

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

**REPORT ON AUDIT OF BASIC FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION AND SINGLE AUDIT**

FOR THE YEAR ENDED MARCH 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Peekskill Housing Authority
Peekskill, New York

HUD, New York Regional Office
26 Federal Plaza, Suite 3541
New York, New York 10278-0068

Report on the Financial Statements

We have audited the accompanying financial statements of the Peekskill Housing Authority ("the Authority") which include the statement of net position as of and for the year ended March 31, 2022, and the related statements of revenues, expenses and changes in net position, cash flows for the year then ended, and the related notes to the financial statements which collectively comprise the 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 basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the basic 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 Authority'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 basic 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of March 31, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting Principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i-vi be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying 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), the Financial Data Schedule, and the other supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates 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 statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information referred to above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated August 29, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Malcolm Johnson & Company, P.A.
Certified Public Accountants

DeBary, Florida
August 29, 2022

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2022

As management of Peekskill Housing Authority ("the Authority"), we offer the readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended March 31, 2022. We encourage readers to consider the information presented here in conjunction with the Authority's basic financial statements as presented elsewhere in this report.

Financial Highlights

1. As of the close of the current fiscal year, the Authority's net position is \$(191,181) compared to \$460,403 for the prior year.
2. The Authority's unrestricted cash and cash equivalent and investment balance at March 31, 2022 was \$640,218, a decrease of \$390,337 from the prior fiscal year.
3. The Authority had total revenues of \$3,209,057 and total expenses of \$3,860,641 for the year ended March 31, 2022.
4. The Authority's capital outlays for the fiscal year were \$83,351, which was funded by grants received from the U.S. Department of Housing and Urban Development (HUD) as well as operating funds.
5. The Authority's Expenditures of Federal Awards amounted to \$1,487,186 for the fiscal year.
6. The Authority's total operating expenses were \$3,860,641 as compared to \$4,039,442 from the previous year. The major costs by category are as follows:
 - a. Administrative expense decreased from \$800,862 in 2021 to \$607,543 in 2022. The large decrease was attributed to decreases in salaries and OPEB costs.
 - b. Tenant services expense decreased from \$86,015 in 2021 to \$2,906 in 2022. The loss of CARES Act funding was responsible.
 - c. Utilities expense increased from \$710,515 in 2021 to \$869,780 in 2022. Sharp increases in electricity, gas and fuel were responsible..
 - d. Maintenance expenses decreased from \$1,264,313 in 2021 to \$1,231,722 in 2022. An increase of \$153,490 in unit turnaround expense was offset by a \$209,536 decrease in benefit expense (OPEB related).
 - e. Protective services decreased from \$20,967 in 2021 to \$4,630 in 2022. Security guard service was discontinued in early 2021.
 - f. Insurance costs increased from \$233,150 in 2021 to \$287,815 in 2022. Sharp increases in all coverages were responsible.
 - g. General expenses decreased from \$333,312 in 2021 to \$259,228 in 2022. Bad debts although high stabilized over last year. Compensated absences decreased as retiring employees received payouts.
7. Net loss for the year was \$(651,584) compared to prior year net loss of \$(479,633). Although expenses decreased largely on OPEB decreases, there was a loss of \$188,851 in CARES Act funding.
8. Total net investment in capital assets was \$4,880,490 at year end as compared to \$5,391,895 for the prior year.

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2022
(Continued)

Using the Annual Report

1. The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's basic financial statements and Notes to the Basic Financial Statements included in this report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for Proprietary Fund types.
2. The Financial Statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. They consist of the Statement of Net Position, the Statement of Revenue, Expenses and Changes in Net Position and the Statement of Cash Flows.

The Statement of Net Position presents information on all the Authority's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenue, Expenses and Changes in Net Position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of unrelated cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. depreciation and earned but unused vacation leave).

The Statement of Cash Flows reports the Authority's cash flows from operating, investing, capital and non-capital activities.

The Financial Statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations.

3. The Notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.
4. Supplemental Information

The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Uniform Guidance.

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2022
(Continued)

The Authority as a Whole

The Authority's net position decreased during the fiscal year as detailed below. The Authority's revenues are primarily tenant rents and grants received from HUD. The Authority receives operating subsidy each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's operating revenues did not cover all operating expenses during the fiscal year excluding depreciation. However, CARES Act funding from HUD decreased during the current fiscal year.

By far, the largest portion the Authority's net position reflects its investment in capital assets (e.g., land, buildings, equipment and construction in progress). The Authority uses these capital assets to provide housing services to its tenants. Currently, the Authority has unrestricted net position available for future use to provide program services.

On an overall basis, the net loss of the Authority increased from the prior year. Net loss was \$651,584, compared to a loss of \$479,633 for the prior year.

Tenants accounts receivable, gross, increased \$132,824, compared to an increase of \$115,603 for the prior year. A significant number of tenants stopped paying rent early on in the pandemic when a rent moratorium was declared. However, net tenants accounts receivable increased by just \$26,565. Maintenance inventories increased during the year by \$11,147.

Current liabilities of the Authority decreased \$8,947 over 2021, due largely to a reduction in accrued payroll.

Unrestricted net position decreased by \$140,179 compared to last year.

