the impact of each of these pronouncements and will implement them if applicable.

II. Reclassification:

Certain amounts in the 2013 financial statements have been reclassified to conform with the current year presentation.

III. Cash and Cash Equivalents:

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

At September 30, 2014, the carrying amount of the Corporation's cash accounts was \$112,902, which are in checking and savings accounts. Deposits in financial institutions are covered by federal depository insurance on bank accounts in the Corporation's name.

IV. Capital Assets:

A summary of changes in capital assets follows:

	Beginning 10/1/2013	Additions	Deletions	Ending 9/30/2014
Land	\$ 48,000	\$ -	\$ -	\$ 48,000
Building	216,677	-	-	216,677
Accumulated Depreciation	-	(5,417)	-	(5,417)
Total	\$ 264,677	\$ (5,417)	\$ -	\$ 259,260

V. Notes Receivable and Mortgages Receivable:

The Corporation 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. A provision for uncollectible accounts has been deemed necessary by management where substantial delinquencies exist totaling \$9,380. Non-accruing portions of interest, rents, and PILOTs are not recorded as receivables or revenues.

Interest at below market rates is considered an element of a grant provided by the Corporation; therefore, the face amount of the obligation is not discounted nor is an effective rate of interest imputed.

	<u>2014</u>	<u>2013</u>
Notes and Mortgages Receivable	\$ 633,765	\$ 493,859
Less: Allowance for doubtful accounts	(9,380)	(8,795)
Total Notes and Mortgages Receivable	\$ 624,385	\$ 485,064
Less: Current Portion	(46,063)	(29,105)
Total Long-Term Portion of Notes and Mortgages Receivable	<u>\$ 578,322</u>	<u>\$ 455,959</u>

VI. Due To Other Governments:

Due to other governments represents amounts loaned to the Corporation by the IDA to provide funds to support operations.

	<u>2014</u>	<u>2013</u>
Village of Fairport Industrial Development Agency	\$ 37,550	\$ 33,393
Total Due To Other Governments	<u>\$ 37,550</u>	<u>\$ 33,393</u>

VII. Rental Income:

The Corporation has entered into an agreement to rent all of its capital assets, with rental payments received monthly by the Corporation, and terminating on April 30, 2016. Future noncancelable rentals are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Lease Description</u>	<u>Amount</u>
2015	Land and Building	\$ 5,500
2016	Land and Building	\$ 3,500

VIII. Contributed Capital:

During the year ended September 30, 2014 the Corporation received \$175,000 of contributed capital from the IDA to issue two new loans as approved by the Board on September 11, 2013.

IX. Litigation:

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

X. Subsequent Event:

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

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

Shareholders:

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

Members of
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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
Local Development Corporation

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 Local Development Corporation (Corporation), a component unit of the Village of Fairport, New York, which comprise the statement of net position as of September 30, 2014 and 2013, and the related statements of revenues, expenses, and changes in fund net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Village of Fairport Local Development Corporation (Corporation), a component unit of the Village of Fairport, New York's financial statements, and have issued our report thereon dated December 18, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Fairport Local Development Corporation (Corporation), a component unit of the Village of Fairport, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Fairport Local Development Corporation (Corporation), a component unit of the Village of Fairport, New York's internal control. Accordingly, we do not express an opinion on the effectiveness the Village of Fairport Local Development Corporation (Corporation), 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 Corporation'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.

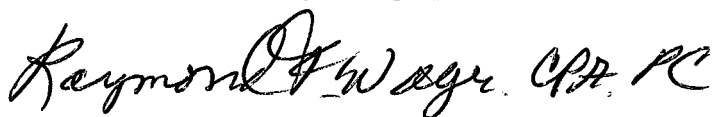
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Local Development Corporation (Corporation), 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 Corporation'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 Corporation'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, flowing style.

December 18, 2014

**VILLAGE OF FAIRPORT
LOCAL DEVELOPMENT CORPORATION**

NEW YORK

LETTER OF COMMUNICATION

For Year Ended September 30, 2014

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

Shareholders:

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

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

December 18, 2014

To the Council Members of
Village of Fairport
Local Development Corporation

We have audited the financial statements of the Village of Fairport Local Development Corporation, New York for the year ended September 30, 2014, and have issued our report thereon dated December 18, 2014. Professional standards require that we provide you with the following information related to our audit.

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

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

As part of our audit, we considered the internal control of the Village of Fairport Local Development Corporation, New York. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

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

B. Planned Scope and Timing of the Audit

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

**To the Council Members of
Village of Fairport
Local Development Corporation**

C. Significant Audit Findings

Qualitative Aspects of Accounting Practices

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

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

D. Difficulties Encountered in Performing the Audit

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

E. Corrected and Uncorrected Misstatements

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

F. Disagreements with Management

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

G. Management Representations

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

**To the Council Members of
Village of Fairport
Local Development Corporation**

H. Management Consultations with Other Independent Accountants

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

I. Other Audit Findings or Issues

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

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This report is intended solely for the use of the Members and management of the Village of Fairport Local Development Corporation and is not intended to be and should not be used by anyone other than these specified parties.

Raymond F. Wages, CPA, PC

December 18, 2014

**VILLAGE OF FAIRPORT
URBAN RENEWAL AGENCY**

NEW YORK

FINANCIAL STATEMENTS

For Years Ended September 30, 2014 and 2013

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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, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Agency's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–5 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 18, 2014 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 18, 2014

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

Management's Discussion and Analysis (MD&A)

September 30, 2014 and 2013

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, 2014 and 2013. 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 2014 are as follows:

- ◆ The assets of the Agency exceeded its liabilities at the close of the most recent year by \$832,654 (net position).
- ◆ \$805,128 (unrestricted net position) is available for the Agency's ongoing operations related to Urban Renewal.
- ◆ Another 48 market-rate condominiums are in the pipeline, with construction planned to begin in 2015.

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 \$832,654. This represents an increase in net position of \$22,448 from the prior year.

Net Position

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Current Assets	\$ 476,614	\$ 405,195	\$ 654,132
Noncurrent Assets	418,466	450,183	484,652
Capital Assets, Net	1,411	505	3,536
Total Assets	\$ 896,491	\$ 855,883	\$ 1,142,320
<u>LIABILITIES</u>			
Current Liabilities	\$ 63,837	\$ 45,677	\$ 44,948
Total Liabilities	\$ 63,837	\$ 45,677	\$ 44,948
<u>NET POSITION</u>			
Net Investment in Capital			
Assets	\$ 1,411	\$ 505	\$ 3,536
Restricted, Housing Assistance			
Equity	26,115	1,287	280,500
Unrestricted, Administrative			
Fee Equity	78,845	89,920	116,709
Unrestricted	726,283	718,494	696,627
Total Net Position	\$ 832,654	\$ 810,206	\$ 1,097,372

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

Revenues:	2014	2013	2012
HUD Grant Revenue	\$ 2,298,059	\$ 2,014,315	\$ 2,077,048
Interprogram revenues	57,288	67,423	46,132
Repayment of bad debt	2,803	1,250	1,273
Program income	19,434	20,010	12,996
Charges and fees	5,697	1,288	7,077
Total Revenues	\$ 2,383,281	\$ 2,104,286	\$ 2,144,526
Expense:			
Housing Assistance Payments	\$ 1,962,586	\$ 1,990,622	\$ 1,577,191
Personal Services	253,722	239,310	216,281
Employee Benefits	98,566	100,530	83,607
Depreciation Expense	662	3,031	3,031
Professional Services	14,195	14,084	17,487
Office	19,557	28,475	22,841
Other	4,626	7,357	12,402
Total Expenses	\$ 2,353,914	\$ 2,383,409	\$ 1,932,840
Net Operating Income (Loss)	\$ 29,367	\$ (279,123)	\$ 211,686
Nonoperating Income (Expenses):			
Interest income	\$ 81	\$ 235	\$ 495
Allocation to LDC	-	-	(264,677)
Total Nonoperating Income (Expenses)	\$ 81	\$ 235	\$ (264,182)
Income (Loss) Before Operating Transfers	\$ 29,448	\$ (278,888)	\$ (52,496)
Transfers to Other Funds	\$ (7,000)	\$ (8,278)	\$ (9,027)
Change in Net Position	\$ 22,448	\$ (287,166)	\$ (61,523)
Net Position - Beginning of Year	810,206	1,097,372	1,158,895
Net Position - End of Year	\$ 832,654	\$ 810,206	\$ 1,097,372

Capital Assets

The Agency's investment in capital assets as of September 30, 2014, 2013, and 2012 amounts to \$1,411, \$505, and \$3,536 (net of accumulated depreciation). This investment in capital assets includes equipment.

	2014	2013	2012
Equipment	\$ 16,723	\$ 15,155	\$ 15,155
Less: Accumulated Depreciation	(15,312)	(14,650)	(11,619)
Total	\$ 1,411	\$ 505	\$ 3,536

Future Factors

- Several new residential construction projects should break ground in 2015, adding much needed diversity and choice to Fairport's housing options. These include "The Residences at Canalside" and the Fairport Senior Housing project on High Street.

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, 2014 and 2013

<u>ASSETS:</u>	<u>2014</u>	<u>2013</u>
<u>Current Assets -</u>		
Cash	\$ 67,758	\$ 44,947
Restricted cash - FSS escrow	23,477	23,469
Accounts receivable	421	205
Due from other governments	349,701	302,846
Notes receivable, net	35,257	33,728
Total Current Assets	\$ 476,614	\$ 405,195
<u>Noncurrent Assets -</u>		
Notes receivable, net	\$ 418,466	\$ 450,183
Total Noncurrent Assets	\$ 418,466	\$ 450,183
<u>Capital Assets -</u>		
Office equipment	\$ 16,723	\$ 15,155
Less: accumulated depreciation	(15,312)	(14,650)
Total Capital Assets	\$ 1,411	\$ 505
TOTAL ASSETS	\$ 896,491	\$ 855,883
<u>LIABILITIES:</u>		
<u>Current Liabilities -</u>		
FSS - escrow	\$ 23,477	\$ 23,469
Due to ERS	4,500	4,573
Due to other governments	14,520	-
Compensated absences	21,340	17,635
Total Current Liabilities	\$ 63,837	\$ 45,677
TOTAL LIABILITIES	\$ 63,837	\$ 45,677
<u>NET POSITION:</u>		
Net investment in capital assets	\$ 1,411	\$ 505
Restricted-housing assistance	26,115	1,287
Unrestricted	805,128	808,414
TOTAL NET POSITION	\$ 832,654	\$ 810,206
TOTAL LIABILITIES AND NET POSITION	\$ 896,491	\$ 855,883

(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, 2014 and 2013

<u>OPERATING INCOME:</u>	<u>2014</u>	<u>2013</u>
HUD grant revenue	\$ 2,298,059	\$ 2,014,315
Interprogram income	57,288	67,423
Repayment of bad debt	2,803	1,250
Program income	19,434	20,010
Charges and fees	5,697	1,288
TOTAL OPERATING INCOME	\$ 2,383,281	\$ 2,104,286
<u>OPERATING EXPENSES:</u>		
Housing assistance payments	\$ 1,962,586	\$ 1,990,622
Personal services	253,722	239,310
Employee benefits	98,566	100,530
Depreciation expense	662	3,031
Professional services	14,195	14,084
Office	19,557	28,475
Other	4,626	7,357
TOTAL OPERATING EXPENSES	\$ 2,353,914	\$ 2,383,409
NET OPERATING INCOME (LOSS)	\$ 29,367	\$ (279,123)
NONOPERATING INCOME (EXPENSES)		
Interest income	\$ 81	\$ 235
TOTAL NONOPERATING INCOME (EXPENSES)	\$ 81	\$ 235
INCOME (LOSS) BEFORE		
OPERATING TRANSFERS	\$ 29,448	\$ (278,888)
Operating transfers out to Fairport IDA	\$ (7,000)	\$ (8,278)
NET INCOME (LOSS)	\$ 22,448	\$ (287,166)
NET POSITION - BEGINNING OF YEAR	810,206	1,097,372
NET POSITION - END OF YEAR	\$ 832,654	\$ 810,206

(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, 2014 and 2013

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	<u>2014</u>	<u>2013</u>
Receipts from charges, fees, and grants	\$ 2,298,059	\$2,014,315
Payments of HAP benefits	(1,962,586)	(1,990,622)
Payments to suppliers	(29,834)	(35,937)
Payments to employees and benefits	(285,391)	(287,940)
Other receipts	5,545	2,600
Net Cash Provided (Used) by Operating Activities	\$ 25,793	\$ (297,584)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest income	\$ 25	\$ 254
Net Cash Provided (Used) by Investing Activities	\$ 25	\$ 254
<u>CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES:</u>		
Purchase of equipment	\$ (1,568)	\$ -
Net Cash Provided (Used) by Capital Related Financing Activities	\$ (1,568)	\$ -
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Intercompany transfers, net	\$ 5,569	\$ 8,150
Transfers out to IDA for Senior grant	(7,000)	(8,278)
Net Cash Provided (Used) by Noncapital Financing Activities	\$ (1,431)	\$ (128)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 22,819	\$ (297,458)
BEGINNING CASH AND CASH EQUIVALENTS	68,416	365,874
ENDING CASH AND CASH EQUIVALENTS	\$ 91,235	\$ 68,416
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Net Operating Income (Loss)	\$ 29,367	\$ (279,123)
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:		
Depreciation expense	\$ 662	\$ 3,031
(Increase)/decrease in due from other governments	(37,904)	(56,941)
(Increase)/decrease in accounts receivable	(152)	1,312
(Increase)/decrease in notes receivable	30,188	33,427
Increase/(decrease) in due to ERS	(73)	1,647
Increase/(decrease) in compensated absences	3,705	(937)
Total Adjustments	\$ (3,574)	\$ (18,461)
Net Cash Provided (Used) by Operating Activities	\$ 25,793	\$ (297,584)

(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, 2014

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.

(V.) (Continued)

2. **Restricted net position** - consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

3. **Unrestricted net position** - all other net position that do not meet the definition of "restricted" or "net investment in capital assets".

VI. Changes in Accounting Standards

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

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

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

VII. Future Changes in Accounting Standards

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

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

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

The Agency will evaluate the impact of each of these pronouncements and will implement them if applicable.

VIII. Reclassification:

Certain amounts have been reclassified in the 2013 financial statements to conform with the current year presentation.

IX. 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, 2014 and 2013, the carrying amount of the FURA's cash accounts was \$67,758 and \$44,947, 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 \$23,477 and \$23,469, which has a corresponding liability account to the FSS tenants.

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

XI. 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, 2014 and 2013 was \$349,701 and \$302,846.

XII. 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 30th:

	<u>2014</u>	<u>2013</u>
Notes Receivable	\$ 456,003	\$ 488,994
Less: Allowance for Doubtful Accounts	(2,280)	(5,083)
Total Notes	\$ 453,723	\$ 483,911
Less: Current Portion	(35,257)	(33,728)
Total Noncurrent Notes Receivable	<u><u>\$ 418,466</u></u>	<u><u>\$ 450,183</u></u>

XIII. Operating Transfer:

Operating transfers out (other uses) were to the IDA in the amount of \$7,000 and \$8,278, respectively.

XIV. 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>2014</u>	<u>2013</u>
<u>Unrestricted</u>		
Revolving Loan Fund - Residential Property	\$ 150,000	\$ 150,000
Administrative fee equity	78,845	89,792
Undesignated	576,283	568,622
Total Unrestricted Net Position	<u><u>\$ 805,128</u></u>	<u><u>\$ 808,414</u></u>

XV. Pension Plan:

A. General Information

The FURA participates in the New York State and Local Employees' Retirement System (NYSERS). This System is a cost sharing multiple employer public employee retirement system. The System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

B. Provisions and Administration

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute, and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to NYSERS, Governor Alfred E. Smith State Office Building, Albany, New York 12244.

C. Funding Policies

The Systems are noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% to 3.5% of their salary. With the exception of ERS Tier V and VI employees, employees in the system more than ten years are no longer required to contribute. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. For NYSERS and NYSPFRS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund.

