

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, 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, 2021, 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.

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 45 through 49, 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 50 through 58, 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 50 through 58 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 50 through 58 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 August 31, 2022 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
August 31, 2022

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2021

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, 2021, 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, 2021, with comparative data for the year ended June 30, 2020. 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, 2021 by \$13,449,192 (net position), representing a decrease of \$729,699 from the prior year.
- Total revenues increased by \$302,843 from the prior year, while total expenses increased by \$985,697.
- The Authority's current ratio that measures liquidity decreased during the year from 2.75 to 1.25.
- The Authority's total debt decreased from \$65,574 to \$55,982.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2021

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, 2021

FINANCIAL ANALYSIS

Summary of Net Position

Presented below is the Authority's condensed summary of net position at June 30, 2021 compared to June 30, 2020. 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, 2021 and 2020

	2021	2020	Change	% Change
Current Assets	\$ 2,014,386	\$ 3,568,048	\$ (1,553,662)	-43.54%
Capital Assets	1,883,667	1,479,205	404,462	27.34%
Other Noncurrent Assets	<u>16,895,052</u>	<u>16,037,117</u>	<u>857,935</u>	5.35%
Total Assets	<u>20,793,105</u>	<u>21,084,370</u>	<u>(291,265)</u>	-1.38%
Deferred Outflows of Resources	<u>527,299</u>	<u>397,013</u>	<u>130,286</u>	32.82%
Current Liabilities	1,617,772	1,295,532	322,240	24.87%
Noncurrent Liabilities	<u>5,795,629</u>	<u>5,972,399</u>	<u>(176,770)</u>	-2.96%
Total Liabilities	<u>7,413,401</u>	<u>7,267,931</u>	<u>145,470</u>	2.00%
Deferred Inflows of Resources	<u>457,811</u>	<u>34,561</u>	<u>423,250</u>	1224.65%
Investment in capital assets	1,883,667	1,479,205	404,462	27.34%
Restricted	--	479,542	(479,542)	-100.00%
Unrestricted	<u>11,565,525</u>	<u>12,220,144</u>	<u>(654,619)</u>	-5.36%
Total Net Position	<u>\$ 13,449,192</u>	<u>\$ 14,178,891</u>	<u>\$ (729,699)</u>	-5.15%

Total assets of the Authority at June 30, 2021 and 2020 were \$20,793,105 and \$21,084,370, respectively, a change of 1.38%. The significant components of current assets are cash and receivables. The significant components of noncurrent assets are capital assets and notes receivable. 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, 2021

Total liabilities of the Authority at June 30, 2021 and 2020 were \$7,413,401 and \$7,267,931, respectively, a change of 2.00%. 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 2021, the Authority's pension and OPEB related deferred outflows increased by \$130,286 and deferred inflows increased by \$423,250. 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 \$654,619, or 5.36%, for the fiscal year.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2021

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, 2021 compared to the year ended June 30, 2020. 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, 2021 and 2020

	2021	2020	Change	% Change
Revenue				
Operating Revenues	\$ 9,887,034	\$ 10,225,597	\$ (338,563)	-3.31%
Non-operating Revenues	<u>1,078,280</u>	<u>436,874</u>	<u>641,406</u>	146.82%
Total Revenues	<u>10,965,314</u>	<u>10,662,471</u>	<u>302,843</u>	2.84%
Expenses				
Housing assistance payments	6,550,232	6,092,303	457,929	7.52%
Administration	2,652,177	2,350,736	301,441	12.82%
Repair and maintenance	1,179,170	1,062,936	116,234	10.94%
Utilities	568,151	429,319	138,832	32.34%
Depreciation expense	233,990	244,705	(10,715)	-4.38%
Insurance expense	171,454	142,644	28,810	20.20%
Tenant services	156,475	135,869	20,606	15.17%
Other general expenses	120,043	243,314	(123,271)	-50.66%
Protective services	<u>63,321</u>	<u>7,490</u>	<u>55,831</u>	745.41%
Total Expenses	<u>11,695,013</u>	<u>10,709,316</u>	<u>985,697</u>	9.20%
Change in Net Position	(729,699)	(46,845)	(682,854)	1457.69%
Net Position - Beginning of Year	<u>14,178,891</u>	<u>14,225,736</u>	<u>(46,845)</u>	-0.33%
Net Position - End of Year	<u>\$ 13,449,192</u>	<u>\$ 14,178,891</u>	<u>\$ (729,699)</u>	-5.15%

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2021

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, 2020 to June 30, 2021 include the following:

- Nonoperating revenues increased by \$641,406, or 146.82%, due to the receipt and expenditure of grant funding via the Weatherization Assistance Program.
- Housing assistance payments increased by \$457,929, or 7.52%, due to a decrease in the tenant income-based portion of rent which caused an increase in the Authority's average assistance payment.
- Repair and maintenance expenses increased by \$116,234, or 10.94%, due to an increase in maintenance labor and overtime costs.
- Administrative expenses increased by \$301,441, or 12.82%, due to an increase in legal expenses incurred, as the Authority addresses matters of fair housing.
- Utilities increased by \$138,832, or 32.34%, due to an increase in consumption and utility rates.
- Other general expenses decreased by \$123,271, or 50.66%, due to a decrease in bad debt expense.
- Insurance expense increased by \$28,810, or 20.20%, due to an increase in insurance premiums.
- Protective services expenses increased by \$55,831, or 745.41%, due to new security contracts entered into in fiscal year 2021.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, capital assets, net of accumulated depreciation was \$1,883,667 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, 2020 to June 30, 2021:

CAPITAL ASSET ANALYSIS June 30, 2021 and 2020

	2021	2020	Change	% Change
Land	\$ 614,129	\$ 614,129	\$ --	0.00%
Buildings	7,740,596	7,080,298	660,298	9.33%
Furniture and equipment	572,187	595,382	(23,195)	-3.90%
Leasehold improvements	827,434	827,434	--	0.00%
Construction in progress	<u>90,474</u>	<u>89,124</u>	<u>1,350</u>	1.51%
Total capital assets	<u>9,844,820</u>	<u>9,206,367</u>	<u>638,453</u>	6.93%
Accumulated depreciation	<u>(7,961,153)</u>	<u>(7,727,162)</u>	<u>(233,991)</u>	3.03%
Capital assets, net of accumulated depreciation	<u>\$ 1,883,667</u>	<u>\$ 1,479,205</u>	<u>\$ 404,462</u>	27.34%

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, 2021

Long-Term Debt

At June 30, 2021, the Authority had total long-term debt of \$55,982, a decrease of \$9,592 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, 2021 and 2020