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2022
(Continued)

Computations of Net Position are as follows:

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
ASSETS				
Current assets	\$ 978,781	\$ 1,313,528	\$ (334,747)	-25.48%
Capital assets, net	4,880,490	5,391,895	(511,405)	-9.48%
Total assets	<u>5,859,271</u>	<u>6,705,423</u>	<u>(846,152)</u>	<u>-12.62%</u>
Deferred Outflow of Resources	<u>1,702,974</u>	<u>1,697,725</u>	<u>5,249</u>	<u>0.31%</u>
Total Assets and Deferred Outflow of Resources	<u>7,562,245</u>	<u>8,403,148</u>	<u>(840,903)</u>	<u>-10.01%</u>
LIABILITIES				
Current liabilities	433,081	442,028	(8,947)	-2.02%
Noncurrent liabilities	4,256,041	5,550,859	(1,294,818)	-23.33%
Total Liabilities	<u>4,689,122</u>	<u>5,992,887</u>	<u>(1,303,765)</u>	<u>-21.76%</u>
Deferred Inflow of Resources	<u>3,064,304</u>	<u>1,949,858</u>	<u>1,114,446</u>	<u>57.16%</u>
Total Liabilities and Deferred Inflow of Resources	<u>7,753,426</u>	<u>7,942,745</u>	<u>(189,319)</u>	<u>-2.38%</u>
NET POSITION				
Net Investment in Capital Assets	4,880,490	5,391,895	(511,405)	-9.48%
Unrestricted Net Position	(5,071,671)	(4,931,492)	(140,179)	2.84%
Total Net Position	<u>(191,181)</u>	<u>460,403</u>	<u>(651,584)</u>	<u>-141.52%</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u>\$ 7,562,245</u>	<u>\$ 8,403,148</u>	<u>\$ (840,903)</u>	<u>-10.01%</u>

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2022
(Continued)

Computations of Changes in Net Position are as follows:

	2022	2021	Increase (Decrease)	% Change
Revenue				
Rental revenue	\$ 1,652,013	\$ 1,675,036	\$ (23,023)	-1.37%
HUD grants	1,451,516	1,771,498	(319,982)	-18.06%
Other revenue	69,775	71,808	(2,033)	-2.83%
Total revenues	3,173,304	3,518,342	(345,038)	-9.81%
Expenses:				
Administrative	607,543	800,862	(193,319)	-24.14%
Tenant services	2,906	86,015	(83,109)	-96.62%
Utilities	869,780	710,515	159,265	22.42%
Ordinary maintenance and operation	1,231,722	1,264,313	(32,591)	-2.58%
Protective services	4,630	20,967	(16,337)	-77.92%
Insurance	287,815	233,150	54,665	23.45%
General expense	259,228	333,312	(74,084)	-22.23%
Extraordinary maintenance	2,261	-	2,261	0.00%
Depreciation	594,756	590,308	4,448	0.75%
Total expenses	3,860,641	4,039,442	(178,801)	-4.43%
Operating income (loss)	(687,337)	(521,100)	(166,237)	31.90%
Nonoperating revenues (expenses)				
Interest revenue	83	75	8	10.67%
Income (loss) before contributions	(687,254)	(521,025)	(166,229)	31.90%
Capital contributions	35,670	41,392	(5,722)	-13.82%
Increase (decrease) in net position	(651,584)	(479,633)	(171,951)	35.85%
Net position, beginning of year	460,403	(388,620)	849,023	-218.47%
Prior period adjustments	-	1,328,656	(1,328,656)	-100.00%
Restated net position, beginning of year	460,403	940,036	(479,633)	-51.02%
Net position, end of year	\$ (191,181)	\$ 460,403	\$ (651,584)	-141.52%

Budgetary Highlights

For the year ended March 31, 2022, individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the procedures prescribed by the applicable funding agency.

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2022
(Continued)

Capital Asset and Debt Activity

Capital Asset activity during the fiscal year ended March 31, 2022 is as follows:

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Non Depreciable				
Land	<u>\$ 131,611</u>	<u>\$ 131,611</u>	<u>\$ -</u>	<u>0.00%</u>
Depreciable				
Buildings	23,398,664	23,317,593	81,071	0.35%
Leasehold improvements	3,318,690	3,318,690	-	0.00%
Equipment	915,880	913,600	2,280	0.25%
Total	<u>27,633,234</u>	<u>27,549,883</u>	<u>83,351</u>	<u>0.30%</u>
Accumulated Depreciation	<u>22,884,355</u>	<u>22,289,599</u>	<u>594,756</u>	<u>2.67%</u>
Capital Assets, Net	<u>\$ 4,880,490</u>	<u>\$ 5,391,895</u>	<u>\$ (511,405)</u>	<u>-9.48%</u>

Additions totaled \$83,351.

Long-Term Debt - The Authority has no long-term debt at this time.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Authority's budget for the fiscal year ending March 31, 2022:

- The state of the economy, including its impact on rental income. Tenant rental payments are based on tenant income,
- The need for Congress to fund programs and potential cut-backs on HUD subsidies and grants,
- The availability of unrestricted net position to fund any shortfalls from a possible economic downturn and reduced subsidies and grants.

Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Peekskill Housing Authority, 807 Main Street, Peekskill, New York 10566.

PEEKSKILL HOUSING AUTHORITY

Peekskill, New York

STATEMENT OF NET POSITION

MARCH 31, 2022

ASSETS

Current assets

Cash and cash equivalents, unrestricted	\$ 640,218
Cash and cash equivalents, restricted	74,743
Accounts receivable, net of allowance	100,545
Due from other governments	49,418
Inventories, net of obsolescence	56,391
Prepaid expense	57,466
Total current assets	978,781

Noncurrent assets

Capital assets

Not being depreciated	131,611
Depreciable, net	4,748,879
Total capital assets, net	4,880,490

Total assets

5,859,271

Deferred Outflow of Resources

1,702,974

Total Assets and Deferred Outflow of Resources

7,562,245

LIABILITIES

Current liabilities

Vendors and contractors payable	34,003
Accrued wages/taxes payable	2,812
Accrued compensated absences	23,802
Due to other governments	78,223
Unearned revenue	13,495
Other accrued liabilities	206,003
Resident security deposits	74,743
Total current liabilities	433,081

Noncurrent liabilities

Accrued compensated absences	214,222
Other accrued liabilities	4,041,819
Total noncurrent liabilities	4,256,041

Total liabilities

4,689,122

Deferred Inflow of Resources

3,064,304

Total Liabilities and Deferred Inflow of Resources

7,753,426

NET POSITION

Net investment in capital assets	4,880,490
Unrestricted	(5,071,671)
Total net position	\$ (191,181)

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

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2022

Operating revenues	
Rental revenue	\$ 1,618,079
HUD grants	1,451,516
Other revenue	103,709
Total operating revenues	3,173,304
Operating expenses	
Administrative	607,543
Tenant services	2,906
Utilities	869,780
Ordinary maintenance & operation	1,231,722
Protective services	4,630
Insurance	287,815
General expenses	259,228
Depreciation	594,756
Total operating expenses	3,858,380
Operating income (loss)	(685,076)
Nonoperating revenues (expenses)	
Interest revenue, unrestricted	83
Extraordinary maintenance	(2,261)
Total nonoperating revenues	(2,178)
Income (loss) before transfers	(687,254)
Capital contributions	35,670
Increase (decrease) in net position	(651,584)
Net position, beginning of year	460,403
Net position, end of year	\$ (191,181)

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

PEEKSKILL HOUSING AUTHORITY

Peekskill, New York

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022**

Cash Flows From Operating Activities

Receipts from dwelling rentals	\$ 1,469,232
Operating grants	1,451,516
Other receipts	69,775
Payments to employees and suppliers	(3,316,086)
Payments to landlords and residents	(2,906)
Net cash provided (used) by operating activities	(328,469)

Cash Flows From Capital and Related Financing Activities

Capital contributions	20,200
Purchases of capital assets	(83,351)
Net cash provided (used) by capital and related financing activities	(63,151)

Cash Flows From Investing Activities

Interest	83
Net cash provided (used) by investing activities	83

Net increase (decrease) in cash and cash equivalents	(391,537)
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Balance - beginning of the year	1,106,498
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Balance - end of the year	\$ 714,961
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Reconciliation of Cash Flows to Statement of Net Position

Cash and cash equivalents, unrestricted	\$ 640,218
Cash and cash equivalents, restricted	74,743
	\$ 714,961

There are no non-cash transactions.

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022
(Continued)

Reconciliation of Net Operating Income (Loss) to
Net Cash Provided (Used) By Operating Activities

Operating income/(loss)	\$ (685,076)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:	
Depreciation elimination	594,756
Increase in accounts receivable	(26,565)
Increase in due to/from other governments	(18,229)
Decrease in due to/from other programs	(11,285)
Increase in prepaid expenses	(3,470)
Increase in deferred outflow of resources	(5,249)
Decrease in security deposits	(1,200)
Decrease in accounts payable	(42,037)
Decrease in accrued wages	(35,611)
Decrease in accrued compensated absences	(1,903)
Increase in unearned revenue	(6,701)
Decrease in accrued liabilities	(1,198,084)
Increase in deferred inflow of resources	1,114,446
Other revenue and expense reported as nonoperating	(2,261)
	<u>\$ (328,469)</u>

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

PEEKSKILL HOUSING AUTHORITY

Peekskill, New York

NOTES TO BASIC FINANCIAL STATEMENTS

MARCH 31, 2022

A - Summary of Significant Accounting Policies and Organization:

1. **Organization:** Peekskill Housing Authority ("the Authority") is a public body corporate and politic pursuant to the Laws of the State of New York which was organized to provide low rent housing for qualified individuals in accordance with the rules and regulations prescribed by the U.S. Department of Housing and Urban Development (HUD) and other federal agencies.
2. **Reporting Entity:** In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the *Codification of Governmental Accounting and Financial Reporting Standards and Statement No. 14, (amended) of the Governmental Accounting Standards Board: The Financial Reporting Entity*. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the reporting entity has no component units.
3. **Summary of HUD and Other Authority Programs:** The accompanying basic financial statements consist of the activities of the housing programs subsidized by HUD and Authority owned entities. A summary of each of these programs is provided below.
 - a) **Low Rent Public Housing:** This type of housing consists of apartments and single-family dwellings owned and operated by the Authority. Funding is provided by tenant rent payments and subsidies provided by HUD.
 - b) **Modernization and Development:** Substantially all additions to land, buildings, and equipment are accomplished through the Capital Fund Program. These programs add to, replace or materially upgrade deteriorated portions of the Authority's housing units. Funding is provided through programs established by HUD.
4. **Basis of Presentation and Accounting:** In accordance with uniform financial reporting standards for HUD housing programs, the basic financial statements are prepared in accordance with U. S. generally accepted accounting principles (GAAP).