The 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 the preceding year were:

	<u>NYSERS</u>
2014	\$ 46,634
2013	\$ 45,962
2012	\$ 40,020

XVI. Litigation:

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

XVII. 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, 2014

	Operating Fund	Section 8 Housing	Total 2014
<u>ASSETS:</u>			
<u>Current Assets -</u>			
Cash	\$ -	\$ 67,758	\$ 67,758
Restricted cash - FSS escrow	-	23,477	23,477
Accounts receivable	-	421	421
Due from other governments	291,580	58,121	349,701
Notes receivable, net	35,257	-	35,257
Total Current Assets	\$ 326,837	\$ 149,777	\$ 476,614
<u>Noncurrent Assets -</u>			
Notes receivable, net	\$ 418,466	\$ -	\$ 418,466
Total Noncurrent Assets	\$ 418,466	\$ -	\$ 418,466
<u>Capital Assets -</u>			
Office equipment	\$ -	\$ 16,723	\$ 16,723
Less: accumulated depreciation	-	(15,312)	(15,312)
Total Capital Assets	\$ -	\$ 1,411	\$ 1,411
TOTAL ASSETS	\$ 745,303	\$ 151,188	\$ 896,491
<u>LIABILITIES:</u>			
<u>Current Liabilities -</u>			
FSS - escrow	\$ -	\$ 23,477	\$ 23,477
Due to ERS	4,500	-	4,500
Due to other governments	14,520	-	14,520
Compensated absences	-	21,340	21,340
Total Current Liabilities	\$ 19,020	\$ 44,817	\$ 63,837
TOTAL LIABILITIES	\$ 19,020	\$ 44,817	\$ 63,837
<u>NET POSITION:</u>			
Net investment in capital assets	\$ -	\$ 1,411	\$ 1,411
Restricted-housing assistance	-	26,115	26,115
Unrestricted	726,283	78,845	805,128
TOTAL NET POSITION	\$ 726,283	\$ 106,371	\$ 832,654
TOTAL LIABILITIES AND NET POSITION	\$ 745,303	\$ 151,188	\$ 896,491

VILLAGE OF FAIRPORT
URBAN RENEWAL AGENCY, NEW YORK

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

For Year Ended September 30, 2014

	<u>Operating Fund</u>	<u>Section 8 Housing</u>	<u>Total 2014</u>
<u>OPERATING INCOME:</u>			
HUD grant revenue	\$ -	\$ 2,298,059	\$ 2,298,059
Interprogram income	57,288	-	57,288
Repayment of bad debt	2,803	-	2,803
Program income	19,434	-	19,434
Charges and fees	-	5,697	5,697
TOTAL OPERATING INCOME	<u>\$ 79,525</u>	<u>\$ 2,303,756</u>	<u>\$ 2,383,281</u>
<u>OPERATING EXPENSES:</u>			
Housing assistance payments	\$ -	\$ 1,962,586	\$ 1,962,586
Personal services	45,324	208,398	253,722
Employee benefits	17,868	80,698	98,566
Depreciation expense	-	662	662
Professional services	5,999	8,196	14,195
Office	1,101	18,456	19,557
Other	1,444	3,182	4,626
TOTAL OPERATING EXPENSES	<u>\$ 71,736</u>	<u>\$ 2,282,178</u>	<u>\$ 2,353,914</u>
NET OPERATING INCOME (LOSS)	<u>\$ 7,789</u>	<u>\$ 21,578</u>	<u>\$ 29,367</u>
<u>NONOPERATING INCOME (EXPENSES):</u>			
Interest income	\$ -	\$ 81	\$ 81
TOTAL NONOPERATING INCOME (EXPENSES)	<u>\$ -</u>	<u>\$ 81</u>	<u>\$ 81</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>\$ 7,789</u>	<u>\$ 21,659</u>	<u>\$ 29,448</u>
Operating transfers out to Fairport IDA	\$ -	\$ (7,000)	\$ (7,000)
NET INCOME (LOSS)	<u>\$ 7,789</u>	<u>\$ 14,659</u>	<u>\$ 22,448</u>
NET POSITION - BEGINNING OF YEAR	<u>718,494</u>	<u>91,712</u>	<u>810,206</u>
NET POSITION - END OF YEAR	<u>\$ 726,283</u>	<u>\$ 106,371</u>	<u>\$ 832,654</u>

VILLAGE OF FAIRPORT
URBAN RENEWAL AGENCY, NEW YORK

Combining Statement of Cash Flows

For Year Ended September 30, 2014

	Operating Fund	Section 8 Housing	Total 2014
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Receipts from charges, fees, and grants	\$ -	\$ 2,298,059	\$ 2,298,059
Payments of HAP benefits	-	(1,962,586)	(1,962,586)
Payments to suppliers	-	(29,834)	(29,834)
Payments to employees and benefits	-	(285,391)	(285,391)
Other receipts	-	5,545	5,545
Net Cash Provided (Used) by Operating Activities	\$ -	\$ 25,793	\$ 25,793
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest income	\$ -	\$ 25	\$ 25
Net Cash Provided (Used) by Investing Activities	\$ -	\$ 25	\$ 25
<u>CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES:</u>			
Purchase of equipment	\$ -	\$ (1,568)	\$ (1,568)
Net Cash Provided (Used) by Capital Related Financing Activities	\$ -	\$ (1,568)	\$ (1,568)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Intercompany transfers, net	\$ -	\$ 5,569	\$ 5,569
Transfers out to IDA for Senior grant	-	(7,000)	(7,000)
Net Cash Provided (Used) by Noncapital Financing Activities	\$ -	\$ (1,431)	\$ (1,431)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ -	\$ 22,819	\$ 22,819
BEGINNING CASH AND CASH EQUIVALENTS	-	68,416	68,416
ENDING CASH AND CASH EQUIVALENTS	\$ -	\$ 91,235	\$ 91,235
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Net Operating Income (Loss)	\$ 7,789	\$ 21,578	\$ 29,367
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:			
Depreciation expense	\$ -	\$ 662	\$ 662
(Increase)/decrease in due from other governments	(37,904)	-	(37,904)
(Increase)/decrease in accounts receivable	-	(152)	(152)
(Increase)/decrease in notes receivable	30,188	-	30,188
Increase/(decrease) in due to ERS	(73)	-	(73)
Increase/(decrease) in compensated absences	-	3,705	3,705
Total Adjustments	\$ (7,789)	\$ 4,215	\$ (3,574)
Net Cash Provided (Used) by Operating Activities	\$ -	\$ 25,793	\$ 25,793

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, 2014 and 2013, 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 18, 2014.

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.



December 18, 2014

**VILLAGE OF FAIRPORT
URBAN RENEWAL AGENCY**

NEW YORK

LETTER OF COMMUNICATION

For Year Ended September 30, 2014

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

Shareholders:

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

Members of
American Institute of
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and
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Certified Public Accountants

December 18, 2014

To the Council Members of
Village of Fairport
Urban Renewal Agency

We have audited the financial statements of the Village of Fairport Urban Renewal Agency, New York for the year ended September 30, 2014, and have issued our report thereon dated December 12, 2014. Professional standards require that we provide you with the following information related to our audit.

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

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

As part of our audit, we considered the internal control of the Village of Fairport Urban Renewal Agency, New York. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

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

B. Planned Scope and Timing of the Audit

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

**To the Council Members of
Village of Fairport
Urban Renewal Agency**

C. Significant Audit Findings

Qualitative Aspects of Accounting Practices

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

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

D. Difficulties Encountered in Performing the Audit

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

E. Corrected and Uncorrected Misstatements

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

F. Disagreements with Management

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

G. Management Representations

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

**To the Council Members of
Village of Fairport
Urban Renewal Agency**

H. Management Consultations with Other Independent Accountants

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

I. Other Audit Findings or Issues

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

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This report is intended solely for the use of the Members and management of the Village of Fairport Urban Renewal Agency and is not intended to be and should not be used by anyone other than these specified parties.

Raymond F. Wager, CPA, PC

December 18, 2014

**VILLAGE OF FAIRPORT SECTION 8
HOUSING ASSISTANCE PAYMENTS PROGRAM**

NEW YORK

FINANCIAL STATEMENTS

For Years Ended September 30, 2014 and 2013

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INDEPENDENT AUDITORS' REPORT

To the Council Members of
Village of Fairport Section 8
Housing Assistance Payments Program

Report on the Financial Statements

We have audited the accompanying financial statements of the Village of Fairport Section 8 Housing Assistance Payments Program, a component unit of the Village of Fairport Urban Renewal Agency, New York as of and for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Agency's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Section 8 Housing Assistance Payments Program, a component unit of the Village of Fairport Urban Renewal Agency, New York as of September 30, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–5 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 Section 8 Housing Assistance Payments Program, a component unit of the Village of Fairport Urban Renewal Agency, New York's financial statements. The accompanying supplemental schedule as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2014 on our consideration of the Village of Fairport Section 8 Housing Assistance Payments Program, a component unit 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 Section 8 Housing Assistance Payments Program, a component unit of the Village of Fairport Urban Renewal Agency, New York's internal control over financial reporting and compliance.

Raymond F. Wager, CPA, PC

December 18, 2014

**Village of Fairport Section 8
Housing Assistance Payments Program, New York**

Management's Discussion and Analysis (MD&A)

September 30, 2014 and 2013

Introduction

Our discussion and analysis of the Village of Fairport Section 8 Housing Assistance Payments Program, a component unit 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, 2014 and 2013. It should be read in conjunction with the basic financial statements to enhance understanding of the Agency's financial performance, which immediately follows this section.

Financial Highlights

Key financial highlights for year 2014 are as follows:

- ◆ The assets of the Agency exceeded its liabilities at the close of the most recent year by \$106,371 (net position).
- ◆ \$106,371 is available for the Agency's ongoing operations. These funds are segregated for HUD \$26,115 for Housing Assistance Payments Equity, \$1,411 for Net Investment in Capital Assets, \$78,845 for Administrative Fee Equity.

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 \$106,371. This represents an increase in net position of \$14,659 from the prior year.

Net Position

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Current Assets	\$ 149,777	\$ 132,311	\$ 439,231
Capital Assets, Net	1,411	505	3,536
Total Assets	\$ 151,188	\$ 132,816	\$ 442,767
<u>LIABILITIES</u>			
Current Liabilities	\$ 44,817	\$ 41,104	\$ 42,022
Total Liabilities	\$ 44,817	\$ 41,104	\$ 42,022
<u>NET POSITION</u>			
Net Investment in Capital			
Assets	\$ 1,411	\$ 505	\$ 3,536
Restricted			
Housing Assistance	26,115	1,287	280,500
Unrestricted			
Administrative Fee	78,845	89,920	116,709
Total Net Position	\$ 106,371	\$ 91,712	\$ 400,745

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

Changes in Net Position

<u>Revenues:</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
HUD Grant Revenue	\$ 2,298,059	\$ 2,014,315	\$ 2,077,048
Charges and Fees	5,697	1,288	7,077
Interest Income	81	235	495
Total Revenues	\$ 2,303,837	\$ 2,015,838	\$ 2,084,620
<u>Expenditures:</u>			
Administrative Expenses	\$ 318,930	\$ 322,940	\$ 303,560
Housing Assistance Payments	1,962,586	1,990,622	1,577,191
Depreciation Expense	662	3,031	3,031
Total Expenditures	\$ 2,282,178	\$ 2,316,593	\$ 1,883,782
Transfers to Other Funds	\$ (7,000)	\$ (8,278)	\$ (9,027)
Change in Net Position	\$ 14,659	\$ (309,033)	\$ 191,811
Net Position - Beginning of Year	91,712	400,745	208,934
Net Position - End of Year	\$ 106,371	\$ 91,712	\$ 400,745

Capital Assets

The Agency's investment in capital assets as of September 30, 2014, 2013, and 2012 amounts to \$1,411, \$505 and \$3,536 (net of accumulated depreciation). This investment in capital assets includes equipment.

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Equipment	\$ 16,723	\$ 15,155	\$ 15,155
Less: Accumulated Depreciation	(15,312)	(14,650)	(11,619)
Total	\$ 1,411	\$ 505	\$ 3,536

Future Factors

- The sequester has ended, and the 2015 Federal budget was passed. Congress has approved more funds from HUD related programs. We look for additional stability in the housing program in fiscal 2015 in terms of funding, along with administrative regulations that passed.

Requests for Information

This financial report is designed to provide a general overview of the Village of Fairport Section 8 Housing Assistance Payments Program, a component unit of the Village of Fairport Urban Renewal Agency, New York's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: The Chairman of the Council, Village of Fairport Section 8 Program, 31 South Main Street, Fairport, New York 14450.

**VILLAGE OF FAIRPORT SECTION 8
HOUSING ASSISTANCE PAYMENTS PROGRAM, NEW YORK**

Statement of Net Position

September 30, 2014 and 2013

<u>ASSETS:</u>	<u>2014</u>	<u>2013</u>
<u>Current Assets -</u>		
Cash	\$ 67,758	\$ 44,947
Restricted cash - FSS escrow	23,477	23,469
Accounts receivable	421	205
Due from other governments	58,121	63,690
Total Current Assets	\$ 149,777	\$ 132,311
<u>Capital Assets -</u>		
Office equipment	\$ 16,723	\$ 15,155
Less: accumulated depreciation	(15,312)	(14,650)
Total Capital Assets	\$ 1,411	\$ 505
TOTAL ASSETS	\$ 151,188	\$ 132,816
<u>LIABILITIES:</u>		
<u>Current Liabilities -</u>		
FSS - escrow	\$ 23,477	\$ 23,469
Compensated Absences	21,340	17,635
TOTAL LIABILITIES	\$ 44,817	\$ 41,104
<u>NET POSITION:</u>		
Net investment in capital assets	\$ 1,411	\$ 505
Restricted-housing assistance	26,115	1,287
Unrestricted-administrative fee	78,845	89,920
TOTAL NET POSITION	\$ 106,371	\$ 91,712
TOTAL LIABILITIES AND NET POSITION	\$ 151,188	\$ 132,816

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

VILLAGE OF FAIRPORT SECTION 8
HOUSING ASSISTANCE PAYMENTS PROGRAM, NEW YORK
Statement of Revenues, Expenses, and Changes in Fund Net Position
For Years Ended September 30, 2014 and 2013

<u>OPERATING INCOME:</u>	<u>2 0 1 4</u>	<u>2 0 1 3</u>
HUD grant revenue	\$ 2,298,059	\$ 2,014,315
Charges and fees	5,697	1,288
TOTAL OPERATING INCOME	\$ 2,303,756	\$ 2,015,603
<u>OPERATING EXPENSES:</u>		
Administrative expenses -		
Payroll	\$ 208,398	\$ 199,149
Benefits	80,698	87,854
Professional services	8,196	8,140
Office	18,456	25,220
Other-Agency fees	3,182	2,577
Housing assistance payments	1,962,586	1,990,622
Depreciation expense	662	3,031
TOTAL OPERATING EXPENSES	\$ 2,282,178	\$ 2,316,593
NET OPERATING INCOME (LOSS)	\$ 21,578	\$ (300,990)
NONOPERATING INCOME		
Interest income	\$ 81	\$ 235
INCOME (LOSS) BEFORE		
 OPERATING TRANSFERS	\$ 21,659	\$ (300,755)
Operating transfers out to Fairport IDA	\$ (7,000)	\$ (8,278)
NET INCOME (LOSS)	\$ 14,659	\$ (309,033)
NET POSITION - BEGINNING OF YEAR	91,712	400,745
NET POSITION - END OF YEAR	\$ 106,371	\$ 91,712

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

**VILLAGE OF FAIRPORT SECTION 8
HOUSING ASSISTANCE PAYMENTS PROGRAM, NEW YORK**

Statement of Cash Flows

For Years Ended September 30, 2014 and 2013

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	<u>2 0 1 4</u>	<u>2 0 1 3</u>
Receipts from charges, fees, and grants	\$ 2,298,059	\$ 2,014,315
Payments of HAP benefits	(1,962,586)	(1,990,622)
Payments to suppliers	(29,834)	(35,937)
Payments to personnel & benefits	(285,391)	(287,940)
Other receipts	5,545	2,600
Net Cash Provided (Used) by Operating Activities	\$ 25,793	\$ (297,584)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest income	\$ 25	\$ 254
Net Cash Provided (Used) by Investing Activities	\$ 25	\$ 254
<u>CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES:</u>		
Purchase of equipment	\$ (1,568)	\$ -
Net Cash Provided (Used) by Capital Related Financing	\$ (1,568)	\$ -
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Intercompany transfers, net	\$ 5,569	\$ 8,150
Transfers out to IDA for Senior Grant	(7,000)	(8,278)
Net Cash Provided (Used) by Noncapital Financing Activities	\$ (1,431)	\$ (128)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 22,819	\$ (297,458)
BEGINNING CASH AND CASH EQUIVALENTS	68,416	365,874
ENDING CASH AND CASH EQUIVALENTS	\$ 91,235	\$ 68,416
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Net Operating Income (Loss)	\$ 21,578	\$ (300,990)
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:		
Depreciation expense	662	3,031
(Increase)/decrease in accounts receivable	(152)	1,312
Increase/(decrease) in compensated absences	3,705	(937)
Total Adjustments	\$ 4,215	\$ 3,406
Net Cash Provided (Used) by Operating Activities	\$ 25,793	\$ (297,584)

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

VILLAGE OF FAIRPORT SECTION 8
HOUSING ASSISTANCE PAYMENTS PROGRAM
NEW YORK
NOTES TO FINANCIAL STATEMENTS

September 30, 2014 and 2013

I. Organization:

The accompanying financial statements present the financial position and revenues and expenditures of the Village of Fairport Section 8 Housing Assistance Payments Program (Agency), a department of the Village of Fairport Urban Renewal Agency (FURA) and do not purport to, and do not present the financial position and changes in its financial position and cash flows of the FURA. All federal financial assistance funding administered by the FURA is reported in these financial statements. The FURA was audited and reported on in a separate report dated December 18, 2014. The Agency is administered in accordance with laws and regulations of the Department of Housing and Urban Development.

The FURA is a component unit of the Village of Fairport, New York. There are 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, New York. The fiscal year of the FURA and HUD contracts provide for a year end of September 30.

II. Summary of Significant Accounting Policies:

The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

The financial statements presented are prepared from the accounts and financial transactions of the FURA. Management must make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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.

III. Changes in Accounting Standards:

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

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

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

IV. Cash and Cash Equivalents:

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

At September 30, 2014 and 2013, the carrying amount of the Agency's cash accounts was \$67,758 and \$44,947, respectively, which is in checking and money market accounts. Deposits in financial institutions are covered by federal depository insurance on bank accounts in the FURA's name. If amounts exceed FDIC coverage, collateral will be required from the respective banks. Restricted cash is for FSS escrow with a balance of \$23,477 and \$23,469, which has a corresponding liability account to the FSS tenants.

