

Annual PHA Plan <i>(Standard PHAs and Troubled PHAs)</i>	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires: 02/29/2016
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Purpose. The 5-Year and Annual PHA Plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission, goals and objectives for serving the needs of low- income, very low- income, and extremely low- income families.

Applicability. Form HUD-50075-ST is to be completed annually by **STANDARD PHAs** or **TROUBLED PHAs**. PHAs that meet the definition of a High Performer PHA, Small PHA, HCV-Only PHA or Qualified PHA do not need to submit this form.

Definitions.

- (1) **High-Performer PHA** – A PHA that owns or manages more than 550 combined public housing units and housing choice vouchers, and was designated as a high performer on both of the most recent Public Housing Assessment System (PHAS) and Section Eight Management Assessment Program (SEMAP) assessments if administering both programs, or PHAS if only administering public housing.
- (2) **Small PHA** - A PHA that is not designated as PHAS or SEMAP troubled, or at risk of being designated as troubled, that owns or manages less than 250 public housing units and any number of vouchers where the total combined units exceeds 550.
- (3) **Housing Choice Voucher (HCV) Only PHA** - A PHA that administers more than 550 HCVs, was not designated as troubled in its most recent SEMAP assessment and does not own or manage public housing.
- (4) **Standard PHA** - A PHA that owns or manages 250 or more public housing units and any number of vouchers where the total combined units exceeds 550, and that was designated as a standard performer in the most recent PHAS or SEMAP assessments.
- (5) **Troubled PHA** - A PHA that achieves an overall PHAS or SEMAP score of less than 60 percent.
- (6) **Qualified PHA** - A PHA with 550 or fewer public housing dwelling units and/or housing choice vouchers combined and is not PHAS or SEMAP troubled.

A.	PHA Information.																																				
A.1	<p>PHA Name: <u>New Rochelle Municipal Housing Authority (NRMHA)</u> PHA Code: <u>NY088</u> PHA Type: <input checked="" type="checkbox"/> Standard PHA <input type="checkbox"/> Troubled PHA PHA Plan for Fiscal Year Beginning: (MM/YYYY): <u>07/01/2022</u> PHA Inventory (Based on Annual Contributions Contract (ACC) units at time of FY beginning, above) Number of Public Housing (PH) Units: <u>100 (Peter Bracey); Project-Based Vouchers 203 includes 91 (La Rochelle Place) and 112 (Queen City); Number of Housing Choice Vouchers (HCVs): 397</u> Total Combined Units/Vouchers <u>700.</u></p> <p>PHA Plan Submission Type: <input checked="" type="checkbox"/> Annual Submission <input type="checkbox"/> Revised Annual Submission</p> <p>Availability of Information. PHAs must have the elements listed below in sections B and C readily available to the public. A PHA must identify the specific location(s) where the proposed PHA Plan, PHA Plan Elements, and all information relevant to the public hearing and proposed PHA Plan are available for inspection by the public. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on their official website. PHAs are also encouraged to provide each resident council a copy of their PHA Plans. <input type="checkbox"/> PHA Consortia: (Check box if submitting a Joint PHA Plan and complete table below)</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th rowspan="2" style="width: 25%;">Participating PHAs</th> <th rowspan="2" style="width: 10%;">PHA Code</th> <th rowspan="2" style="width: 20%;">Program(s) in the Consortia</th> <th rowspan="2" style="width: 15%;">Program(s) not in the Consortia</th> <th colspan="2" style="width: 30%;">No. of Units in Each Program</th> </tr> <tr> <th style="width: 15%;">PH</th> <th style="width: 15%;">HCV</th> </tr> </thead> <tbody> <tr> <td>Lead PHA:</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>					Participating PHAs	PHA Code	Program(s) in the Consortia	Program(s) not in the Consortia	No. of Units in Each Program		PH	HCV	Lead PHA:																							
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				PH	HCV																																
Lead PHA:																																					

B. Annual Plan Elements

B.1 Revision of PHA Plan Elements.

(a) Have the following PHA Plan elements been revised by the PHA?

Y N

- Statement of Housing Needs and Strategy for Addressing Housing Needs (**SEE BELOW**)
- Deconcentration and Other Policies that Govern Eligibility, Selection, and Admissions.
- Financial Resources.
- Rent Determination.
- Operation and Management. **Administrative Plan (Admin) and Admissions and Continuing Occupancy Policy (ACOP)**
- Grievance Procedures.
- Homeownership Programs.
- Community Service and Self-Sufficiency Programs.
- Safety and Crime Prevention.
- Pet Policy. Pet Deposit will be revised to state "Pet Fee"
- Asset Management.
- Substantial Deviation.
- Significant Amendment/Modification (**SEE BELOW**)

(b) If the PHA answered yes for any element, describe the revisions for each revised element(s):

Statement of Housing Needs and Strategy for Addressing the Housing Needs: Although the NRMHA has not revised its Statement of Housing Needs or strategies for addressing the needs of families who reside in the jurisdiction served by the Authority to include elderly families, families with disabilities, and households by ethnicity, the information is being provided at HUD request with the FY2022 Annual Plan submission as the Agency is under a Recovery Agreement.

The Quantifiable Goals and Objectives that will address the needs of the targeted families throughout the FY 2021 Annual Plan and were covered in the HUD-approved Five-Year Plan (FY 2020-2024) were derived from a review of the Approved 2018-2022 Consolidated Plan and the Draft FY 2021 Action Plan for the City of New Rochelle. The strategies assessed by the NRMHA are consistent and inclusive with the City's. More specifically the Draft FY 2021 Action Plan lists the following priorities as pertains to affordable housing initiatives:

- ✓ As part of the 2014 Recovery Agreement between NRMHA, HUD, and the City of New Rochelle to address NRMHA's (former) troubled classification, the City has committed to assisting NRMHA with the issues of governance, organization and staffing, finance and procurement, property maintenance, resident initiatives, capital funds, security, and management information systems. Therefore, NRMHA's annual capital fund is included in the City's five-year Strategic Plan for comprehensive planning purposes.
- ✓ Improve access to and quality of housing through providing counsel to the New Rochelle Municipal Housing Authority during each of their fiscal year's Annual Planning process to help their planning for preserving and improving their public housing inventory.
- ✓ During 2021, the City will continue to support the efforts of the New Rochelle Municipal Housing Authority (NRMHA) to improve the condition of public housing units and the quality of life of public housing residents.
- ✓ Preserve Public Housing Inventory. The City's aging public housing inventory owned by the New Rochelle Municipal Housing Authority provides affordable rental housing to very low-income persons and requires annual capital improvements to preserve the condition of the housing units. The City relies on the HUD's annual allocation from the Capital Fund Program to accomplish this goal.
- ✓ Support the NRMHA Bracey Empowerment Program through CDBG funds in the amount of \$2,000 that aims at creating an atmosphere of mutual support and assistance among the residents in the neighborhood in which their powers to transform society are multiplied.
- ✓ Maintain a Tenant Based Rental Assistance program targeting the homeless population;
- ✓ Affordable housing preservation and Housing Choice Assistance Payments – Public Housing Capital Fund program and Housing Choice Voucher program;
- ✓ Operate the Housing Choice Voucher (HCV) Program to improve quality of life by continuing to offer mobility counseling to new HCV holders and those actively looking for affordable units in New Rochelle or looking to relocate to a high opportunity area.

Page 50: “ As in the past, despite City and Westchester County efforts, there remain a number of significant obstacles to meeting the needs of the underserved. These obstacles include the following:

- Population growth in over stressed areas
- Aging population
- High cost of housing
- Aging housing stock
- Inadequate funding to rehabilitate all of the existing housing units in need of repair, and
- Lack of knowledge of social service providers in New Rochelle for target-income residents.

The waiting lists for NRMHA housing programs demonstrate an unmet affordable housing need. The Housing Choice Voucher (HCV)/Section 8 Program and the Low-Income Public Housing (LIPH) waiting lists are closed. There is a separate waitlist for the RAD Development (PRC Queen City) which is open.

The waitlists as of March 1, 2022 will be included as Attachment B.1 prior to submission.

Operation and Management: Based on the HUD final rule issued March 8, 2015 “Streamlining Administrative Regulations for Public Housing, Housing Choice Voucher, Multifamily Housing and Community Planning and Development Programs”, the NRMHA is still considering options to reduce administrative burden and enable more efficient use of scarce resources through reviewing and revising as applicable, the following:

- Rent determination processes, verification of Social Security numbers for children of applicants, verification of assets and community service completion and grievance procedures.
- The NRMHA revised the LIPH Admissions and Continued Occupancy Plan (ACOP), and the HCV Administrative Plan based on mandated updates from HUD and in areas conducive for more effective administration. The Plans were last Board approved per following: **ACOP approved 12/14/20 – ADMIN 09/14/20.**
- The NRMHA has reviewed its goals and objectives for the Violence Against Women Act (VAWA) as it provides protections for victims of domestic violence, dating violence, sexual assault, or stalking. VAWA protections are not only available to women but are available equally to all individuals regardless of sex, gender identity, or sexual orientation. The NRMHA revised its Violence Against Women Act (VAWA) policies and procedures to ensure compliance with the most recent regulations in FY 2018. On November 16, 2016, HUD published the final rule regarding VAWA. This final rule included direction regarding information that must be shared with new and existing residents. This rule also provided direction regarding information to be shared with any household facing eviction.
- Lastly, the NRMHA has taken the following steps to ensure compliance with the final rule providing guidance requiring PHA's to create an Emergency Transfer Plan as well as forms to support the plan.
 1. Resident were sent via first class mail, the HUD 5380 “Notice of Occupancy Rights under the Violence against Women Act” and the HUD 5382 “Victim Certification Form”.
 2. HUD 5380 "Notice of Occupancy Rights under the Violence against Women Act" document are given to each household at move-in.
 3. Termination postings must include the HUD 5380 "Notice of Occupancy Rights under the Violence against Women Act".
 4. The NRMHA has begun using the HUD 5382 VAWA and the HUD 5383 VAWA forms for all requests for emergency transfers relating to VAWA.

Substantial Amendment/Modification: A substantial amendment is any statutory or regulatory change that materially changes Board Approved Policies. In August 2016, the NRMHA forwarded to HUD a Significant Amendment-RAD Conversion which was not approved until the FY2018 Annual Plan. However, the RAD conversion was not approved for Peter Bracey in March 2019 (FY 2018) and may submit a RAD, Section 18 Demo/Dispo, or Voluntary Conversion Application in FY 2022.

It is not a Significant Modification to the FY 2022 Annual Plan for the NRMHA to pursue a RAD, Section 18 Demo/Dispo, or a Voluntary Conversion Application for Peter Bracey Apartments. Even though a previous RAD application was denied, in the FY 2019 HUD-approved Annual Plan it was stated the NRMHA would consider some type of conversion activity for Peter Bracey Apartments.

However, as the NRMHA is under a Recovery Agreement, the significant amendment/modification will again be submitted with the FY 2022 Annual Plan to include the Statement of Significant Amendment Attachment B.1 (b) and RAD/Section 18 Demo/Dispo or Voluntary Conversion Information as Attachment B.2. The NRMHA redefined its definition of Substantial Deviation in FY 2018 to exclude the following items:

1. The decision to convert to either Project-Based Rental Assistance or Project-Based Voucher Assistance:
 - Changes to the Capital Fund Budget produced as a result of each approved RAD Conversion, regardless of whether the proposed conversion will include use of additional Capital Funds.
 - Changes to the construction and rehabilitation plan for each approved RAD conversion; and
 - Changes to the financing structure for each approved RAD conversion.

The Housing Authority plans to seek to revitalize Bracey Apartments either through RAD, Voluntary Conversion or Section 18 Demo/Dispo application. The City of New Rochelle allocated an additional 200 units to the Authority for redevelopment of Bracey Apartments under the overlay zone.

(c) The PHA must submit its Deconcentration Policy for Field Office review.

Exemption for Deconcentration of Poverty Policy: As per 24CFR 903.2(6) " Applicability of Deconcentration of Poverty and Income Mixing Requirements ", the NRMHA is " not subject to deconcentration of poverty and income mixing requirements because it has only one (1) general occupancy, family housing development"

B.2 New Activities.

(a) Does the PHA intend to undertake any new activities related to the following in the PHA's current Fiscal Year?

- | | | |
|-------------------------------------|-------------------------------------|--|
| Y | N | |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Hope VI or Choice Neighborhoods. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Mixed Finance Modernization or Development. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Demolition and/or Disposition (Section 18). |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Designated Housing for Elderly and/or Disabled Families. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Conversion of Public Housing to Tenant-Based Assistance. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Conversion of Public Housing to Project-Based Assistance under RAD. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Occupancy by Over-Income Families. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Occupancy by Police Officers. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Non-Smoking Policies. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Project-Based Vouchers. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Units with Approved Vacancies for Modernization. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Other Capital Grant Programs (i.e., Capital Fund Community Facilities Grants or Emergency Safety and Security Grants). |

(b) If any of these activities are planned for the current Fiscal Year, describe the activities. For new demolition activities, describe any public housing development or portion thereof, owned by the PHA for which the PHA has applied or will apply for demolition and/or disposition approval under section 18 of the 1937 Act under the separate demolition/disposition approval process. If using Project-Based Vouchers (PBVs), provide the projected number of project-based units and general locations, and describe how project basing would be consistent with the PHA Plan.