Based upon compelling reasons offered by HUD, the Authority reports its basic financial statements as a special purpose government engaged solely in business-type activities, which is similar to the governmental proprietary fund type (Enterprise Fund), which uses the accrual basis of accounting and the flow of economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

Generally accepted accounting principles for state and local governments require that resources be classified for accounting and reporting purposes into the following three net position categories:

Net Investment in Capital Assets – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2022
(Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

4. Basis of Presentation and Accounting: (Continued)

Restricted - Net position whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or they expire by the passage of time. Such assets include assets restricted for capital acquisitions and debt service.

Unrestricted - Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Authority Board or may otherwise be limited by contractual agreements with outside parties.

- 5. Budgets:** Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The Capital Fund budgets are adopted on a "project length" basis. Budgets are not, however, legally adopted nor legally required for basic financial statement presentation.
- 6. Cash and Cash Equivalents:** For purposes of the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased and non-negotiable certificates of deposit to be cash equivalents. There were no noncash investing, capital and financing activities during the year.
- 7. Interprogram Receivables and Payables:** Interprogram receivables/payables, when present, are all current, and are the result of the use of the Public Housing Program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all interprogram balances net zero. Offsetting due to/due from balances are eliminated for the basic financial statement presentation.
- 8. Investments:** Investments, when present, are recorded at fair value. Investment instruments consist only of items specifically approved for public housing agencies by HUD. Investments are either insured or collateralized using the dedicated method. Under the dedicated method of collateralization, all deposits and investments over the federal depository insurance coverage are collateralized with securities held by the Authority's agent in the Authority's name. It is the Authority's policy that all funds on deposit are collateralized in accordance with both HUD requirements and requirements of the State of New York.
- 9. Inventories:** Inventories (consisting of materials and supplies) are valued at cost using the first in, first out (FIFO) method. If inventory falls below cost due to damage, deterioration or obsolescence, the Authority establishes an allowance for obsolete inventory. In accordance with the consumption method, inventory is expensed when items are actually placed in service.
- 10. Prepaid Items:** Payments made to vendors for goods or services that will benefit periods beyond the fiscal year end are recorded as prepaid items.

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2022
(Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

11. Use of Estimates: The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the basic financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

12. Fair Value of Financial Instruments: The carrying amount of the Authority's financial instruments at March 31, 2022 including cash, investments, accounts receivable, and accounts payable closely approximates fair value.

13. Capital Assets:

- a. Book Value:** All purchased fixed assets are valued at cost when historical records are available. When no historical records are available, fixed assets are valued at estimated historical cost.

Land values were derived from development closeout documentation.

Donated fixed assets are recorded at their fair value at the time they are received.

Donor imposed restrictions are deemed to expire as the asset depreciates.

All normal expenditures of preparing an asset for use are capitalized when they meet or exceed the capitalization threshold.

- b. Depreciation:** The cost of buildings and equipment is depreciated over the estimated useful lives of the related assets on a composite basis using the straight-line method.

Depreciation commences on modernization and development additions in the year following completion.

The useful lives of buildings and equipment for purposes of computing depreciation are as follows:

Buildings/Building modernization	15-30 years
Furniture and equipment	3-10 years
Specialized use equipment	2-10 years

- c. Maintenance and Repairs Expenditures:** Maintenance and repairs expenditures are charged to operations when incurred. Betterments in excess of \$1,000 are capitalized. When buildings and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2022
(Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

13. Capital Assets: (Continued)

d. Impairment of Long-Lived Assets: The Authority has been and is currently involved in various activities in conjunction with its modernization programs. In accordance with *Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets"*. Under the provisions of the statement, long-lived assets are to be reviewed for impairment. Application for measurement of long-lived assets should be at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or discontinued operations. The Authority has reviewed and determined there was no impairment of long-lived assets during year ending March 31, 2022.

14. Compensated Absences: Compensated absences are those absences for which employees will be paid, such as vacation and sick leave computed in accordance with *GASB Statement No. 16*. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place.

15. Litigation Losses: The Authority recognizes estimated losses related to litigation in the period in which the occasion giving rise to the loss occurred, the loss is probable, and the loss is reasonably estimable.

16. Annual Contribution Contracts: Annual Contribution contracts provide that HUD shall have the authority to audit and examine the records of Public Housing Authorities. Accordingly, final determination of the Authority's financing and contribution status for the Annual Contribution Contracts is the responsibility of HUD based upon financial reports submitted by the Authority.

17. Risk Management: The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance, general liability, fire and extended coverage, fidelity bond, automobile, and Director and Officers liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Additionally, there have been no significant reductions in insurance coverage from the prior year.