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. Reclassification:

Certain amounts have been reclassified in the 2013 financial statements to conform with the current year presentation.

VII. Due From Other Governments:

The Village of Fairport Industrial Development Agency (IDA) maintains a combined account which invests funds on behalf of the FURA. These funds are invested in various time deposit accounts which are collateralized with securities held by the pledging financial institution. As of September 30, 2014 and 2013, the Agency's due from other governments (IDA) amounted to \$58,121 and \$63,690, respectively.

VIII. Capital Assets:

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

(VIII.) (Continued)

A summary of capital assets is as follows:

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

IX. 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.

X. Operating Transfer:

Operating transfers out were to the IDA for senior grants in the amounts of \$7,000 and \$8,278 for the years ended September 30, 2014 and 2013 respectively.

XI. Pension Plan:

A. General Information

The Agency participates in the New York State and Local Employees' Retirement System (NYSERS). This System is a cost sharing multiple employer public employee retirement system. The System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

B. Provisions and Administration

The Systems are noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% to 3.5% of their salary. With the exception of ERS Tier V and VI employees, employees in the system more than ten years are no longer required to contribute. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. For NYSEERS and NYSPFRS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund.

C. Funding Policies

The Agency is required to contribute at an actuarially determined rate. The Agency contributions made to the System were equal to 100 percent of the contributions required for each year. The required contributions for the current year and the preceding year were:

	<u>NYSERS</u>
2014	\$ 38,180
2013	\$ 36,816
2012	\$ 38,985

XII. Litigation:

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

XIII. Housing Assistance Payment Contract (HAP Contract):

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

XIV. Current Vulnerability Due to Certain Concentrations:

The Agency's operations are concentrated in the low-income real estate market. In addition, the Section 8 Program operates in a heavily regulated environment. The operations of the Section 8 Program are subject to the administrative directives, rules, and regulations and are subject to change by an Act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs, including the additional administrative burden, to comply with a change.

**VILLAGE OF FAIRPORT SECTION 8
HOUSING ASSISTANCE PAYMENTS PROGRAM, NEW YORK**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Expenditures</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>			
<u>Direct -</u>			
<u>Housing Voucher Cluster</u>			
Section 8 housing choice vouchers	14.871	NY406-V046/047	<u>\$ 2,298,059</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 2,298,059</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,298,059</u>

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 Section 8
Housing Assistance Payments Program

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 Section 8 Housing Assistance Payments Program, a component unit of the Village of Fairport Urban Renewal Agency, New York, as of and for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Village of Fairport Section 8 Housing Assistance Payments Program, a component unit of the Village of Fairport Urban Renewal Agency, New York's financial statements, and have issued our report thereon dated December 18, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Fairport Section 8 Housing Assistance Payments Program, a component unit of 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 Section 8 Housing Assistance Payments Program, a component unit 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 Section 8 Housing Assistance Payments Program, a component unit 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 Section 8 Housing Assistance Payments Program, a component unit of the Village of Fairport Urban Renewal Agency, New York's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Raymond F. Wager, CPA, P.C.

December 18, 2014

**VILLAGE OF FAIRPORT SECTION 8
HOUSING ASSISTANCE PAYMENTS PROGRAM**

NEW YORK

LETTER OF COMMUNICATION

For Year Ended September 30, 2014

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

Shareholders:

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

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

December 18, 2014

To the Council Members of
Village of Fairport Section 8
Housing Assistance Payments Program

We have audited the financial statements of the Village of Fairport Section 8 Housing Assistance Payments Program (the Agency), a component unit of the Village of Fairport Urban Renewal Agency for the year ended September 30, 2014, and have issued our report thereon dated December 18, 2014. Professional standards require that we provide you with the following information related to our audit.

A. Our Responsibility Under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

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

In planning and performing our audit, we considered the Village of Fairport Section 8 Housing Assistance Payments Program, New York's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the Village of Fairport Section 8 Housing Assistance Payments Program, New York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the Village of Fairport Section 8 Housing Assistance Payments Program, New York's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the Village of Fairport Section 8 Housing Assistance Payments Program, New York's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Village of Fairport Section 8 Housing Assistance Payments Program, New York's compliance with those requirements.

**To the Council Members of
Village of Fairport Section 8
Housing Assistance Payments Program**

B. Planned Scope and Timing of the Audit

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

C. Significant Audit Findings

Qualitative Aspects of Accounting Practices

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

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

D. Difficulties Encountered in Performing the Audit

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

E. Corrected and Uncorrected Misstatements

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

F. Disagreements with Management

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

**To the Council Members of
Village of Fairport Section 8
Housing Assistance Payments Program**

G. Management Representations

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

H. Management Consultations with Other Independent Accountants

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

I. Other Audit Findings or Issues

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

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This report is intended solely for the use of the Members and management of the Village of Fairport Section 8 Housing Assistance Payments Program, a component unit of the Village of Fairport Urban Renewal Agency and is not intended to be and should not be used by anyone other than these specified parties.

Raymond F. Wages, CPA, PC

December 18, 2014



Village of Fairport Information Resources Use Policy

The Village of Fairport Information Resources Use Policy (Policy) provides the rules that govern the appropriate use of all Village of Fairport information resources for all users.

All users of the Village of Fairport's information resources must read the Policy and sign the accompanying acknowledgement form before accessing data or other information, systems, and/or networks. By signing the form users are affirming their knowledge of, and agreement to adhere to, the Policy.

The Policy cannot account for every possible situation. Therefore, where the Policy does not provide explicit guidance, personnel must use their best judgment to apply the principles set forth in the Policy to guide their actions.

Non-compliance with the Policy may be cause for disciplinary action. Depending on the severity of the violation and management discretion, consequences may include all applicable disciplinary actions up to termination.

The Policy apply to local, network, and remote use of Village of Fairport information (in both electronic and physical forms) and information systems by any individual.

Users of Village of Fairport information and systems must acknowledge the following statements:

I assert my understanding that:

- Use of Village of Fairport information and systems must comply with the Policy;
- Use for other than official assigned duties is subject to the Village of Fairport Policy for Personal Use of Information Technology Resources (see below);
- Unauthorized access to information or information systems is prohibited; and
- Users must refrain from unauthorized disclosure or modification of sensitive information.

I must:

General Security Practices

- Follow the Policy whether working at my primary workplace or remotely;
- Accept that I will be held accountable for my actions while accessing and using Village of Fairport information and information systems;
- Ensure that I have appropriate authorization to install and use software, including downloaded software on Village of Fairport systems and that before doing so I will ensure that all such software is properly licensed, approved, and free of malicious code;

- Lock workstations and remove USB drives from systems when leaving them unattended;
- Permit only authorized Village of Fairport users to use Village of Fairport equipment and/or software;
- Take all necessary precautions to protect Village of Fairport information assets (including but not limited to hardware, software, personally identifiable information, protected health information, and Village records) from unauthorized access, use, modification, destruction, theft, disclosure, loss, damage, or abuse;
- Immediately report all lost or stolen Village of Fairport equipment; known or suspected security incidents; known or suspected information security policy violations or compromises; or suspicious activity;
- Maintain awareness of risks involved with clicking on web links in e-mail or text messages; and
- Only use approved methods for accessing Village of Fairport information and Village of Fairport information systems.

Privacy

- Understand and consent to having no expectation of privacy while accessing Village of Fairport computers, networks, or e-mail;
- Collect information from members of the public only as required by my assigned duties;
- Release information to members of the public including individuals or the media only as allowed by the scope of my duties and the law;
- Refrain from accessing information about individuals unless specifically authorized and required as part of my assigned duties;
- Use personally identifiable information and protected health information only for the purposes for which it was collected; and
- Ensure the accuracy, relevance, timeliness, and completeness of personally identifiable information, as is reasonably necessary and to the extent possible, to assure fairness in making determinations about an individual.

Sensitive Information

- Treat computer, network and web application account credentials as private sensitive information and refrain from sharing accounts;
- Secure sensitive information, regardless of media or format, when left unattended;
- Keep sensitive information out of sight when visitors are present;
- Sanitize or destroy electronic media and papers that contain sensitive data when no longer needed or as otherwise lawfully directed by management;
- Access sensitive information only when necessary to perform job functions; and

I must **not**:

- Violate, direct, or encourage others to violate the Policy;
- Circumvent security safeguards, including violating security policies or procedures or reconfiguring systems, except as authorized;
- Use another person's account, identity, or share my password;

- Remove data or equipment from the agency premises without proper authorization;
- Use the Village of Fairport information, systems, and hardware to send or post threatening, harassing, intimidating, or abusive material about others in public or private messages or forums;
- Exceed authorized access to sensitive information;
- Share or disclose sensitive information except as authorized and with formal agreements that ensure third-parties will adequately protect it;
- Transport, transmit, e-mail, remotely access, or download sensitive information unless such action is explicitly permitted by the manager or owner of such information and appropriate safeguards are in place;
- Use sensitive information for anything other than the purpose for which it has been authorized;
- Access information for unauthorized purposes;
- Use sensitive Village of Fairport data for private gain or to misrepresent myself or Village of Fairport or for any other unauthorized purpose;
- Store sensitive information in public folders or other insecure physical or electronic storage locations;
- Knowingly or willingly conceal, remove, mutilate, obliterate, falsify, or destroy information;
- Copy or distribute intellectual property including music, software, documentation, and other copyrighted materials without written permission or license from the copyright owner;
- Modify or install software without prior proper approval; or
- Conduct official Village business or transmit/store sensitive Village of Fairport information using non-authorized equipment or services.

Village of Fairport Policy for Personal Use of Information Technology Resources

The Village of Fairport does not recognize any enumerated right of personnel to operate Village of Fairport Information Technology (IT) resources for personal use (including any right to use Village of Fairport furnished equipment, such as mobile devices, for personal use inside or outside of the traditional business environment).

- Fairport personnel must ensure that all Village of Fairport furnished equipment is used only for authorized purposes; and
- Individuals other than the employee (e.g., family members, friends, etc.) are not authorized to use Village of Fairport furnished equipment.

Any use of Village of Fairport IT resources, including Village of Fairport e-mail, is made with the understanding that such use is not private and may be subject to disclosure under the Freedom of Information Act (FOIA). Village of Fairport personnel do not have a right to, nor do they have an expectation of, privacy while using Village of Fairport information resources at anytime, including while accessing the Internet through Village of Fairport gateways and using e-mail, which may be subject to release pursuant to the FOIA. To the extent that Village of Fairport personnel wish that their private activities remain private, they must avoid making personal use of Village of Fairport IT resources.

Village of Fairport expects personnel to conduct themselves professionally in the workplace and to refrain from using Village of Fairport furnished equipment for activities that are not related to any legitimate/officially-sanctioned Village of Fairport business purpose. Misuse or inappropriate personal use of Village of Fairport IT resources includes, but is not limited to:

- Any personal use that could cause congestion, delay, or disruption of service to any Village of Fairport IT resource, for example, viewing streaming audio and video content from the Internet;
- Any use of Village of Fairport furnished equipment and IT resources to store personal data and files not related to any Village of Fairport business activity. These files include, but are not limited to: digital images, music files, and videos.
- The intentional creation, downloading, viewing, storage, copying, or transmission of sexually explicit or sexually oriented materials;
- The intentional creation, downloading, viewing, storage, copying, or transmission of materials related to gambling, illegal weapons, terrorist activities, and any other illegal activities;
- Use of Village of Fairport IT resources for activities that are inappropriate or offensive to fellow personnel or the public. Such activities include, but are not limited to: hate speech or material that ridicules others on the basis of race, creed, religion, color, age, sex, disability, national origin, or sexual orientation;
- Use for commercial purposes or in support of commercial “for-profit” activities or other outside employment or business activity (such as consulting for pay, sales or administration of business transactions, and/or sales of goods or services); Village of Fairport personnel are specifically prohibited from using Village of Fairport furnished equipment to maintain or support a personal private business. Examples of this prohibition include personnel using a Village of Fairport computer to run a personal business such as an eBay “store.” The ban on using Village of Fairport furnished equipment to support a personal private business also includes personnel using Village of Fairport IT resources to assist relatives, friends, or other persons in such activities;
- Engaging in any outside fund-raising activity, including non-profit activities, endorsing any product or service, participating in any lobbying activity, or engaging in any partisan political activity;
- Posting agency or personal information to external newsgroups, bulletin boards, or other public forums without authority, including information which is at odds with Village of Fairport missions or positions. This includes any use that could create the perception that the communication was made in one’s official capacity as a Village of Fairport employee, unless appropriate Village of Fairport approval has been obtained;
- Establishing personal, commercial, and/or non-profit organizational websites on Village of Fairport owned machines;
- The creation, copying, transmission, or retransmission of chain letters or other unauthorized mass mailings, regardless of the subject matter;
- The connection of personally-owned mobile devices (e.g., bring your own device (BYOD)) outside of Village of Fairport managed and approved methods;
- Use or creation of unauthorized automated mailing lists or the distribution of unauthorized newsletters;

SIGNATURE

I have read the Policy document, and understand and agree to comply with its provisions. I understand that violations of the Policy may lead to disciplinary action and that these actions may include all applicable disciplinary actions up to termination. I understand that exceptions to the Policy must be authorized in advance in writing by the Village of Fairport Manager or his/her designee.

User's Name (printed): _____

User's Name (signed): _____ Date: _____



Lifetime Benefit Solutions, Inc. Service Agreement

This Agreement shall be made effective as of the date identified in Appendix A - Fees and Charges. The Agreement shall be by and among (1) the “Employer” identified in Appendix A - Fees and Charges, (2) Lifetime Benefit Solutions, Inc. (LBS) with its principal office at 70 Metro Park, Rochester, NY 14623 and (3) the Employer’s “Plan” as identified in Appendix A - Fees and Charges, and sets forth the basis on which LBS agrees to provide administrative services for the Plan. Allowable Plan types associated with this Agreement are Flexible Spending Accounts (FSA), Limited Purpose Flexible Spending Accounts (LPFSA), Health Reimbursement Accounts (HRA) and Qualified Transportation Benefits (QTB).

In consideration of the mutual covenants contained herein, the Employer and LBS agree as follows:

I. Claims Administration

A) The Employer shall:

- 1) Furnish LBS with copies of all Plan documents and any Summary Plan Description, if applicable, in existence on the effective date of this Agreement, and shall promptly provide LBS with copies of any such subsequent Plan amendments and changes to the Summary Plan Description, other than any document which is identical to a document LBS helped prepare.
- 2) Operate the Plan consistent with the Plan Documents and this Agreement.
- 3) Determine and periodically provide LBS with a list (Web enrollment or electronic file preferred) of the employees eligible to participate in the Plan, including full enrollment records (demographic and Plan elections/contributions) at least thirty (30) days before the beginning of each Plan year.
- 4) Provide LBS, via electronic file, with a listing of employer Plan contributions, and FSA, LPFSA and/or QTB Plan contributions deducted from each participant’s paycheck (including the amount and frequency). In the absence of a file, LBS will post contributions based on enrollment form data.
- 5) For HRA and QTB Plans only: Notify LBS of the date contributions which are not used to pay expenses incurred in a Plan year should be credited to participants’ accounts and be available to pay expenses incurred in the next Plan year.
- 6) Comply with LBS’ Electronic Data Interchange (EDI) formats for transfer of electronic data.
- 7) Send LBS any other information or data required and requested by LBS to perform the services specified in this Agreement.
- 8) Comply with all Plan reporting and disclosure requirements under the Internal Revenue Code of 1986 (the “Code”) and, if applicable, the Employee Retirement

Income Security Act of 1974 ("ERISA"), as amended, and other laws and regulations.

- 9) Authorize LBS to electronically withdraw funds from the Employer's specified account(s) for claim reimbursement payments.
- 10) For FSA, LPFSA and HRA Plans only: For each participant who elects the Automatic Claims Transfer option, authorize the insurance carrier to transfer eligible expense information directly to LBS for processing FSA or HRA claims.
- 11) For HRA, FSA and LPFSA Plans only: LBS may rely on the accuracy and validity of information described in Section I(A)(10) and any other information received from the insurance carrier to process HRA, FSA and/or LPFSA claims and to adjudicate Health Spending Card transactions.
- 12) If the Employer elects the Health Spending Card option for debit card payments to be made directly to service providers:
 - i) establish such accounts, enter into such written agreement(s), and sign such documents as are required by debit card Bank. (or other service provider selected by LBS) for participants to have claims paid through debit cards, including entering into a deposit account agreement, unless waived by debit card Bank, and signing an "Automated Clearing House authorization" for automatic debits and credits; and
 - ii) at all times, maintain in the account from which automatic debits will be drawn and to which automated credits will be transferred, any minimum account balance required by debit card Bank as per the terms of the separate Settlement Agreement with debit card Bank (or required by the bank selected by debit card Bank) to present automatic debits and credits.

Note: Notwithstanding the above and any other provision of the Agreement, the Health Spending Account debit card may not be elected for certain restricted purpose HRAs.
- 13) Disclose in writing and in advance to participants any fees, charges or expenses that may be deducted from their accounts, including, but not limited to, charges for reimbursement payments made outside the reimbursement schedule specified in this Agreement, check stop payment charges and charges for additional LBS debit cards.
- 14) Review all periodic reports, including contributions, check registers, account balance detail and any other reports as may be provided or requested, for accuracy. In the event the Employer fails to notify LBS of any issues, errors and/or incorrect data within 90 days of the report date, the accuracy of the report is deemed accepted and LBS shall be released from any financial obligation with respect to any issue, error or incorrect data in the report.