	2021	2020	Change	% Change
Long term debt	<u>\$ 55,982</u>	<u>\$ 65,574</u>	<u>\$ (9,592)</u>	-14.63%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

- Lack of available resources to fund operating deficits and pay operating expenses.
- The Authority is primarily dependent upon HUD for the funding of its federal; 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, 2021

Assets

Current Assets

Cash and cash equivalents	\$ 1,141,115
Restricted cash	175,850
Accounts receivable, net	626,550
Prepaid expenses and other current assets	70,871

Total Current Assets 2,014,386

Noncurrent Assets

Investment in joint ventures	229,252
Investment in the financing of affordable housing developments	16,665,800
Capital assets, non-depreciable	704,603
Capital assets, net of accumulated depreciation	1,179,064

Total Noncurrent Assets 18,778,719

Total Assets 20,793,105

Deferred Outflows of Resources 527,299

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

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2021

Liabilities

Current Liabilities

Accounts payable	\$ 1,252,155
Accounts payable, HUD	147
Current portion of long term debt	10,000
Accrued wages and current portion of compensated absences	123,730
Other current liabilities	52,968
Other accrued expenses	2,922
Unearned revenue	150,586
Tenant security deposits	<u>25,264</u>
Total Current Liabilities	<u>1,617,772</u>

Noncurrent Liabilities

Long term debt, net of current portion	45,982
Accrued compensated absences, net of current portion	66,384
Net pension liability	1,488
OPEB liability	<u>5,681,775</u>
Total Noncurrent Liabilities	<u>5,795,629</u>

Total Liabilities	<u>7,413,401</u>
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Deferred Inflows of Resources	<u>457,811</u>
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Net Position

Investment in capital assets	1,883,667
Unrestricted	<u>11,565,525</u>
Total Net Position	<u>\$ 13,449,192</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, 2021

Operating Revenues	
HUD grants	\$ 7,617,732
Other revenue	1,258,307
Tenant rental income	928,745
Other government grants	<u>82,250</u>
Total Operating Revenues	<u>9,887,034</u>
Operating Expenses	
Housing assistance payments	6,550,232
Administration	2,652,177
Repair and maintenance	1,179,170
Utilities	568,151
Depreciation expense	233,990
Insurance expense	171,454
Tenant services	156,475
Other general expenses	120,043
Protective services	<u>63,321</u>
Total Operating Expenses	<u>11,695,013</u>
Operating Loss	<u>(1,807,979)</u>
Nonoperating Revenues	
Interest and investment revenue	<u>441,622</u>
Total Nonoperating Revenues	<u>441,622</u>
Loss before Capital Grants	<u>(1,366,357)</u>
Capital Grants	
Government capital grants	<u>636,658</u>
Total Capital Grants	<u>636,658</u>
Change in Net Position	(729,699)
Net Position, Beginning of Year	<u>14,178,891</u>
Net Position, End of Year	<u>\$ 13,449,192</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, 2021

Cash Flows from Operating Activities

HUD grants	\$ 7,753,022
Other government grants	82,250
Receipts from tenants	831,038
Other operating receipts	922,949
Payments to employees	(2,741,599)
Payments to suppliers	(1,819,412)
Payments to landlords	<u>(6,550,232)</u>
Net cash used in operating activities	<u>(1,521,984)</u>

Cash Flows from Capital and Related Financing Activities

Other government capital grants	636,658
Payments on long term debt	(9,592)
Acquisitions of capital assets	<u>(638,452)</u>
Net cash used in capital and related financing activities	<u>(11,386)</u>

Cash Flows from Investing Activities

Interest and dividends received	328
Proceeds from investments in the financing of affordable housing developments	<u>483,016</u>
Net cash provided by investing activities	<u>483,344</u>

Net decrease in cash, cash equivalents and restricted cash (1,050,026)

Cash, cash equivalents and restricted cash, beginning of year 2,366,991

Cash, cash equivalents and restricted cash, end of year \$ 1,316,965

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, 2021

Reconciliation of operating loss to net cash used in operating activities:	
Operating Loss	\$ (1,807,979)
Adjustments:	
Depreciation	233,990
Change in assets and liabilities:	
(Increase) decrease in accounts receivable, tenants	(108,666)
(Increase) decrease in accounts receivable, other	(327,700)
(Increase) decrease in accounts receivable, HUD	58,183
(Increase) decrease in prepaid expenses and other current assets	(17,838)
(Decrease) increase in accounts payable	200,913
(Decrease) increase in compensated absences and accrued wages	(5,782)
deferred inflow/outflows of resources	156,100
(Decrease) increase in accrued expenses and other current liabilities	16,387
(Decrease) increase in tenant security deposits	3,301
(Decrease) increase in unearned operating revenue	<u>77,107</u>
Net cash used in operating activities	<u>\$ (1,521,984)</u>
Cash, cash equivalents and restricted cash per Statement of Net Position:	
Cash and cash equivalents	\$ 1,141,115
Restricted cash - current	<u>175,850</u>
Total cash, cash equivalents and restricted cash per Statement of Net Position	<u>\$ 1,316,965</u>

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

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 – ORGANIZATION

The New Rochelle Municipal Housing Authority (the Authority) was incorporated under the laws of the 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, 2021

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 22.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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 21. These entities are as follows:

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

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.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AND ACCOUNTING (CONTINUED)

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.

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.

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.

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.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021.

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.

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 2021.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES

The Authority's personnel policy allows employees to earn up to 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 at 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, 2021 aggregated \$113,865.

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.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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)*.

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, 2021:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Related to Pensions	\$ 327,275	\$ 453,611
Related to OPEB	<u>200,024</u>	<u>4,200</u>
Total	<u>\$ 527,299</u>	<u>\$ 457,811</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 August 31, 2022, which is the date these financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure in these financial statements.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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 has no debt related to its capital assets. At June 30, 2021, the investment in capital assets was \$1,883,667.

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, 2021, there were no restricted assets.

Unrestricted Net Position is designed to represent the net available assets, for the entire Authority. At June 30, 2021, the unrestricted net position was \$11,565,525.

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, 2021.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 5 – RESTRICTED CASH

The Authority's restricted cash balance consists proceeds from the CARES Act for COVID-related expenses, as well as funds designated for tenant security deposits. These amounts support corresponding liabilities. At June 30, 2021, restricted cash was categorized as follows:

Category of Restriction	Amount
CARES Act funds	\$ 150,586
Tenant security deposits	<u>25,264</u>
Total	<u>\$ 175,850</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, 2021.

