

**VILLAGE OF FAIRPORT
LOCAL DEVELOPMENT CORPORATION**

NEW YORK

FINANCIAL STATEMENTS

For Year Ended September 30, 2012

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

Shareholders:

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Thomas J. Lauffer, CPA
Thomas C. Zuber, CPA

Members of
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and
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INDEPENDENT AUDITORS' REPORT

To the Council Members of
Village of Fairport
Local Development Corporation

We have audited the accompanying statement of net assets of the Village of Fairport Local Development Corporation (Corporation), a component unit of the Village of Fairport, New York as of September 30, 2012, and the related statement of revenue, expenses and changes in net assets, for the year then ended. These financial statements are the responsibility of the Village of Fairport Local Development Corporation, a component unit of the Village of Fairport, New York's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the changes in its net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2012 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 our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Raymond F. Wager, CPA, PC

December 13, 2012

**Village of Fairport
Local Development Corporation**

Management's Discussion and Analysis (MD&A)

September 30, 2012

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, 2012. 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 2012 are as follows:

- ◆ The assets of the Corporation exceeded its liabilities at the close of the most recent year by \$264,677 (net assets).
- ◆ \$264,677 (invested in capital assets, net of related debt) represents the Corporation's investment in land (there is no capital-related debt) and is not available for future spending.

Overview of the Financial Statements

The statement of net assets, the statement of revenue, expenses, and change in net assets and statement of cash flows report information about the Corporation's 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 assets and changes in them. The Corporation's net assets, 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 assets 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 assets may serve over time as a useful indicator of the Corporation's financial position. In the case of the Corporation, net assets at the close of the current year were \$264,677.

Net Assets

<u>ASSETS</u>	<u>2012</u>
Capital Assets, Net	\$ 264,677
Total Assets	\$ 264,677
<u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	\$ 264,677
Total Net Assets	\$ 264,677

The capital assets increased \$264,677 as a result of the purchase of property.

Changes in Net Assets

<u>NONOPERATING REVENUES</u>	<u>2012</u>
Capital Contribution	\$ 264,677
Total Nonoperating Revenues	\$ 264,677
NET INCOME	\$ 264,677
NET ASSETS - BEGINNING OF YEAR	-
NET ASSETS - END OF YEAR	\$ 264,677

Capital Assets

The Corporations investment in capital assets as of September 30, 2012 amounts to \$264,677. This investment in capital assets includes land.

	<u>2012</u>
Land	\$ 264,677
Total	\$ 264,677

Future Factors

- In 2013, the LDC will receive and administer the Fairport IDA’s Commercial Loans, with a current value of nearly \$1M. In addition, the LDC will receive an allocation of \$200,000 to seed its economic and community development work.

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 Assets

September 30, 2012

<u>ASSETS:</u>	<u>2012</u>
<u>Capital Assets -</u>	
Land	\$ 264,677
Total Capital Assets	<u>\$ 264,677</u>
TOTAL ASSETS	<u><u>\$ 264,677</u></u>
<u>NET ASSETS:</u>	
Investment in capital assets, net of related debt	<u>\$ 264,677</u>
TOTAL NET ASSETS	<u><u>\$ 264,677</u></u>

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

VILLAGE OF FAIRPORT
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Statement of Activities

For Year Ended September 30, 2012

<u>NONOPERATING REVENUES:</u>	<u>2012</u>
Contributed Capital	\$ 264,677
TOTAL NONOPERATING REVENUES	\$ 264,677
NET INCOME	\$ 264,677
NET ASSETS - BEGINNING OF YEAR	-
NET ASSETS - END OF YEAR	\$ 264,677

(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, 2012

I. Summary of Significant Accounting Policies:

The financial statement of the Village of Fairport Local Development Corporation (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 (The 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 2012 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, 2012. 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 Assets. This is the Corporation-wide statement of position presenting information that includes all of the Corporations assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets 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.

(I.) (Continued)

The second government-wide statement is the Statement of Activities which reports how the Corporation’s net assets 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.

C. Related Party

The Corporation is related through common management with the Village of Fairport Industrial Development Agency (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 Assets

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 Assets

a. Government-Wide Statements

Net assets are categorized as follows:

1. Invested in capital assets, net of related debt - 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.

II. Capital Assets:

A summary of changes in capital assets follows:

	<u>Beginning</u> <u>10/1/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>9/30/2012</u>
Land	\$ -	\$ 264,677	\$ -	\$ 264,677
Total	<u>\$ -</u>	<u>\$ 264,677</u>	<u>\$ -</u>	<u>\$ 264,677</u>

III. Commitments and Contingencies:

A. Litigation

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

IV. Subsequent Event:

The Corporation has proposed allocating all the notes receivable from the IDA to the LDC in the 2012-13 fiscal year.

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**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***

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, a component unit of the Village of Fairport, New York as of and for the year ended September 30, 2012, and have issued our report thereon dated December 13, 2012. 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.

Internal Control Over Financial Reporting

The management of Village of Fairport Local Development Corporation, a component unit of the Village of Fairport, New York is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Village of Fairport Local Development Corporation's, a component unit of the Village of Fairport, New York internal control over financial reporting as a basis for designing our auditing procedures 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 Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

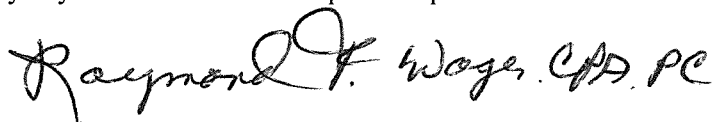
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a significant deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Fairport Local Development Corporation, a component unit of the Village of Fairport, New York's financial statements are free of 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*.

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

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

December 13, 2012