B) LBS shall:

- 1) Provide the Employer with claims reimbursement forms and instructions, and provide participants customer service support for the Plan.
- 2) Provide the Employer with EDI specifications to conduct electronic file transfer.
- 3) Maintain a list of participants based on information provided by the Employer pursuant to paragraph I(A)(3) above.
- 4) Process claims and issue account statements in accordance with this Agreement and LBS' standard claim administration procedures and practices; make participant statements accessible to participants on LBS' website. For LPFSA Plans, "standard claim administration procedures" means LBS' standard claim administration procedures for dental and vision only claims.
- 5) Defer to the Employer's final decision on any disputed claim and any other claim that the Employer may specify.
- 6) Issue claims reimbursement payments weekly. However: (i) if the normal claims reimbursement payment day is not a business day, claims reimbursement payments will be issued no later than the next business day, and (ii) if the Employer elects the Health Spending Card option for debit card payments to be made directly to service providers, payments made directly to the service providers shall be made at any frequency and amount, subject to any minimum amount that may be required by an individual service provider.
- 7) Request substantiation receipts from participants for LBS debit card transactions, unless LBS can otherwise substantiate transactions. If a participant transaction cannot be substantiated, LBS has the right to discontinue the Health Spending Card for that participant.
- 8) Enforce a **\$30** minimum for claim reimbursement checks, except: (i) as noted above, for payments to service providers in accordance with the Health Spending Card option; and (ii) final payment for claims made before the end of the run-out period (described in subsection (9) below).
- 9) Allow a run-out period, as identified in the Plan Document, following the end of each Plan year for submission of claims incurred during the Plan year.
- 10) Make reports accessible to the Employer on LBS' website.
- 11) Make LBS' Enrollment website service available to the Employer to: (i) allow the Employer to input enrollment information; or (ii) for FSA, LPFSA and QTB Plans, allow the participant to input enrollment information.
- 12) Make electronic enrollment communications accessible to the Employer on LBS' websites. LBS reserves the right to charge for hard copy enrollment kits as set forth in Appendix A.
- 13) If requested by the Employer, produce special reports of a non-routine nature and provide special services; provided, however, the cost of such reports and services shall be borne by the Employer and shall be in addition to the fees provided in Appendix A - Fees and Charges.

- 14) Maintain a record of all Plan paper claims, standard and special reports, employee elections and/or employer contributions, and design specifications for a period of one year following the Plan year the report was created, the Plan year for which the employee election and/or employer contribution was made, or the last Plan year the design specification applied (as the case may be), unless its obligation to retain the same ends sooner pursuant to Section VII. LBS will scan and retain manually submitted claims in electronic form for a period of six years. LBS will retain Health Spending Card claims data in electronic form for a period of six years and such Debit card claim data will include the participant's name and Social Security number, the transaction number, payment date and payment amount. It shall be the Employer's responsibility to maintain records, data and information relating to the Plan for any longer period of time required under the Code, and if applicable, ERISA and other law.
- 15) Be available to consult with the Employer concerning any disputed claim, any changes to the claims administration procedures and practices, and benefit and Plan design issues.
- 16) For HRA Plans subject to Patient Protection and Affordable Care Act ("PPACA") external claim review requirements, contract with at least three organizations that qualify as an independent review organization ("IRO") under PPACA and make them available to conduct external reviews of adverse benefit determinations and final adverse benefit determinations. LBS' contract with any IRO shall obligate the IRO to process and conduct external reviews in accordance with PPACA requirements and regulations issued there under. The fee for external claim review services is in addition to the fees listed in Appendix A. LBS shall inform the Employer of the fee for external claim review services before, or at the time, an external claim review is requested by a claimant. If the Employer declines to utilize the IROs for any external claim review, the Employer shall be solely responsible for satisfying PPACA external claim review requirements.
- 17) Periodically report to the Employer on matters of general interest with respect to the Plan including, by way of example, problems of a recurring nature, local situations, and potential misuses of benefits.
- 18) Provide the additional services indicated in Appendix A.

II. Relationship of the Parties

The legal relationship of LBS to the Employer shall be exclusively that of an independent contractor. LBS shall process claims in strict accordance with the claims criteria determined by the Employer and communicated to LBS. LBS shall not:

- 1) have any discretion to approve or deny Plan claims, or any other discretionary authority or responsibility in the administration of the Plan;
- 2) have any authority or control with respect to the management or disposition of Plan assets, or hold any Plan assets;

- 3) if ERISA is applicable, be the “administrator” of the Plan as defined in Section 3(16) of ERISA, or a “named fiduciary” as defined in Section 402(a)(2) of ERISA, or a “fiduciary” as defined in Section 3(21) of ERISA, with respect to the Plan;
- 4) be responsible for ensuring that the Plan complies with any requirement under the Code and, if applicable, ERISA or other law, or be liable to the Employer or any person if the Plan fails to comply with any such requirement;
- 5) except for LBS’ obligations set forth in Section V below, be responsible for ensuring that the Plan complies with HIPAA requirements, or be liable to any person if the Employer fails to comply with any such requirement; or
- 6) ensure payment of any Plan claim, or have any duty or authority to enforce the Employer’s obligation to pay any Plan claim.

III. Employer’s Representations

The Employer represents to LBS that:

- 1) if ERISA is applicable, the Employer is the “administrator” of the Plan as defined in Section 3(16) of ERISA, or that another person (other than LBS) has been duly appointed by the Employer to be the “administrator”;
- 2) all instructions and information received by LBS from the Employer or its representatives shall be authorized by the Employer and shall be in accordance with the terms of the Plan and HIPAA; and
- 3) the Employer shall notify LBS in writing prior to any sale, acquisition, merger, reorganization or other similar change relating to the Employer’s status as the sponsor of the Plan.

IV. Fees

The Employer shall pay to LBS a monthly administration fee during the continuance of this Agreement, and such other fees as set forth in Appendix A - Fees and Charges, subject to any changes made in accordance with this Section IV.

- 1) LBS may change any of its fees set forth in Appendix A - Fees and Charges by giving the Employer written notice of the change at least ninety (90) days prior to the effective date of the change.
- 2) If LBS will incur increased expenses as a result of a significant Plan change, LBS may also increase its monthly administration fee set forth in Appendix A - Fees and Charges. Such increase shall be commensurate with any anticipated increased expenses, and shall be effective as of the date such Plan change takes effect. LBS will provide the Employer with written notice of the fee increase within sixty (60) days after being informed by the Employer of the Plan change. One-time fees may be assessed to reprocess any

transactions affected by the Plan change if the change is communicated to LBS after the effective date or with less than ten (10) business days to effect the change in the system.

- 3) If monthly Plan participant counts change as a result of retroactive additions or terminations in employee elected accounts, LBS will issue a retroactive adjustment on the invoice generated immediately following LBS receiving the information necessary to effect said changes. The retroactive adjustment will not exceed more than 90 days for any one participant.

The retroactive addition of participants due to employer funded accounts for the Plan Year will result in retroactive billing back to the effective date of the employer funded account (date from which participants may submit incurred claims).

- 4) Any agreements between the Employer and their insurance or benefit broker to have the broker pay any or all of the fees under this agreement shall not reduce or eliminate the Employer's responsibility for the fees that become due and payable under this Agreement. In the event that a broker invoice for services rendered under this Agreement remains outstanding after 60 days, LBS has the right to demand payment from the Employer.

V. HIPAA Privacy and Security Requirements

This Section V applies to FSA, LPFSA and HRA Plans only.

LBS acknowledges that it is a business associate (as defined in 45 Code of Federal Regulations (CFR) §160.103) of the Plan and, as such, is required to provide assurances that it will comply with the same privacy and security safeguard obligations that apply to the Plan with respect to protected health information. Therefore, LBS and the Plan and/or Employer will enter into a separate written agreement obligating LBS to comply with such privacy and security safeguard obligations, and to amend such separate agreement as necessary or advisable from time-to-time to comply with and reflect current or future legislation, regulations or rules relating to HIPAA. If LBS and the Plan and/or Employer fail to agree on terms of said separate agreement then, notwithstanding any other provision of this Agreement, either party may terminate this Agreement immediately upon written notice of termination to the other party, as set forth in Article VII of the Agreement, without penalty.

VI. Liability and Indemnity

LBS does not insure or underwrite the liability of the Employer under the Plan. The Employer retains all responsibility for paying all claims made under the Plan and all expenses incident to the Plan.

LBS shall not be liable to the Employer, any participant, or any other person for: (i) any act or omission that is undertaken in good faith and is not found to constitute negligence, willful misconduct or a breach of this Agreement; (ii) relying on Plan documents, data or information

Doing business as LBS Administrators and Flexible Benefit Insurance Solutions in California. Doing business as LBS Administrators in New Hampshire.

provided to LBS by the Employer or its representatives; (iii) making any change to the Plan document, a Plan amendment, Summary Plan Description, Summary of Material Modification, or any other Plan related document, which LBS is directed to make by the Employer, its employee, broker, consultant, attorney or other agent; (iv) relying on instructions from the Employer or its representatives; and (v) following instructions of the Employer or its representatives before LBS has received written notice of any sale, acquisition, merger, reorganization or other similar change relating to the Employer's status as the sponsor of the Plan. LBS is entitled to conclusively rely on the authenticity of any notice or other communication received from another party so long as it reasonably believes the notice or other communication to be genuine. Furthermore, LBS shall not be responsible for losses caused directly or indirectly by conditions beyond its reasonable control, including but not limited to war, natural disaster, strikes, interruptions of power, communications or data processing services.

The Employer and LBS each agree to indemnify and hold the other, and its directors, officers, employees, and agents, harmless against any and all claims, demands, losses, damages, penalties, liabilities, costs and expenses (including without limitation reasonable attorneys' fees and disbursements) (hereinafter collectively referred to as "liability") arising under this Agreement where such liability is the result of the negligent act or omission of, or breach of this Agreement by, the indemnifying party or its director(s), officer(s), employee(s), or agent(s). If the Employer elects the LBS Debit card option for debit card payments to be made directly to service providers, the parties agree that the Employer's indemnification obligation hereunder covers any liability LBS may incur as a result of any failure to maintain in the account from which automatic debits are drawn, and to which automated credits are transferred, any minimum account balance required by debit card Bank as per the terms of the separate Settlement Agreement with debit card Bank (or such other service provider selected by LBS) or required by the bank selected by debit card Bank (or such other service provider) to present automatic debits and credits. The Employer and LBS each agree to provide the other with prompt notice of any written or oral claim or demand or of any facts that could result in an indemnification claim against the other party pursuant to this provision, and to afford the other party all opportunity, as is permitted by applicable law, to participate in the defense and/or settlement of such matter.

The provisions of this Section VI shall survive the termination of this Agreement.

VII. Term of Agreement

A. This Agreement is effective as of the date established in Appendix A - Fees and Charges and shall continue until terminated in accordance with one of the following provisions:

- 1) By mutual consent of the parties.
- 2) If the Employer elects the Health Spend Card option for payments to be made directly to service providers, by LBS immediately upon notice after any failure to maintain in the account from which automatic debits are drawn, and to which

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- automated credits are transferred, any minimum account balance required by debit card Bank as per the terms of the separate Settlement Agreement with debit card Bank (or such other service provider selected by LBS) or by the bank selected by debit card Bank (or such other service provider) to present automatic debits and credits.
- 3) Upon thirty (30) days advance written notice given to LBS following LBS' failure to correct any material breach of this Agreement within thirty (30) days after receiving written notice of such breach.
 - 4) On the last day of the calendar month following the month in which one party gives the other parties written notice of its intention to terminate this Agreement (or on such later date specified in the notice).
 - 5) Upon the Employer's non-payment of any of the fees or charges set forth in Appendix A - Fees and Charges (or any additional fees or charges for services as agreed upon by the Employer and LBS) for a period of 30 days.
 - 6) For FSA, LPFSA and HRA Plans only, in accordance with Section V in the event of a breach of LBS' obligations under Section V.
- B. Provided the Employer has paid all fees and charges owed to LBS under this Agreement, upon termination of this Agreement and at the request of the Employer, LBS shall use its best efforts to transfer to the Employer (or successor service provider designated in writing by the Employer) such records, reports, data and information necessary for the continued administration of the Plan. The cost for transferring records, reports, data and information shall be billed to the Employer at the rate specified in Appendix A - Fees and Charges for non-routine services. If LBS does not receive a request to transfer such records, reports data or information by the earlier of the date 12 months after the date this Agreement is terminated or the date its obligation to retain the same ends under Section I, LBS shall have no further duty to retain any records, reports, data and information in its possession relating to the Plan.

VIII. Miscellaneous

- 1) The Employer and the Plan agree not to disclose this Agreement, or any terms of this Agreement, to any other party without LBS' prior written consent, except as such disclosure may be required by law.
- 2) Any notice given to a party under the terms of this Agreement shall be in writing and shall be delivered personally, or sent by registered mail, or by certified mail return receipt requested, to the address for that party shown above, or to any new address for that party designated by notice. Any notice that is mailed shall be deemed to have been given on the second business day after the day of mailing (not counting the day mailed), irrespective of the date of receipt.
- 3) All understandings and agreements previously made by and among the parties are merged in this Agreement, which alone fully and completely expresses their agreement. This

Agreement may not be changed or terminated, nor any of its provisions modified or waived, except in a writing signed by all of the parties to this Agreement.

- 4) Headings herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.
- 5) This Agreement shall be binding upon and will inure to the benefit of the parties, their heirs, distributees, legal representatives, transferees, successors and assigns.
- 6) All legal questions pertaining to this Agreement shall be determined in accordance with the laws of the State of New York. The venue of any action arising under this Agreement shall be in Monroe County, New York. The parties hereby waive all rights to a jury trial of any action arising out of this Agreement to the extent permitted by law.
- 7) This Agreement may be executed, as evidenced in Appendix A - Fees and Charges hereto, in duplicate, and each shall be deemed an original for all purposes.

IN WITNESS WHEREOF, the parties have executed the Lifetime Benefit Solutions, Inc. Service Agreement and Appendix A – Fees and Charges effective as of the date written above.

Employer:

Lifetime Benefit Solutions, Inc.:

Print: _____

Print: _____

Sign: _____

Sign: _____

Title: _____

Title: _____

Date: _____

Date: _____

Plan:

Signature of person authorized to sign on behalf of the Plan (i.e., Plan Administrator or member of the Administrative Committee as defined in the Plan Document).

Print: _____

Title: _____

Sign: _____

Date: _____



Lifetime Benefit Solutions, Inc. Service Agreement

Appendix A – Fees and Charges

The conditions stated in this Appendix A – Fees and Charges shall be applied in conjunction with the Lifetime Benefit Solutions, Inc. (LBS) Service Agreement. The “Employer” is **Village of Fairport** which has an office at 31 S. Main St., Fairport, NY 14450. The effective date of the LBS Service Agreement and this Appendix A – Fees and Charges is the **1st day of January, 2015**.

This Service Agreement applies to the following Plan(s) (check all that apply):

- ☒ Flexible Spending Account Plan (FSA)
- ☐ Limited Purpose Flexible Spending Account Plan (LPFSA)
- ☐ Health Reimbursement Account (HRA)
- ☐ Qualified Transit Benefit Plan (QTB)

This agreement includes debit card for some or all of the plans or services within said plans noted above. ☒ YES ☐ NO

The Employer shall pay the following fees and charges:

- a) For participants enrolled in the one benefit only: **\$4.45** per participant per month. For participants enrolled in two benefits: **N/A**. There is a **\$75.00** per month minimum administration fee per Plan indicated above. “Benefit” is defined as: Medical, Dependent Care or both is one FSA benefit; Parking, Transit or both is defined as one QTB benefit; Health Reimbursement Account is one HRA Benefit. For this purpose, “participant” means any person enrolled in the Plan (e.g., active employee, former employee, or the spouse or dependent of an active employee or former employee for whom an account is maintained for claim submission). The monthly administration fee shall be based on the number of participants on the first day of the plan year and adjusted monthly as necessary to reflect changes in participant count. Billing for terminated participants and non-re-enrolling participants will continue through the participants’ run-out date as defined in the Plan Document. LBS shall bill the administration fee monthly, and payment shall be due within 30 days of the date billed, **except as noted in M below**. *Note: LBS may adjust the monthly administration fee if it will incur increased expenses as a result of changes to the Plan design or participation increases by 20% or more over plan year beginning participant count for 3 consecutive months. Such adjustment shall be effective as of the date such Plan changes take effect or on the monthly invoice following the 3rd month where participation increased by 20% or more.*
- b) The administration fee for the run-out period following the end of a Plan Year shall be covered in the administration fees for the following Plan Year unless the Plan or this Agreement is terminated, in which case the administration fees for the run-out period shall be billed and due at the beginning of the run-out period. The number of run-out period days is defined in the Plan Document.
- c) LBS reserves the right to assess additional administrative charges of **\$100.00** per hour (one hour minimum) if the Employer provides incorrect Plan design data, transmits data in a format

Lifetime Benefit Solutions, Inc. Service Agreement Appendix A – Fees and Charges

other than LBS' EDI format, requests additional Plan design changes after the open enrollment period, or requests any additional services or customized reporting.