Category of Receivable	Amount
HUD	\$ 424,366
Miscellaneous	32,095
Tenants	<u>337,685</u>
Gross Receivables	794,146
Allowance - Tenants	<u>(167,596)</u>
Net Receivables	<u>\$ 626,550</u>

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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, 2021:

<u>Entity</u>	<u>Investment</u>	<u>Accrued Interest</u>	<u>Total Investment</u>
PRC Queen City LLC	\$ 15,179,543	\$ 1,298,254	\$ 16,477,797
Horton Winthrop, LLC	83,458	--	83,458
Horton Winthrop III, LLC	<u>102,500</u>	<u>2,045</u>	<u>104,545</u>
Total	<u>\$ 15,365,501</u>	<u>\$ 1,300,299</u>	<u>\$ 16,665,800</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, 2021, the outstanding lease receivable was \$900,000 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, 2021, the Authority received developer fees of \$1,062,728. At June 30, 2021, a balance of \$662,559 remained outstanding.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 10 – CAPITAL ASSETS

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

	July 1, 2020	Increases	Decreases	June 30, 2021
Capital assets - non-depreciable				
Land	\$ 614,129	\$ --	\$ --	\$ 614,129
Construction in progress	<u>89,124</u>	<u>661,648</u>	<u>(660,298)</u>	<u>90,474</u>
Total capital assets - non-depreciable	<u>703,253</u>	<u>661,648</u>	<u>(660,298)</u>	<u>704,603</u>
Capital assets - depreciable				
Buildings	7,080,298	660,298	--	7,740,596
Leasehold improvements	827,434	--	--	827,434
Furniture & equipment	<u>595,382</u>	<u>23,545</u>	<u>(46,740)</u>	<u>572,187</u>
Total capital assets - depreciable	<u>8,503,114</u>	<u>683,843</u>	<u>(46,740)</u>	<u>9,140,217</u>
Less accumulated depreciation				
Buildings	6,571,890	153,842	--	6,725,732
Leasehold improvements	646,152	54,348	--	700,500
Furniture & equipment	<u>509,121</u>	<u>25,800</u>	<u>--</u>	<u>534,921</u>
Total accumulated depreciation	<u>7,727,163</u>	<u>233,990</u>	<u>--</u>	<u>7,961,153</u>
Capital Assets Net	<u>\$ 1,479,204</u>	<u>\$ 1,111,501</u>	<u>\$ (707,038)</u>	<u>\$ 1,883,667</u>
Depreciation expense was charged to:				
Federal Public Housing		<u>\$ 228,850</u>		
Housing Choice Voucher		<u>\$ 5,140</u>		

NOTE 11 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended June 30, 2021 is as follows:

	July 1, 2020	Additions	Reductions	June 30, 2021	Amount due within one year
Compensated Absences	\$ 107,443	\$ 148,036	\$ (141,614)	\$ 113,865	\$ 47,480
Net Pension Liability	421,419	--	(419,931)	1,488	--
OPEB Liability	<u>5,398,707</u>	<u>283,068</u>	<u>--</u>	<u>5,681,775</u>	<u>--</u>
Total	<u>\$ 5,927,569</u>	<u>\$ 431,104</u>	<u>\$ (561,545)</u>	<u>\$ 5,797,128</u>	<u>\$ 47,480</u>

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 12 – LONG TERM DEBT

Long term debt activity for the year ended June 30, 2021 is as follows:

	July 1, 2020	Additions	Reductions	June 30, 2021	Amount due within one year
Notes Payable	<u>\$ 65,574</u>	<u>\$ --</u>	<u>\$ (9,592)</u>	<u>\$ 55,982</u>	<u>\$ 10,000</u>

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, 2021 was \$55,982.

The debt will be amortized as follows:

Year	Principal Payments	Interest Payments	Total
2022	\$ 10,000	\$ --	\$ 10,000
2023	10,000	--	10,000
2024	10,000	--	10,000
2025	10,000	--	10,000
2026	10,000	--	10,000
2027-2031	<u>5,982</u>	<u>--</u>	<u>5,982</u>
Total	<u>\$ 55,982</u>	<u>\$ --</u>	<u>\$ 55,982</u>

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, 2021 aggregated \$52,968.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

SIGNIFICANT PLAN PROVISIONS AND REQUIREMENTS (CONTINUED)

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
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.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

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 times 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.

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 contributions to ERS for the year ended June 30, 2021 were \$86,399. Employee contributions for the same period were \$15,043.

PENSION LIABILITIES

At June 30, 2021, the Authority reported a liability of \$1,488 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021, 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, 2021

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

PENSION EXPENSE AND DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

For the year ended June 30, 2021, the Authority recognized pension expense of \$49,439. 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, 2021, 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	\$ 18,167	\$ --
Changes of assumptions	273,513	5,159
Net difference between projected and actual earnings on pension plan investments	--	427,313
Changes in proportion and differences between contributions and proportionate share of contributions	35,595	21,139
Total	\$ 327,275	\$ 453,611

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

Year	Deferred Outflows (Inflows of) Resources
2023	\$ (25,512)
2024	(9,304)
2025	(23,491)
2026	(68,029)
Total	\$ (126,336)

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

ACTUARIAL METHODS & ASSUMPTIONS

The total pension liability in the April 1, 2019 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	5.90%
Discount rate	5.90%
Inflation	2.70%
Salary increases	4.40%
Cost of living adjustments	1.40%
Mortality rates	System experience with adjustments for mortality improvements based on the Society of Actuaries Scale

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	32.00%	4.05%
International equity	15.00%	6.30%
Private equity	10.00%	6.75%
Real estate	9.00%	4.95%
Opportunistic/ARS portfolio	3.00%	4.50%
Credit	4.00%	3.63%
Real assets	3.00%	5.95%
Fixed Income	23.00%	0.00%
Cash	1.00%	0.50%

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

DISCOUNT RATE

The discount rate used to measure the total pension liability was 5.90 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
	4.90%	5.90%	6.90%
Net pension liability (asset)	<u>\$ 412,882</u>	<u>\$ 1,488</u>	<u>\$ (377,915)</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, 2021, the Authority had an outstanding payable to ERS of \$72,510.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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, 2021, there are 5 active employees and 16 retired employees enrolled in the plan.

TOTAL OPEB LIABILITY

The Authority's total OPEB liability of \$5,681,775 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

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.

