VILLAGE OF FAIRPORT SECTION 8
HOUSING ASSISTANCE PAYMENTS PROGRAM

NEW YORK

FINANCIAL STATEMENTS

For Years Ended September 30, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

To the Board 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, 2016 and 2015, 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, 2016 and 2015, 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.

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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 15, 2016 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 15, 2016

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

Management's Discussion and Analysis (MD&A)

September 30, 2016, 2015, and 2014

Introduction

Our discussion and analysis of the Village of Fairport Section 8 Housing Assistance Payments Program (Program), a component unit of the Village of Fairport Urban Renewal Agency, New York's (Agency) financial performance provides an overview of the Program's financial activities for the years ended September 30, 2016, 2015, and 2014. It should be read in conjunction with the basic financial statements to enhance understanding of the Program's financial performance, which immediately follows this section.

Financial Highlights

Key financial highlights for year 2016 are as follows:

- The assets of the Program exceeded its liabilities at the close of the most recent year by $127,007 (net position).

- $127,007 is available for the Program's ongoing operations. These funds are segregated for HUD $24,111 for Housing Assistance Payments Equity, $784 for Net Investment in Capital Assets, $102,112 for Administrative Fee Equity.

Overview of the Financial Statements

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

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

The *government-wide financial statements* are the same as the fund financial statements for proprietary funds, so no additional schedules were necessary. The Program's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Program'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 Program'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 Program is improving or deteriorating. Evaluation of the overall health of the Program 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 Program's distinct activities or functions on revenues provided by the Program'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 Program's financial position. In the case of the Program, net position at the close of the current year was $127,007. This represents an increase in net position of $39,399 from the prior year.

Net Position

	2016	2015	2014
ASSETS			
Current Assets	$ 172,169	$ 126,687	$ 149,777
Capital Assets, Net	784	1,097	1,411
Total Assets	**$ 172,953**	**$ 127,784**	**$ 151,188**
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow of Resources	$ 105,693	$ 34,392	$ 20,322
LIABILITIES			
Current Liabilities	$ 64,020	$ 58,158	$ 44,817
Long-Term Liabilities	78,334	16,410	21,950
Total Liabilities	**$ 142,354**	**$ 74,568**	**$ 66,767**
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow of Resources	$ 9,285	$ -	$ -
NET POSITION			
Net Investment in Capital Assets	$ 784	$ 1,097	$ 1,411
Restricted - Housing Assistance	24,111	4,599	26,115
Unrestricted - Administrative Fee	102,112	81,912	77,217
Total Net Position	**$ 127,007**	**$ 87,608**	**$ 104,743**

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

Changes in Net Position

	2016	2015	2014
Revenues:			
HUD Grant Revenue	$ 2,382,897	$ 2,291,466	$ 2,298,059
Charges and Fees	395	3,455	5,697
Interest Income	65	75	81
Total Revenues	**$ 2,383,357**	**$ 2,294,996**	**$ 2,303,837**
Expenditures:			
Administrative Expenses	$ 340,547	$ 321,933	$ 320,558
Housing Assistance Payments	1,999,098	1,985,875	1,962,586
Depreciation Expense	313	314	662
Total Expenditures	**$ 2,339,958**	**$ 2,308,122**	**$ 2,283,806**
Transfers to Other Funds	$ (4,000)	$ (4,009)	$ (7,000)
Change in Net Position	**$ 39,399**	**$ (17,135)**	**$ 13,031**

Capital Assets

The Program's investment in capital assets as of September 30, 2016, 2015, and 2014 amounts to $784, $1,097 and $1,411 (net of accumulated depreciation). This investment in capital assets includes equipment.

	2016	2015	2014
Equipment	$ 16,723	$ 16,723	$ 16,723
Less: Accumulated Depreciation	(15,939)	(15,626)	(15,312)
Total	**$ 784**	**$ 1,097**	**$ 1,411**

Future Factors

- The Section 8 program is currently operating under a short-term Continuing Resolution approved by Congress to prevent a government shutdown and to continue funding for federal programs and services until April 28, 2017. The uncertainty of fiscal 2017 funding levels for the Housing Choice Voucher (HCV) program makes budgetary planning decisions more difficult.