- d) LBS will provide electronic copies of enrollment kits and reserves the right to charge for hard copy Enrollment Kits.
- e) **\$125.00** for each on-site employee enrollment presentation or benefit fair, plus LBS' travel costs, provided the Employer pre-approves such travel expenses. (LBS shall not be obligated to attend any on-site employee enrollment presentation or benefit fair outside Monroe County or Onondaga County New York if LBS and the Employer are unable to agree on reasonable travel expenses.) All travel expenses, including lodging expenses, will be billed directly to the Employer.
- f) **\$50.00** for each Automated Clearinghouse Transaction (ACH) that fails due to insufficient funds.
- g) A one-time implementation fee of \$0.00.
 - (i) For FSA, LPFSA and HRA Plans, this fee includes initial set-up of the plan in the system and the preparation of a Plan Document and Summary Plan Description.
 - (ii) For FSA and LPFSA Plans, this fee also includes an Administrator's Guide containing a Plan overview, summary of services, guidelines for implementation, definitions, requirements, and answers to commonly asked questions.
- h) For FSA and LPFSA Plans only: an annual compliance service fee of **\$275.00** for non-discrimination testing as required under Federal tax law.

For HRA Plans only: Annual compliance service fee of **\$N/A**.

- (i) Please indicate if LBS is engaged to assist with testing compliance with the non-discrimination eligibility requirements of Section 105(h) IRC.

☐ Yes or ☒ No

Fee to be provided by quote

- (ii) Employer shall be responsible to promptly pay or reimburse LBS for all taxes and fees that arise out of, or relating to, this Agreement, except taxes on LBS' net income. Taxes and fees payable by the Employer include, without limitation, taxes and fees applicable to the transitional reinsurance program under the Affordable Care Act, or similar initiatives. Unless prohibited by law, LBS reserves the right to fund these tax payments by adjusting its administrative fees to pay such taxes upon written notice to Employer.
- i) For FSA, LPFSA and HRA Plans only: **\$300.00** for preparation of each Plan amendment or restatement, and if required, a corresponding summary of material modification.
- j) For FSA, LPFSA and HRA Plans only: **\$300.00 per Plan** for the completion of an IRS Form 5500, if requested.
- k) Requests for services that are not of a routine nature including, but not limited to, requests for special reports, requests for copies of Plan specific claims, correction due to late or erroneous Employer data, Employer audit assistance, research to answer Employer specific questions, and communicating and consulting with the Employer's representatives (including but not limited to the Employer's broker, consultant, or attorney) will be provided at the rate of **\$100.00** per hour, with a minimum charge of one hour. For any significant services, as mutually agreed to between LBS and the Employer, LBS will provide the Employer with an advance estimate of the cost and timeline for the service. (Requests for copies of Plan specific claims must be

Lifetime Benefit Solutions, Inc. Service Agreement Appendix A – Fees and Charges

accompanied by an electronic file containing the Social Security numbers of the participant(s) who filed the claim(s) (or other mutually agreed upon participant identifiers), and all copies of Plan specific claims will be provided only in electronic format).

- l) If this Agreement is terminated by the Employer before the end of any Plan Year for any reason other than a material breach of the Agreement by LBS that is not corrected within thirty (30) days after LBS receives written notice of such breach, or if this Agreement is terminated by LBS before the end of any Plan Year due to the Employer's failure to pay the fees and charges provided herein, a termination fee equal to:

- (i) **Fifty cents (\$0.50)** for each participant in the Plan during the last month the Agreement is in effect or **\$99.00** whichever is greater; multiplied by the number of months less than 12 that this Agreement is in effect during the Plan Year in which it is terminated.

Such amount shall be due and payable upon the date the Agreement is terminated.

- m) If this agreement is terminated as of the end of any Plan Year, LBS will provide to the client an invoice covering the remaining months of service to be provided, including any run-out period selected by the client, calculated using the then current enrollment count, which shall be due upon receipt. LBS reserves the right to withhold services until such time as the invoice is paid in full.

- n) For HRA and FSA only: In the event taxes or fees related to Comparative Effectiveness Research (CER), the Patient-Centered Outcomes Research Institute, or similar initiatives, are applicable to the HRA or FSA, then LBS shall provide Employer with reports necessary for Employer to calculate and be responsible to pay all taxes and fees applicable to such programs.

IN WITNESS WHEREOF, the parties have executed the Lifetime Benefit Solutions, Inc. Service Agreement and this Appendix A – Fees and Charges effective as of the date written above.

Employer:

Print: _____

Sign: _____

Title: _____

Date: _____

LIFETIME BENEFIT SOLUTIONS, INC:

Print: Thomas D. Cauthorn

Sign: _____

Title: President

Date: November 10, 2014

Plan:

Signature of person authorized to sign on behalf of the Plan (i.e., Plan Administrator or member of the Administrative Committee as defined in the Plan Document).

Print: _____

Title: _____

Sign: _____

Date: _____

FAIRPORT COMMUNITY RADIO WATER TOWER LEASE AGREEMENT

This Water Tower Lease Agreement (hereinafter this "Lease" or this "Agreement"), is made this ____ day of _____, 2014, between the **VILLAGE OF FAIRPORT**, a municipal corporation, with its principal offices located at Village Hall, 31 South Main Street, Fairport, New York 14450, hereinafter designated as "LESSOR" and **FAIRPORT COMMUNITY RADIO**, with its principal office located at 20 East Church Street, Fairport, New York 14450, hereinafter designated as "LESSEE".

WITNESSETH

In consideration of the mutual covenants contained herein and intending to be legally bound hereby, the Parties hereto agree as follows:

1. **PREMISES:** LESSOR is the owner of that certain water tower and land at 37 Summit Street, Fairport, New York and shown on the tax map of the Village of Fairport as Tax Map Parcel No. 153.17-2-72 (hereinafter referred to as the "Property"). LESSOR hereby leases to LESSEE that certain space on the water tower ("Tower Space") together with that certain parcel of real property at the Property consisting of approximately ("Land Space"). In connection therewith, LESSOR agrees that LESSEE shall have the right to install antennas in the Tower Space, and install an equipment shelter and fencing on the Land Space together with connections running from the equipment shelter, Land Space and Tower Space. LESSEE's antennas, equipment shelter, fencing, connections, and site plan may be referred to as the "Equipment", and are specifically described and listed in Exhibit "A" (Fairport Community Radio Proposal) attached hereto.

LESSOR agrees that LESSEE shall have a non-exclusive right for ingress and egress to the Property (including, without limitation, the Tower Space and Land Space), seven (7) days a week, twenty-four (24) hours a day, on foot or motor vehicle, including trucks, and shall have the right to install, operate and maintain utility wires, poles, cables, conduits, pipes and other necessary connections over, under, or along any right-of-way extending from the nearest public right-of-way to the Property and any necessary connections between LESSEE's Tower Space and Equipment in the Land Space (hereinafter collectively referred to as "Access"), provided such does not interfere or cause interference with any other existing equipment. The Tower Space, the Land Space and the Access are sometimes hereinafter referred to collectively as the "Premises" and shown on Exhibit "B" attached hereto.

LESSOR also grants to the LESSEE the right to install in the Premises telephone, electrical, air conditioning, alarming and other systems, as may be, in the LESSEE's sole discretion, necessary or desirable to operate and maintain LESSEE's Equipment. LESSEE shall pay the cost of installing and maintaining the foregoing improvements and systems and the cost of LESSEE's on-going usage of the foregoing services. In connection with the installation, maintenance and operation of the Equipment, LESSOR grants LESSEE access to electric power and telephone lines, together with any other necessary connecting appurtenances. In the

event any public utility is unable to use the Access, the LESSOR hereby agrees to grant an additional right-of-way either to the LESSEE or to the public utility at no cost to the LESSEE.

LESSEE, at its sole cost and expense, shall furnish and install its own direct meter for electric service determined by the Village for the measurement of electrical power and payment for electrical power used by LESSEE's installation, provided that such installation is permitted by the local utility company. LESSOR agrees to allow such installation by LESSEE and upon installation of an electrical meter, LESSOR agrees to be responsible for reading the meter on a monthly basis and for providing LESSEE with an invoice which includes a copy of the electric invoice from utility and the meter reading. LESSOR shall send its invoice to LESSEE at Fairport Community Radio, 20 East Church Street, Fairport NY 14450. LESSEE agrees to reimburse LESSOR within 30 days for such electrical costs which shall not be construed to be rent.

LESSEE has been notified and made fully aware of LESSOR's intent to demolish the existing water tank which hosts all current and future antennas and equipment in the year 2015. LESSOR is responsible for all costs associated with the installation and removal of said equipment at time of demolition. LESSEE will be notified no less than thirty (30) days in advance of said demolition in order to execute removal of equipment from LESSOR property. At the sole discretion of the LESSOR, a new telecommunications tower may be constructed and erected at or near the current location of the existing tower. Should the LESSOR elect to construct a new tower, LESSEE will be offered to lease space, under the guidelines outlined in this agreement, should LESSEE desire to continue with this service. Should the Village of Fairport not erect a future telecommunications tower for public use, this contract will cease to exist and become null and void at time LESSEE's service is disconnected and removed from existing structure.

2. **TERM:** This Agreement shall be effective as of the date first above written ("Effective Date"); provided, however, the initial term ("Initial Term") shall be for five (5) years and shall commence on the Commencement Date (as hereinafter defined) at which time the initial rental payment will be due at the rate of Two Hundred and Fifty Dollars (\$250.00) per month for the first year of the Initial Term in addition to Fifty Dollars (\$50.00) per month for electric utility usage. The annual rent shall be adjusted each year of the term as provided in paragraph 4 hereof. The annual rent shall be paid in a single sum on the Commencement Date, to LESSOR or to such other person, firm or place as the LESSOR may, from time to time, designate in writing at least thirty (30) days in advance of any rental payment due date. Thereafter, the annual rent shall be paid in a single sum on each anniversary of the Commencement Date. The Commencement Date shall be defined as the date LESSEE begins installation of the Equipment. Further, this Agreement shall terminate by its terms and without notice from either Party if the Commencement Date does not occur within nine (9) months of the date this Agreement is signed by LESSOR.

LESSOR and LESSEE acknowledge and agree that initial rental payment(s) shall not actually be sent by LESSEE until thirty (30) days after the Commencement Date.

3. **EXTENSION TERMS:** There is an option to extend this Agreement for two (2) additional terms of five (5) years each. The exercise of each of the foregoing options to

extend shall occur automatically, without the need for any notice, unless either party shall give written notice to LESSOR of LESSEE's intention not to so extend the term of the Lease. LESSOR shall have the option not to extend the term of the Lease for (i) LESSEE's material non-compliance with the provisions of this Lease or (ii) LESSOR's need to use the Premises for another immediate municipal public use. Notice of non-renewal shall be given in writing no less than nine (9) months prior to the end of the then current term of this Agreement. Should LESSOR not extend the term due to another immediate municipal public use, LESSOR shall relocate LESSEE to another location on the Property or another of LESSOR's properties (herein referred to as the "Alternative Property"). The Alternative Property must be acceptable to LESSEE in LESSEE's sole discretion; if Alternative Property is not acceptable to LESSEE, LESSEE'S sole option shall be to terminate this Lease on notice to LESSOR. LESSEE shall be allowed if necessary to place a temporary cell site and antenna structure on the Property during any such relocation, but for no more than one hundred twenty (120) consecutive days.

4. **ANNUAL TERM RENT INCREASE:** At the end of each lease year, the annual rent shall automatically be increased by five percent (5%) for the next lease year. It shall be the responsibility of LESSEE to adjust all payments accordingly, without written notice of the increase from LESSOR.

5. **INSURANCE:** LESSEE shall carry at its own expense, comprehensive general liability insurance in an amount no less than **\$2,000,000.00** combined single limit covering personal injury and property damage. LESSEE shall name LESSOR as an additional insured on such policies. Such insurance shall insure, on an occurrence basis, against liability of LESSEE, its employees and agents arising out of or in connection with LESSEE's use of the Premises, all as provided for herein. LESSOR shall carry at its own expense, comprehensive general liability insurance in an amount no less than **\$2,000,000.00** combined single limit covering personal injury and property damage. Such insurance shall insure, on an occurrence basis, against liability of LESSOR, its employees and agents arising out of or in connection with LESSOR's use, occupancy and maintenance of the Property.

LESSEE shall maintain at its expense policies insuring against loss or damage to LESSEE's personal property by reason of fire or other casualty.

All insurance required of LESSEE by this Lease may be provided under LESSEE's blanket policies from time to time in effect.

6. **USE; GOVERNMENTAL APPROVAL; EARLY TERMINATION:** LESSEE shall use the Premises for the purpose of constructing, maintaining and operating a commercial communications system facility and uses incidental thereto. All improvements shall be at LESSEE's expense. LESSEE shall maintain the Equipment in the Premises in a safe condition and in good order and repair and have the right to alter, improve, change, replace, remove, withdraw and make substitutions for LESSEE's antennas and Equipment. LESSOR shall maintain the Access to the Premises in a safe condition and in good order and repair. It is understood and agreed that LESSEE's ability to use the Premises is contingent upon its obtaining, after the execution date of this Agreement, all of the certificates, permits, licenses and other approvals ("Governmental Approvals") that may be required by any Federal, State or

Local authorities for the construction and operation of LESSEE's installation at the Premises for the purposes set forth herein. LESSOR shall take no action, which would adversely affect the status of the Property with respect to the proposed use thereof by LESSEE. In the event that any of such applications for Governmental Approvals should be finally rejected, or LESSEE determines, in its sole discretion, that the Governmental Approvals may not be obtained in a timely manner, or that any Governmental Approval issued to LESSEE is canceled, expires, lapses, or is otherwise withdrawn or terminated, or that LESSEE, in its sole discretion, determines that the Premises are no longer compatible for the use due to technological reasons, LESSEE shall have the right to terminate this Agreement. Notice of the LESSEE's exercise of its right to terminate shall be given to LESSOR in writing by certified mail, return receipt requested, and shall be effective upon thirty (30) days after the mailing of such notice by the LESSEE and the removal of LESSEE's Equipment pursuant to paragraph 11 hereof. All rentals paid to LESSOR prior to said termination date shall be retained by the LESSOR. Upon such termination, this Agreement shall become null and void and the parties shall have no further obligations, including the payment of money, to each other, except as specifically provided herein. LESSOR acknowledges that LESSEE'S use of the Premises and construction on the Property and the other improvements set forth on Exhibit "A" are in furtherance of LESSOR'S governmental purposes. If LESSEE fails to properly apply for a Building Permit within ninety (90) days of the Effective Date, then this Lease shall be automatically cancelled and LESSEE and LESSOR shall be relieved of all obligations hereunder.

7. **INDEMNIFICATION:** LESSEE shall indemnify and hold LESSOR harmless against any claim of liability or loss from personal injury or property damage directly resulting from or arising out of the use and occupancy of the Premises by the LESSEE, its employees, servants, contractors, agents, or invitees excepting, however, such claims or damages as may be due to or caused by the willful negligence or willful misconduct of the LESSOR, its servants or agents. The indemnifications provided herein shall survive expiration or termination of this Agreement.

LESSOR warrants, represents and agrees that neither the LESSOR nor, to the best of LESSOR's knowledge, any third party has used, generated, stored, or disposed of any Hazardous Materials in, on or under the Property and that LESSOR will not knowingly allow any third party to use, generate or store Hazardous Materials on the Property. "Hazardous Materials" shall mean petroleum or any petroleum product, asbestos, and any other substance, chemical or waste that is identified as hazardous, toxic or dangerous in any applicable Federal, State, or Local law, rule, regulation, order or ordinance. LESSEE shall indemnify, defend and hold LESSOR harmless from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses (including, without limitation, any and all sums paid for settlement of claims, reasonable attorney's fees and consultant's and expert's fees) resulting from the presence or release of any Hazardous Materials on the Property if caused by LESSEE or persons acting under LESSEE. LESSOR shall indemnify, defend any breach of LESSOR's representations and warranty set forth above, and hold LESSEE harmless from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses (including, without limitation, any and all sums paid for settlement of claims, attorney's fees and consultant's and expert's fees) resulting from (i) the presence or release of any Hazardous Materials on the

Property or LESSOR's surrounding property unless caused by LESSEE or persons acting under LESSEE, or (ii) any breach of any representation or warranty of LESSOR contained in this Section 7. The indemnifications provided herein shall survive expiration or termination of this Agreement.

8. **TAXES:** LESSEE shall pay and be responsible for any and all real property taxes including Town and County, Village, and School taxes on the Premises arising by reason of the Lease of the Premises by LESSOR to the LESSEE hereunder, if any, solely attributable to and limited to the assessed value of LESSEE'S improvements constructed on the Property. LESSOR shall provide to LESSEE a copy of any notice, assessment or billing relating to real estate taxes for which LESSEE is responsible under this Agreement within ninety (90) days of receipt of the same by LESSOR. In the event LESSOR fails to provide to LESSEE a copy of any real estate tax notice, assessment or billing within the ninety (90) day period set forth herein, LESSEE shall be relieved of any obligation or responsibility to make payment of real estate taxes referred to in the notice, assessment or billing which was not timely delivered by LESSOR to LESSEE. LESSEE shall have the right, at its sole option, and at its sole cost and expense, to appeal, challenge or seek modification of any tax assessment or billing for which LESSEE is wholly or partly responsible for payment under this Agreement.