Actuarial Cost Method	Individual Entry Age Normal
Municipal Bond Rate	2.09%
Discount Rate	2.09%
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, 2021

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

CHANGES IN THE TOTAL OPEB LIABILITY

Balance at beginning of year	\$	5,398,707
Changes for the year:		
Service cost		76,621
Interest		110,626
Changes of Assumptions		306,988
Benefit payments		<u>(211,167)</u>
Net changes		<u>283,068</u>
Balance at end of year	\$	<u>5,681,775</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 2.09% 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 1.09%	Current Discount 2.09%	1% Increase 3.09%
Total OPEB liability	<u>\$ 6,681,456</u>	<u>\$ 5,681,775</u>	<u>\$ 4,896,253</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>\$ 4,786,296</u>	<u>\$ 5,681,775</u>	<u>\$ 6,834,468</u>

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2021, the Authority recognized OPEB expenses of \$390,356. 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, 2021, the Authority reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 200,024	\$ 4,200
Total	\$ 200,024	\$ 4,200

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period Ending June 30,	Deferred Outflows (Inflows of) Resources
2022	\$ 102,764
2023	93,060
Total	\$ 195,824

NOTE 16 – OTHER RETIREMENT PLANS

The Authority provides to employees a separate deferred compensation plan in accordance with IRC §457. The plan is open to all employees. Employee contributions for 2021 were \$13,114. There were no employer contributions.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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. 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.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 19 – 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, 2021, the Authority earned a management fee of \$144,577.

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.

	<u>PRC Queen City, LLC</u>	<u>Horton Winthrop, LLC</u>	<u>Horton Winthrop II, LLC</u>	<u>Horton Winthrop III, LLC</u>
	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	12/31/2020	12/31/2020	12/31/2020	12/31/2020
Assets				
Current	\$ 2,408,161	\$ 1,185,833	\$ 651,421	\$ 580,367
Noncurrent	\$ 53,233,253	\$ 26,321,269	\$ 16,076,810	\$ 16,253,840
Liabilities				
Current	\$ 131,387	\$ 484,840	\$ 164,329	\$ 237,829
Noncurrent	\$ 41,726,907	\$ 19,016,164	\$ 8,040,529	\$ 8,342,134
Net Position	\$ 13,783,120	\$ 8,006,098	\$ 8,523,373	\$ 8,254,244
Total Revenue	\$ 1,930,693	\$ 2,111,256	\$ 1,014,779	\$ 741,517
Total Expenses	\$ 5,289,945	\$ 2,820,967	\$ 1,378,664	\$ 1,097,193
Beginning Net Position	\$ (546,214)	\$ 8,715,809	\$ 8,887,258	\$ 8,190,918
Net Income (Loss)	\$ (3,359,252)	\$ (709,711)	\$ (363,885)	\$ (355,676)
Contributions (Distributions)	\$ 17,688,586	\$ --	\$ --	\$ 419,002

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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 as of and for the year ended June 30, 2021 is presented below.

	<u>Horton Winthrop Development Fund Corporation</u>	<u>NRMHA Developer, LLC</u>	<u>Winbrook, LLC</u>	<u>Total</u>
Condensed Summary of Net Position				
Assets				
Current	\$ 68,893	\$ 844,652	\$ --	\$ 913,545
Due from Primary Government	--	176,535	--	176,535
Other	<u>229,152</u>	<u>179,543</u>	<u>186,979</u>	<u>595,674</u>
Total Assets	<u>298,045</u>	<u>1,200,730</u>	<u>186,979</u>	<u>1,685,754</u>
Liabilities				
Current	19,329	48,891	--	68,220
Due to Primary Government	<u>375,698</u>	--	--	<u>375,698</u>
Total Liabilities	<u>395,027</u>	<u>48,891</u>	<u>--</u>	<u>443,918</u>
Net Position				
Unrestricted	<u>(96,982)</u>	<u>1,151,839</u>	<u>186,979</u>	<u>1,241,836</u>
Total Net Position	<u>\$ (96,982)</u>	<u>\$ 1,151,839</u>	<u>\$ 186,979</u>	<u>\$ 1,241,836</u>
Condensed Summary of Revenues, Expenses and Changes in Net Position				
Operating Revenues				
Other Revenue	<u>\$ 523,381</u>	<u>\$ 350,000</u>	<u>\$ --</u>	<u>\$ 873,381</u>
Total Operating Revenues	<u>523,381</u>	<u>350,000</u>	<u>--</u>	<u>873,381</u>
Operating Expenses				
Other Operating	<u>856,606</u>	<u>412,719</u>	<u>--</u>	<u>1,269,325</u>
Total Operating Expenses	<u>856,606</u>	<u>412,719</u>	<u>--</u>	<u>1,269,325</u>
Operating Loss	<u>(333,225)</u>	<u>(62,719)</u>	<u>--</u>	<u>(395,944)</u>
Change in Net Position	(333,225)	(62,719)	--	(395,944)
Beginning Net Position	<u>236,243</u>	<u>1,214,558</u>	<u>186,979</u>	<u>1,637,780</u>
Ending Net Position	<u>\$ (96,982)</u>	<u>\$ 1,151,839</u>	<u>\$ 186,979</u>	<u>\$ 1,241,836</u>
Condensed Summary of Cash Flows				
Net Cash Provided by (Used In):				
Operating Activities	<u>\$ 18,655</u>	<u>\$ 47,040</u>	<u>\$ --</u>	<u>\$ 65,695</u>
Net Change in Cash	18,655	47,040	--	65,695
Cash and cash equivalents at beginning of year	<u>39,986</u>	<u>788,665</u>	<u>--</u>	<u>828,651</u>
Cash and cash equivalents at end of year	<u>\$ 58,641</u>	<u>\$ 835,705</u>	<u>\$ --</u>	<u>\$ 894,346</u>

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST FOUR 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
2021	\$ 5,398,707	\$ 76,621	\$ 110,626	--	--	\$ 306,988	\$ (211,167)	\$ 283,068	\$ 5,681,775
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
2021	\$ 438,620	1295.38%
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 SEVEN FISCAL YEARS

Measurement Period Ending March 31,	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered payroll	Proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.001%	\$ 1,488	\$ 485,279	0.3%	99.950%
2020	0.002%	\$ 421,419	\$ 564,467	74.7%	86.390%
2019	0.002%	\$ 131,357	\$ 404,495	32.5%	96.270%
2018	0.002%	\$ 58,413	\$ 631,566	9.2%	98.240%
2017	0.002%	\$ 192,184	\$ 613,799	31.3%	94.700%
2016	0.002%	\$ 312,483	\$ 743,611	42.0%	90.700%
2015	0.002%	\$ 61,496	\$ 745,476	8.2%	97.950%

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 SEVEN 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
2021	\$ 72,510	\$ --	\$ 72,510	\$ 485,279	0.00%
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, 2021

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, 2021;

- Discount rate is 2.09%, previously 2.44%

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, 2021

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, 2021;