18. Use of Restricted Assets: It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

19. Operating Revenues and Expenses: The principal operating revenues of the Authority's enterprise fund are charges to customers for rents and services. Operating expenses for the Authority's enterprise fund include the cost of providing housing and services, administrative expenses and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2022
(Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

20. Pensions: For purposes of measuring the net pension (asset) and liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plans' fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

B - Deposits and Investments: For purposes of the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased and non-negotiable Certificates of Deposit to be cash equivalents. There were no noncash investing, capital and financing activities during the year.

1. HUD Deposit and Investment Restrictions

HUD requires authorities to invest excess HUD program funds in obligations of the United States, Certificates of Deposit or any other federally insured instruments.

HUD also requires that deposits of HUD program funds be fully insured or collateralized at all times. Acceptable security includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

2. Risk Disclosures

a. Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase.

At March 31, 2022, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

b. Credit Risk: This is risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.

At March 31, 2022, the Authority's investments were limited to cash deposits.

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2022
(Continued)

B - Deposits and Investments: (Continued)

2. Risk Disclosures (Continued)

- c. **Custodial Credit Risk:** This is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All of the Authority's investments in securities are held in the name of the Authority. The Authority's custodial agreement policy prohibits counterparties holding securities not in the Authority's name.

The carrying amounts of the Authority's cash deposits were \$714,961 at March 31, 2022. Bank balances before reconciling items were \$775,903 at that date, the total amount of which was collateralized or insured with securities held by an unaffiliated banking institution in the Authority's name.

C - Due From Other Governments:

U.S. Department of HUD \$ 49,418

D - Accounts Receivable:

Dwelling rents (net of allowance for doubtful accounts of \$402,179) \$ 100,545

E - Inventories:

Inventories (net of allowance for obsolescence of \$1,352) \$ 56,391

F - Land, Buildings and Equipment:

	Balance March 31, 2021	Additions	Balance March 31, 2022
Not being depreciated:			
Land	\$ 131,611	\$ -	\$ 131,611
Total not being depreciated	<u>131,611</u>	<u>-</u>	<u>131,611</u>
Depreciable:			
Buildings & improvements	26,636,283	81,071	26,717,354
Accumulated depreciation	(21,619,111)	(530,452)	(22,149,563)
Net buildings & improvements	<u>5,017,172</u>	<u>(449,381)</u>	<u>4,567,791</u>
Equipment	913,600	2,280	915,880
Accumulated depreciation	(670,488)	(64,304)	(734,792)
Net equipment	<u>243,112</u>	<u>(62,024)</u>	<u>181,088</u>
Net depreciable assets	<u>5,260,284</u>	<u>(511,405)</u>	<u>4,748,879</u>
TOTAL	<u>\$ 5,391,895</u>	<u>\$ (511,405)</u>	<u>\$ 4,880,490</u>

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2022
(Continued)

G - Other Accrued Liabilities:

Accrued Utilities \$ 206,003

H - Due to Other Governments:

City of Peekskill – Payment in Lieu of Taxes \$ 78,223

I - Other Accrued Liabilities–Noncurrent:

Net Pension/OPEB Liabilities \$ 2,473

OPEB Liability 4,039,346

\$ 4,041,819

J - Schedule of Changes in Noncurrent Liabilities:

	Balance at March 31, 2021		Year Ended March 31, 2022		March 31, 2022	
	Long-term Portion	Current Portion	Additions	Payments	Current Portion	Long-term Portion
Accrued compensated absences	\$ 231,347	\$ 25,705	\$ 33,003	\$ (52,031)	\$ 23,802	\$ 214,222
Net Pension/OPEB liability	5,319,512	-	(1,277,693)		-	4,041,819
	<u>\$ 5,550,859</u>	<u>\$ 25,705</u>	<u>\$ (1,244,690)</u>	<u>\$ (52,031)</u>	<u>\$ 23,802</u>	<u>\$ 4,256,041</u>

K - Annual Contributions by Federal Agencies:

Low Income Public Housing - Pursuant to the Annual Contributions Contract, HUD contributes an operating subsidy approved in the operating budget under the Annual Contributions Contract. HUD operating subsidy contributions for the year ended March 31, 2022 were \$1,286,516. HUD also contributed additional funds for modernization and operations in the amount of \$200,670 for the year ended March 31, 2022.

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2022
(Continued)

L – Retirement Commitments:

Defined Benefit Pension Plan – The Authority participates in the New York State and Local Employees' Retirement System (the System). This System offers a wide range of plans and benefits which is related to years of service and final average salary, vesting of retirement benefits, death and disability.

1. Plan Description

The Office of the New York State Comptroller administers the New York State and Local Employees' Retirement System (ERS) referred to as New York State and Local Retirement System (the System). The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary 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. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Generally, members of the System are employees of the State and its municipalities, other than New York City.

ERS and PFRS are cost-sharing, multiple-employer defined benefit pension plans. The System is included in the State's financial report as a pension trust fund. The Public Employees' Group Life Insurance Plan (GLIP) provides death benefits in the form of life insurance. In these statements, GLIP amounts are apportioned to and included in ERS and PFRS.