9. **WAIVER:** The parties hereby waive any and all rights or causes of action for negligence against the other which may hereafter arise on account of damage to the property of the other, resulting from any fire, or other casualty of the kind covered by standard fire insurance policies with extended coverage, regardless of whether or not, or in what amounts, such insurance is now or hereafter carried by the parties, or either of them. Each insurance policy shall be written so as to provide that the insurance company waives all rights of subrogation it may have against LESSOR or LESSEE in connection with any loss or damage covered by such policy. LESSOR agrees that LESSEE may self insure against any loss or damage which could be covered by a commercial general liability insurance policy.

10. **NON-INTERFERENCE:** LESSEE agrees that LESSEE will be permitted to install only such telecommunications equipment that is of the type and frequency, which will not cause interference to installations of other tenants of LESSOR, which have rights in time prior in time to LESSEE's ("Prior Tenants"). In the event any of LESSEE's Equipment causes such interference, LESSEE will take all steps necessary to correct and eliminate the interference and (i) in the event such interference is not eliminated within thirty (30) days of written notification of such interference given by LESSOR or (ii) in the event LESSEE and such Prior Tenant or Tenants have been unable to resolve such interference and such Prior Tenant notifies LESSOR and LESSEE in writing that cooperative efforts by LESSEE and Prior Tenant to resolve such interference are at an impasse, after the expiration of thirty (30) days from the giving of such written notification; then LESSOR shall have the right to require LESSEE to turn off its Equipment, except for intermittent testing, until interference has been resolved to the reasonable satisfaction of all parties after which time LESSEE may turn its Equipment back on. LESSOR agrees that LESSOR and/or any tenants occupying the Property after the Effective Date ("Subsequent Tenants") will be permitted to install only such telecommunications equipment that is of the type and frequency which will not cause interference to LESSEE's installations or the installations of Prior Tenants, and said Subsequent

Tenants will be subject to the same interference resolution protocol as LESSEE, as hereinbefore described. Nothing in this Lease shall be deemed to prevent or prohibit LESSOR from leasing space on the Property to Subsequent Tenants, provided however, that it shall be the responsibility and obligation of such Subsequent Tenants and LESSOR not to use the Property in any way which shall interfere with the use of the Property by LESSEE or any Prior Tenants of space on the Property who may have leased space or acquired rights prior to the execution of this Agreement.

11. **CONDITION ON SURRENDER:** LESSEE, upon termination of the Agreement, shall remove LESSEE's buildings, structures, equipment, conduits, fixtures and all personal property and restore the Premises to its original condition, reasonable wear and tear excepted. LESSEE shall have sixty (60) days, or such longer period of time as is reasonably necessary due to inclement weather, to remove LESSEE's Equipment upon termination of this Agreement. Any claims relating to the condition of the Premises must be presented by LESSOR in writing to LESSEE within ninety (90) days after (i) the termination or expiration of this Lease or (ii) the date LESSEE shall have removed all of LESSEE's Equipment. Notwithstanding anything stated herein, LESSEE shall not be required to remove any footings or other underground connections at the Property. If such time for removal causes LESSEE to remain on the premises after termination of this Agreement, LESSEE shall pay rent at twice the then existing pro-rated annual amount until such time as the removal of the building, antenna structure, fixtures, and personal property are completed. LESSOR shall have the right to terminate utility service at the expiration or termination of the Agreement.

12. **QUIET ENJOYMENT:** LESSOR covenants that LESSEE, on paying the rent and performing covenants shall peaceably and quietly have, hold and enjoy the Premises.

13. **REPRESENTATIONS:** LESSOR represents, warrants and covenants that (i) LESSOR is seized of good and sufficient title and interest to the Property of which the Premises is a part, (ii) the execution and performance of this Lease will not violate any agreement binding on the LESSOR, and LESSOR has taken all necessary action under the umbrella of the Village of Fairport, the local laws of the Village of Fairport, and the laws of the State of New York to approve this Lease and has authorized the Village Mayor of the Village of Fairport to execute the same, (iii) the Premises have, or have access to, sufficient electrical power and telephone service available to LESSEE to support LESSEE's use of the Premises, (iv) there are no violations, liens, or judgments on the Premises and there are no impediments of title on the Premises (including, without limitation, covenants, easements or restrictions) which prevent the use of the Premises by the LESSEE for the purposes set forth herein.

14. **ENTIRE AGREEMENT:** It is agreed and understood that this Agreement contains all agreements, promises and understandings between the LESSOR and LESSEE and that no verbal or oral agreements, promises or understandings shall be binding upon either the LESSOR or LESSEE in any dispute, controversy or proceeding at law, and any addition, variation or modification to this Agreement shall be void and ineffective unless made in writing and signed by the parties.

15. **GOVERNING LAW:** This Agreement and the performance thereof shall be governed, interpreted, construed and regulated by the laws of the State of New York.

16. **TRANSFERABILITY:** Except as otherwise provided herein, this Agreement may not be sold, assigned or transferred by LESSEE except to LESSEE's principal, affiliates, subsidiaries of its principal, or any entity which is the successor to LESSEE by virtue of merger, acquisition or other business reorganization or to an entity that acquires LESSEE'S federal Communications Commission ("FCC") license to operate in the Rochester Metropolitan Service Area. Upon the written consent of the LESSOR to such sale, assignment, sublease or transfer, LESSEE shall be released from any further obligations and liabilities pursuant to this Agreement, except from such obligations and liabilities which the parties expressly agree shall survive such sale, assignment, sublease, or transfer. As to other parties, this Agreement may not be sold, assigned, or transferred without the written consent of the LESSOR, which such consent will not be unreasonably withheld, delayed or conditioned. Notwithstanding anything to the contrary contained in this Agreement, LESSEE may assign, mortgage, pledge, hypothecate or otherwise transfer without consent its interest in this Agreement to any financing entity, or agent on behalf of any financing entity to whom LESSEE (i) has obligations for borrowed money or in respect of guaranties thereof, (ii) has obligations evidenced by bonds, debentures, notes or similar instruments, or (iii) has obligations under or with respect to letters of credit, bankers acceptances and similar facilities or in respect of guaranties thereof.

17. **NOTICES:** All notices hereunder must be in writing and shall be validly given if sent by certified mail, return receipt requested, addressed as follows (or any other address that the Party to be notified may have designated to the sender by like notice):

LESSEE: Fairport Community Radio
20 East Church Street
Fairport, New York 14450
Attention: Brian Warner

LESSOR: Village of Fairport
Village Hall
31 South Main St. Fairport, NY 14450
Attention: Village Manager

18. **PARTIES BOUND BY THE LEASE:** This Agreement shall extend to and bind the heirs, personal representative, successors and assigns of the Parties hereto. LESSEE acknowledges that LESSOR shall have the right to sell the Property, provided such sale is subject to the terms and provisions of this Agreement and the purchaser agreeing to assume all obligations and liabilities of LESSOR hereunder. LESSEE further acknowledges that LESSOR shall have the right during the term of the Agreement to further lease to subsequent tenants ("Subsequent Tenants"), the right to install Telecommunications equipment upon LESSOR'S Property provided that the facilities of such Subsequent Tenants shall be subject to the obligations of non-interference set forth in Paragraph 10 ("Non-interference") hereof.

19. **CONTINUED ACCESS:** Nothing contained herein shall be construed to limit or constrain the access of the LESSOR, its agents, servants and employees to the equipment and facilities of the LESSOR located upon the Property, nor in LESSOR'S ability to carry out LESSOR'S governmental functions in connection with the facilities of LESSOR located upon the Property.

20. **MEMORANDUM OF LEASE:** LESSOR agrees to execute a Memorandum of this Agreement, which LESSEE may record in the Ontario County Clerk's Office. Any information set forth in such Memorandum of Lease shall be for notification and recording purposes only and shall not affect the rights and obligations of the parties, which shall be governed solely and exclusively by this Agreement.

21. **DEFAULT:** In the event either party shall fail to comply with any of the provisions of this Lease, or shall default in any of such party's obligations under this Lease, the non-defaulting party may, at its option, terminate this Lease, provided it has given the defaulting party written notice of such default in accordance with the provisions of this Lease and the defaulting party has failed to cure the same within thirty (30) business days with respect to the failure to pay any monies, or forty-five (45) days with respect to the failure to perform or comply with any non-monetary obligations hereunder; provided however, that in instances where such default cannot reasonably be cured in such forty-five (45) day period if the defaulting party shall have commenced such cure within said forty-five (45) day period and proceeds promptly to cure the same and prosecute such curing with due diligence, the time for curing such default shall be automatically extended.

In addition, except in an emergency, neither party will cure any alleged default by the other until after the expiration of the time to cure such default as provided hereinabove. If either party shall cure the default of the other pursuant to the foregoing, then such party shall submit a bill for the reasonable cost of effecting such cure on the other party's behalf and same shall be paid promptly upon receipt.

22. **CASUALTY:** In the event of damage by fire or other casualty to the Premises that cannot reasonably be expected to be repaired within forty-five (45) days following same or, if the Property is damaged by fire or other casualty so that such damage may reasonably be expected to disrupt LESSEE's operations at the Premises for more than forty-five (45) days, then LESSEE may at any time following such fire or other casualty, provided LESSOR has not completed the restoration required to permit LESSEE to resume its operation at the Premises, terminate this Lease upon fifteen (15) days written notice to LESSOR. Any such notice of termination shall cause this Lease to expire with the same force and effect as though the date set forth in such notice were the date originally set as the expiration date of this Lease and the parties shall make an appropriate adjustment, as of such termination date, with respect to payments due to the other under this Lease. Notwithstanding the foregoing, all rentals shall abate from the date of occurrence of such fire or other casualty.

23. **CONDEMNATION:** In the event of any condemnation of the Property by an entity other than LESSOR, LESSEE may terminate this Lease upon fifteen (15) days written notice to LESSOR if such condemnation may reasonably be expected to disrupt LESSEE's

operations at the Premises for more than forty-five (45) days. LESSEE may on its own behalf make a claim in any condemnation proceeding involving the Premises for losses related to the antennas, equipment, its relocation costs and its damages and losses (but not for the loss of its leasehold interest). Any such notice of termination shall cause this Lease to expire with the same force and effect as though the date set forth in such notice were the date originally set as the expiration date of this Lease and the parties shall make an appropriate adjustment, as of such termination date, with respect to payments due to the other under this Lease.

24. **COORDINATION OF OPERATION:** LESSOR agrees to use its best efforts to provide notice to LESSEE of any scheduling of repairs, alterations, additions or improvements to the Water Tower or Property which would impede LESSEE's Access to the Premises or interfere with LESSEE's installation at the Premises, and in the event of emergency repairs, LESSOR shall give LESSEE telephonic notice at (585) 421-3201. If any repairs or maintenance on the Property necessitates the removal of any of LESSEE's Equipment such that LESSEE is not able to use the Equipment to operate a Communications Facility during the time period of removal, then LESSOR, to the extent that available space exists on the Property, shall allow LESSEE to place a temporary communications facility on the Property or other of LESSOR's property.

25. **BROKERS:** LESSOR and LESSEE represent to each other that they have not negotiated with any broker or agent in connection with this Lease. LESSOR and LESSEE agree that should any claim be made against the other for a broker's commission, finder's fee or the like by reason of the acts of such party, the party upon whose acts such claim is predicated shall indemnify and hold the other party free and harmless from all losses, costs, damages, claims, liabilities and expenses in connection therewith (including, but not limited to, reasonable legal fees) and shall defend such action by counsel reasonably acceptable to the indemnified other party.

26. **EFFECTIVENESS:** The submission of this Lease for examination shall not constitute an offer to lease the Premises and this Lease shall become effective only upon the full execution of this Lease by the Parties hereto.

27. **HEADINGS:** The descriptive headings used in the Lease are for purposes of convenience only and do not constitute a part of this Lease.

28. **SEVERABILITY:** If any provision hereof is determined to be invalid, said provision shall be considered deleted from this Lease and shall not invalidate the remaining provisions of this Lease.

29. **AUTHORITY:** Each of the parties hereto warrants to the other that the person or persons executing this Lease on behalf of such party have the full right, power and authority to enter into and execute this Lease on such party's behalf and that no consent from any other person or entity is necessary as a condition precedent to the legal effectiveness of this Lease. The signature of the Village Mayor of the Village of Fairport upon this Lease shall constitute a warranty and representation that the terms and conditions of the Lease have been previously approved by the Village Board of the Village of Fairport and a Motion authorizing due

execution hereof by the Village Mayor has been approved by the Village Board, in accordance with Village Law and the Local Laws of the Village of Fairport.

30. **REVIEW OF LEASE:** The parties acknowledge that each has had an opportunity to review and negotiate this Lease and have executed this Lease only after such review and negotiation. The parties further agree that this Lease shall be deemed to have been drafted by both LESSOR and LESSEE and the terms and conditions contained herein shall not be construed any more strictly against one party or the other.

31. **TERMINATION:**

(a) The Lease shall be terminable upon thirty (30) days written notice by LESSOR if LESSEE fails to cure a default for payment of amounts due under this Lease within that thirty (30) day period; or upon forty-five (45) days written notice by either party if the other party commits a non-monetary default and fails to cure or commence a cure of such default within that forty-five (45) day period and diligently pursues such cure, or such longer period as may be reasonably required to diligently complete a cure commenced within that forty-five (45) day period.

(b) Notwithstanding any other termination rights available to LESSEE under this Agreement, LESSEE, at its sole and absolute discretion, shall have the right to terminate this Agreement with ninety (90) days prior written notice to LESSOR and a lump sum payment to LESSOR in an amount equal to six (6) months rental. The rental rate shall be computed at the rate that is in effect at the time of termination. At termination, LESSEE shall execute upon the request of the LESSOR a written cancellation of the Agreement vacating the Leased Property in recordable form and LESSEE shall have no other further obligations, other than LESSEE's obligation to remove its property as hereinafter provided or as otherwise provided in this agreement.

(c) Notwithstanding any other termination rights available to LESSEE under this Agreement, LESSEE shall have the right to terminate this Agreement immediately upon written notice to LESSOR if LESSEE is unable to occupy and utilize the Premises due to a ruling or directive of the FCC or other governmental or regulatory agency, including, without limitation, a take back of channels or change in frequencies.

32. **CONFLICT OF INTEREST:** LESSEE hereby stipulates and certifies that there is no member of the Fairport Village Board or other Village of Fairport Officer or employee forbidden by law to be interested in the Agreement directly or indirectly, who will benefit therefrom or who is a party thereto.

33. **WAIVER OF LESSOR'S LIEN:** LESSOR waives any lien rights it may have concerning the LESSEE's Equipment, which is deemed LESSEE's personal property and not fixtures, and LESSEE has the right to remove the same at any time without LESSOR's consent.

34. **RENTAL DOCUMENTATION:** LESSOR hereby agrees to provide to LESSEE certain documentation (the "Rental Documentation") evidencing LESSOR's interest in, and right to receive payments under, this Agreement, including without limitation:

(i) documentation, acceptable to LESSEE in LESSEE's reasonable discretion, evidencing LESSOR's good and sufficient title to and/or interest in the Property and right to receive rental payments and other benefits hereunder; and (ii) a complete and fully executed Internal Revenue Service Form W-9, or equivalent, in a form acceptable to LESSEE, for any party to whom rental payments are to be made pursuant to this Agreement. From time to time during the Term of this Agreement and within thirty (30) days of a written request from LESSEE, LESSOR agrees to provide updated Rental Documentation in a form reasonably acceptable to LESSEE. The Rental Documentation shall be provided to LESSEE in accordance with the provisions of and at the address given in this Agreement. Delivery of Rental Documentation to LESSEE shall be a prerequisite for the payment of any rent by LESSEE.

35. **ACCESS TO WATER TOWER:** LESSOR agrees the LESSEE shall have free access to the water tower at all times for the purpose of installing and maintaining the Equipment. LESSOR shall furnish LESSEE with necessary means of access for the purpose of ingress and egress to the Property and water tower location. It is agreed, however, that only authorized engineers, employees or properly authorized contractors of LESSEE or persons under their direct supervision will be permitted to enter the Premises.

36. **WATER TOWER COMPLIANCE.** LESSOR covenants that it will keep the water tower in good repair and in compliance with all applicable laws, rules, regulations, ordinances, directives, covenants, easements, zoning and land use regulations, and restrictions of record, permits, building codes, and the requirements of any applicable fire insurance underwriter or rating bureau, as such are applied to cellular towers, now in effect. The LESSOR shall also comply with all rules and regulations enforced by the Federal Communications Commission with regard to the lighting, marking and painting of towers.

No materials may be used in the installation of the antennas or transmission lines that will cause corrosion or rust or deterioration of the water tower structure or its appurtenances. All antenna(s) on the water tower must be identified by a marking fastened securely to its bracket on the water tower and all transmission lines are to be tagged at the conduit opening where it enters any user's equipment space.

Not later than fifteen (15) days following the execution of this Agreement, LESSOR shall supply to LESSEE copies of all structural analysis reports done with respect to the water tower and throughout the Term, each Party shall supply to the other party copies of all structural analysis reports that are done with respect to the water tower promptly after the completion of the same.

Notwithstanding the foregoing, in the event that the water tower for whatever reason becomes unsafe for use by LESSEE, then LESSEE shall be entitled to use of the Premises in the same manner as provided for in Paragraph 24 of this Agreement.