- Discount rate is 5.90%, previously 6.80%

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

JUNE 30, 2021

FDS Line Item	Description	AMPs	Housing Choice Vouchers	HCV CARES Act Funding	Public Housing CARES Act Funding	Business Activities
111	Cash - Unrestricted	15,414	159,797	-	-	49,706
113	Cash - Other Restricted	-	-	150,586	-	-
114	Cash - Tenant Security Deposits	25,264	-	-	-	-
100	Total Cash	40,678	159,797	150,586	-	49,706
122	Accounts Receivable - HUD Other Projects	350,792	73,574	-	-	-
125	Accounts Receivable - Miscellaneous	27,700	-	-	-	-
126	Accounts Receivable - Tenants	278,508	-	-	-	-
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	548,581	73,574	-	-	-
142	Prepaid Expenses and Other Assets	8,064	-	-	-	-
143	Inventories	6,095	-	-	-	-
144	Inter Program Due From	-	426,427	-	-	-
150	Total Current Assets	603,418	659,798	150,586	-	49,706
161	Land	91,089	-	-	-	523,040
162	Buildings	7,601,695	-	-	-	-
163	Furniture, Equipment & Machinery - Dwellings	78,039	-	-	-	-
164	Furniture, Equipment & Machinery - Administration	201,479	25,700	-	-	204,213
165	Leasehold Improvements	827,434	-	-	-	-
166	Accumulated Depreciation	(7,545,003)	(10,280)	-	-	(204,213)
167	Construction in Progress	90,474	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	1,345,207	15,420	-	-	523,040
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	16,299,279
174	Other Assets	-	-	-	-	-
176	Investments in Joint Ventures	-	-	-	-	100
180	Total Non-Current Assets	1,345,207	15,420	-	-	16,822,419
200	Deferred Outflow of Resources	26,366	4,283	-	-	-
290	Total Assets and Deferred Outflow of Resources	1,974,991	679,501	150,586	-	16,872,125

See Independent Auditors' Report

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

JUNE 30, 2021

FDS Line Item	Description	AMPs	Housing Choice Vouchers	HCV CARES Act Funding	Public Housing CARES Act Funding	Business Activities
312	Accounts Payable <= 90 Days	212,796	6,671	-	-	110
313	Accounts Payable >90 Days Past Due	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	20,500	9,609	-	-	24,581
322	Accrued Compensated Absences - Current Portion	44,102	1,371	-	-	-
331	Accounts Payable - HUD PHA Programs	-	147	-	-	-
341	Tenant Security Deposits	25,264	-	-	-	-
342	Unearned Revenue	-	-	150,586	-	-
345	Other Current Liabilities	52,968	-	-	-	-
346	Accrued Liabilities - Other	2,922	-	-	-	-
347	Inter Program - Due To	136,269	72,913	-	-	845,109
348	Loan Liability - Current	-	-	-	-	-
310	Total Current Liabilities	494,821	90,711	150,586	-	869,800
354	Accrued Compensated Absences - Non Current	35,990	12,338	-	-	-
355	Loan Liability - Non Current	-	-	-	-	-
357	Accrued Pension and OPEB Liabilities	284,163	54,002	-	-	-
350	Total Non-Current Liabilities	320,153	66,340	-	-	-
300	Total Liabilities	814,974	157,051	150,586	-	869,800
400	Deferred Inflow of Resources	22,891	4,616	-	-	-
508.4	Net Investment in Capital Assets	1,345,207	15,420	-	-	523,040
512.4	Unrestricted Net Position	(208,081)	502,414	-	-	15,479,285
513	Total Equity - Net Assets / Position	1,137,126	517,834	-	-	16,002,325
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	1,974,991	679,501	150,586	-	16,872,125
70300	Net Tenant Rental Revenue	884,425	-	-	-	-
70400	Tenant Revenue - Other	33,400	-	-	-	-
70500	Total Tenant Revenue	917,825	-	-	-	-
70600	HUD PHA Operating Grants	627,284	6,851,432	99,890	39,126	-
70710	Management Fee	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-

See Independent Auditors' Report

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

JUNE 30, 2021

FDS Line Item	Description	AMPs	Housing Choice Vouchers	HCV CARES Act Funding	Public Housing CARES Act Funding	Business Activities
70730	Book Keeping Fee	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-
70800	Other Government Grants	636,658	-	-	-	-
71100	Investment Income - Unrestricted	102	157	-	-	-
71200	Mortgage Interest Income	-	-	-	-	441,294
71400	Fraud Recovery	-	7,658	-	-	-
71500	Other Revenue	11,024	58,320	-	-	300,000
70000	Total Revenue	2,192,893	6,917,567	99,890	39,126	741,294
91100	Administrative Salaries	132,511	173,702	83,739	-	-
91200	Auditing Fees	-	9,000	-	-	-
91300	Management Fee	97,000	156,913	-	-	-
91310	Book-keeping Fee	9,000	52,305	-	-	-
91500	Employee Benefit contributions - Administrative	157,671	131,156	-	-	-
91600	Office Expenses	4,618	15,456	-	8,995	2,032
91700	Legal Expense	46,393	-	-	-	-
91800	Travel	893	3,125	-	-	-
91900	Other	13,946	-	-	868	1,120
91000	Total Operating - Administrative	462,032	541,657	83,739	9,863	3,152
92000	Asset Management Fee	12,000	-	-	-	-
92100	Tenant Services - Salaries	-	-	-	-	-
92400	Tenant Services - Other	12,441	-	16,151	4,430	1,315
92500	Total Tenant Services	12,441	-	16,151	4,430	1,315
93100	Water	147,491	-	-	-	-
93200	Electricity	92,230	-	-	-	-
93300	Gas	25,635	-	-	-	-
93400	Fuel	146,051	-	-	-	-
93600	Sewer	11,735	-	-	-	-
93000	Total Utilities	423,142	-	-	-	-
94100	Ordinary Maintenance and Operations - Labor	303,879	-	-	-	-
94200	Ordinary Maintenance and Operations - Materials and Other	30,336	-	-	17,083	-
94300	Ordinary Maintenance and Operations Contracts	189,054	-	-	-	-