Four (4) elements were checked yes to include the following: Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing to Project-Based Assistance under RAD and Occupancy of Over-Income Families.

	<p>Mixed Finance Modernization or Development: As a component of the RAD, Section 18/Demo/Dispo or Voluntary conversion of NY088003, the NRMHA may undertake mixed-finance modernization or development of the Peter Bracey property. Although the NRMHA decided to withdraw the RAD CHAP award for NY088003 (Peter Bracey Apartments) at the monthly Board Meeting held April 3, 2017, mixed-finance, to include RAD and/or other Modernization and Development options may still be pursued. The NRMHA may commit and utilize Capital Funds in excess of \$100,000 for the RAD, Section 18, or other Voluntary Conversion options for the redevelopment process. If CFP funds are utilized for the referenced activities, the NRMHA will notify HUD of the exact amounts of fund committal for approval.</p> <p>Demolition and/or Disposition: The NRMHA engaged in Section 18 Demolition and Disposition activities at NY088004 (Heritage Homes) and may seek Section 18 approval of the disposition of NY088003 (Peter Bracey Apartments).</p> <p>Conversion of Public Housing to Project-Based Assistance under RAD: As previously stated, although the NRMHA received a CHAP Award for NY088001 and NY088003, at the monthly Board Meeting held April 3, 2017, the NRMHA decided to withdraw its RAD CHAP Award in with connection with Peter Bracey Apartments, PIC Development # NY088003. NRMHA reapplied to HUD’s RAD program for NY088003 (Peter Bracey Apartments) and received notification in March 2019 it would not be awarded at this time. The NRMHA may consider the option of reapplying at a later date.</p> <p>Occupancy by Over-Income Families: As of 02/16/2022, the NRMHA has a total of eight (8) over-income households (6) in Bracey, (0) RAD and (2) HCV). The six (6) over-income residents at Bracey pay flat rent; and the (2) HCV residents are in different phases of the six-month rent determination adjustments. The Housing Authority believes these households definitely contribute to a positive socio-economic environment in the developments they reside in and therefore, desires for them to remain as eligible households.</p> <ol style="list-style-type: none"> 1) SEE ATTACHMENT B.2 for Narrative and Chart of Projected RAD activities to include the language pertaining to the unit reduction of the de minimis rule in the RAD Application. The NRMHA may reapply in FY 2022 for Peter Bracey Apartments. 2) The RAD, Section 18 Demo/Dispo or any other Voluntary Conversions will not include any de miminis reductions,
B.3	<p>Civil Rights Certification.</p> <p>Form HUD-50077, <i>PHA Certifications of Compliance with the PHA Plans and Related Regulations</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan. (Attachment B.3) To Be Signed by the Board Chairperson for the NRMHA Board of Commissioners.</p>
B.4	<p>Most Recent Fiscal Year Audit.</p> <p>(a) Were there any findings in the most recent FY Audit?</p> <p>Y N <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>(a) If yes, please describe: (ATTACHMENT B.4) The audit report for FYE 06/30/20 is attached. The Authority is in the process of completing the FYE 6/30/21 Audit.</p>
B.5	<p>Progress Report. Provide a description of the PHA’s progress in meeting its Mission and Goals described in the PHA 5-Year and Annual Plan.</p> <p>The Executive Director has demonstrated a renewed commitment to restore the NRMHA to a viable, high performing Agency. On, March 24, 2021, HUD released the Public Housing Assessment System (PHAS) score and the NRMHA received a 77 out of 100 and is no longer classified as a “troubled” agency and is now a “standard” performer. Through the maximization of resources, the NRMHA is continuing to demonstrate significant progress in meeting the mission and goals identified in the FY 2020-2024 Five-Year Plan, FY 2020 and FY 2021 Annual Plans, and the Recovery Agreement. The only tasks remaining in the Recovery Agreement are related to the Financial Components and the NRMHA is requesting HUD assistance with identifying an individual knowledgeable of the PHA arena to assist with the recovery efforts. All strategies in FY 2022 are consistent with the FY 2020-2024 Five-Year Plan as they are a continuation of efforts and identified objectives.</p>

	<ul style="list-style-type: none"> • More specifically, all activities in FY 2022 will be directed towards continued improvement of all management systems, procedures, and the administrative structure of the Agency. • The NRMHA intends to improve the quality of assisted housing by enforcement and implementation of effective public housing management; to include improving security, increasing all NRMHA scores and enforcement of aggressive rent collection policies. <p>The NRMHA will continue to strive toward addressing the needs of the residents through promoted participation, continued involvement and operating in an environment of transparency. The Resident Advisory Board (RAB) is constructed and there are thirteen (13) committed residents who serve on the RAB. See Attachment B.6 (a) for the current listing (2022) RAB members.</p> <p>Although planned Conversion Activities were addressed in the FY 2019 Annual Plan, a summary of the projected planned resubmission for Peter Bracey RAD conversion is included in the FY 2022 Plan. See Attachment B.2.</p> <p>The NRMHA will hold the required public hearing on Friday, April 8, 2022, and comments will be listed as applicable. The sign-in sheet will be included as B.5.</p>
B.6	<p>Resident Advisory Board (RAB) Comments. The FY 2022 RAB list of Members is included as B.6 (a) The FY 2022 RAB Sign In Sheet is included as B.6 (b) The FY 2022 RAB Comments are included as B.6 (c)</p> <p>(a) Did the RAB(s) provide comments to the PHA Plan? The NRMHA will hold a public hearing and receive comments from the Resident Advisory Board (RAB) on the FY 2022 Plan. All comments will be attached before submission.</p> <p>Y N <input checked="" type="checkbox"/> <input type="checkbox"/></p> <p>(b) If yes, comments must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the RAB recommendations and the decisions made on these recommendations. The NRMHA will review all of the comments provided by the RAB and will make any revisions to the FY 2022 Annual Plan if applicable.</p>
B.7	<p>Certification by State or Local Officials. (Attachment B.7) Signed by the City of New Rochelle Form HUD 50077-SL, <i>Certification by State or Local Officials of PHA Plans Consistency with the Consolidated Plan</i>, must be submitted by the PHA as an electronic attachment to the PHA Plan.</p>
B.8	<p>Troubled PHA.</p> <p>(a) Does the PHA have any current Memorandum of Agreement, Performance Improvement Plan, or Recovery Plan in place? Y N N/A <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/></p> <p>SEE ATTACHMENT B.8 The NRMHA will attach the most recent Action Plan and the letter stating the PHA is no longer a “troubled” agency before submission.</p>
C.	<p>Statement of Capital Improvements. Required for all PHAs completing this form that administer public housing and receive funding from the Capital Fund Program (CFP).</p>

C.1	Capital Improvements. Include a reference here to the most recent HUD-approved 5-Year Action Plan (HUD-50075.2) and the date that it was approved by HUD. The most recent approved 5-Year Action Plan (HUD-50075.2) was approved by HUD in EPIC in FY 2021. FY 2022 was included in the Five-Year Plan with that submission. The NRMHA submitted the Action Plan in EPIC covering FY 2019-2023, 2020-2024, and 2021-2025 after receiving technical assistance from HUD as the grant amounts were decreased based on a reduction of units in PIC.
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NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

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NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To The Board of Commissioners
New Rochelle Municipal Housing Authority
New Rochelle, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the New Rochelle Municipal Housing Authority, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the New Rochelle Municipal Housing Authority's basic 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.

Auditors' 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 auditors' 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 entity'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 entity'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 New Rochelle Municipal Housing Authority, as of June 30, 2020, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19, the Authority restated beginning net position due to the correction of errors from prior years. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the required supplementary information presented on pages 47 through 51, as listed in the table of contents, 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 evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the New Rochelle Municipal Housing Authority's basic financial statements. The supplementary information on pages 52 through 60, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information presented on pages 52 through 60 and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information presented on pages 52 through 60 and the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated September 30, 2021 on our consideration of the New Rochelle Municipal Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the New Rochelle Municipal Housing Authority's 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 New Rochelle Municipal Housing Authority's internal control over financial reporting and compliance.

Marcum LLP

Providence, Rhode Island
September 30, 2021

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS

The New Rochelle Municipal Housing Authority (the Authority) is pleased to present its basic financial statements as of and for the year ended June 30, 2020, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). GAAP requires the inclusion of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. In addition, GAAP requires the inclusion of this management's discussion and analysis (MD&A) section as required supplementary information.

The basic financial statements provide both long-term and short-term information about the Authority's overall financial condition. The basic financial statements also include notes that provide additional information.

As provided for under GAAP, the Authority uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation and amortization, are recognized in the period in which they are incurred. All assets and liabilities associated with the operation of the Authority are included in the statement of net position.

This section of the Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the year ended June 30, 2020, with comparative data for the year ended June 30, 2019. Please read this section in conjunction with the Authority's basic financial statements, which immediately follow this section.

HIGHLIGHTS

- Assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources at June 30, 2020 by \$14,178,891 (net position), representing a decrease of \$46,845 from the prior year.
- Total revenues decreased by \$383,119 from the prior year, while total expenses increased by \$640,522.
- The Authority's current ratio that measures liquidity increased during the year from 1.89 to 2.75.
- The Authority's total debt decreased from \$85,982 to \$65,574.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2020

OVERVIEW OF THE AUTHORITY'S OPERATIONS

The Authority was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. These services are provided through the administration of the following programs:

Federal Programs

Section 8 Housing Choice Voucher Program
Low Rent Public Housing Program
Public Housing Capital Fund Program

State/Local and Other Programs

Central Office Cost Center
Business Activities

Blended Component Units

Horton Winthrop Development Fund Corporation
NRMHA Developer, LLC
Winbrook, LLC

For additional information on the Authority's programs, see the notes to financial statements.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2020

FINANCIAL ANALYSIS

Summary of Net Position

Presented below is the Authority's condensed summary of net position at June 30, 2020 compared to June 30, 2019. The statement of net position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the Authority at the end of the fiscal year. The purpose of the statement of net position is to give the financial statement readers a snapshot of the fiscal condition of the Authority as of a certain point in time. It presents end of year data for assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (assets and deferred outflows of resources, minus liabilities and deferred inflows of resources).

SUMMARY OF NET POSITION June 30, 2020 and 2019

	2020	2019	Change	% Change
Current Assets	\$ 3,568,048	\$ 1,395,271	\$ 2,172,777	155.72%
Capital Assets	1,479,205	1,569,244	(90,039)	-5.74%
Other Noncurrent Assets	<u>16,037,117</u>	<u>17,351,050</u>	<u>(1,313,933)</u>	-7.57%
Total Assets	<u>21,084,370</u>	<u>20,315,565</u>	<u>768,805</u>	3.78%
Deferred Outflows of Resources	<u>397,013</u>	<u>426,467</u>	<u>(29,454)</u>	-6.91%
Current Liabilities	1,295,532	738,079	557,453	75.53%
Noncurrent Liabilities	<u>5,972,399</u>	<u>5,727,914</u>	<u>244,485</u>	4.27%
Total Liabilities	<u>7,267,931</u>	<u>6,465,993</u>	<u>801,938</u>	12.40%
Deferred Inflows of Resources	<u>34,561</u>	<u>50,303</u>	<u>(15,742)</u>	-31.29%
Net investment in capital assets	1,479,205	1,569,244	(90,039)	-5.74%
Restricted	479,542	130,559	348,983	267.30%
Unrestricted	<u>12,220,144</u>	<u>12,525,933</u>	<u>(305,789)</u>	-2.44%
Total Net Position	<u>\$ 14,178,891</u>	<u>\$ 14,225,736</u>	<u>\$ (46,845)</u>	-0.33%

Total assets of the Authority at June 30, 2020 and 2019 were \$21,084,370 and \$20,315,565, respectively, a change of 3.78%. The significant components of current assets are cash, receivables and notes receivable. The significant components of noncurrent assets are capital assets and investments in the financing of affordable housing developments. Capital assets include land, buildings and building improvements, construction in progress, and equipment. All capital assets except for land and construction in progress are shown net of accumulated depreciation.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2020

Total liabilities of the Authority at June 30, 2020 and 2019 were \$7,267,931 and \$6,465,993, respectively, a change of 12.40%. Current liabilities include accounts payable, accrued liabilities and unearned revenue. Noncurrent liabilities are primarily made up of the long-term portion of debt and pension and OPEB liabilities.

Deferred inflows and outflows of resources relate to the Authority pension and OPEB liabilities. In 2020, the Authority's pension and OPEB related deferred outflows decreased by \$29,454 and deferred inflows decreased by \$15,742. These changes are the result of fluctuations in the actuarial valuations of the liabilities and the change in the value of pension assets.

Net position represents the Authority's equity, which is accounted for in three major categories. The first category, investment in capital assets, represents the Authority's equity in land, buildings and building improvements, construction in progress, and equipment. The next net position category is restricted net position; this shows the amounts subject to external restriction. The last category is unrestricted net position; these funds are available to use for any lawful and prudent purpose of the Authority. Unrestricted net position decreased by \$305,789, or 2.44%, for the fiscal year.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2020

Summary of Revenues, Expenses and Changes in Net Position

Presented below is the condensed summary of revenues, expenses and changes in net position information for fiscal year ended June 30, 2020 compared to the year ended June 30, 2019. The information reflects the results of operations for the Authority and displays the sources of revenue, the nature of expenses for the year and the resulting change in net position. All revenues and expenses are accounted for on an accrual basis. See notes to financial statements.

SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION For the years ended June 30, 2020 and 2019

	2020	2019	Change	% Change
Revenue				
Operating Revenues	\$ 10,225,597	\$ 10,622,074	\$ (396,477)	-3.73%
Non-operating Revenues	<u>436,874</u>	<u>423,516</u>	<u>13,358</u>	3.15%
Total Revenues	<u>10,662,471</u>	<u>11,045,590</u>	<u>(383,119)</u>	-3.47%
Expenses				
Housing assistance payments	6,092,303	5,585,565	506,738	9.07%
Administration	2,350,736	1,721,153	629,583	36.58%
Repair and maintenance	1,062,936	833,714	229,222	27.49%
Utilities	429,319	388,134	41,185	10.61%
Depreciation expense	244,705	264,101	(19,396)	-7.34%
Other general expenses	243,314	980,450	(737,136)	-75.18%
Insurance expense	142,644	165,939	(23,295)	-14.04%
Tenant services	135,869	122,404	13,465	11.00%
Protective services	<u>7,490</u>	<u>7,334</u>	<u>156</u>	2.13%
Total Expenses	<u>10,709,316</u>	<u>10,068,794</u>	<u>640,522</u>	6.36%
Change in Net Position	(46,845)	976,796	(1,023,641)	-104.80%
Net Position - Beginning of Year	14,225,736	15,069,735	(843,999)	-5.60%
Prior Period Adjustments	<u>--</u>	<u>(1,820,795)</u>	<u>1,820,795</u>	-100.00%
Net Position - End of Year	<u>\$ 14,178,891</u>	<u>\$ 14,225,736</u>	<u>\$ (46,845)</u>	-0.33%

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2020

Generally, operating revenues are amounts received for providing housing to the Authority's tenants as well as subsidies and grants received from the U.S. Department of Housing and Urban Development (HUD) that provide significant funding for the operations of the Authority's housing programs. Operating expenses are those incurred to operate, maintain, and repair the housing units and to provide supportive services to the tenants of the Authority. Nonoperating revenues are revenues earned for which goods and services are not provided, for example, interest income. Capital grants represent revenues earned for public housing capital repairs.

Significant changes in revenues and expenses from the fiscal year ended June 30, 2019 to June 30, 2020 include the following:

- Operating revenues decreased by \$396,477, or 3.73%, due to the recognition of developer fee revenue in the prior year, which was not a recurring transaction in the current year.
- Housing assistance payments increased by \$506,738, or 9.07%, due to an increase in vouchers leased as well as an increase in the average HAP contract for voucher holders.
- Repair and maintenance expenses increased by \$229,222, or 27.49%, due to an increase in maintenance contract costs.
- Administrative expenses increased by \$629,583, or 36.58%, due to an increase in the administrative workforce which also resulted in a corresponding increase in employee benefit expense.
- Utilities increased by \$41,185, or 10.61%, due to an increase in water usage and rates.
- Other general expenses decreased by \$737,136, or 75.18%, due to a significant write off of bad debts in the prior year.
- Insurance expense decreased by \$23,295, or 14.04%, due to a decrease in workers compensation insurance.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2020

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, capital assets, net of accumulated depreciation was \$1,479,205 which includes land, buildings and building improvements, construction in progress, and equipment. The schedule below reflects the changes in capital assets, net of depreciation, from June 30, 2019 to June 30, 2020:

CAPITAL ASSET ANALYSIS June 30, 2020 and 2019

	2020	2019	Change	% Change
Land	\$ 614,129	\$ 614,129	\$ --	0.00%
Buildings	7,080,298	7,066,155	14,143	0.20%
Furniture and equipment	595,382	543,983	51,399	9.45%
Leasehold improvements	827,434	827,434	--	0.00%
Construction in progress	<u>89,124</u>	<u>--</u>	<u>89,124</u>	-
Total capital assets	<u>9,206,367</u>	<u>9,051,701</u>	<u>154,666</u>	1.71%
Accumulated depreciation	<u>(7,727,162)</u>	<u>(7,482,457)</u>	<u>(244,705)</u>	3.27%
Capital assets, net of accumulated depreciation	<u>\$ 1,479,205</u>	<u>\$ 1,569,244</u>	<u>\$ (90,039)</u>	-5.74%

The majority of the additions were attributable to construction in progress. Additional information on the Authority's capital assets can be found in the notes to financial statements.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2020

Long-Term Debt

At June 30, 2020, the Authority had total long-term debt of \$65,574, a decrease of \$20,408 compared to the prior year. Additional information on the Authority's long-term debt can be found in the notes to financial statements.

LONG TERM DEBT ANALYSIS

June 30, 2020 and 2019

	2020	2019	Change	% Change
Long term debt	<u>\$ 65,574</u>	<u>\$ 85,982</u>	<u>\$ (20,408)</u>	-23.74%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Significant economic factors affecting the Authority's budget in the next year are as follows:

- The Authority is primarily dependent upon HUD for the funding of its federal programs; therefore, the Authority is affected more by the federal budget than by local economic conditions.
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and, therefore, the amount of rental income
- Inflationary pressure on utility rates, housing costs, supplies and other costs
- Current trends in the housing market
- Local and national property rental markets that determine Housing Assistance Payments
- The economic impacts of COVID-19

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information presented in this report or requests for additional information should be addressed to Angela Farrish, Executive Director, New Rochelle Municipal Housing Authority, 50 Sickles Ave, New Rochelle, NY 10801.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

STATEMENT OF NET POSITION

JUNE 30, 2020

Assets

Current Assets

Cash and cash equivalents	\$ 1,792,007
Restricted cash	574,984
Accounts receivable, net	548,367
Notes receivable	600,000
Prepaid expenses and other current assets	<u>52,690</u>

Total Current Assets

3,568,048

Noncurrent Assets

Investment in joint ventures	229,595
Investment in the financing of affordable housing developments	13,686,978
Capital assets, non-depreciable	703,253
Capital assets, net of accumulated depreciation	775,952
Other noncurrent assets	<u>2,120,544</u>

Total Noncurrent Assets

17,516,322

Total Assets

21,084,370

Deferred Outflows of Resources

397,013

The accompanying notes are an integral part of these financial statements.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2020

Liabilities	
Current Liabilities	
Accounts payable	\$ 1,051,242
Accounts payable, HUD	147
Current portion of long term debt	10,000
Accrued wages and current portion of compensated absences	99,198
Other current liabilities	36,581
Other accrued expenses	2,922
Unearned revenue	73,479
Tenant security deposits	21,963
Total Current Liabilities	<u>1,295,532</u>
Noncurrent Liabilities	
Long term debt, net of current portion	55,574
Accrued compensated absences, net of current portion	96,699
Net pension liability	421,419
OPEB liability	5,398,707
Total Noncurrent Liabilities	<u>5,972,399</u>
Total Liabilities	<u>7,267,931</u>
Deferred Inflows of Resources	<u>34,561</u>
Net Position	
Investment in capital assets	1,479,205
Restricted:	
Housing assistance payments	479,542
Unrestricted	<u>12,220,144</u>
Total Net Position	<u>\$ 14,178,891</u>

The accompanying notes are an integral part of these financial statements.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

Operating Revenues	
HUD grants	\$ 8,026,788
Other revenue	1,283,598
Tenant rental income	870,854
Other government grants	<u>44,357</u>
Total Operating Revenues	<u>10,225,597</u>
Operating Expenses	
Housing assistance payments	6,092,303
Administration	2,350,736
Repair and maintenance	1,062,936
Utilities	429,319
Depreciation expense	244,705
Other general expenses	243,314
Insurance expense	142,644
Tenant services	135,869
Protective services	<u>7,490</u>
Total Operating Expenses	<u>10,709,316</u>
Operating Loss	<u>(483,719)</u>
Nonoperating Revenues	
Interest and investment revenue	<u>436,874</u>
Total Nonoperating Revenues	<u>436,874</u>
Change in Net Position	(46,845)
Net Position, Beginning of Year - As Restated	<u>14,225,736</u>
Net Position, End of Year	<u><u>\$ 14,178,891</u></u>

The accompanying notes are an integral part of these financial statements.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities

HUD grants	\$ 7,971,934
Other government grants	44,357
Receipts from tenants	777,628
Other operating receipts	1,284,511
Payments to employees	(2,217,235)
Payments to suppliers	(1,168,842)
Payments to landlords	(6,092,303)
Net cash provided by operating activities	<u>600,050</u>

Cash Flows from Capital and Related Financing Activities

Payments on long term debt	(20,408)
Acquisitions of capital assets	<u>(154,666)</u>
Net cash used in capital and related financing activities	<u>(175,074)</u>

Cash Flows from Investing Activities

Interest and dividends received	688
Proceeds from investments in the financing of affordable housing developments	1,572,162
Issuance of notes receivable	<u>(300,000)</u>
Net cash provided by investing activities	<u>1,272,850</u>

Net increase in cash, cash equivalents and restricted cash 1,697,826

Cash, cash equivalents and restricted cash, beginning of year 669,165

Cash, cash equivalents and restricted cash, end of year \$ 2,366,991

The accompanying notes are an integral part of these financial statements.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2020

Reconciliation of operating loss to net cash provided by operating activities:	
Operating Loss	\$ (483,719)
Adjustments:	
Depreciation	244,705
Change in assets and liabilities:	
(Increase) decrease in accounts receivable, tenants	(20,086)
(Increase) decrease in accounts receivable, other	15,612
(Increase) decrease in accounts receivable, HUD	(128,333)
(Increase) decrease in prepaid expenses and other current assets	132,535
(Decrease) increase in accounts payable	566,482
(Decrease) increase in accounts payable, other government	(43,149)
(Decrease) increase in compensated absences and accrued wages	(5,139)
deferred inflow/outflows of resources	240,098
(Decrease) increase in accrued expenses and other current liabilities	7,737
(Decrease) increase in tenant security deposits	1,594
(Decrease) increase in unearned operating revenue	71,713
Net cash provided by operating activities	<u>\$ 600,050</u>
Cash, cash equivalents and restricted cash per Statement of Net Position:	
Cash and cash equivalents	\$ 1,792,007
Restricted cash - current	<u>574,984</u>
Total cash, cash equivalents and restricted cash per Statement of Net Position	<u><u>\$ 2,366,991</u></u>

The accompanying notes are an integral part of these financial statements.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1 – ORGANIZATION

The New Rochelle Municipal Housing Authority (the Authority) was incorporated under the laws of New York State. The Authority operates under a board of commissioner form of government to provide safe and decent housing to low and moderate-income families and elderly individuals.

The Authority maintains its accounting records by program and operates the following programs:

Federal Programs

Low Rent Public Housing – (Asset Management Projects (AMPS)) – This program accounts for all activities relating to the leasing and operation of apartments in buildings that were constructed and are owned by the Authority. These units are rented to low income families and low-income elderly, disabled, and special needs individuals. The properties were constructed with grants and or loans provided by the U.S. Department of Housing and Urban Development (HUD). The Authority receives grants from HUD to subsidize operating deficits. Tenants are charged rents based on a percentage of their income.

Public Housing Capital Fund – HUD provides grant funds to authorities with Low Rent Public Housing units on a formula basis. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Authority under the Low Rent Public Housing Program. A portion of these funds may also be used to support operations and to make improvements in the management and operation of the Authority.

Section 8 Housing Choice Voucher – HUD provides grants to the Authority to subsidize rents paid by low income families and individuals who rent dwelling units from private landlords. Under this program, qualified applicants are issued vouchers which may be used by the applicant to obtain housing in the private rental market. The Authority will subsidize the landlord for the difference between the rent requested and the tenant's share of the rent not to exceed a predetermined payment standard.

State/Local and Other Programs

Central Office Cost Center (COCC) – This program tracks common overhead expenses incurred by the Authority. To offset these common expenses, the COCC receives monthly a property management, bookkeeping and asset management fee from the AMPs. Additionally, the COCC receives from the Section 8 Housing Choice Voucher Program a monthly property management and bookkeeping fee.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1 – ORGANIZATION (CONTINUED)

Business Activities – This program accounts for certain investments in the financing of affordable housing developments and ground lease agreements associated with redevelopment activities.

Affiliate Entities and Component Units

To manage its business and financial affairs more effectively, the Authority has created affiliate entities to support its various ventures. While the Authority, as the parent entity, manages federal programs, the affiliate entities support the various LIHTC developments.

The Authority's financial statements include the accounts of all of the Authority's operations. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

Based on the aforementioned criteria and because of the nature and significance of their operational or financial relationships with the Authority, the component units are included in the Authority's reporting entity. These blended component units, although legally separate entities are, in substance, part of the Authority's operations. These entities are as follows:

- Horton Winthrop Development Fund Corporation
- NRMHA Developer, LLC
- Winbrook, LLC

Separate financial information for each of the following blended component units are presented in Note 21.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1 – ORGANIZATION (CONTINUED)

The Authority has eight additional component units that, while still active legal entities, have not had any financial activity and do not hold any assets or liabilities. Therefore, no financial information related to these entities is included in the Authority's financial statements. These entities are as follows;

- New Rochelle Affordable Housing, Inc.
- NRMHA Management, LLC
- La Rochelle Manager, LLC
- PRC Queen City Managing Member, LLC
- La Rochelle RAD Housing Development Fund Corporation
- Horton Winthrop Managers, LLC
- Horton Winthrop Managers II, LLC
- Horton Winthrop Managers III, LLC

The Authority has four affiliates that are not component units. They are, however, considered related entities. The Authority holds a minority interest in these entities through several of its component units, which are general partners in the partnerships. Selected financial data from the financial statements of these entities is presented in Note 20. These entities are as follows:

- PRC Queen City, LLC
- Horton Winthrop, LLC
- Horton Winthrop II, LLC
- Horton Winthrop III, LLC

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AND ACCOUNTING

The Authority is a special-purpose government entity engaged only in business-type activities and, as such, the financial statements are presented as a single enterprise fund utilizing the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses when the related liability for goods and services is incurred, regardless of the timing of the related cash flows.