37. **TEMPORARY EASEMENT.** LESSOR hereby grants LESSEE a temporary easement (the "Temporary Easement") encumbering a (20') wide portion on each side of LESSEE's Land Space, as shown on Exhibit B hereto (the "Temporary Easement Area"). LESSOR and LESSEE acknowledge and agree that the Temporary Easement shall be for the

purpose of clearing any rocks, dirt, brush, trees or other vegetation, grading, excavation, and storing materials (including, without limitation, excavated soil and equipment) in order to allow for the construction and installation of LESSEE's telecommunications facility as described herein. The Temporary Easement granted hereunder shall terminate upon the completion of the construction and installation of LESSEE's telecommunications facility and LESSEE shall return the Temporary Easement Area to as good a condition as is reasonably practicable considering the clearing and grading that is to be performed by LESSEE.

[Remainder of Page Intentionally Blank.]

IN WITNESS WHEREOF, the parties hereto have set their hands and affixed their respective seals the day and year first above written.

LESSOR: VILLAGE OF FAIRPORT

By:

Frederick H. May
Village Mayor

Date

LESSEE: Fairport Community Radio

By:

Brian Warner
Director of Fairport Community Radio

Date

STATE OF NEW YORK)
COUNTY OF MONROE) ss.:

On _____, 2014, before me, the undersigned, personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity as **Village Mayor**, and that by his signature on the instrument, he executed the instrument with the approval and the authority of the **Village Board of the Village of Fairport**.

Notary Public

STATE OF NEW YORK)
COUNTY OF MONROE) ss.:

On _____, 2014, before me, the undersigned, personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity as **Director of Fairport Community Radio**, and that by his signature on the instrument, he executed the instrument with the approval and the authority of **Fairport Community Radio**.

Notary Public

Exhibit “A”

Fairport Community Radio Proposal

Exhibit “B”

Insurance Certification

2nd Quarter Financial Report 2014-2015

Revenue

Agenda #11

ACCOUNT NO	ACCOUNT DESCRIPTION	YTD BUDGET		YTD ADJUSTED BUDGET	YTD REVENUE RECEIPTS	PERCENT	
		ORIGINAL BUDGET	ADJUSTMENT \$			YTD BUDGET BALANCE	RECEIVED BALANCE
A.1001	REAL PROPERTY TAXES	\$ 2,424,296.00	\$ -	\$ 2,424,296.00	\$ 2,424,219.18	\$ 76.82	100.00%
A.1081	PYMNTS IN LIEU OF TAXES	\$ 223,918.00	\$ -	\$ 223,918.00	\$ 79,134.35	\$ 144,783.65	35.34%
A.1090	INTEREST & PEN. ON TX.	\$ 5,300.00	\$ -	\$ 5,300.00	\$ 6,610.61	\$ (1,310.61)	124.73%
A.1120	SALES TAX DISTRIBUTION	\$ 1,475,000.00	\$ -	\$ 1,475,000.00	\$ 741,433.58	\$ 1,108,891.13	50.27%
A.1130	UTILITIES GROSS REC. TX	\$ 28,000.00	\$ -	\$ 28,000.00	\$ 9,790.84	\$ 18,429.27	34.97%
A.1170	FRANCHISE FEES	\$ 80,000.00	\$ -	\$ 80,000.00	\$ 36,859.12	\$ 43,140.88	46.07%
A.1230	TREASURER FEES	\$ 2,600.00	\$ -	\$ 2,600.00	\$ 1,065.50	\$ 1,654.50	40.98%
A.1560	SAFETY INSPECTION FEES	\$ 500.00	\$ -	\$ 500.00	\$ 518.05	\$ 101.95	103.61%
A.1589	OTHER PUBLIC SAFETY INC	\$ 200.00	\$ -	\$ 200.00	\$ 7.50	\$ 192.50	3.75%
A.1710	PUBLIC WORKS SERVICES	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
A.2001	PARK & RECREATION FEES	\$ 3,500.00	\$ -	\$ 3,500.00	\$ 2,315.00	\$ 1,185.00	66.14%
A.2025	SPEC REC FACILITY FEES	\$ 17,725.00	\$ -	\$ 17,725.00	\$ 18,865.75	\$ (1,140.75)	106.44%
A.2110	ZONING FEES	\$ 800.00	\$ -	\$ 800.00	\$ 150.00	\$ 650.00	18.75%
A.2115	PLANNING BOARD FEES	\$ 800.00	\$ -	\$ 800.00	\$ 340.00	\$ 460.00	42.50%
A.2122	SEWER CHARGES	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
A.2189	OTHER HOME & COMM. SVCS	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
A.2192	CEMETERY SERVICES	\$ -	\$ -	\$ -	\$ 5.74	\$ (5.74)	0.00%
A.2262	FIRE PROTECTION TOWN	\$ 894,767.00	\$ -	\$ 894,767.00	\$ -	\$ 894,767.00	0.00%
A.2374	SEWER SVCS OTHER GOVTS	\$ 38,000.00	\$ -	\$ 38,000.00	\$ -	\$ 38,000.00	0.00%
A.2389	OTHER SVCS OTHER GOVTS	\$ 5,100.00	\$ -	\$ 5,100.00	\$ -	\$ 5,100.00	0.00%
A.2401	INTEREST & EARNINGS	\$ 7,200.00	\$ -	\$ 7,200.00	\$ 3,564.66	\$ 3,635.34	49.51%
A.2410	RENTAL OF REAL PROPERTY	\$ 136,049.00	\$ -	\$ 136,049.00	\$ 66,047.12	\$ 70,001.88	48.55%
A.2501	LICENSES-BUSINESS	\$ 500.00	\$ -	\$ 500.00	\$ 200.00	\$ 300.00	40.00%
A.2550	FIRE ALARM PERMITS	\$ 300.00	\$ -	\$ 300.00	\$ 220.00	\$ 80.00	73.33%
A.2555	BUILDING & ALT PERMITS	\$ 20,000.00	\$ -	\$ 20,000.00	\$ 13,172.16	\$ 6,827.84	65.86%
A.2590	PERMITS-OTHER	\$ 3,000.00	\$ -	\$ 3,000.00	\$ 3,015.83	\$ (15.83)	100.53%
A.2610	FINES & FORFEITURES	\$ 47,500.00	\$ -	\$ 47,500.00	\$ 22,544.00	\$ 24,956.00	47.46%
A.2651	SALE OF REFUSE/RECYCL.	\$ 3,700.00	\$ -	\$ 3,700.00	\$ 1,496.60	\$ 2,203.40	40.45%
A.2665	SALE OF VEHICLES/EQUIP	\$ 10,000.00	\$ -	\$ 10,000.00	\$ -	\$ 10,000.00	0.00%
A.2701	Refund Prior Year Approp.	\$ -	\$ -	\$ -	\$ 499.27	\$ (499.27)	0.00%
A.2702	REFUND CURRENT YEAR APPROP.	\$ 20,023.00	\$ -	\$ 20,023.00	\$ 8,135.42	\$ 11,887.58	40.63%
A.2705	GIFTS & DONATIONS	\$ 175,000.00	\$ -	\$ 175,000.00	\$ -	\$ 175,000.00	0.00%
A.2770	UNCLASSIFIED REVENUES	\$ -	\$ -	\$ -	\$ 0.17	\$ (0.17)	0.00%
A.2801	INTERFUND REVENUES	\$ 284,252.00	\$ -	\$ 284,252.00	\$ -	\$ 284,252.00	0.00%
A.3001	REVENUE SHARING - STATE	\$ 144,302.00	\$ -	\$ 144,302.00	\$ 140,035.00	\$ 4,267.00	97.04%
A.3005	MORTGAGE TAX	\$ 75,000.00	\$ -	\$ 75,000.00	\$ 18,977.89	\$ 56,022.11	25.30%
A.3089	OTHER GEN GOVT STATE AD	\$ -	\$ -	\$ -	\$ 5,691.00	\$ (5,691.00)	0.00%
A.3389	OTHER PUB. SAFETY AID	\$ 9,000.00	\$ -	\$ 9,000.00	\$ 7,984.05	\$ 1,015.95	88.71%
A.3501	STATE AID HIGHWAY	\$ 75,500.00	\$ -	\$ 75,500.00	\$ -	\$ 75,500.00	0.00%

Greenville Interest

Paid in March

Paid in March

Paid in March

Spring sale

Uncashed checks paid per vendors .

Vets Memorial will not be spent.

Connelly assessment reduction.

TRANSFER IN MAY

YE will be 28,677 under budget

2nd Quarter Financial Report 2014-2015

Revenue

ACCOUNT NO	ACCOUNT DESCRIPTION	ORIGINAL BUDGET	YTD BUDGET ADJUSTMENT \$	YTD ADJUSTED BUDGET	YTD REVENUE RECEIPTS	YTD BUDGET BALANCE	PERCENT RECEIVED BALANCE	
A.4910	COMMUNITY DEVELOPMENT BLOCK GRANT	\$ 69,514.00	\$ -	\$ 69,514.00	\$ -	\$ 69,514.00	0.00%	
A.5031.05	INTERFUND TRANSFER ST & SEWER RES..	\$ 50,000.00	\$ -	\$ 50,000.00	\$ -	\$ 50,000.00	0.00%	TRANSFER IN MAY
A.5031.09	INTERFUND TRANSFER.FIRE PERSONNEL EQI	\$ 20,000.00	\$ -	\$ 20,000.00	\$ -	\$ 20,000.00	0.00%	TRANSFER IN December
A.5031	INTERFUND TRANSFER	\$ 70,000.00	\$ -	\$ 70,000.00	\$ -	\$ 70,000.00	0.00%	TRANSFER IN MAY
		\$ 6,421,346.00	\$ -	\$ 6,421,346.00	\$ 3,612,898.39	\$ 3,184,232.43	56.26%	
	Appropriated Fund Balance	\$ 250,000.00		\$ 250,000.00				
		\$ 6,671,346.00	\$ -	\$ 6,671,346.00				

2014-2015 2NDQUARTER EXPENSE REPORT

							YTD	PERCENT
ACCOUNT		ORIGINAL	BUDGET	ADJUSTED	YTD ACTUAL	YTD	AVAILABLE	EXP
NO	ACCOUNT DESCRIPTION	BUDGET	ADJ	BUDGET	EXPENDED	ENCUMBERED	BALANCE	BALANCE
<u>BOARD OF TRUSTEES</u>								
A.1010.1	PERSONAL SERVICES	35,824	-	35,824	16,534.08	-	19,289.92	46%
A.1010.11	PERSONAL SERVICES/OT		44	44	44.25		-	100%
A.1010.4	CONTRACTUAL EXPENSES	21,375	(44)	21,331	327.84	-	21,002.91	2%
	1010 Total	57,199	-	57,199	16,906.17	-	40,292.83	30%
<u>VILLIAGE JUSTICE</u>								
A.1110.1	PERSONAL SERVICES	46,951	-	46,951	25,579.16	-	21,371.84	54%
A.1110.4	CONTRACTUAL EXPENSES	10,350	140	10,490	5,134.42		5,355.57	49%
A.1110.43	COMMUNICATIONS	1,300	-	1,300	471.97	-	828.03	36%
	1110 Total	58,601	140	58,741	31,185.55	-	27,555.44	53%
<u>MAYOR</u>								
A.1210.1	PERSONAL SERVICES	14,331	-	14,331	6,614.28	-	7,716.72	46%
A.1210.4	CONTRACTUAL EXPENSES	3,914	-	3,914	1,612.77	-	2,301.23	41%
A.1210.43	COMMUNICATIONS	600	-	600	235.97	-	364.03	39%
	1210 Total	18,845	-	18,845	8,463.02	-	10,381.98	45%
<u>ADMINISTRATOR</u>								
A.1230.1	PERSONAL SERVICES	99,418		99,418	40,746.79	-	58,671.21	41%
A.1230.4	CONTRACTUAL EXPENSES	1,950		1,950	1,331.66	-	618.34	68%
	1230 Total	101,368	-	101,368	42,078.45	-	59,289.55	42%
<u>TREASURER</u>								
A.1325.1	PERSONAL SERVICES	207,748	-	207,748	95,949.23	-	111,798.77	46%
A.1325.11	PERSONAL SERVICES O/T		22		21.98		(21.98)	
A.1325.2	EQUIPMENT	1,050	-	1,050	419.75	-	630.25	40%
A.1325.4	CONTRACTUAL EXPENSES	40,000	555	40,555	30,252.38	-	10,302.91	75%
A.1325.43	COMMUNICATIONS	1,600	-	1,600	640.29	-	959.71	40%
	1325 Total	250,398	577	250,953	127,283.63	-	123,669.66	51%
<u>RECORD RETENTION</u>								
A.1326.4	CONTRACTUAL EXPENSES	500		500	45.93		454.07	9%
		500	-	500	45.93	-	454.07	9%
<u>VILLAGE ATTORNEY</u>								
A.1420.4	CONTRACTUAL EXPENSES	30,000	-	30,000	7,197.41	-	22,802.59	24%
	1420 Total	30,000	-	30,000	7,197.41	-	22,802.59	24%
<u>PERSONNEL</u>								
A.1430.4	CONTRACTUAL EXPENSES	5,050	-	5,050	1,768.90	-	3,281.10	35%
	1430 Total	5,050	-	5,050	1,768.90	-	3,281.10	35%
<u>ENGINEER</u>								
A.1440.4	CONTRACTUAL EXPENSES	10,000		10,000	-	-	10,000.00	0%
	1440 Total	10,000	-	10,000	-	-	10,000.00	0%

2014-2015 2NDQUARTER EXPENSE REPORT

							YTD	PERCENT
ACCOUNT		ORIGINAL	BUDGET	ADJUSTED	YTD ACTUAL	YTD	AVAILABLE	EXP
NO	ACCOUNT DESCRIPTION	BUDGET	ADJ	BUDGET	EXPENDED	ENCUMBERED	BALANCE	BALANCE
<u>VILLAGE HALL</u>								
A.1620.1	PERSONAL SERVICES	31,459	-	31,459	15,313.30	-	16,145.70	49%
A.1620.11	PERSONAL SERVICES O/T	2,170	-	2,170	642.36	-	1,527.64	30%
A.1620.2	EQUIPMENT	15,000	(14,576)	424	424.44	-	0.00	100%
A.1620.4	CONTRACTUAL EXPENSES	3,290	21,600	24,890	14,039.77	-	10,850.63	56%
A.1620.42	NATURAL GAS	1,200		1,200	86.25	-	1,113.75	7%
A.1620.45	MAINTENANCE	13,400		13,400	387.35	-	13,012.65	3%
	1620 Total	66,519	7,025	73,544	30,893.47	-	42,650.37	42%
<u>CENTRAL GARAGE</u>								
A.1640.1	PERSONAL SERVICES	71,315	-	71,315	32,710.17	-	38,604.83	46%
A.1640.11	PERSONAL SERVICES O/T	653	-	653	-	-	653.00	0%
A.1640.2	EQUIPMENT	700	-	700	-	-	700.00	0%
A.1640.4	CONTRACTUAL EXPENSES	23,604	-	23,604	9,191.41	-	14,412.59	39%
A.1640.42	NATURAL GAS	8,000	-	8,000	663.53	-	7,336.47	8%
A.1640.43	COMMUNICATIONS	1,750	-	1,750	707.82	-	1,042.18	40%
A.1640.45	MAINTENANCE	5,140	-	5,140	-	-	5,140.00	0%
	1640 Total	111,162	-	111,162	43,272.93	-	67,889.07	39%
<u>SPECIAL ITEMS</u>								
A.1680.4	INFORMATION TECHNOLOGY	25,000	-	25,000	-	-	25,000.00	0%
A.1910.4	UNALLOCATED INSURANCE	70,000		70,000	62,380.13	-	7,619.87	89%
A.1920.4	MUNICIPAL ASSN DUES	3,700		3,700	3,545.00	-	155.00	96%
A.1930.4	JUDGMENTS & CLAIMS	5,000		5,000	-	-	5,000.00	0%
A.1950.4	TAXES & ASSESS - REAL PROPERTY	4,300		4,300	-	-	4,300.00	0%
A.1989.4	MISCELLANEOUS EXPENSE.	-		-	-	-	-	0%
A.1990.4	CONTINGENT ACCOUNT	40,000		40,000	-	-	40,000.00	0%
	1990 Total	148,000	-	148,000	65,925.13	-	82,074.87	45%
<u>POLICE</u>								
A.3120.1	PERSONAL SERVICES	925,962	-	925,962	432,523.68	-	493,438.32	47%
A.3120.102	PERS SVCS - LONGEVITY	6,100	-	6,100	-	-	6,100.00	0%
A.3120.108	PERS SVCS - HOLIDAY	29,206	-	29,206	38,625.44	-	(9,419.44)	132% Chisholm and Nielsen
A.3120.11	PERSONAL SERVICES O/T	38,600	-	38,600	19,591.93	-	19,008.07	51%
A.3120.2	EQUIPMENT	33,500		33,500	-	24,423	9,077.50	0%
A.3120.4	CONTRACTUAL EXPENSES	42,450	-	42,450	11,135.88		31,314.12	26%
A.3120.41	VEHICLE FUEL	28,000	-	28,000	12,857.11	-	15,142.89	46%
A.3120.43	COMMUNICATIONS	3,950	-	3,950	1,708.71	-	2,241.29	43%
	3120 Total	1,107,768	-	1,107,768	516,442.75	24,423	566,902.75	47%
<u>ASSET FORFEITURE</u>								
A.3122.2	EQUIPMENT	-	2,101	2,101	1,162.74	939	-	100% Recognize expenditure
A.3122.4	CONTRACTUAL EXPENSES		7,016	7,016	3,742.00	3,274	-	100% and add appropriation
	3122 Total	-	9,117	9,117	4,904.74	4,212	-	lkw:12/23/2014