See Independent Auditors' Report

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE

JUNE 30, 2021

FDS Line Item	Description	AMPs	Housing Choice Vouchers	HCV CARES Act Funding	Public Housing CARES Act Funding	Business Activities
94500	Employee Benefit Contributions - Ordinary Maintenance	110,520	-	-	-	-
94000	Total Maintenance	633,789	-	-	17,083	-
95200	Protective Services - Other Contract Costs	9,980	-	-	7,750	-
95300	Protective Services - Other	10,356	-	-	-	-
95000	Total Protective Services	20,336	-	-	7,750	-
96110	Property Insurance	62,429	6,925	-	-	-
96130	Workmen's Compensation	22,710	-	-	-	-
96140	All Other Insurance	-	-	-	-	-
96100	Total insurance Premiums	85,139	6,925	-	-	-
96200	Other General Expenses	-	13,446	-	-	109
96210	Compensated Absences	4,968	851	-	-	-
96300	Payments in Lieu of Taxes	52,968	-	-	-	-
96000	Total Other General Expenses	57,936	14,297	-	-	109
96700	Total Interest Expense and Amortization Cost	-	-	-	-	-
96900	Total Operating Expenses	1,706,815	562,879	99,890	39,126	4,576
97000	Excess of Operating Revenue over Operating Expenses	486,078	6,354,688	-	-	736,718
97300	Housing Assistance Payments	-	6,550,232	-	-	-
97400	Depreciation Expense	228,850	5,140	-	-	-
90000	Total Expenses	1,935,665	7,118,251	99,890	39,126	4,576
10100	Total Other financing Sources (Uses)	-	-	-	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	257,228	(200,684)	-	-	736,718
11030	Beginning Equity	879,898	718,518	-	-	15,265,607
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-
11170	Administrative Fee Equity	-	517,834	-	-	-
11190	Unit Months Available	1,200	7,200	-	-	-
11210	Number of Unit Months Leased	1,200	6,974	-	-	-

See Independent Auditors' Report

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY
SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

JUNE 30, 2021

FDS Line Item	Description	State/Local	Component Unit - Blended	COCC	Eliminations	Total
111	Cash - Unrestricted	10,638	894,346	11,214	-	1,141,115
113	Cash - Other Restricted	-	-	-	-	150,586
114	Cash - Tenant Security Deposits	-	-	-	-	25,264
100	Total Cash	10,638	894,346	11,214	-	1,316,965
122	Accounts Receivable - HUD Other Projects	-	-	-	-	424,366
125	Accounts Receivable - Miscellaneous	-	4,395	-	-	32,095
126	Accounts Receivable - Tenants	-	-	-	-	278,508
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	-	4,395	-	-	626,550
142	Prepaid Expenses and Other Assets	-	12,430	44,282	-	64,776
143	Inventories	-	-	-	-	6,095
144	Inter Program Due From	44,449	-	780,203	(1,251,079)	-
150	Total Current Assets	55,087	911,171	835,699	(1,251,079)	2,014,386
161	Land	-	-	-	-	614,129
162	Buildings	-	-	138,901	-	7,740,596
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	78,039
164	Furniture, Equipment & Machinery - Administration	-	-	62,756	-	494,148
165	Leasehold Improvements	-	-	-	-	827,434
166	Accumulated Depreciation	-	-	(201,657)	-	(7,961,153)
167	Construction in Progress	-	-	-	-	90,474
160	Total Capital Assets, Net of Accumulated Depreciation	-	-	-	-	1,883,667
171	Notes, Loans and Mortgages Receivable - Non-Current	-	186,978	-	-	16,486,257
174	Other Assets	-	179,543	-	-	179,543
176	Investments in Joint Ventures	-	229,152	-	-	229,252
180	Total Non-Current Assets	-	595,673	-	-	18,778,719
200	Deferred Outflow of Resources	-	-	496,650	-	527,299
290	Total Assets and Deferred Outflow of Resources	55,087	1,506,844	1,332,349	(1,251,079)	21,320,404

See Independent Auditors' Report

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

JUNE 30, 2021

FDS Line Item	Description	State/Local	Component Unit - Blended	COCC	Eliminations	Total
312	Accounts Payable <= 90 Days	14,081	57,901	318,714	-	610,273
313	Accounts Payable >90 Days Past Due	-	-	641,882	-	641,882
321	Accrued Wage/Payroll Taxes Payable	-	-	21,560	-	76,250
322	Accrued Compensated Absences - Current Portion	-	1,032	975	-	47,480
331	Accounts Payable - HUD PHA Programs	-	-	-	-	147
341	Tenant Security Deposits	-	-	-	-	25,264
342	Unearned Revenue	-	-	-	-	150,586
345	Other Current Liabilities	-	-	-	-	52,968
346	Accrued Liabilities - Other	-	-	-	-	2,922
347	Inter Program - Due To	-	196,788	-	(1,251,079)	-
348	Loan Liability - Current	-	-	10,000	-	10,000
310	Total Current Liabilities	14,081	255,721	993,131	(1,251,079)	1,617,772
354	Accrued Compensated Absences - Non Current	-	9,287	8,770	-	66,385
355	Loan Liability - Non Current	-	-	45,982	-	45,982
357	Accrued Pension and OPEB Liabilities	-	-	5,345,097	-	5,683,262
350	Total Non-Current Liabilities	-	9,287	5,399,849	-	5,795,629
300	Total Liabilities	14,081	265,008	6,392,980	(1,251,079)	7,413,401
400	Deferred Inflow of Resources	-	-	430,304	-	457,811
508.4	Net Investment in Capital Assets	-	-	-	-	1,883,667
512.4	Unrestricted Net Position	41,006	1,241,836	(5,490,935)	-	11,565,525
513	Total Equity - Net Assets / Position	41,006	1,241,836	(5,490,935)	-	13,449,192
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	55,087	1,506,844	1,332,349	(1,251,079)	21,320,404
70300	Net Tenant Rental Revenue	-	-	-	-	884,425
70400	Tenant Revenue - Other	10,920	-	-	-	44,320
70500	Total Tenant Revenue	10,920	-	-	-	928,745
70600	HUD PHA Operating Grants	-	-	-	-	7,617,732
70710	Management Fee	-	-	253,913	(253,913)	-
70720	Asset Management Fee	-	-	12,000	(12,000)	-
70730	Book Keeping Fee	-	-	61,305	(61,305)	-