Separately issued financial statements for the System can be accessed on the Comptroller's website at www.osc.state.ny.us/retire/about_us/financial_statements_index.php.

(a) Membership Tiers

Pension legislation enacted in 1973, 1976, 1983, 2009 and 2012 established distinct classes of membership. For convenience the System uses a tier concept to distinguish these groups, generally:

(i) ERS

Tier 1 Those persons who last became members before July 1, 1973.

Tier 2 Those persons who last became members on or after July 1, 1973, but before July 27, 1976.

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2022
(Continued)

L – Retirement Commitments: (Continued)

1. Plan Description (Continued)

(a) Membership Tiers (Continued)

(i) ERS (Continued)

- Tier 3 Generally, those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
- Tier 4 Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.
- Tier 5 Those persons who last became members on or after January 1, 2010, but before April 1, 2012.
- Tier 6 Those persons who first became members on or after April 1, 2012.

(ii) PFRS

- Tier 1 Those persons who last became members before July 1, 1973.
- Tier 2 Those persons who last became members on or after July 31, 1973, but before July 1, 2009.
- Tier 3 Those persons who last became members on or after July 1, 2009, but before January 9, 2010.
- Tier 4 N/A
- Tier 5 Those persons who last became members on or after January 9, 2010, but before April 1, 2012, or who were previously PFRS tier 3 members who elected to become Tier 5.
- Tier 6 Those persons who first became members on or after April 1, 2012.

(b) Vesting

Members who joined the System prior to January 1, 2010 need five years of service to be 100% vested. Members who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) require ten years of service credit to be 100% vested.

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2022
(Continued)

L – Retirement Commitments: (Continued)

1. Plan Description (Continued)

(c) Employer Contributions

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2021 was approximately 14.6% of payroll. The average contribution rate for PFRS for the fiscal year ended March 31, 2021 was approximately 24.4% of payroll. Delinquent annual bills for employer contributions accrue interest at the actuarial interest rate applicable during the year. For the fiscal year ended March 31, 2021, the applicable interest rate was 6.8%.

(d) Member Contributions

Generally, Tier 3, 4 and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

(e) Benefits

i Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2022
(Continued)

L – Retirement Commitments: (Continued)

1. Plan Description (Continued)

(e) Benefits (Continued)

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year used in the final average salary calculation is limited to no more than 20% greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% greater than the average of the previous two years.

ii Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a 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 member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3- and 4-members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 3, 4 and 5 members, each year of final average salary calculation is limited to no more than 10% greater than the average of the previous two years.

iii Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

PEEKSKILL HOUSING AUTHORITY

Peekskill, New York

NOTES TO BASIC FINANCIAL STATEMENTS

MARCH 31, 2022

(Continued)

L – Retirement Commitments: (Continued)

1. Plan Description (Continued)

(e) Benefits (Continued)

Benefit Calculation: (Continued)

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10% greater than the average of the previous four years.

iv Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 2-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs and correction officers.

v Disability Retirement Benefits

Disability retirement benefits are available to ERS and PFRS members unable to perform their job duties because of permanent physical 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 member's tier, years of service and plan.

vi Ordinary Death Benefits

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 death benefit available.

vii Post-Retirement Benefit Increases

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 benefit for five years; and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50% of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1% or exceed 3%.

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2022
(Continued)

L – Retirement Commitments: (Continued)

1. Plan Description (Continued)

Benefits (Continued)

2. Basis of Presentation

The Schedules of Employer Allocations and the Schedules of Pension Amounts by Employer for ERS and PFRS (collectively, the Schedules) presents amounts that are considered elements of the financial statements of the System or of its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the system or of its participating employers. The amounts presented in the Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the System to make a number of estimates and assumptions related to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

3. Allocation Percentage Methodology

The basis for each employer's proportion is consistent with the manner in which contributions to the pension plan are determined. The System computed each employer's projected long-term contribution effort to ERS and PFRS as compared to the total projected long-term contribution effort of all employers to ERS and PFRS; this is the allocation methodology that is encouraged by the Governmental Accounting Standards Board (GASB). The employer allocation percentages have been rounded for presentation purposes. Therefore, use of these percentages to recalculate individual employer amounts presented in the Schedules of Employer Pension Amounts may result in immaterial differences due to this rounding.

The determination of each employer's projected long-term contribution effort is accomplished by computing the actuarially determined indexed present value of future compensation using census data as of April 1, 2019. The indexed present value of future compensation for each employer is calculated by multiplying the present value of future projected compensation for current employees (that is, on a closed basis) by the applicable cost index for each participant. The present value of future compensation for a participant incorporates 1) current employee demographics, including age, years of service and salary, 2) projected salary increases, and 3) decrements (probabilities of retirement, death and withdrawal).

The rate used to discount the projected future compensation is 6.8%. The census data used, and the assumptions used are same as those used in determining the System's total pension liability and the employer contribution rates.