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 Board, 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, 2016 and 2015

	2016	2015
ASSETS:		
Current Assets -		
Cash	$ 85,324	$ 44,679
Restricted cash - FSS escrow	23,491	23,484
Accounts receivable	-	643
Due from other governments	63,354	57,881
Total Current Assets	$ 172,169	$ 126,687
Capital Assets -		
Office equipment	$ 16,723	$ 16,723
Less: accumulated depreciation	(15,939)	(15,626)
Total Capital Assets	$ 784	$ 1,097
TOTAL ASSETS	**$ 172,953**	**$ 127,784**
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows of resources	**$ 105,693**	**$ 34,392**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 278,646**	**$ 162,176**
LIABILITIES:		
Current Liabilities -		
FSS - escrow	$ 23,491	$ 23,484
Accrued expenses	6,374	-
Due to ERS	16,122	19,778
Compensated absences	18,033	14,896
Total Current Liabilities	$ 64,020	$ 58,158
Long-Term Liabilities -		
Net pension liability	$ 78,334	$ 16,410
Total Long-Term Liabilities	$ 78,334	$ 16,410
TOTAL LIABILITIES	**$ 142,354**	**$ 74,568**
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources	**$ 9,285**	**$ -**
NET POSITION:		
Net investment in capital assets	$ 784	$ 1,097
Restricted-housing assistance	24,111	4,599
Unrestricted-administrative fee	102,112	81,912
TOTAL NET POSITION	$ 127,007	$ 87,608
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 278,646**	**$ 162,176**

(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, 2016 and 2015

	2016	2015
OPERATING INCOME:		
HUD grant revenue	$ 2,382,897	$ 2,291,466
Charges and fees	395	3,455
TOTAL OPERATING INCOME	**$ 2,383,292**	**$ 2,294,921**
OPERATING EXPENSES:		
Administrative expenses -		
Payroll	$ 212,767	$ 214,047
Benefits	86,257	74,891
Professional services	10,098	8,398
Office	29,496	21,691
Other-Agency fees	1,929	2,906
Housing assistance payments	1,999,098	1,985,875
Depreciation expense	313	314
TOTAL OPERATING EXPENSES	**$ 2,339,958**	**$ 2,308,122**
NET OPERATING INCOME (LOSS)	**$ 43,334**	**$ (13,201)**
NONOPERATING INCOME		
Interest income	$ 65	$ 75
INCOME (LOSS) BEFORE OPERATING TRANSFERS	$ 43,399	$ (13,126)
Operating transfers out to Fairport IDA	$ (4,000)	$ (4,009)
NET INCOME (LOSS)	$ 39,399	$ (17,135)
NET POSITION - BEGINNING OF YEAR	87,608	104,743
NET POSITION - END OF YEAR	**$ 127,007**	**$ 87,608**

(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, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from charges, fees, and grants	$ 2,382,897	$ 2,291,466
Payments of HAP benefits	(1,999,098)	(1,985,875)
Payments to suppliers	(35,149)	(32,995)
Payments to personnel & benefits	(304,713)	(314,992)
Other receipts	643	3,233
Net Cash Provided (Used) by Operating Activities	**$ 44,580**	**$ (39,163)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	$ 72	$ 82
Net Cash Provided (Used) by Investing Activities	**$ 72**	**$ 82**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Intercompany transfers, net	$ -	$ 20,018
Transfers out to IDA for Senior Grant	(4,000)	(4,009)
Net Cash Provided (Used) by Noncapital Financing Activities	**$ (4,000)**	**$ 16,009**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**$ 40,652**	**$ (23,072)**
BEGINNING CASH AND CASH EQUIVALENTS	68,163	91,235
ENDING CASH AND CASH EQUIVALENTS	**$ 108,815**	**$ 68,163**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Operating Income (Loss)	$ 43,334	$ (13,201)
Adjustments to Reconcile Net Operating Income to Net Cash Provided By (Used In) Operating Activities:		
Depreciation expense	313	314
(Increase)/decrease in accounts receivable	643	(222)
(Increase)/decrease in deferred outflows	(71,301)	(14,070)
(Increase)/decrease in due from other governments	(5,473)	-
Increase/(decrease) in due to ERS	(3,656)	-
Incease/(decrease) in accrued expenses	6,374	-
Increase/(decrease) in deferred inflows	9,285	-
Increase/(decrease) in compensated absences	3,137	(6,444)
Increase/(decrease) in net pension liability	61,924	(5,540)
Total Adjustments	$ 1,246	$ (25,962)
Net Cash Provided (Used) by Operating Activities	**$ 44,580**	**$ (39,163)**

(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, 2016 and 2015

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 (Program), a component unit 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 15, 2016. The Program 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 Board Members 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 Program 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. Impact of Recently Issued Accounting Principles

A. Changes in Accounting Standards

At September 30, 2016, the Program implemented the following new standards issued by GASB:

GASB has issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.*

The GASB has issued Statement No. 72, *Fair Value Measurement and Application.*

The GASB has issued Statement No. 77, *Tax Abatement Disclosures.*

B. Recently Issued Accounting Pronouncements

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

The GASB has issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 57, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which will be effective for the year ended September 30, 2017.

The GASB has issued Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*, which will be effective for the year ended September 30, 2017.

The GASB has issued Statement No. 82, Pension Issues-an amendment of GASB No. 67, No. 68, and No. 73, which will be effective for the year ended September 30, 2017.