The Authority's financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB). The Authority follows GASB as applied to governmental entities.

The Authority's primary source of nonexchange revenue relates to grants and subsidies. Grants and subsidies revenue is recognized at the time eligible program expenses occur and/or the Authority has complied with the grant and subsidy requirements, in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Grants received in advance of expenses are recorded as a liability until earned.

NEW ACCOUNTING STANDARDS ADOPTED

During 2020, the Authority adopted the following accounting standards that did not impact the Authority's financial statements.

GASB	
Statement	
Number	Name
84	Fiduciary Activities
90	Majority Equity Interests – an amendment of GASB Statements 14 and 61

USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates that affect reported amounts of assets, liabilities, revenues and expenses and related disclosures. Actual amounts could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Authority considers cash equivalents to be all highly liquid investments with a maturity of three months or less when purchased.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE

Accounts receivable from tenants are carried at the original amount billed less an estimate made for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by using historical experience applied to an aging of accounts receivable. Accounts receivable from tenants are written off with board approval when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Allowances for other non-tenant receivables are reviewed annually. See Note 6 for details of accounts receivable and allowances at year end.

CAPITAL ASSETS

Capital assets include property, furniture, equipment and machinery with initial, individual costs that equal or exceed \$1,000 and estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the time of acquisition. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Land and Building Improvements	5-15 years
Leasehold Improvements	10-15 years
Furniture, Equipment and Machinery	3-7 years

IMPAIRMENT OF CAPITAL ASSETS

Governmental Accounting Standards Board's, Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* requires certain note disclosures or recognition regarding impairments of capital assets. The Authority did not recognize any impairments of capital assets in fiscal year 2020.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENT IN THE FINANCING OF AFFORDABLE HOUSING DEVELOPMENTS

Investment in the Financing of Affordable Housing Developments represents long-term subsidized loans to Public-Private Partnership entities formed to revitalize and preserve affordable housing properties. As these loans were generally subsidized by HUD or other governmental organizations, instruments with below market interest rate have not been discounted. No currently known facts lead management of the Authority to believe that there is a probability of default on the loans and accordingly no allowance on these investments has been recorded. These notes are supported by promissory notes and collateralized by the properties. Interest on these notes is recognized as accrued. The Authority has not recorded an allowance on the accrued interest. See Note 7 for additional information.

GUARANTEES

To facilitate the redevelopment of affordable housing under the Low-Income Housing Tax Credit Program, the Authority periodically makes guarantees for affiliated entities. The Authority considered the likelihood that it will be required to make a payment related to a guarantee and has determined that the likelihood is not probable, as a result, the Authority has not recognized a liability for guarantees at June 30, 2020.

EQUITY IN PARTNERSHIP INVESTMENTS

Investments by certain component units in limited partnerships are accounted for as equity investments. The component units of the Authority recognize their share of the operating results of the limited partnerships based on their ownership share of the limited partnership and the partnership agreements. Under this method, the investment is initially recorded at cost and then increased or decreased by the proportionate share of the partnership's net earnings or losses. The Authority is not obligated to fund capital deficits; therefore, any total capital deficits to the Authority are only recognized to the extent of the Authority's contributed capital.

COMPENSATED ABSENCES

The Authority's personnel policy allows employees to earn up 20 days of vacation leave, commensurate on experience. Unused vacation leave may be carried forward to following years only upon request and approval of the Authority and is payable upon separation of employment at the time of resignation or retirement. Sick leave is earned a rate of 12 days per year. Unused sick leave may be carried forward up to a maximum of 200 days. Employees hired on or before January 1, 2000 shall be paid for unused sick leave upon retirement or death. Total accrued compensated absences at June 30, 2020 aggregated \$107,443.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OPERATING REVENUES AND EXPENSES

Operating revenue includes operating grants and subsidies, rental income, management services provided and all other revenue relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities. Operating expenses include wages, housing assistance payments, utilities, maintenance, depreciation of capital assets, administrative expenses and all other expenses relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities.

NON-OPERATING REVENUES AND EXPENSE

The Authority's nonoperating revenues relate primarily to capital grants provided by HUD and interest income. For reporting purposes, capital grant revenue is recognized when expenditures are incurred, and advance receipts are initially recorded as unearned revenue. Nonoperating expenses are expenditures derived from transactions other than those associated with the Authority's primary housing operations and are reported as incurred.

ECONOMIC DEPENDENCY

The Authority's state and federal programs are economically dependent on grants and annual contributions from HUD. These programs operate at a loss prior to receiving these grants and contributions.

PENSIONS

For purposes of measuring the net pension liability, deferred outflows or resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement system and additions/deductions from the system's fiduciary net position have been determined on the same basis as they are reported by the retirement system.

OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined by an actuarial valuation conducted by the Authority and are accounted for in accordance with the requirements of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources are the consumption of net position by the Authority that is applicable to a future reporting period. Deferred inflows of resources are the acquisition of net position by the Authority that is applicable to a future reporting period. These consist of the deferral of the recognition of revenues and expenses until the future period to which the outflows and inflows are related. The Authority's deferred outflows and inflows of resources are related to pension or related to OPEB. The following is a summary of deferred outflows and inflows of resources at June 30, 2020:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Related to Pensions	\$ 296,042	\$ 25,535
Related to OPEB	<u>100,971</u>	<u>9,026</u>
Total	<u>\$ 397,013</u>	<u>\$ 34,561</u>

APPLICATION OF RESOURCES

The Authority would first apply restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 30, 2021, which is the date these financial statements were available to be issued. There are no subsequent events requiring recognition or disclosure in these financial statements.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 3 – NET POSITION

Net position is reported in three categories:

Investment in Capital Assets consists of all capital assets, reduced by accumulated depreciation, the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. The Authority had no debt related to its capital assets at June 30, 2020. At June 30, 2020, the investment in capital assets was \$1,479,205.

Restricted Net Position consists of restricted assets, when constraints are placed on the assets by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc. At June 30, 2020, restrictions of \$479,542 represent the net position restricted by HUD related to the Housing Choice Voucher Program to be used for future HAP payments.

Unrestricted Net Position is designed to represent the net available assets, for the entire Authority. At June 30, 2020, the unrestricted net position was \$12,220,144.

NOTE 4 – CASH AND CASH EQUIVALENTS

The Authority has adopted HUD's Investment Regulation PIH 1996-33 as its investment policy. HUD regulations require that all HUD deposits in financial institutions and investments be fully insured or collateralized, by U.S. Government obligations that have a fair value of not less than the principal amount of the deposits. The policy also requires that investments not have a maturity period longer than three years.

Custodial Credit Risk – Cash Deposits

At times, the Authority's balances may exceed the Federal insurance limits; however, the Authority has not experienced any losses with respect to its bank balance in excess of government provided insurance. In addition, balances are fully collateralized through agreements with the financial institutions. Management believes that no significant risk exists with respect to cash balances as of June 30, 2020.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 5 – RESTRICTED CASH

The Authority’s restricted cash balance consists of funds restricted for future HAP payments, proceeds from the CARES Act restricted for COVID-related expenses, as well as funds designated for tenant security deposits. These amounts support either a corresponding liability or restricted net position. At June 30, 2020, restricted cash was categorized as follows:

Category of Restriction	Amount
Housing assistance payments	\$ 479,542
CARES Act funds	73,479
Tenant security deposits	<u>21,963</u>
Total	<u>\$ 574,984</u>

NOTE 6 – ACCOUNTS RECEIVABLE

The following is a listing of receivables for the Authority including the applicable allowances for uncollectible accounts at June 30, 2020.

Category of Receivable	Amount
HUD	\$ 482,549
Miscellaneous	4,395
Tenants	<u>229,019</u>
Gross Receivables	715,963
Allowance - Tenants	<u>(167,596)</u>
Net Receivables	<u>\$ 548,367</u>

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 7 – INVESTMENTS IN THE FINANCING OF AFFORDABLE HOUSING DEVELOPMENTS

The Authority has utilized the private investment incentives under the Rental Assistance Demonstration Program (RAD) and the Low Income Housing Tax Credit Program (LIHTC) to redevelop housing projects in the City of New Rochelle. The housing projects have been sold and privately syndicated.

No installments payments are required under the loans, which are secured by the underlying property, and all outstanding principal and interest is due at maturity. Terms of these loans range from thirty to forty years and accrue interest at rates ranging from 1.0% to 3.05% per annum. The following table summarizes the Authority's investments in affordable housing developments at June 30, 2020:

<u>Entity</u>	<u>Investment</u>	<u>Accrued Interest</u>	<u>Total Investment</u>
PRC Queen City, LLC	\$ 14,100,000	\$ 857,985	\$ 14,957,985
Horton Winthrop, LLC	83,458	--	83,458
Horton Winthrop III, LLC	<u>102,500</u>	<u>1,020</u>	<u>103,520</u>
Total	<u>\$ 14,285,958</u>	<u>\$ 859,005</u>	<u>\$ 15,144,963</u>

NOTE 8 – NOTES RECEIVABLE (GROUND LEASE AGREEMENT)

The Authority is leasing land to PRC Queen City, LLC for a term of ninety-nine years. Annual lease payments are due following the end of each fiscal year, ending December 31st, out of net cash flow, as defined in the operating agreement. In any year in which cash flow is insufficient, payments will be deferred until the following year and shall accrue interest at the rate of 3.05%, compounding annually. Payments will be applied first to unpaid interest and then to the principal balance. At June 30, 2020, the outstanding lease receivable was \$600,000 and the value of leased assets on the Authority's financial statements was \$523,040.

NOTE 9 – DEVELOPER FEE AGREEMENT

The Authority, through NRMHA Developer, LLC, earned a developer fee from PRC Queen City, LLC for its role as a co-developer of the property. During the fiscal year ending June 30, 2020, the Authority received developer fees of \$1,062,728. At June 30, 2020, a balance of \$662,559 remained outstanding.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 10 – CAPITAL ASSETS

The following is a summary of changes in capital assets and related accumulated depreciation.

	July 1, 2019	Increases	Decreases	June 30, 2020
Capital assets - non-depreciable				
Land	\$ 614,129	\$ --	\$ --	\$ 614,129
Construction in progress	<u> --</u>	<u>103,267</u>	<u>(14,143)</u>	<u>89,124</u>
Total capital assets - non-depreciable	<u>614,129</u>	<u>103,267</u>	<u>(14,143)</u>	<u>703,253</u>
Capital assets - depreciable				
Buildings	7,066,155	14,143	--	7,080,298
Leasehold improvements	827,434	--	--	827,434
Furniture & equipment	<u>543,983</u>	<u>51,399</u>	<u> --</u>	<u>595,382</u>
Total capital assets - depreciable	<u>8,437,572</u>	<u>65,542</u>	<u> --</u>	<u>8,503,114</u>
Less accumulated depreciation				
Buildings	6,402,706	169,182	--	6,571,888
Leasehold improvements	591,805	54,348	--	646,153
Furniture & equipment	<u>487,946</u>	<u>21,175</u>	<u> --</u>	<u>509,121</u>
Total accumulated depreciation	<u>7,482,457</u>	<u>244,705</u>	<u> --</u>	<u>7,727,162</u>
Capital Assets Net	<u>\$ 1,569,244</u>	<u>\$ (75,896)</u>	<u>\$ (14,143)</u>	<u>\$ 1,479,205</u>
Depreciation expense was charged to:				
Federal Public Housing		<u>\$ 239,565</u>		
Housing Choice Voucher		<u>\$ 5,140</u>		

NOTE 11 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended June 30, 2020 is as follows:

	July 1, 2019	Additions	Reductions	June 30, 2020	Amount due within one year
Compensated Absences	\$ 142,805	\$ 95,056	\$ (130,418)	\$ 107,443	\$ 10,744
Net Pension Liability	131,357	290,062	--	421,419	--
OPEB Liability	<u>5,462,383</u>	<u> --</u>	<u>(63,676)</u>	<u>5,398,707</u>	<u> --</u>
Total	<u>\$ 5,736,545</u>	<u>\$ 385,118</u>	<u>\$ (194,094)</u>	<u>\$ 5,927,569</u>	<u>\$ 10,744</u>

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 12 – LONG TERM DEBT

Long term debt activity for the year ended June 30, 2020 is as follows:

	June 30 2019	Additions	Reductions	June 30 2020	Amount due within one year
Notes Payable	\$ 85,982	\$ --	\$ (20,408)	\$ 65,574	\$ 10,000

The Authority entered into a settlement agreement with HUD for the repayment of funds that were used for ineligible expenses in a prior year. The original amount of the note was \$347,105 and requires equal annual installments of \$10,000. The note is non-interest bearing. The total principal balance outstanding at June 30, 2020 was \$65,574.