PEEKSKILL HOUSING AUTHORITY

Peekskill, New York

NOTES TO BASIC FINANCIAL STATEMENTS

MARCH 31, 2022

(Continued)

L – Retirement Commitments: (Continued)

3. Allocation Percentage Methodology (Continued)

The cost indexes are designed to reflect the relative cost of benefits for groups of employees with a common benefit in relation to other groups within each plan. These cost indexes are also used in the determination of annual required contributions. The cost indexes are based on a new entrant valuation where the most recent set of new members to 1) an ERS regular plan (retirement eligibility based on age and service), 2) and ERS special plan (retirement eligibility based on service alone), and 3) PFRS plans, are duplicated for each distinct benefit in their set. The entire cohort is run through the actuarial valuation, where the net present value of benefits (PV total benefits PV total employer contributions) and the present value of billable compensation is computed. The ratio of the net present value of benefits to the present value of billable compensation make up the valuation date (4/1) net entrant rate (often referred to as the long-term rate).

These new entrant rates are the employer contribution rates that would be paid over the employee's career assuming all valuation assumptions are realized without gains or losses. The ratio of new entrant rates between plans establishes the relative plan lucrativeness or index.

Actuarial Assumptions

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 return, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York
NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2022
(Continued)

L – Retirement Commitments: (Continued)

Actuarial Assumptions (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	32%	4.05%
International equity	15%	6.30%
Private equity	10%	6.75%
Real estate	9%	4.95%
Opportunistic/ARS portfolio	3%	4.50%
Credit	4%	3.63
Real assets	3%	5.95%
Fixed Income	23%	0.00%
Cash	1%	0.50%
	<u>100%</u>	

The real rate of return is net of the Long-Term inflation assumption of 2.00%.

Discount Rate

The discount rate used to measure the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2022
(Continued)

L – Retirement Commitments: (Continued)

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.8 percent, 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-percentagepoint lower (5.8 percent) or 1-percentage-point higher (7.8 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Assumption</u>	<u>1% Increase</u>
	-4.90%	-5.90%	-6.90%
ERS net pension liability	\$ 686,415	\$ 2,473	\$ (628,281)

Net Pension Liability Information

The Authority as of March 31, 2022 reported a net pension liability in the amount of \$2,473 due to GASB #68. The component of the current year net pension liability of the Authority as of March 31, 2021, the last evaluation date, is as follows:

	<u>ERS</u>
Employer Total Pension Liability	\$ 5,820,249
Plan Net Position	<u>5,817,776</u>
Employer Net Pension Liability	<u>\$ 2,473</u>
Rate of Fiduciary Net Position to the Employer's Total Pension Liability	99.95%

The Authority's allocation percentage is 0.0024836% as of March 31, 2022.

Deferred Outflows of Resources and Deferred Inflows of Resources

a. Difference in expected and actual experience

The difference between expected and actual experience with regard to economic and demographic factors is amortized over a five-year closed period for ERS and a six-year closed period for PFRS, reflecting the average remaining service life of ERS. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow or resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year ending March 31, 2022, is \$30,202 and \$-0- for ERS. These amounts are reported as deferred outflows of resources and deferred inflows respectively.

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2022
(Continued)

L – Retirement Commitments: (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

b. Changes in assumptions

The change in assumptions about future economic or demographic factors or other inputs is amortized over a five-year closed period for ERS and a six-year closed period for PFRS, reflecting the average remaining service life of ERS and PFRS members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow or resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year ending March 31, 2022 is \$454,708 for deferred outflows and \$8,576 for deferred inflows for ERS.

c. Net difference between projected and actual investment earnings on pension plan investments

The difference between the System's expected rate of return of 7.5% and actual investment earnings on pension plan investments is amortized over a five-year closed period for both ERS and PFRS in accordance with Statement 68. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow or resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year ending March 31, 2022, is \$-0- for deferred outflows and \$710,397 for deferred inflows for ERS.

d. Changes in proportion and differences between contributions and proportionate share of contributions

The change in employer proportionate share is the amount of difference between the employer proportionate share of net pension liability in the prior year compared to the current year. The difference between employer contributions and proportionate share of contributions is the difference between the total amount of employer contributions and the amount of the proportionate share of employer contributions. The change in proportionate share and the difference between employer contributions and proportionate share of contributions is amortized over a four-year closed period, reflecting the average remaining service life of ERS. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow or resources or a deferred inflow of resources. The collective amount of the change in proportion and differences between contributions and proportionate share of contributions for the year ending March 31, 2022, is \$20,860 for deferred outflows and \$39,254 for deferred inflows for ERS.

Collective Pension Expense

Collective pension expense includes certain current period changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the period ended March 31, 2022 is \$94,231 for deferred outflows for ERS.

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2022
(Continued)

L – Retirement Commitments: (Continued)

Collective Pension Expense (Continued)

At March 31, 2022, the Authority reported a liability of \$2,473 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 members, actuarially determined.

At March 31, 2022, the Authority's proportion was .0024836 percent, which was an increase of .001374% from its proportion measured as of March 31, 2022.

For the year ended March 31, 2022, the Authority recognized pension expense of \$44,991. On March 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 30,302	\$ -
Change in assumptions	454,708	8,576
Net Difference between projected and actual investment earnings on pension plan investments	-	710,397
Changes in proportion and differences between employer contributions and proportionate share of contributions	20,860	39,254
Employer contributions subsequent to the measurement date	94,231	-
Total	<u><u>\$ 600,101</u></u>	<u><u>\$ 758,227</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources to pensions will be recognized in pension expenses as follows:

<u>Year Ended March 31,</u>	
2022	\$ (50,144)
2023	(21,429)
2024	(42,151)
2025	(138,731)
2026	-
Thereafter	-

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2022
(Continued)

L – Retirement Contributions: (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Actuarial Assumptions

The total pension liability for the March 31, 2021 measurement date, was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021. The total pension liability for the March 31, 2021 measurement date was determined by using an actuarial valuation as of April 1, 2020.