2014-2015 2NDQUARTER EXPENSE REPORT

ACCOUNT		ORIGINAL	BUDGET	ADJUSTED	YTD ACTUAL	YTD	YTD	PERCENT
NO	ACCOUNT DESCRIPTION	BUDGET	ADJ	BUDGET	EXPENDED	ENCUMBERED	AVAILABLE	EXP
							BALANCE	BALANCE
<u>FIRE</u>								
A.3410.1	PERSONAL SERVICES	61,554	-	61,554	29,391.88		32,162.12	48%
A.3410.11	PERSONAL SERVICES O/T	500		500	-	-	500.00	0%
A.3410.2	EQUIPMENT	126,000	164	126,164	24,427.90	33,051	68,684.63	19%
A.3410.4	CONTRACTUAL EXPENSES	117,100	(500)	116,600	68,081.30		48,518.76	58%
A.3410.41	VEHICLE FUEL	26,000	-	26,000	9,649.40		16,350.60	37%
A.3410.42	NATURAL GAS	8,000	-	8,000	1,413.86	-	6,586.14	18%
A.3410.43	COMMUNICATIONS	12,000	-	12,000	2,672.29	-	9,327.71	22%
	3410 Total	351,154	(336)	350,818	135,636.63	33,051	182,129.96	39%
<u>FIRE TRAINING FACILITY</u>								
A.3411.4	CONTRACTUAL EXPENSES	59,700	500	60,200	60,199.94	-	-	100%
	3411 Total	59,700	500	60,200	60,199.94	-	-	100%
<u>CONTROL OF ANIMALS</u>								
A.3510.4	CONTRACTUAL EXPENSES	200		200			200.00	0%
	3510.4 Total	200	-	200	-	-	200.00	0%
<u>SAFETY INSPECTION</u>								
A.3620.1	PERSONAL SERVICES	89,930	-	89,930	42,028.46	-	47,901.54	47%
A.3620.11	PERSONAL SERVICES O/T	1,850	-	1,850	738.18	-	1,111.82	40%
A.3620.4	CONTRACTUAL EXPENSES	7,000	-	7,000	2,299.51	-	4,700.49	33%
A.3620.41	VEHICLE FUEL	800	-	800	293.55	-	506.45	37%
A.3620.43	COMMUNICATIONS	1,200	-	1,200	471.94	-	728.06	39%
	3620 Total	100,780	-	100,780	45,831.64	-	54,948.36	45%
<u>STREET ADMINISTRATION</u>								
A.5010.1	PERSONAL SERVICES	98,732	-	98,732	45,340.78	-	53,391.22	46%
A.5010.2	EQUIPMENT		344	344	344.10		-	
A.5010.4	CONTRACTUAL EXPENSES	2,500	(344)	2,156	837.24	-	1,318.66	39%
A.5010.45	MAINTENANCE	3,870	-	3,870		-	3,870.00	0%
	5010 Total	105,102	-	105,102	46,522.12	-	58,579.88	44%
<u>STREETS MAINT. & CLEAN</u>								
A.5110.1	PERSONAL SERVICES	129,642	-	129,642	59,481.69	-	70,160.31	46%
A.5110.11	PERSONAL SERVICES O/T	5,000		5,000	3,750.87	-	1,249.13	75%
A.5110.2	EQUIPMENT	6,200		6,200	-	-	6,200.00	0%
A.5110.4	CONTRACTUAL EXPENSES	55,400	-	55,400	19,665.22	-	35,734.78	35%
A.5110.41	VEHICLE FUEL	57,820	-	57,820	18,789.89	-	39,030.11	32%
A.5110.45	MAINTENANCE	16,005	-	16,005	2,695.31	-	13,309.69	17%
	5110 Total	270,067	-	270,067	104,382.98	-	165,684.02	39%
<u>PERMANENT IMPROVEMENTS</u>								
A.5112.2	EQUIPMENT	207,739	25,000	232,739	222,227.25	-	10,511.75	95%
	5112 Total	207,739	25,000	232,739	222,227.25	-	10,511.75	95%

2014-2015 2NDQUARTER EXPENSE REPORT

2014-2015 2ND QUARTER EXPENSE REPORT							YTD	PERCENT
ACCOUNT		ORIGINAL	BUDGET	ADJUSTED	YTD ACTUAL	YTD	AVAILABLE	EXP
NO	ACCOUNT DESCRIPTION	BUDGET	ADJ	BUDGET	EXPENDED	ENCUMBERED	BALANCE	BALANCE
SNOW REMOVAL								
A.5142.1	PERSONAL SERVICES	157,496	-	157,496	73,225.67	-	84,270.33	46%
A.5142.11	PERSONAL SERVICES O/T	41,895		41,895	-	-	41,895.00	0%
A.5142.4	CONTRACTUAL EXPENSES	37,500		37,500	-	-	37,500.00	0%
A.5142.45	MAINTENANCE	29,125	-	29,125	6,330.70	-	22,794.30	22%
	5142 Total	266,016	-	266,016	79,556.37	-	186,459.63	30%
STREET LIGHTING								
A.5182.4	CONTRACTUAL EXPENSES	190,000	-	190,000	-	-	190,000.00	0% Due in May
	5182 Total	190,000	-	190,000	-	-	190,000.00	0%
SIDEWALKS								
A.5410.1	PERSONAL SERVICES	24,060	-	24,060	11,140.73	-	12,919.27	46%
A.5410.4	CONTRACTUAL EXPENSES	70,000	12,000	82,000	81,162.22	-	837.78	99%
	5410 Total	94,060	12,000	106,060	92,302.95	-	13,757.05	87%
OFF STREET PARKING								
A.5650.1	PERSONAL SERVICES	16,147	-	16,147	7,633.86	-	8,513.14	47%
A.5650.4	CONTRACTUAL EXPENSES	5,000	(389)	4,611	1,226.10	-	3,384.50	27%
A.5650.44	ICE RINK COSTS	6,825		6,825	346.75	-	6,478.25	5%
A.5650.45	MAINTENANCE	-	389	389	389.40	-	-	100%
	5650 Total	27,972	-	27,972	9,596.11	-	18,375.89	34%
ECONOMIC ASSISTANCE								
A.6410.4	PUBLICITY	10,300	-	10,300	4,276.88	-	6,023.12	42%
A.6772.4	PROGRAMS FOR AGING	3,500	-	3,500	-	-	3,500.00	0% Agreement pnding
A.6989.4	ECONOMIC DEVELOPMENT	11,000	-	11,000	-	-	11,000.00	0% Will be paid in Dec
	6989 Total	24,800	-	24,800	4,276.88	-	20,523.12	17%
PARKS								
A.7110.1	PERSONAL SERVICES	22,916	-	22,916	9,190.08	-	13,725.92	40%
A.7110.2	EQUIPMENT	400		400	271.16	-	128.84	68%
A.7110.4	CONTRACTUAL EXPENSES	6,450		6,450	478.50	-	5,971.50	7%
A.7110.45	MAINTENANCE	1,000		1,000	599.54	-	400.46	60%
	7110 Total	30,766	-	30,766	10,539.28	-	20,226.72	34%
POTTER PLAYGRND & REC CNTR								
A.7140.1	PERSONAL SERVICES	20,284	-	20,284	9,991.86	-	10,292.14	49% Seasonal Help
A.7140.11	PERSONAL SERVICES O/T	260	1	261	261.36	-	-	100%
A.7140.4	CONTRACTUAL EXPENSES	2,950	2,280	5,230	3,999.44	-	1,230.70	76%
A.7140.42	NATURAL GAS	800		800	152.23	-	647.77	19%
A.7140.43	COMMUNICATIONS	500	-	500	139.90	-	360.10	28%
A.7140.45	MAINTENANCE	1,250	-	1,250	11.99	-	1,238.01	1%
	7140 Total	26,044	2,282	28,325.50	14,556.78	-	13,768.72	51%

2014-2015 2NDQUARTER EXPENSE REPORT

ACCOUNT		ORIGINAL	BUDGET	ADJUSTED	YTD ACTUAL	YTD	YTD	PERCENT
NO	ACCOUNT DESCRIPTION	BUDGET	ADJ	BUDGET	EXPENDED	ENCUMBERED	AVAILABLE	EXP
							BALANCE	BALANCE
<u>SPECIAL REC DOCK FACILITIES</u>								
A.7180.1	PERSONAL SERVICES	12,530	-	12,530	8,780.86	-	3,749.14	70% Seasonal Help
A.7180.4	CONTRACTUAL EXPENSES	2,500	-	2,500	1,090.66	-	1,409.34	44%
A.7180.42	NATURAL GAS	700	-	700	221.53	-	478.47	32%
	7180 Total	15,730	-	15,730	10,093.05	-	5,636.95	64%
<u>MUSEUM</u>								
A.7450.4	CONTRACTUAL EXPENSES	12,000	-	12,000	135.00	-	11,865.00	1%
	7450 Total	12,000	-	12,000	135.00	-	11,865.00	1%
<u>CELEBRATIONS</u>								
A.7550.11	PERSONAL SERVICES O/T	7,065	-	7,065	2,280.49	-	4,784.51	32%
A.7550.4	CONTRACTUAL EXPENSES	1,000	-	1,000	-	-	1,000.00	0%
	7550 Total	8,065	-	8,065	2,280.49	-	5,784.51	28%
<u>CABLE TV</u>								
A.7989.4	CONTRACTUAL EXPENSES	3,700	-	3,700	-	-	3,700.00	0%
	7989 Total	3,700	-	3,700	-	-	3,700.00	0%
<u>ZONING BOARD OF APPEALS</u>								
A.8010.1	PERSONAL SERVICES	17,380	-	17,380	8,175.43	-	9,204.57	47%
A.8010.11	PERSONAL SERVICES O/T	1,640	-	1,640	480.75	-	1,159.25	29%
A.8010.4	CONTRACTUAL EXPENSES	10,558	75	10,633	456.08	-	10,176.92	4%
	8010 Total	29,578	75	29,653	9,112.26	-	20,540.74	31%
<u>PLANING BOARD</u>								
A.8020.1	PERSONAL SERVICES	17,380	-	17,380	8,176.23	-	9,203.77	47%
A.8020.11	PERSONAL SERVICES O/T	1,250	-	1,250	411.00	-	839.00	33%
A.8020.4	CONTRACTUAL EXPENSES	8,554	-	8,554	391.60	-	8,162.40	5%
	8020 Total	27,184	-	27,184	8,978.83	-	18,205.17	33%
<u>HISTORIC PRESERVATION COMM</u>								
A.8030.1	PERSONAL SERVICES	5,755	-	5,755	2,726.31	-	3,028.69	47%
A.8030.11	PERSONAL SERVICES O/T	1,130	-	1,130	398.25	-	731.75	35%
A.8030.4	CONTRACTUAL EXPENSES	10,450	-	10,450	5,765.77	-	4,684.23	55%
	8030 Total	17,335	-	17,335	8,890.33	-	8,444.67	51%
<u>SANITARY SEWER</u>								
A.8120.1	PERSONAL SERVICES	31,163	-	31,163	14,125.49	-	17,037.51	45%
A.8120.11	PERSONAL SERVICES O/T	5,880	-	5,880	2,954.71	-	2,925.29	50%
A.8120.2	EQUIPMENT	-	38,599	38,599	9,598.88	-	29,000.00	25%
A.8120.4	CONTRACTUAL EXPENSES	10,450	-	10,450	2,160.06	-	8,289.94	21%
A.8120.45	MAINTENANCE	10,460	-	10,460	1,020.77	-	9,439.23	10%
	8120 Total	57,953	38,599	96,552	29,859.91	-	66,691.97	31%

2014-2015 2NDQUARTER EXPENSE REPORT

						YTD	PERCENT
ACCOUNT		ORIGINAL	BUDGET	ADJUSTED	YTD ACTUAL	YTD	EXP
NO	ACCOUNT DESCRIPTION	BUDGET	ADJ	BUDGET	EXPENDED	ENCUMBERED	BALANCE
<u>REFUSE COLLECTION</u>							
A.8160.1	PERSONAL SERVICES	230,152	-	230,152	105,914.90	-	124,237.10 46%
A.8160.11	PERSONAL SERVICES O/T	5,230	-	5,230	3,613.80	-	1,616.20 69%
A.8160.2	EQUIPMENT	-	155,026	155,026	155,026.00	-	- 100%
A.8160.4	CONTRACTUAL EXPENSES	112,900	-	112,900	48,098.94	-	64,801.06 43%
A.8160.41	VEHICLE FUEL	17,000	-	17,000	6,390.49	-	10,609.51 38%
A.8160.45	MAINTENANCE	40,250	-	40,250	6,293.33	-	33,956.67 16%
	8160 Total	405,532	155,026	560,558	325,337.46	-	235,220.54 58%
<u>STREET CLEANING</u>							
A.8170.1	PERSONAL SERVICES	14,013	-	14,013	6,550.96	-	7,462.04 47%
A.8170.45	MAINTENANCE	8,525	-	8,525	1,462.20	-	7,062.80 17%
	8170 Total	22,538	-	22,538	8,013.16	-	14,524.84 36%
<u>COMMUNITY BEAUTIFICATION</u>							
A.8510.11	PERSONAL SERVICES O/T	1,870	-	1,870	1,288.03	-	581.97 69%
A.8510.4	CONTRACTUAL EXPENSES	1,000	-	1,000	285.92	-	714.08 29%
	8510 Total	2,870	-	2,870	1,573.95	-	1,296.05 55%
<u>DRAINAGE</u>							
A.8540.1	PERSONAL SERVICES	20,861	-	20,861	9,698.28	-	11,162.72 46%
A.8540.4	CONTRACTUAL EXPENSES	10,600	-	10,600	8,805.81	-	1,794.19 83%
A.8540.45	MAINTENANCE	750	-	750	-	-	750.00 0%
	8540 Total	32,211	-	32,211	18,504.09	-	13,706.91 57%
<u>SHADE TREES</u>							
A.8560.1	PERSONAL SERVICES	12,158	-	12,158	5,653.25	-	6,504.75 46%
A.8560.2	EQUIPMENT	975	-	975	-	-	975.00 0%
A.8560.4	CONTRACTUAL EXPENSES	25,700	-	25,700	2,894.00	-	22,806.00 11%
A.8560.45	MAINTENANCE	1,500	-	1,500	27.95	-	1,472.05 2%
	8560 Total	40,333	-	40,333	8,575.20	-	31,757.80 21%
<u>GREENVALE CEMETERY</u>							
A.8810.4	CONTRACTUAL EXPENSES	5,000	-	5,000	3,321.30	-	1,678.70 66% Mowing
	8810 Total	5,000	-	5,000	3,321.30	-	1,678.70 66%
<u>FARMERS' MARKET</u>							
A.8989.4	CONTRACTUAL EXPENSES	525	-	525	149.00	-	376.00 28%
	8989 Total	525	-	525	149.00	-	376.00 28%

2014-2015 2NDQUARTER EXPENSE REPORT

ACCOUNT		ORIGINAL	BUDGET	ADJUSTED	YTD ACTUAL	YTD	YTD	PERCENT
NO	ACCOUNT DESCRIPTION	BUDGET	ADJ	BUDGET	EXPENDED	ENCUMBERED	AVAILABLE	EXP
							BALANCE	BALANCE
EMPLOYEE BENEFITS								
A.9010.8	NYS RETIREMENT	300,000		300,000	-	-	300,000.00	0% Due in December
A.9015.8	NYS POLICE RETIREMENT	215,000	-	215,000	-	-	215,000.00	0% Due in December
A.9030.8	SOCIAL SECURITY	200,077	-	200,077	88,646.03	-	111,430.97	44%
A.9040.8	WORKERS COMPENSATION	211,100	-	211,100	98,185.20	-	112,914.80	47%
A.9060.8	HEALTH INSURANCE	488,000	-	488,000	245,726.36	-	242,273.64	50%
A.9089.8	OTHER EMPLOYEE BENEFITS	2,500	-	2,500	289.23	-	2,210.77	12%
	Employee Benefits Total	1,416,677	-	1,416,677	432,846.82	-	983,830.18	31%
SERIAL BONDS								
A.9710.6	PRINCIPAL	355,000	-	355,000	250,000.00	-	105,000.00	70% Due Nov. and May
A.9710.7	INTEREST	94,305	-	94,305	49,026.75	-	45,278.25	52% Due Nov. and May
	9710 Total	449,305	-	449,305	299,026.75	-	150,278.25	67%
TRANSFER TO								
A.9950.9	TO Street & Sewer Resrve	80,000		80,000			80,000.00	
A.9955.9	TO DPW Rolling Stock Reserve	30,000		30,000			30,000.00	Done in May
A.9960.9	TO Fire Equipment Reserve	100,000	-	100,000		-	100,000.00	0% Done in May
A.9961.9R4	TO Fire Personnel Reserve	20,000	-	20,000	-	-	20,000.00	0% Done in May
	CAPITAL FUND Potter Memorial	175,000	292,000	467,000	292,000.00		175,000.00	Done in May
	9961 Total	405,000	292,000	697,000	292,000.00	-	405,000.00	42%
	Grand Total	6,671,346	542,004	7,213,328.27	3,180,694.61	61,686	3,970,947.66	44%