The debt will be amortized as follows:

Year	Principal Payments	Interest Payments	Total
2021	\$ 10,000	\$ --	\$ 10,000
2022	10,000	--	10,000
2023	10,000	--	10,000
2024	10,000	--	10,000
2025	10,000	--	10,000
2026-2030	15,574	--	15,574
Total	\$ 65,574	\$ --	\$ 65,574

NOTE 13 – REAL ESTATE TAXES

Property owned by the Authority is exempt from local real estate taxes. The Authority makes a payment in lieu of taxes equal to 10% of rental income charged less utility expenses annually for all of its properties constructed with and funded by HUD. The payment in lieu of taxes for the year ended June 30, 2020 aggregated \$36,581.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 14 – COST-SHARING DEFINED BENEFIT PENSION PLAN

PLAN DESCRIPTION

The Authority participates in the New York State and Local Employees' Retirement System (ERS). This 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 asset 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 provision 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 Authority 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, may be found at www.ocs.state.ny.us/retire/publications/inex.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

SIGNIFICANT PLAN PROVISIONS AND REQUIREMENTS

The benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate, 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.

Members who joined prior to January 1, 2010 need five years of service to be 100% vested. Members who joined on or after January 1, 2010 require ten years of service credit to be 100% vested. The following represents the membership tiers for ERS:

1. Those person who last became members before July 1, 1973
2. Those persons who last became members on or after July 1, 1973, but before July 27, 1976
3. Those persons who last became members on or after July 27, 1976, but before September 1, 1983
4. Those persons who last became members on or after September 1, 1983, but before January 1, 2010
5. Those persons who became members on or after January 1, 2010, but before April 1, 2012

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 14 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

SIGNIFICANT PLAN PROVISIONS AND REQUIREMENTS (CONTINUED)

6. Those persons who became members on or after April 1, 2012

Retirement benefits of 1.67% of final average salary for each year of service credit are available to tier 1 upon reaching age 55 and to tiers 2, 3, 4, and 5 members upon reaching the age of 62 with less than 20 years of service. If a tier 1 or 2 member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service. If a tier 3, 4, or 5 member retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If a tier 3, 4, or 5 member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for year of service over 30 years. Retirement benefits of 1.67% of final average salary for each year of service credit are available to tier 6 members upon reaching age 63 with less than 20 years of service. If a tier 6 member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service over 20 years.

Early retirement benefits are available to tiers 2, 3, 4, and 5 before reaching age 62 and to tier 6 before age 63. Tier 2, 3, and 4 members must have 5 years of service and be at least age 55 to be eligible to receive reduced benefits. Tier 5 and 6 member must have 10 years of service and be at least age 55 to be eligible to receive reduced benefits. Tier 2, 3, and 4 members with over 30 years of service can receive full early retirement benefits in accordance with their respective tier.

Disability retirement benefits are available to ERS members unable to perform their job duties because of permanent or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets or other benefits depend on a members tier, years of service, and plan.

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three time the member's annual salary. For most members, there is also a reduced post-retirement ordinary benefit available.

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefits for five years; and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 14 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

PLAN MEMBERSHIP

The Authority has 8 employees participating in the plan.

FUNDING POLICY

The System is 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. 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 Authority's required to ERS for the year ended June 30, 2020 were \$86,399. Employee contributions for the same period were \$4,444.

PENSION LIABILITIES

At June 30, 2020, the Authority reported a liability of \$421,419 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 14 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

PENSION EXPENSE AND DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

For the year ended June 30, 2020, the Authority recognized pension expense of \$171,949. The deferred outflows of resources resulting from contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,802	\$ --
Changes of assumptions	216,040	7,327
Net difference between projected and actual earnings on pension plan investments	8,485	--
Changes in proportion and differences between contributions and proportionate share of contributions	46,715	18,208
Total	\$ 296,042	\$ 25,535

These amounts will be recognized as expense, or as a reduction of expense, as follows:

Year	Deferred Outflows (Inflows of) Resources
2021	\$ 40,577
2022	60,655
2023	77,938
2024	62,826
2025	28,511
Total	\$ 270,507

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 14 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

ACTUARIAL METHODS & ASSUMPTIONS

The total pension liability in the April 1, 2020 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal Cost Method
Investment rate of return	6.80%
Discount rate	6.80%
Inflation	2.50%
Salary increases	4.20%
Cost of living adjustments	1.30%
Mortality rates	RP-2014 Blue Collar Employee Mortality Table projected generationally using Scale MP-2017.

The long-term expected 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 pension plan 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 the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Rate of Return
Domestic equity	36.00%	4.05%
International equity	14.00%	6.15%
Private equity	10.00%	6.75%
Real estate	10.00%	4.95%
Absolute return strategies	2.00%	3.25%
Opportunistic portfolio	3.00%	4.65%
Real assets	3.00%	5.95%
Bonds and mortgages	17.00%	0.75%
Cash	1.00%	0.00%
Inflation-indexed bonds	4.00%	0.50%

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 14 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

DISCOUNT RATE

The discount rate used to measure the total pension liability was 6.80 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the Authority will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Authority’s proportionate share of the net pension liability calculated using the discount rate, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount	1% Increase
	5.80%	6.80%	7.80%
Net pension liability (asset)	<u>\$ 773,410</u>	<u>\$ 421,419</u>	<u>\$ 97,220</u>

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the pension plan’s fiduciary net position is available in the separately issued ERS financial report.

PAYABLES TO THE PENSION PLAN

As of June 30, 2020, the Authority had an outstanding payable to ERS of \$86,399.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 15 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

PLAN DESCRIPTION AND BENEFITS PROVIDED

For certain retirees that are eligible for Medicare, the Authority provides reimbursements for their Medicare Part B premium payments. Retirees do not receive subsidized benefits for dental, vision and life insurance benefits. Similarly, Medicare Part D premium reimbursements are not subsidized in retirement and therefore not included in this valuation. Furthermore, the Authority does not reimburse the Income Related Monthly Adjustment Amount (IRMAA) to high income earners required to pay this. Actual fully insured monthly premiums, by coverage tier, for calendar year 2018 and 2019 for pre-65 and post-65 retirees for medical and combined dental/vision rates are included in section. These premium rates are provided by the Authority and are based on 100% before retiree contributions and assumed to include all administrative expenses and all required PPACA fees due at this time.

PLAN MEMBERSHIP

At June 30, 2020, there are 5 active employees and 16 retired employees enrolled in the plan.

TOTAL OPEB LIABILITY

The Authority's total OPEB liability of \$5,398,707 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019.

ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Actuarial Cost Method	Individual Entry Age Normal
Municipal Bond Rate	2.44%
Discount Rate	2.44%
Inflation	Not explicitly assumed
Salary Increase	N/A
Pre-Retirement Mortality	Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2019.
Healthcare Trend	4.50%

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

**NOTE 15 – OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(CONTINUED)**

CHANGES IN THE TOTAL OPEB LIABILITY

Balance at beginning of year	\$ 5,462,383
Changes for the year:	
Service cost	66,937
Interest	130,268
Changes of Assumptions	(13,852)
Benefit payments	<u>(247,029)</u>
Net changes	<u>(63,676)</u>
Balance at end of year	\$ <u>5,398,707</u>

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following table presents the Plan’s total OPEB liability, calculated using the discount rate of 2.44% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower, or 1 percentage-point higher, than the current rate.

	1% Decrease 1.44%	Current Discount 2.44%	1% Increase 3.44%
Total OPEB liability	\$ <u>6,331,179</u>	\$ <u>5,398,707</u>	\$ <u>4,664,601</u>

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE TREND RATE

The following table presents the net other postemployment benefit liability, calculated the healthcare trend rate if it was 1 percentage-point lower or 1 percentage-point higher than the current rate.

	1% Decrease 3.50%	Current Trend 4.50%	1% Increase 5.50%
Total OPEB liability	\$ <u>4,604,493</u>	\$ <u>5,398,707</u>	\$ <u>6,413,800</u>

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 17 – RISK MANAGEMENT

LITIGATION

The Authority is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Claims covered by the risk management program are reviewed and losses are accrued as required in the judgment of management. In the opinion of management, based on the advice of legal counsel, the ultimate disposition of lawsuits and claims will not have a material adverse effect on the financial position of the Authority.

GRANTS

Amounts received or receivable from the grantor agencies are subject to audit and adjustment by grantor agencies. If expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

NOTE 18 – ECONOMIC UNCERTAINTIES

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of business across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. The Authority has been able to continue its operations in this environment, however, at this point, the extent to which COVID-19 may impact the Authority's financial condition or results of operations is uncertain.

NOTE 19 – RESTATEMENT OF BEGINNING NET POSITION

The restatement of beginning net position represents the correction of errors from prior years. The following is a summary of the impact of the restatement:

Beginning Net Position - As Previously Stated	\$	16,046,531
Decrease in investments in the financing of affordable housing developments		(1,801,473)
Decrease in investment in joint ventures		(50,000)
Decrease in accounts receivable - HUD		(115,163)
Decrease in accumulated depreciation		145,841
Total Restatement		<u>(1,820,795)</u>
Beginning Net Position - Restated	\$	<u>14,225,736</u>

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 20 – MINORITY INTERESTS IN LIMITED LIABILITY COMPANIES

As disclosed in Note 1, the Authority has formed various entities to act as the general partners or managing members in certain limited liability companies. The Authority indirectly holds a .0051% interest in these minority interest entities. Summary financial information for these entities is presented below.

	PRC Queen City, LLC	Horton Winthrop, LLC	Horton Winthrop II, LLC	Horton Winthrop III, LLC
	PRC Queen City Managing Member, LLC	Horton Winthrop Managers, LLC	Horton Winthrop Managers II, LLC	Horton Winthrop Managers III, LLC
General Partner Ownership Interest	0.0051%	0.0051%	0.0051%	0.0051%
Equity investment	\$ (147)	\$ 179,518	\$ (44)	\$ 49,894
Fiscal year end	12/31/2019	12/31/2019	12/31/2019	12/31/2019
Assets				
Current	\$ 535,908	\$ 1,322,938	\$ 588,312	\$ 562,424
Noncurrent	\$ 55,368,578	\$ 27,184,057	\$ 16,579,925	\$ 16,653,689
Liabilities				
Current	\$ 24,118,071	\$ 2,827,133	\$ 1,042,824	\$ 953,525
Noncurrent	\$ 32,332,629	\$ 16,964,053	\$ 7,238,155	\$ 8,071,670
Net Position	\$ (546,214)	\$ 8,715,809	\$ 8,887,258	\$ 8,190,918
Total Revenue	\$ 1,802,045	\$ 2,096,693	\$ 1,010,032	\$ 757,764
Total Expenses	\$ 2,718,201	\$ 2,721,409	\$ 1,407,015	\$ 1,152,844
Beginning Net Position	\$ 369,942	\$ 9,340,525	\$ 9,284,241	\$ 1,966,221
Net Income (Loss)	\$ (916,156)	\$ (624,716)	\$ (396,983)	\$ (395,080)
Contributions (Distributions)	\$ --	\$ --	\$ --	\$ 6,619,777

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 21 – BLENDED COMPONENT UNITS

As disclosed in Note 1, the Authority has formed various entities that are considered to be component units of the Authority. Summary financial information for these entities is presented below.

	<u>Horton Winthrop Development Fund Corporation</u>	<u>NRMHA Developer, LLC</u>	<u>Winbrook, LLC</u>
Fiscal year end	6/30/2020	6/30/2020	6/30/2020
Condensed Summary of Net Position			
Assets			
Current	\$ 41,685	\$ 793,060	\$ --
Other	<u>229,495</u>	<u>662,559</u>	<u>186,979</u>
Total Assets	<u>271,180</u>	<u>1,455,619</u>	<u>186,979</u>
Liabilities			
Current	21,640	37,194	--
Due to Primary Government	10,515	177,731	--
Noncurrent	<u>2,782</u>	<u>26,136</u>	<u>--</u>
Total Liabilities	<u>34,937</u>	<u>241,061</u>	<u>--</u>
Net Position			
Unrestricted	<u>236,243</u>	<u>1,214,558</u>	<u>186,979</u>
Total Net Position	<u>\$ 236,243</u>	<u>\$ 1,214,558</u>	<u>\$ 186,979</u>
Condensed Summary of Revenues, Expenses and Changes in Net Position			
Operating Revenues			
Fee Revenue	<u>\$ 543,975</u>	<u>\$ --</u>	<u>\$ --</u>
Total Operating Revenues	<u>543,975</u>	<u>--</u>	<u>--</u>
Operating Expenses			
Other Operating	<u>412,390</u>	<u>459,817</u>	<u>--</u>
Total Operating Expenses	<u>412,390</u>	<u>459,817</u>	<u>--</u>
Operating Income (Loss)	<u>131,585</u>	<u>(459,817)</u>	<u>--</u>
Non-operating Revenues (Expenses)			
Interest Income	<u>33</u>	<u>51</u>	<u>--</u>
Total Non-operating Revenues (Expenses)	<u>33</u>	<u>51</u>	<u>--</u>
Change in Net Position	131,618	(459,766)	--
Beginning Net Position	<u>154,625</u>	<u>1,674,324</u>	<u>1,987,431</u>
Prior Period Adjustment	<u>(50,000)</u>	<u>--</u>	<u>(1,800,452)</u>
Ending Net Position	<u>\$ 236,243</u>	<u>\$ 1,214,558</u>	<u>\$ 186,979</u>

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 21 – BLENDED COMPONENT UNITS (CONTINUED)

Condensed Summary of Cash Flows

Net Cash Provided by (Used In):

Operating Activities	\$ (29,821)	\$ --	\$ --
Non-Capital Financing	--	788,614	--
Investing	<u>33</u>	<u>51</u>	<u>--</u>
Net Change in Cash	(29,788)	788,665	--
Cash and cash equivalents at beginning of year	<u>69,774</u>	<u>--</u>	<u>--</u>
Cash and cash equivalents at end of year	<u>\$ 39,986</u>	<u>\$ 788,665</u>	<u>\$ --</u>

NOTE 22 – RELATED PARTY TRANSACTIONS

The Authority provides management services to PRC Queen City, LLC for which it earns a management fee and is reimbursed for direct expenses incurred on the behalf of the development. For the year ended June 30, 2020, the Authority earned a management fee and was reimbursed for expenses totaling \$420,558.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST THREE FISCAL YEARS

Year	Total OPEB Liability - Beginning	Service cost	Interest	Changes of benefit terms	Difference between expected and actual experience	Changes of Assumptions	Benefit payments	Net Change in Total OPEB Liability	Total OPEB Liability - Ending
2020	\$ 5,462,383	\$ 66,937	\$ 130,268	--	--	\$ (13,852)	\$ (247,029)	\$ (63,676)	\$ 5,398,707
2019	\$ 5,171,229	\$ 32,154	\$ 166,899	--	--	\$ 333,091	\$ (240,990)	\$ 291,154	\$ 5,462,383
2018	\$ 5,220,242	\$ 28,844	\$ 178,227	--	--	--	\$ (256,084)	\$ (49,013)	\$ 5,171,229

Year	Covered Payroll	OPEB Liability as a Percentage of Covered Payroll
2020	\$ 438,620	1230.84%
2019	\$ 404,495	1350.42%
2018	\$ 631,566	818.79%

The Schedule is intended to present information for 10 years, additional years will be displayed as they become available.