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

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

IV. Cash and Cash Equivalents:

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

At September 30, 2016 and 2015, the carrying amount of the Program's cash accounts was $85,324 and $44,679, 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 $23,491 and $23,484, which has a corresponding liability account to the FSS tenants.

V. Due From Other Governments:

Due from other governments represents funds owed to the Program from its related organizations:

	2016	2015
Village of Fairport Industrial Development Agency		
Housing Assistance Payments Program	$ 14,607	$ 5,134
Senior Grant program	48,747	52,747
Total Due To Other Governments	**$ 63,354**	**$ 57,881**

VI. 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".

VII. Capital Assets:

Property and equipment owned by the Program 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.

A summary of capital assets is as follows:

	2016	2015
Equipment	$ 16,723	$ 16,723
Less: Accumulated Depreciation	(15,939)	(15,626)
Total	**$ 784**	**$ 1,097**

VIII. Compensated Absences:

The Program'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.

IX. Operating Transfer:

Operating transfers out were to the IDA for senior grants in the amounts of $4,000 and $4,009 for the years ended September 30, 2016 and 2015 respectively.

X. Pension Plan:

A. General Information

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

B. Provisions and Administration

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

C. Contributions

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

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

		NYSERS
2016	$	34,102
2015	$	41,920
2014	$	38,180

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

At September 30, 2016, the Program reported the following liability for its proportionate share of the net pension liability for the ERS System The net pension liability was measured as of March 31, 2016 for ERS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Program's proportion of the net pension liability was based on a projection of the Program's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined.

	ERS
Actuarial valuation date	April 1, 2015
Net pension liability	$ 16,122
Agency's portion of the Plan's total net pension asset/(liability)	0.00091%

For the year ended September 30, 2016, the Program recognized pension expenses of $34,130 for ERS. At September 30, 2016 the Program's reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources ERS	Deferred Inflows of Resources ERS
Differences between expended and actual experience	$ 396	$ 9,285
Changes of assumptions	20,889	-
Net difference between projected and actual earnings on pension plan investments	46,472	-
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	21,814	-
Subtotal	$ 89,571	$ 9,285
Program's contributions subsequent to the measurement date	16,122	-
Grand Total	**$ 105,693**	**$ 9,285**

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

Year	ERS
2016	$ 20,975
2017	20,975
2018	20,975
2019	17,361
Total	**$ 80,286**

E. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS
Measurement date	March 31, 2016
Actuarial valuation date	April 1, 2015
Interest rate	7.00%
Salary scale	3.80%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience
Inflation rate	2.50%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2016.

For ERS, the actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

Long Term Expected Rate of Return

	ERS
Actuarial valuation date	April 1, 2015
Asset Type -	
Cash	2.25%
Inflation-index bonds	4.00%
Domestic equity	7.30%
International equity	8.55%
Real estate	8.25%
Alternative investments	0.00%
Domestic fixed income securities	0.00%
Global fixed income securities	0.00%
Bonds/mortgages	4.00%
Short-term	0.00%
Private equity	11.00%
Absolute return strategies	6.75%
Opportunistic portfolios	8.60%
Real assets	8.65%

F. Discount Rate

The discount rate used to calculate the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Program's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the Program's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate :

ERS	1% Decrease (6%)	Current Assumption (7%)	1% Increase (8%)
Employer's proportionate share of the net pension asset (liability)	$ 176,636	$ 78,334	$ (4,728)

H. Pension Plan Fiduciary Net Position

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

	(In Thousands) ERS
Valuation date	April 1, 2015
Employers' total pension assets/(liability)	$ 172,303,544
Plan net position	156,253,265
Employers' net pension asset/(liability)	$ (16,050,279)
Ration of plan net position to the employers' total pension asset/(liability)	90.70%

I. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of September 30, 2016 represent the projected employer contribution for the period of April 1, 2016 through September 30, 2016 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of September 30, 2016 and 2015 amounted to $16,122 and $19,778.

XI. Litigation:

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

XII. Housing Assistance Payment Contract (HAP Contract):

The Village of Fairport has a Housing Assistance Payment Contract with HUD on behalf of Fairport Urban Renewal to provide rent subsidies on behalf of qualified tenants. The project must operate according to HUD regulations to retain the subsidies.

XIII. Current Vulnerability Due to Certain Concentrations:

The Program'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.

Supplemental
Schedule 1

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Direct -			
Housing Voucher Cluster			
Section 8 housing choice vouchers	14.871	NY406-V046/047	$ 2,382,897
Total Housing Voucher Cluster			$ 2,382,897
Total U.S. Department of Housing and Urban Development			**$ 2,382,897**
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 2,382,897**

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 Board 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, 2016 and 2015, 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 15, 2016.

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 Program'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.

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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 15, 2016