See Independent Auditors' Report

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

JUNE 30, 2021

FDS Line Item	Description	State/Local	Component Unit - Blended	COCC	Eliminations	Total
70700	Total Fee Revenue	-	-	327,218	(327,218)	-
70800	Other Government Grants	82,250	-	-	-	718,908
71100	Investment Income - Unrestricted	13	-	56	-	328
71200	Mortgage Interest Income	-	-	-	-	441,294
71400	Fraud Recovery	-	-	-	-	7,658
71500	Other Revenue	-	873,039	8,266	-	1,250,649
70000	Total Revenue	93,183	873,039	335,540	(327,218)	10,965,314
91100	Administrative Salaries	-	150,180	600,718	-	1,140,850
91200	Auditing Fees	-	-	-	-	9,000
91300	Management Fee	-	-	-	(253,913)	-
91310	Book-keeping Fee	-	-	-	(61,305)	-
91500	Employee Benefit contributions - Administrative	4,311	144,121	359,646	-	796,905
91600	Office Expenses	140	26,295	67,147	-	124,683
91700	Legal Expense	-	51,379	63,274	-	161,046
91800	Travel	-	-	2,768	-	6,786
91900	Other	2,620	88,673	305,680	-	412,907
91000	Total Operating - Administrative	7,071	460,648	1,399,233	(315,218)	2,652,177
92000	Asset Management Fee	-	-	-	(12,000)	-
92100	Tenant Services - Salaries	60,385	-	-	-	60,385
92400	Tenant Services - Other	7,283	50,644	3,826	-	96,090
92500	Total Tenant Services	67,668	50,644	3,826	-	156,475
93100	Water	-	46,809	-	-	194,300
93200	Electricity	-	10,122	-	-	102,352
93300	Gas	-	-	-	-	25,635
93400	Fuel	-	88,078	-	-	234,129
93600	Sewer	-	-	-	-	11,735
93000	Total Utilities	-	145,009	-	-	568,151
94100	Ordinary Maintenance and Operations - Labor	-	364,255	-	-	668,134
94200	Ordinary Maintenance and Operations - Materials and Other	-	892	-	-	48,311
94300	Ordinary Maintenance and Operations Contracts	-	47,330	7,122	-	243,506
94500	Employee Benefit Contributions - Ordinary Maintenance	-	108,699	-	-	219,219

See Independent Auditors' Report

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY
SUPPLEMENTARY FINANCIAL DATA SCHEDULE (CONTINUED)

JUNE 30, 2021

FDS Line Item	Description	State/Local	Component Unit - Blended	COCC	Eliminations	Total
94000	Total Maintenance	-	521,176	7,122	-	1,179,170
95200	Protective Services - Other Contract Costs	-	33,380	-	-	51,110
95300	Protective Services - Other	-	-	1,855	-	12,211
95000	Total Protective Services	-	33,380	1,855	-	63,321
96110	Property Insurance	-	20,633	4,101	-	94,088
96130	Workmen's Compensation	130	2,178	1,839	-	26,857
96140	All Other Insurance	563	-	49,946	-	50,509
96100	Total insurance Premiums	693	22,811	55,886	-	171,454
96200	Other General Expenses	11,781	35,315	-	-	60,651
96210	Compensated Absences	-	-	605	-	6,424
96300	Payments in Lieu of Taxes	-	-	-	-	52,968
96000	Total Other General Expenses	11,781	35,315	605	-	120,043
96700	Total Interest Expense and Amortization Cost	-	-	-	-	-
96900	Total Operating Expenses	87,213	1,268,983	1,468,527	(327,218)	4,910,791
97000	Excess of Operating Revenue over Operating Expenses	5,970	(395,944)	(1,132,987)	-	6,054,523
97300	Housing Assistance Payments	-	-	-	-	6,550,232
97400	Depreciation Expense	-	-	-	-	233,990
90000	Total Expenses	87,213	1,268,983	1,468,527	(327,218)	11,695,013
10100	Total Other financing Sources (Uses)	-	-	-	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	5,970	(395,944)	(1,132,987)	-	(729,699)
11030	Beginning Equity	35,036	1,637,780	(4,357,948)	-	14,178,891
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	517,834
11190	Unit Months Available	-	-	-	-	8,400
11210	Number of Unit Months Leased	-	-	-	-	8,174

See Independent Auditors' Report

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY
STATEMENT OF ACTUAL MODERNIZATION COSTS – UNCOMPLETED
FOR THE YEAR ENDED JUNE 30, 2021

Project:	NY01P088501-18	NY01P088501-19	NY01P088501-20
Modernization Funds Approved	\$ 1,168,902	\$ 825,672	\$ 442,547
Modernization Funds Expended	<u>1,083,721</u>	<u>206,418</u>	<u>88,000</u>
Excess of Modernization Funds Approved	<u>\$ 85,181</u>	<u>\$ 619,254</u>	<u>\$ 354,547</u>
Modernization Funds Advanced	\$ 733,721	\$ 206,418	\$ 88,000
Modernization Funds Expended	<u>1,083,721</u>	<u>206,418</u>	<u>88,000</u>
Excess of Modernization Funds Advanced	<u>\$ (350,000)</u>	<u>\$ --</u>	<u>\$ --</u>

See Independent Auditors' Report

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

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	--	\$ --	\$ 6,851,432
Section 8 Housing Choice Vouchers - CARES Act	14.871	--	--	99,890
Total Housing Voucher Cluster			<u>--</u>	<u>6,951,322</u>
Public and Indian Housing				
Public and Indian Housing	14.850	--	--	277,284
Public and Indian Housing - CARES Act	14.850	--	--	39,126
Total Public and Indian Housing			<u>--</u>	<u>316,410</u>
Public Housing Capital Fund (CFP)	14.872	--	--	350,000
Total Department of Housing & Urban Development			<u>--</u>	<u>7,617,732</u>
Department of Energy				
Passed through NYS Division of Housing and Community Renewal:				
Weatherization Assistance Program	81.042	--	--	636,658
Total Department of Energy			<u>--</u>	<u>636,658</u>
Total Expenditures of Federal Awards			<u>\$ --</u>	<u>\$ 8,254,390</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, 2021

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, 2021. 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, 2021, 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 August 31, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 New Rochelle Municipal Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of New Rochelle Municipal Housing Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the 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. We did identify one deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

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.

Marcum LLP

Providence, Rhode Island
August 31, 2022

**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, 2021. 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 qualified 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 Choice Voucher Program as described in finding numbers 2021-003 for Allowable and Unallowable Activities and 2021-004 for Allowable Costs/Cost Principles. 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 its major federal program for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-002. Our opinion on its major federal program is not modified with respect to these matters.

The New Rochelle Municipal Housing Authority response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The New Rochelle Municipal Housing Authority 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-003 and 20201-004 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-002 to be a significant deficiency.

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. 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.

Purpose of this Report

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
August 31, 2022

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

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, 2021

SECTION II - FINANCIAL STATEMENTS FINDINGS

2021-001 – 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 substantial issues with the fiscal management of the Authority. Our observations are as follows:

The Authority did not develop and adopt an operating budget for fiscal year 2021. For the year ended June 30, 2021, the Authority incurred significant operating losses and accumulated substantial liabilities. Excluding depreciation, the non-cash change in pension and OPEB liabilities, and the utilization of restricted reserves, the Authority incurred an operating loss of \$938,347 for the year while accumulating payables to vendors of \$1,308,045.

The Authority's Central Office Cost Center (COCC), which accounts for 73% of the Authority's liabilities, reflected a current ratio of .84 at year end. The COCC is unable to meet these obligations with available resources and is restricted by law from accessing the resources of the Authority's federal programs.