See Notes to Required Supplementary Information

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NEW YORK STATE EMPLOYEES RETIREMENT SYSTEM**

LAST SIX FISCAL YEARS

<u>Measurement Period Ending March 31,</u>	<u>Proportion of the net pension liability</u>	<u>Proportionate share of the net pension liability</u>	<u>Covered payroll</u>	<u>Proportionate share of the net pension liability as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2020	0.00159%	\$ 421,419	\$ 564,467	74.66%	86.3900%
2019	0.00185%	\$ 131,357	\$ 404,495	32.47%	96.2700%
2018	0.00181%	\$ 58,413	\$ 631,566	9.25%	98.2400%
2017	0.00205%	\$ 192,184	\$ 613,799	31.31%	94.7000%
2016	0.00195%	\$ 312,483	\$ 743,611	42.02%	90.7000%
2015	0.00182%	\$ 61,496	\$ 745,476	8.25%	97.9500%

The Schedule is intended to present information for 10 years, additional years will be displayed as they become available.

See Notes to Required Supplementary Information

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

**SCHEDULE OF PENSION CONTRIBUTIONS
NEW YORK STATE EMPLOYEES RETIREMENT SYSTEM**

LAST SIX FISCAL YEARS

Measurement Period Ending March 31,	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2020	\$ 86,399	\$ --	\$ 86,399	\$ 564,467	15.31%
2019	\$ 92,880	\$ 92,880	\$ --	\$ 404,495	22.96%
2018	\$ 91,851	\$ 91,851	\$ --	\$ 631,566	14.54%
2017	\$ 114,813	\$ 114,813	\$ --	\$ 613,799	18.71%
2016	\$ 152,015	\$ 152,015	\$ --	\$ 743,611	20.44%
2015	\$ 107,175	\$ 107,175	\$ --	\$ 745,476	14.38%

The Schedule is intended to present information for 10 years, additional years will be displayed as they become available.

See Notes to Required Supplementary Information

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2020

NOTE 1 – OTHER POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS

DESCRIPTION OF REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of Changes in the Total OPEB Liability and Related Ratios details the Plan's other postemployment benefit liability and the covered employee payroll. It demonstrates the Plan's total liability and the Plan's liability as a percentage of covered payroll.

10-YEAR TREND INFORMATION

The Schedule of Changes in the Total OPEB Liability and Related Ratios is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years in which information is available.

CHANGES IN BENEFIT TERMS

There were no changes in benefit terms from the prior measurement date.

CHANGES IN ASSUMPTIONS

Effective June 30, 2020;

- Discount rate is 2.44%, previously 3.10%

NOTE 2 – PENSION PLAN SCHEDULES

DESCRIPTION OF REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of the Proportionate Share of the Net Pension Liability presents multi-year trend information on the Authority's share of the Net Pension Liability and related ratios.

The Schedule of Contributions presents multiyear trend information for the Authority's required and actual contributions relating to the pension plan.

10-YEAR TREND INFORMATION

The Schedules of the Proportionate Share of the Net Pension Liability and the Schedule of Contributions are intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years in which information is available.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

JUNE 30, 2020

NOTE 2 – PENSION PLAN SCHEDULES (CONTINUED)

CHANGES IN BENEFIT TERMS

There were no changes in benefit terms from the prior measurement date.

CHANGES IN ASSUMPTIONS

Effective March 31, 2020;

- Discount rate is 6.80%, previously 7.00%

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

JUNE 30, 2020

FDS Line Item	Description	AMP 01	AMP 02	AMP 03	AMPs	Resident Opportunity and Supportive Services	Housing Choice Vouchers	HCV CARES Act Funding
111	Cash - Unrestricted	-	89,343	-	89,343	-	19,874	-
113	Cash - Other Restricted	-	-	-	-	-	479,542	73,479
114	Cash - Tenant Security Deposits	-	21,963	-	21,963	-	-	-
100	Total Cash	-	111,306	-	111,306	-	499,416	73,479
122	Accounts Receivable - HUD Other Projects	-	477,385	-	477,385	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-	-
126	Accounts Receivable - Tenants	-	169,842	-	169,842	-	-	-
126.1	Allowance for Doubtful Accounts -Tenants	-	(108,419)	-	(108,419)	-	-	-
128	Fraud Recovery	-	-	-	-	-	59,177	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	(59,177)	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	-	538,808	-	538,808	-	-	-
142	Prepaid Expenses and Other Assets	-	8,064	-	8,064	-	-	-
143	Inventories	-	6,095	-	6,095	-	-	-
144	Inter Program Due From	-	-	-	-	-	645,030	-
150	Total Current Assets	-	664,273	-	664,273	-	1,144,446	73,479
161	Land	-	91,089	-	91,089	-	-	-
162	Buildings	-	6,941,397	-	6,941,397	-	-	-
163	Furniture, Equipment & Machinery - Dwellings	-	78,039	-	78,039	-	-	-
164	Furniture, Equipment & Machinery - Administration	-	224,674	-	224,674	-	25,700	-
165	Leasehold Improvements	-	827,434	-	827,434	-	-	-
166	Accumulated Depreciation	-	(7,316,152)	-	(7,316,152)	-	(5,140)	-
167	Construction in Progress	-	89,124	-	89,124	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	-	935,605	-	935,605	-	20,560	-
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-
174	Other Assets	-	-	-	-	-	-	-
176	Investments in Joint Ventures	-	-	-	-	-	-	-
180	Total Non-Current Assets	-	935,605	-	935,605	-	20,560	-
200	Deferred Outflow of Resources	-	19,851	-	19,851	-	3,970	-
290	Total Assets and Deferred Outflow of Resources	-	1,619,729	-	1,619,729	-	1,168,976	73,479

See Independent Auditors' Report

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

JUNE 30, 2020

FDS Line Item	Description	AMP 01	AMP 02	AMP 03	AMPs	Resident Opportunity and Supportive Services	Housing Choice Vouchers	HCV CARES Act Funding
312	Accounts Payable <= 90 Days	-	1,325	-	1,325	-	7,369	-
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	-
322	Accrued Compensated Absences - Current Portion	-	2,844	-	2,844	-	1,594	-
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	147	-
341	Tenant Security Deposits	-	21,963	-	21,963	-	-	-
342	Unearned Revenue	-	-	-	-	-	-	73,479
345	Other Current Liabilities	-	36,581	-	36,581	-	-	-
346	Accrued Liabilities - Other	-	2,922	-	2,922	-	-	-
347	Inter Program - Due To	-	355,869	-	355,869	-	368,454	-
348	Loan Liability - Current	-	-	-	-	-	-	-
310	Total Current Liabilities	-	421,504	-	421,504	-	377,564	73,479
354	Accrued Compensated Absences - Non Current	-	25,593	-	25,593	-	14,348	-
355	Loan Liability - Non Current	-	-	-	-	-	-	-
357	Accrued Pension and OPEB Liabilities	-	291,006	-	291,006	-	58,201	-
350	Total Non-Current Liabilities	-	316,599	-	316,599	-	72,549	-
300	Total Liabilities	-	738,103	-	738,103	-	450,113	73,479
400	Deferred Inflow of Resources	-	1,728	-	1,728	-	345	-
508.4	Net Investment in Capital Assets	-	935,605	-	935,605	-	20,560	-
511.4	Restricted Net Position	-	-	-	-	-	479,542	-
512.4	Unrestricted Net Position	-	(55,707)	-	(55,707)	-	218,416	-
513	Total Equity - Net Assets / Position	-	879,898	-	879,898	-	718,518	-
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	-	1,619,729	-	1,619,729	-	1,168,976	73,479
70300	Net Tenant Rental Revenue	-	826,443	-	826,443	-	-	-
70400	Tenant Revenue - Other	293	33,198	-	33,491	-	-	-
70500	Total Tenant Revenue	293	859,641	-	859,934	-	-	-
70600	HUD PHA Operating Grants	-	876,266	-	876,266	-	7,095,104	38,417

See Independent Auditors' Report

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

JUNE 30, 2020

FDS Line Item	Description	AMP 01	AMP 02	AMP 03	AMPs	Resident Opportunity and Supportive Services	Housing Choice Vouchers	HCV CARES Act Funding
70800	Other Government Grants	-	-	-	-	-	-	-
71100	Investment Income - Unrestricted	40	35	-	75	-	522	-
71200	Mortgage Interest Income	435,166	-	-	435,166	-	-	-
71400	Fraud Recovery	-	-	-	-	-	14,699	-
71500	Other Revenue	301,722	147,189	24,899	473,810	768	50,139	-
70000	Total Revenue	737,221	1,883,131	24,899	2,645,251	768	7,160,464	38,417
91100	Administrative Salaries	-	151,227	-	151,227	-	217,095	-
91200	Auditing Fees	-	10,653	-	10,653	-	9,178	-
91300	Management Fee	-	96,780	-	96,780	-	132,232	-
91310	Book-keeping Fee	-	9,000	-	9,000	-	52,297	-
91500	Employee Benefit contributions - Administrative	-	113,952	-	113,952	-	92,266	-
91600	Office Expenses	4,539	6,575	-	11,114	-	642	-
91700	Legal Expense	-	-	-	-	-	-	-
91800	Travel	-	178	-	178	-	2,742	-
91900	Other	2,157	11,118	-	13,275	-	17,957	-
91000	Total Operating - Administrative	6,696	399,483	-	406,179	-	524,409	-
92000	Asset Management Fee	-	12,000	-	12,000	-	-	-
92100	Tenant Services - Salaries	-	-	-	-	-	-	9,798
92400	Tenant Services - Other	1,782	38,006	-	39,788	-	-	2,919
92500	Total Tenant Services	1,782	38,006	-	39,788	-	-	12,717
93100	Water	-	145,132	-	145,132	-	-	-
93200	Electricity	-	93,356	-	93,356	-	-	-
93300	Gas	-	29,832	-	29,832	-	-	-
93400	Fuel	-	115,167	-	115,167	-	-	-
93600	Sewer	-	11,752	-	11,752	-	-	-
93000	Total Utilities	-	395,239	-	395,239	-	-	-
94100	Ordinary Maintenance and Operations - Labor	-	247,024	-	247,024	-	-	-
94200	Ordinary Maintenance and Operations - Materials and Other	12,361	169,644	-	182,005	-	-	-
94300	Ordinary Maintenance and Operations Contracts	4,094	194,495	-	198,589	-	-	-
94500	Employee Benefit Contributions - Ordinary Maintenance	-	77,749	-	77,749	-	-	-
94000	Total Maintenance	16,455	688,912	-	705,367	-	-	-

