

**VILLAGE OF FAIRPORT
URBAN RENEWAL AGENCY**

NEW YORK

**COMMUNICATING INTERNAL CONTROL
RELATED MATTERS IDENTIFIED IN AN AUDIT**

For Year Ended September 30, 2010

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 13, 2010

To the Council Members of
Village of Fairport
Urban Renewal Agency

In planning and performing our audit of the financial statements of the Village of Fairport Urban Renewal Agency, New York as of and for the year ended September 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the Village of Fairport Urban Renewal Agency, New York's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 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.

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

The Agency's written responses to the deficiencies identified in our audit have not been subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Current Year Deficiencies in Internal Control:

Financial Accounting Software

The Agency has made significant enhancements to their accounting and reporting system and is now utilizing electronic accounting software. However, as a result of the audit we made several year-end closing entries to various accounts.

We recommend the Agency continue to enhance their accounting structure and bookkeeping structure as follows:

- a) Develop a standard closing checklist to capture year-end accrual items
- b) Complete the allocation to the Urban Renewal Agency on a monthly basis.
- c) Enhance the account code detail to track receivables by customer.

Agency Response's –

The Executive Director will consult with the Agency's bookkeeping service to allocate URA expenses on a monthly basis, and to develop a written closing checklist to capture year-end accruals.

IRS Form 1099

During our review over the 1099 reporting procedures, we noted a specific process is not in place to identify vendors who are required to receive an IRS Form 1099.

We recommend the Agency develop procedures to identify vendors who are required to receive IRS Form 1099 for the December 31, 2010 calendar year.

Agency Response's –

The IDA will develop procedures to identify vendors who are required to receive 1099s, and will implement a process to send the IRS 1099 Forms as required by law.

Prior Year Finding:

We are pleased to report the following prior year finding has been implemented to our satisfaction:

- 1. The IDA has completed a time study which supports the agreement with the Urban Renewal Agency.

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We wish to express our appreciation to all client personnel for the courtesies extended to us during the course of our examination.

Raymond F. Wager, CPA P.C.

December 13, 2010