Furthermore, the Authority is lacking control activities to ensure that transactions are recorded in a timely manner, which has prevented the timely completion of cash reconciliation procedures and financial statement preparation at and subsequent to the fiscal year end.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

SECTION II - FINANCIAL STATEMENTS FINDINGS (CONTINUED)

2021-001 – INTERNAL CONTROLS OVER FINANCIAL REPORTING (CONTINUED)

CAUSE

Management has not taken sufficient action to address the Authority's operating deficits.

EFFECT

The Authority cannot ensure that its resources are managed in a manner that safeguards the long-term financial stability of the Authority.

RECOMMENDATION

We recommend that the Authority continue to work with HUD to complete and resolve on-going corrective actions.

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, 2021

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2021-002 - REPORTING

Other Matter/Significant Deficiency

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 September 15, 2021. The Authority submitted the FDS on October 8, 2021.

CAUSE

The Authority encountered technical issues with HUD REAC which prevented the timely submission of the FDS.

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, 2021

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

2021-002 – REPORTING (CONTINUED)

REPEAT FINDING

This is a repeat of finding 2020-002 from the prior year.

RECOMMENDATION

We recommend that the Authority ensure its year-end closing process is sufficient to allow for the timely filing of the unaudited FDS.

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, 2021

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

2021-003 – ACTIVITIES ALLOWED OR UNALLOWED

Material Weakness/Material Noncompliance

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, 2021, the Housing Voucher Program's financial statements reflected a net interprogram receivable of \$353,514, representing approximately 7 months of the program's average monthly operating expenses. The programs that received these funds did not have sufficient cash reserves at June 30, 2021 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

We have identified the net increase in the interprogram receivable of \$76,938 as known questioned costs of the program.

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, 2021

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

2021-003 – ACTIVITIES ALLOWED OR UNALLOWED (CONTINUED)

REPEAT FINDING

This is a repeat of finding 2020-003 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, 2021

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

2021-004 – ALLOWABLE COSTS/COST PRINCIPLES

Material Noncompliance/Material Weakness

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

CRITERIA

Factors affecting allowability of costs. Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles. (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity. (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost. (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this Part. (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period. (g) Be adequately documented. (2 CFR Chapter 1 Part 200 § 200.403)

CONDITION

The Authority did not develop and adopt an operating budget, cost allocation plan or equivalent for fiscal year 2021 and therefore did not document and approve a reasonable basis for the allocation of expenses to federal programs for the fiscal year.

CAUSE

Management did not take sufficient action to ensure compliance with the cost principles of federal programs.

EFFECT

The Authority cannot support whether or not allocations of expenses were made on a reasonable basis at the time expenses were recorded in the accounting records.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

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

2021-004 – ALLOWABLE COSTS/COST PRINCIPLES (CONTINUED)

QUESTIONED COSTS

None identified.

CONTEXT

All expenditures of federal programs are subject to cost principles.

REPEAT FINDING

Not a repeat finding.

RECOMMENDATION

We recommend that the Authority address this matter with HUD.

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, 2021

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2020-001 – INTERNAL CONTROLS OVER FINANCIAL REPORTING

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 of 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.

CURRENT STATUS

The Authority has addressed and corrected the conditions listed above; however, material weaknesses still exist in the Authority's control environment and control activities. See Finding 2021-001 for a summary of conditions in the current year.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)

2020-002 – REPORTING

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.

CURRENT STATUS

See Finding 2021-002.

2020-003 – ACTIVITIES ALLOWED OR UNALLOWED

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

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.

CURRENT STATUS

See Finding 2021-003.

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

50 SICKLES AVE
NEW ROCHELLE, NY 10801

CORRECTIVE ACTION PLAN

2021-001 – INTERNAL CONTROLS OVER FINANCIAL REPORTING

Auditee's Response and Planned Corrective Action

The Authority has had significant staff turnover and changed fee accountants during this audit period. Additionally, the eviction moratorium and other financial issues affecting our tenants arising from the pandemic have resulted in delayed rent receipts which have caused the rent receivable to increase and created cash flow issues which have resulted in increasing accounts payable. Many of these pandemic related regulations have lifted and the Authority has been working with legal counsel, rental assistance agencies and its tenants to begin collecting the back rents. As these funds are collected the Authority will see increased cash flow which will allow for payments on the accounts payable.

The Authority has issued, approved and submitted to HUD its 2022 and 2023 operating budgets. Additionally, the 2023 operating budget has been constructed to eliminate the COCC.

The Authority has developed a cost allocation plan that was utilized in the operating budget and along with the restructuring of responsibilities relating to the elimination of the COCC, the budget has demonstrated the Authority's plan to eliminate the operating deficits noted in this finding.

The fee accountant is currently reconciling the financial activity of the Authority on monthly basis and issuing monthly financial statements.

Planned Implementation Date of Corrective Action: March 2022

Person Responsible for Corrective Action: Angela Farrish, Executive Director – afarrish@nrmha.org

2021-002 – REPORTING

Auditee's Response and Planned Corrective Action

The Authority submitted the unaudited submission for the 2022 financial statements prior to the due date.

Planned Implementation Date of Corrective Action: August 2022

Person Responsible for Corrective Action: Angela Farrish, Executive Director – afarrish@nrmha.org

NEW ROCHELLE MUNICIPAL HOUSING AUTHORITY

50 SICKLES AVE
NEW ROCHELLE, NY 10801

2021-003 – ACTIVITIES ALLOWED OR UNALLOWED

Auditee’s Response and Planned Corrective Action

The Authority has updated its financial software which is fully integrated with tenant activity and has controls to track and identify interfund activity in a manner that will resolve this matter. Additionally, the ongoing monthly reconciliations and close process now regularly performed by the fee accountant further resolve this matter.

Planned Implementation Date of Corrective Action: March 2022

Person Responsible for Corrective Action: Angela Farrish, Executive Director – afarrish@nrmha.org

2021-004 – ALLOWABLE COSTS/COST PRINCIPLES

Auditee’s Response and Planned Corrective Action

The Authority has issued, approved and submitted to HUD its 2022 and 2023 operating budgets. Additionally, the 2023 operating budget has been constructed to eliminate the COCC.

The Authority has developed a cost allocation plan that was utilized in the operating budget and along with the restructuring of responsibilities relating to the elimination of the COCC, the budget has demonstrated the Authority’s plan to eliminate the operating deficits noted in this finding.

Planned Implementation Date of Corrective Action: March 2022

Person Responsible for Corrective Action: Angela Farrish, Executive Director – afarrish@nrmha.org

**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, 2021 and have issued our reports thereon dated August 31, 2022. 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 August 31, 2022, 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.

The 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
August 31, 2022