See Independent Auditors' Report

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

JUNE 30, 2020

FDS Line Item	Description	AMP 01	AMP 02	AMP 03	AMPs	Resident Opportunity and Supportive Services	Housing Choice Vouchers	HCV CARES Act Funding
95200	Protective Services - Other Contract Costs	-	2,000	-	2,000	-	-	-
95300	Protective Services - Other	292	3,490	-	3,782	-	-	-
95000	Total Protective Services	292	5,490	-	5,782	-	-	-
96110	Property Insurance	-	67,446	-	67,446	-	9,107	-
96130	Workmen's Compensation	24,970	971	-	25,941	-	-	-
96140	All Other Insurance	-	-	-	-	-	-	-
96100	Total insurance Premiums	24,970	68,417	-	93,387	-	9,107	-
96200	Other General Expenses	7,390	7,532	-	14,922	-	10,115	-
96300	Payments in Lieu of Taxes	-	36,581	-	36,581	-	-	-
96400	Bad debt - Tenant Rents	-	86,903	-	86,903	-	-	-
96000	Total Other General Expenses	7,390	131,016	-	138,406	-	10,115	-
96900	Total Operating Expenses	57,585	1,738,563	-	1,796,148	-	543,631	12,717
97000	Excess of Operating Revenue over Operating Expenses	679,636	144,568	24,899	849,103	768	6,616,833	25,700
97300	Housing Assistance Payments	-	-	-	-	-	6,092,303	-
97350	HAP Portability-In	-	-	-	-	-	34,955	-
97400	Depreciation Expense	-	239,565	-	239,565	-	5,140	-
90000	Total Expenses	57,585	1,978,128	-	2,035,713	-	6,676,029	12,717
10010	Operating Transfer In	-	195,952	-	195,952	-	-	-
10020	Operating transfer Out	-	(195,952)	-	(195,952)	-	-	-
10100	Total Other financing Sources (Uses)	-	-	-	-	-	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	679,636	(94,997)	24,899	609,538	768	484,435	25,700
11030	Beginning Equity	14,558,216	944,217	2,856	15,505,289	(768)	208,383	-
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	(15,237,852)	30,678	(27,755)	(15,234,929)	-	25,700	(25,700)
11170	Administrative Fee Equity	-	-	-	-	-	238,976	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	479,542	-
11190	Unit Months Available	-	1,200	-	1,200	-	7,200	-
11210	Number of Unit Months Leased	-	1,200	-	1,200	-	6,973	-

See Independent Auditors' Report

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

JUNE 30, 2020

FDS Line Item	Description	Public Housing CARES Act Funding	Business Activities	State/Local	Component Unit - Blended	COCC	Eliminations	Total
111	Cash - Unrestricted	-	763,668	3,782	828,652	86,688	-	1,792,007
113	Cash - Other Restricted	-	-	-	-	-	-	553,021
114	Cash - Tenant Security Deposits	-	-	-	-	-	-	21,963
100	Total Cash	-	763,668	3,782	828,652	86,688	-	2,366,991
122	Accounts Receivable - HUD Other Projects	5,164	-	-	-	-	-	482,549
125	Accounts Receivable - Miscellaneous	-	-	-	4,395	-	-	4,395
126	Accounts Receivable - Tenants	-	-	-	-	-	-	169,842
126.1	Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	-	(108,419)
128	Fraud Recovery	-	-	-	-	-	-	59,177
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	(59,177)
120	Total Receivables, Net of Allowances for Doubtful Accounts	5,164	-	-	4,395	-	-	548,367
142	Prepaid Expenses and Other Assets	-	-	-	1,699	36,832	-	46,595
143	Inventories	-	-	-	-	-	-	6,095
144	Inter Program Due From	-	27,755	31,254	-	1,791,034	(2,495,073)	-
150	Total Current Assets	5,164	791,423	35,036	834,746	1,914,554	(2,495,073)	2,968,048
161	Land	-	523,040	-	-	-	-	614,129
162	Buildings	-	-	-	-	138,901	-	7,080,298
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	78,039
164	Furniture, Equipment & Machinery - Administration	-	204,213	-	-	62,756	-	517,343
165	Leasehold Improvements	-	-	-	-	-	-	827,434
166	Accumulated Depreciation	-	(204,213)	-	-	(201,657)	-	(7,727,162)
167	Construction in Progress	-	-	-	-	-	-	89,124
160	Total Capital Assets, Net of Accumulated Depreciation	-	523,040	-	-	-	-	1,479,205
171	Notes, Loans and Mortgages Receivable - Non-Current	-	15,557,985	-	186,978	-	-	15,744,963
174	Other Assets	-	-	-	662,559	-	-	662,559
176	Investments in Joint Ventures	-	100	-	229,495	-	-	229,595
180	Total Non-Current Assets	-	16,081,125	-	1,079,032	-	-	18,116,322
200	Deferred Outflow of Resources	-	-	-	-	373,192	-	397,013
290	Total Assets and Deferred Outflow of Resources	5,164	16,872,548	35,036	1,913,778	2,287,746	(2,495,073)	21,481,383

See Independent Auditors' Report

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

JUNE 30, 2020

FDS Line Item	Description	Public Housing CARES Act Funding	Business Activities	State/Local	Component Unit - Blended	COCC	Eliminations	Total
312	Accounts Payable <= 90 Days	-	-	-	58,525	342,141	-	409,360
313	Accounts Payable >90 Days Past Due	-	-	-	-	641,882	-	641,882
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	88,454	-	88,454
322	Accrued Compensated Absences - Current Portion	-	2,960	-	309	3,037	-	10,744
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	147
341	Tenant Security Deposits	-	-	-	-	-	-	21,963
342	Unearned Revenue	-	-	-	-	-	-	73,479
345	Other Current Liabilities	-	-	-	-	-	-	36,581
346	Accrued Liabilities - Other	-	-	-	-	-	-	2,922
347	Inter Program - Due To	5,164	1,577,340	-	188,246	-	(2,495,073)	-
348	Loan Liability - Current	-	-	-	-	10,000	-	10,000
310	Total Current Liabilities	5,164	1,580,300	-	247,080	1,085,514	(2,495,073)	1,295,532
354	Accrued Compensated Absences - Non Current	-	26,641	-	2,782	27,335	-	96,699
355	Loan Liability - Non Current	-	-	-	26,136	29,438	-	55,574
357	Accrued Pension and OPEB Liabilities	-	-	-	-	5,470,919	-	5,820,126
350	Total Non-Current Liabilities	-	26,641	-	28,918	5,527,692	-	5,972,399
300	Total Liabilities	5,164	1,606,941	-	275,998	6,613,206	(2,495,073)	7,267,931
400	Deferred Inflow of Resources	-	-	-	-	32,488	-	34,561
508.4	Net Investment in Capital Assets	-	523,040	-	-	-	-	1,479,205
511.4	Restricted Net Position	-	-	-	-	-	-	479,542
512.4	Unrestricted Net Position	-	14,742,567	35,036	1,637,780	(4,357,948)	-	12,220,144
513	Total Equity - Net Assets / Position	-	15,265,607	35,036	1,637,780	(4,357,948)	-	14,178,891
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	5,164	16,872,548	35,036	1,913,778	2,287,746	(2,495,073)	21,481,383
70300	Net Tenant Rental Revenue	-	-	-	-	-	-	826,443
70400	Tenant Revenue - Other	-	-	10,920	-	-	-	44,411
70500	Total Tenant Revenue	-	-	10,920	-	-	-	870,854
70600	HUD PHA Operating Grants	17,001	-	-	-	-	-	8,026,788
70710	Management Fee	-	-	-	-	229,012	(229,012)	-
70720	Asset Management Fee	-	-	-	-	12,000	(12,000)	-

See Independent Auditors' Report

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

JUNE 30, 2020

FDS Line Item	Description	Public Housing CARES Act Funding	Business Activities	State/Local	Component Unit - Blended	COCC	Eliminations	Total
70730	Book Keeping Fee	-	-	-	-	61,297	(61,297)	-
70700	Total Fee Revenue	-	-	-	-	302,309	(302,309)	-
70800	Other Government Grants	-	-	44,357	-	-	-	44,357
71100	Investment Income - Unrestricted	-	-	3	83	5	-	688
71200	Mortgage Interest Income	-	-	-	1,020	-	-	436,186
71400	Fraud Recovery	-	-	-	-	-	-	14,699
71500	Other Revenue	-	-	6,270	470,977	301,890	-	1,303,854
70000	Total Revenue	17,001	-	61,550	472,080	604,204	(302,309)	10,697,426
91100	Administrative Salaries	-	-	-	171,390	685,561	-	1,225,273
91200	Auditing Fees	-	-	-	14,000	-	-	33,831
91300	Management Fee	-	-	-	-	-	(229,012)	-
91310	Book-keeping Fee	-	-	-	-	-	(61,297)	-
91500	Employee Benefit contributions - Administrative	-	-	-	101,386	253,003	-	560,607
91600	Office Expenses	-	-	121	432	88,127	-	100,436
91700	Legal Expense	-	-	-	11,001	16,030	-	27,031
91800	Travel	-	-	133	457	30,501	-	34,011
91900	Other	-	-	3,927	18,183	316,205	-	369,547
91000	Total Operating - Administrative	-	-	4,181	316,849	1,389,427	(290,309)	2,350,736
92000	Asset Management Fee	-	-	-	-	-	(12,000)	-
92100	Tenant Services - Salaries	-	-	36,216	-	-	-	46,014
92400	Tenant Services - Other	17,001	-	-	20,568	9,579	-	89,855
92500	Total Tenant Services	17,001	-	36,216	20,568	9,579	-	135,869
93100	Water	-	-	2,451	-	-	-	147,583
93200	Electricity	-	-	-	31,211	-	-	124,567
93300	Gas	-	-	418	-	-	-	30,250
93400	Fuel	-	-	-	-	-	-	115,167
93600	Sewer	-	-	-	-	-	-	11,752
93000	Total Utilities	-	-	2,869	31,211	-	-	429,319
94100	Ordinary Maintenance and Operations - Labor	-	-	-	219,059	-	-	466,083
94200	Ordinary Maintenance and Operations - Materials and Other	-	-	129	5,408	6,254	-	193,796
94300	Ordinary Maintenance and Operations Contracts	-	-	120	46,642	3,489	-	248,840
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	76,468	-	-	154,217

See Independent Auditors' Report

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

JUNE 30, 2020

FDS Line Item	Description	Public Housing CARES Act Funding	Business Activities	State/Local	Component Unit - Blended	COCC	Eliminations	Total
94000	Total Maintenance	-	-	249	347,577	9,743	-	1,062,936
95200	Protective Services - Other Contract Costs	-	-	-	-	-	-	2,000
95300	Protective Services - Other	-	-	-	-	1,708	-	5,490
95000	Total Protective Services	-	-	-	-	1,708	-	7,490
96110	Property Insurance	-	-	-	-	3,850	-	80,403
96130	Workmen's Compensation	-	-	120	-	50	-	26,111
96140	All Other Insurance	-	-	-	381	35,749	-	36,130
96100	Total insurance Premiums	-	-	120	381	39,649	-	142,644
96200	Other General Expenses	-	-	11,648	82,237	144	-	119,066
96300	Payments in Lieu of Taxes	-	-	-	-	-	-	36,581
96400	Bad debt - Tenant Rents	-	-	-	384	380	-	87,667
96000	Total Other General Expenses	-	-	11,648	82,621	524	-	243,314
96900	Total Operating Expenses	17,001	-	55,283	799,207	1,450,630	(302,309)	4,372,308
97000	Excess of Operating Revenue over Operating Expenses	-	-	6,267	(327,127)	(846,426)	-	6,325,118
97300	Housing Assistance Payments	-	-	-	-	-	-	6,092,303
97350	HAP Portability-In	-	-	-	-	-	-	34,955
97400	Depreciation Expense	-	-	-	-	-	-	244,705
90000	Total Expenses	17,001	-	55,283	799,207	1,450,630	(302,309)	10,744,271
10010	Operating Transfer In	-	-	-	83,701	-	(112,251)	167,402
10020	Operating transfer Out	-	-	-	(83,701)	-	112,251	(167,402)
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-	-	6,267	(327,127)	(846,426)	-	(46,845)
11030	Beginning Equity	-	-	28,769	3,816,380	(3,511,522)	-	16,046,531
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	15,265,607	-	(1,851,473)	-	-	(1,820,795)
11170	Administrative Fee Equity	-	-	-	-	-	-	238,976
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	479,542
11190	Unit Months Available	-	-	-	-	-	-	8,400
11210	Number of Unit Months Leased	-	-	-	-	-	-	8,173

See Independent Auditors' Report

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY
STATEMENT OF ACTUAL MODERNIZATION COSTS – UNCOMPLETED
FOR THE YEAR ENDED JUNE 30, 2020

Project:	NY01P088501-18	NY01P088501-19	NY01P088501-20
Modernization Funds Approved	\$ 1,168,902	\$ 825,672	\$ 442,547
Modernization Funds Expended	<u>739,037</u>	<u>201,102</u>	<u>88,000</u>
Excess of Modernization Funds Approved	<u>\$ 429,865</u>	<u>\$ 624,570</u>	<u>\$ 354,547</u>
Modernization Funds Advanced	\$ 733,721	\$ --	\$ --
Modernization Funds Expended	<u>739,037</u>	<u>201,102</u>	<u>88,000</u>
Excess of Modernization Funds Advanced	<u>\$ (5,316)</u>	<u>\$ (201,102)</u>	<u>\$ (88,000)</u>

See Independent Auditors' Report

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Sub-recipients	Total Federal Expenditures
Department of Housing & Urban Development (HUD)				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	--	\$ --	\$ 6,635,934
Section 8 Housing Choice Vouchers - CARES Act	14.871	--	--	38,417
Total Housing Voucher Cluster			<u> --</u>	<u>6,674,351</u>
Public and Indian Housing	14.850	--	--	370,751
Public and Indian Housing - CARES Act	14.850	--	--	17,001
Total Public and Indian Housing			<u> --</u>	<u>387,752</u>
Public Housing Capital Fund (CFP)	14.872	--	--	505,515
Total Department of Housing & Urban Development			<u> --</u>	<u>7,567,618</u>
Total Expenditures of Federal Awards			<u> \$ --</u>	<u> \$ 7,567,618</u>

See Notes to the Schedule of Expenditures of Federal Awards

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of New Rochelle Municipal Housing Authority, under programs of the federal government for the year ended June 30, 2020. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of New Rochelle Municipal Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of New Rochelle Municipal Housing Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. For cost-reimbursement awards, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. For performance-based awards, expenditures reported represent amounts earned.

NOTE 3 – INDIRECT COST RATE

The New Rochelle Municipal Housing Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**INDEPENDENT AUDITORS' 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 Board of Commissioners
New Rochelle Municipal Housing Authority
New Rochelle, New York

We have audited, 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, the financial statements of the New Rochelle Municipal Housing Authority as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the New Rochelle Municipal Housing Authority's basic financial statements, and have issued our report thereon dated September 30, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the New Rochelle Municipal Housing Authority's internal control over financial reporting (internal control) as a basis for designing 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 New Rochelle Municipal Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the New Rochelle Municipal Housing Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as finding 2020-001 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the New Rochelle Municipal Housing Authority'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 financial statements. 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*.

The New Rochelle Municipal Housing Authority's Response to Findings

The New Rochelle Municipal Housing Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The New Rochelle Municipal Housing Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marum LLP

Providence, Rhode Island
September 30, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To The Board of Commissioners
New Rochelle Municipal Housing Authority
New Rochelle, New York

Report on Compliance for Each Major Federal Program

We have audited the New Rochelle Municipal Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the New Rochelle Municipal Housing Authority's major federal program for the year ended June 30, 2020. The New Rochelle Municipal Housing Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the New Rochelle Municipal Housing Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the New Rochelle Municipal Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of the New Rochelle Municipal Housing Authority's compliance.

Basis for Qualified Opinion on the Housing Voucher Cluster

As described in the accompanying schedule of findings and questioned costs, the New Rochelle Municipal Housing Authority did not comply with requirements regarding CFDA 14.871 Housing Voucher Cluster as described in finding numbers 2020-002 for Reporting and 2020-003 for Activities Allowed or Unallowed. Compliance with such requirements is necessary, in our opinion, for the New Rochelle Municipal Housing Authority to comply with the requirements applicable to that program.

Qualified Opinion on the Housing Voucher Cluster

In our opinion, except for the noncompliance described in the “Basis for Qualified Opinion” paragraph, the New Rochelle Municipal Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Housing Voucher Cluster for the year ended June 30, 2020.

The New Rochelle Municipal Housing Authority’s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The New Rochelle Municipal Housing Authority’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the New Rochelle Municipal Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the New Rochelle Municipal Housing Authority’s internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the New Rochelle Municipal Housing Authority’s internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2020-002 and 2020-003, that we consider to be material weaknesses.

The New Rochelle Municipal Housing Authority's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The New Rochelle Municipal Housing Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Marcum LLP

Providence, Rhode Island
September 30, 2021

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified Opinion*

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over the major federal program:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Type of auditors' report issued on compliance for the major federal program: *Qualified Opinion*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of the major federal program:

CFDA # **Name of Federal Program or Cluster**

14.871 Housing Voucher Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2020

SECTION II - FINANCIAL STATEMENTS FINDINGS

2020-001 – INTERNAL CONTROLS OVER FINANCIAL REPORTING

Material Weakness

CRITERIA

The Committee on Sponsoring Organizations of the Treadway Commission (COSO) has established a nationally recognized framework for internal control in its Internal Control – Integrated Framework and its related Guidance for Smaller Public Companies: Reporting on Internal Controls Over Financial Reporting. The COSO framework establishes five elements of internal control: (1) Control Environment; (2) Risk Assessment; (3) Control Activities; (4) Information and Communication; and (5) Monitoring. Management is responsible for understanding these five components of internal control and designing formal or informal systems that address each component sufficiently in such a way that reduces the risk that financial statements will be materially misstated to a relatively low level.

CONDITION & CONTEXT

As a result of our audit, we identified the following deficiencies in internal control over financial reporting:

- The Authority's depreciation schedule did not fully reconcile to the general ledger and included assets that were no longer in the possession of the Authority, but had not been written off.
- The Authority did not evaluate the need for an adjustment to the allowance for doubtful accounts.
- The financial statements included notes receivable and other assets for which there was no supporting documentation.
- Operating subsidy earned was not recorded on an accrual basis.
- The financial statements were not prepared and made available for audit in a timely manner.

CAUSE

The Authority's year end closing procedures were not adequate enough to ensure that the financial statements were prepared timely and accurately.

EFFECT

The financial statements presented for audit were not fairly stated.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2020

SECTION II - FINANCIAL STATEMENTS FINDINGS (CONTINUED)

2020-001 – INTERNAL CONTROLS OVER FINANCIAL REPORTING (CONTINUED)

RECOMMENDATION

We recommend that the Authority implement a comprehensive year-end closing checklist to ensure that all material account balances are adequately supported and that the financial statements are prepared and submitted in a timely manner.

AUDITEE'S RESPONSE AND PLANNED CORRECTIVE ACTION

See Corrective Action Plan.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2020

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2020-002 – REPORTING

Material Noncompliance/Material Weakness

U.S. Department of Housing and Urban Development
CFDA #: 14.871 – Housing Voucher Cluster

CRITERIA

Financial Reports (OMB No. 2535-0107) - Financial Assessment Sub- system, FASS-PH. The Uniform Financial Reporting Standards (24 CFR section 5.801) require PHAs to submit timely GAAP-based unaudited and audited financial information electronically to HUD. The FASSPH system is one of HUD's main monitoring and oversight systems for the HCVP.

CONDITION

The unaudited FDS was required to be submitted to HUD by October 31, 2020. The Authority submitted the FDS on June 29, 2021.

CAUSE

The Authority's year end closing procedures were not adequate enough to ensure that the financial statements were prepared and submitted to REAC in a timely manner.

EFFECT

As a result of not submitting the FDS timely, HUD was limited in its ability to conduct monitoring and oversight of federal programs.

QUESTIONED COSTS

None identified.

CONTEXT

The Authority submits the unaudited FDS annually. Our testing of the reporting requirement was limited to the single occurrence of the annual filing.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2020

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2020-002 – REPORTING (CONTINUED)

REPEAT FINDING

Not a repeat finding.

RECOMMENDATION

We recommend that the Authority implement a comprehensive year-end closing checklist to ensure that all material account balances are adequately supported and that the financial statements are prepared and submitted in a timely manner.

AUDITEE'S RESPONSE AND PLANNED CORRECTIVE ACTION

See Corrective Action Plan.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2020

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2020-003 – ACTIVITIES ALLOWED OR UNALLOWED

Material Noncompliance/Material Weakness

U.S. Department of Housing and Urban Development
CFDA #: 14.871 – Housing Voucher Cluster

CRITERIA

PHAs may use Housing Choice Voucher and Mainstream Program funds only for HAPs to participating owners, and for associated administrative fees (24 CFR sections 982.151 and 982.152).

CONDITION

At June 30, 2020, the Housing Voucher Program's financial statements reflected a net inter-program receivable of \$276,576, representing approximately 6 months of the program's average monthly operating expenses. The programs that received these funds did not have sufficient cash reserves at June 30, 2020 to repay the Housing Voucher Program.

CAUSE

The Authority was not effectively monitoring and managing inter-program balances in order to ensure that program funds were not used for non-program purposes.

EFFECT

The financial position of the Housing Voucher Program is at least temporarily impaired by the use of program funds for non-program purposes.

QUESTIONED COSTS

None identified.

CONTEXT

Inter-program advances to a general or revolving fund should be limited to 1 or 2 months of average monthly operating expenditures.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2020

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2020-003 – ACTIVITIES ALLOWED OR UNALLOWED (CONTINUED)

REPEAT FINDING

This is a repeat of finding 2019-002 from the prior year.

RECOMMENDATION

We recommend that the Authority utilize unrestricted cash reserves to repay the Housing Voucher Program and implement better cash management practices, such as maintaining reasonable advances to the general fund and monitoring inter-program balances on a monthly basis.

AUDITEE'S RESPONSE AND PLANNED CORRECTIVE ACTION

See Corrective Action Plan.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2020

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2019-001

CONDITION

During the process of planning our audit we noted that throughout the year certain accounting functions were not performed. Upon further investigation it was discovered bank reconciliations and other accounting duties were not being performed in a timely manner. We also noted a lack of accounting oversight during the period.

CRITERIA

Per the Authority's accounting policy all necessary duties and or reports should be completed in a timely manner.

STATUS

See Finding 2020-001.

2019-002

CONDITION

The Authority continued to run a deficit in the Central Office Cost Center (COCC) primarily because of legacy costs (Health Insurance and Pension costs) associated with former employees, as required by long term state contracts. The Central Office Cost Center (COCC) has expended Low Income Public Housing (LIPH) funds to support the COCC operations in violation of Federal Rules and Regulations. Through the year ended June 30, 2019, the Authority has accumulated in excess of \$1,823,218, in Central Office Cost Center (COCC) administrative operating costs above those normally covered by management fees, capital asset fees and bookkeeping fees. With the RAD conversion and corresponding sale of capital assets, this situation will be rectified with the final conversion of AMP 1 and RAD.

CRITERIA

OMB-87 regarding eligible and ineligible costs.

STATUS

See Finding 2020-003.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

50 SICKLES AVE
NEW ROCHELLE, NY 10801

CORRECTIVE ACTION PLAN

2020-001 – INTERNAL CONTROLS OVER FINANCIAL REPORTING & 2020-002 – REPORTING

Auditee's Response and Planned Corrective Action

During the period of March 2020 to February 2021, the Authority was without a Fee Accountant. The previous fee accountant had not reconciled the books during the 2020 year and the succeeding Fee Accountant was required to be procured by request for proposal. The proposal was ultimately approved by the HUD field office near the end of January 2021. This vacancy resulted in a delay in the closing of the financial records as the new Fee Accountant was onboarded and began catching up with the assistance of the CFO. Additionally, the Authority procured for new software that was approved by the HUD field office in April 2021. The Authority is confident that the new software and the Fee Accountant will allow for more timely and accurate reporting going forward. The implementation of the new software has begun and is expected to be fully functional in the fall of 2021 and the Fee Accountant has begun creation of monthly closing procedures.

2020-003 – ACTIVITIES ALLOWED OR UNALLOWED

Auditee's Response and Planned Corrective Action

As noted above, the Authority was without a fee accountant for the entire year which caused delays in the reconciliations process. Recording and reconciling a full year's worth of transactions after the fact made it difficult to determine the actual expense versus transfer. Since the year ended June 30, 2020, the Authority has procured a new fee accountant to assist in the monthly close procedures. Additionally, as mentioned, the Authority acquired new software specifically designed for Public Housing Authorities which will greatly reduce the potential for manual accounting errors related to interfund activity. As the overall goal related to this finding is to make the HCV Program whole, the Authority plans to reduce expenses and increase revenues at every opportunity. Since the Authority has gained permission from HUD to remove the Central Office Cost Center (COCC), this will, at a minimum, reduce the expenses on of the Program related to management and bookkeeping fees. Additionally, the Authority plans to transfer a portion of the developer fees owed to the Authority directly to the HCV Program. The Authority has also recognized a potential opportunity to reduce the interfund balance through management fees. In recent years, management fees were calculated on a per unit month basis when the 20% administrative fee basis would have yielded a greater amount owed to the COCC ultimately reducing the interfund receivable balance. The Authority plans to analyze the previous five years and request that HUD allow a retroactive adjustment.

Planned Resolution Date of Corrective Actions: December 31, 2021

Person Responsible for Corrective Action: Angela Farrish, Executive Director – afarrish@nrmha.org – 914-636-7050 x201

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES**

To The Board of Commissioners
New Rochelle Municipal Housing Authority
New Rochelle, New York

We have performed the procedure described in the second paragraph of this report, which was agreed to by the New Rochelle Municipal Housing Authority (the Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), on whether the electronic submission of certain information agrees with related hard copy documents included within the audit reporting package. The Authority is responsible for the accuracy and completeness of the electronic submission. The sufficiency of the procedure is solely the responsibility of the Authority and REAC. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the chart below under the "UFRS Rule Information" column with the corresponding printed documents listed in the chart under the "Hard Copy Documents" column. The associated findings from the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart below.

<u>PROCEDURE</u>	<u>UFRS RULE INFORMATION</u>	<u>HARD COPY DOCUMENTS</u>	<u>FINDINGS</u>
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's	Agrees
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	Agrees
3	Type of opinion on FDS (data element G3100-040)	Auditor's supplemental report on FDS	Agrees
4	Audit findings narrative (data element G5200-010)	Schedule of Findings and Questioned costs	Agrees
5	General information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form	Agrees

<u>PROCEDURE</u>	<u>UFRS RULE INFORMATION</u>	<u>HARD COPY DOCUMENTS</u>	<u>FINDINGS</u>
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	Agrees
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	Agrees
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form	Agrees
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Agrees

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on whether the electronic submission of the items listed in the "UFRS Rule Information" column in the agrees with the related hard copy documents within the audit reporting package. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We were engaged to perform an audit in accordance with the *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance)*, by the Authority as of and for the year ended June 30, 2020 and have issued our reports thereon dated September 30, 2021. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Authority's supplementary information dated September 30, 2021, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the reporting package required by the OMB Uniform Guidance, which includes the auditors' reports, is available in its entirety from the Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This purpose of this report on applying the agreed-upon procedures is solely to describe the procedure performed on the electronic submission of the items listed in the "UFRS Rule Information" column and associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose.

Marcum LLP

Providence, Rhode Island
September 30, 2021