The actuarial valuation used the following actuarial assumptions:

Measurement Date	March 31, 2021
Actuarial valuation date	April 1, 2020
Salary increases	3.8% ERS, indexed by service,
Interest	7.0%
Decrement tables	April 1, 2010 through March 31, 2015 Systems experience
Inflation rate	2.5%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

M - Other Post-Employment Benefits (Obligations for Health Insurance)

Plan Description: The Authority's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the Authority. The plan is a single employer defined benefit OPEB plan administered by the Authority. Article 11 of the State Compiled Statutes grants the Authority to establish and amend the benefit terms and financing requirements to the Authority Board. No assets are accumulated in an irrevocable trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided: The Authority provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the Authority offices and are available upon request.

The number of participants as of April 1, 2020, the effective date of the other post-employment benefit valuation (OPEB), follows. There have been no significant changes in the number or the type of coverage since that date.

Active Employees	10
Retired Employees	<u>11</u>
Total	<u>21</u>

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2022
(Continued)

M - Other Post Employment Benefits (Obligations for Health Insurance) (Continued)

Net OPEB Liability

The Authority's net OPEB liability was measured as of April 1, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total OPEB Liability in the April 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement, unless otherwise specified.

Change in Assumptions: Effective April 1, 2020:

Service cost	\$ 30,769
Interest on total OPEB Liability	138,752
Change in assumptions	(651,394)
Actual Benefit Payments for fiscal year ended March 31, 2020	<u>(176,993)</u>
Increase (decrease) in OPEB Liability	(658,866)
OPEB liability at March 31, 2021	<u>4,698,212</u>
OPEB liability at March 31, 2022	<u><u>\$ 4,039,346</u></u>

Sensitivity of the OPEB Liability to changes in the discount rate:

The following presents the total OPEB liability of the Authority, as well as what the Authority's OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.14%) or one percentage point higher (3.60%) than the current discount rate:

Discount Rate Sensitivity			
	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
	<u>3.01%</u>	<u>2.01%</u>	<u>4.01%</u>
Total OPEB Liability	\$ 4,768,474	\$ 4,039,346	\$ 3,493,658

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2022
(Continued)

M - Other Post Employment Benefits (Obligations for Health Insurance) (Continued)

Benefit obligations and normal cost (valuation date of April 1, 2019): (Continued)

Sensitivity of the OPEB Liability to changes in healthcare cost trend rates:

The following presents the total OPEB liability of the Authority, as well as what the Authority's OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates than the current healthcare cost trend rates.

	Healthcare Cost Inflation Rate Sensitivity		
	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
	<u>3.01%</u>	<u>2.01%</u>	<u>4.01%</u>
Total OPEB Liability	\$ 3,439,817	\$ 4,039,346	\$ 4,836,887

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended March 31, 2022, the Authority recognized an OPEB negative expense of \$(835,859) before contribution in the amount of \$176,993, which netted to \$(658,866). As of March 31, 2022, the Authority reported a deferred outflow of resources of \$1,102,973 and deferred inflow of resources of \$2,306,077 in relation to OPEB.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in assumptions	\$ -	\$ 651,394
Annual Amortization	(137,871)	(249,651)
Net Changes	(137,871)	401,743
Beginning balance March 31, 2021	1,240,744	1,904,334
Ending balance March 31, 2022	\$ 1,102,873	\$ 2,306,077

- N - Economic Dependency:** The Authority receives approximately 46% of its revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's reserves could be adversely affected.

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

NOTES TO BASIC FINANCIAL STATEMENTS
MARCH 31, 2022
(Continued)

O - Contingencies:

1. The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. There were no such examinations for the year ended March 31, 2022.
2. The Authority is a defendant in various lawsuits. Although the outcome of the lawsuits is not presently determinable, it is the opinion of the Authority (and the Authority's attorney) that resolution of these matters will not have a material adverse effect on the financial condition of the Authority.

P - Conduit Type Debt: Debt related to the original acquisition and early modernization of the public housing developments is funded, guaranteed and serviced by HUD. There is no debt or pledge of faith and credit on part of the Authority. Accordingly, this debt has not been recorded in the basic financial statements of the Authority. Additionally, HUD no longer provides debt service information to the Authority.

Q - Leasing Activities (as Lessor): The Authority is the lessor of dwelling units mainly to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

Revenues associated with these leases are recorded in the basic financial statements and schedules as "Rental Revenue". Rental Revenue per dwelling unit generally remains consistent from year to year but is affected by general economic conditions which impact personal income and local job availability.

R - Interprogram Transfers: The Authority will make cash transfers between its various programs as outlined in the Federal Regulations and authorized and approved by the Authority's Board of Commissioners. The Authority had \$165,000 in transfers during the year ended March 31, 2022.

S - Decrease in Net Position: The decrease in net position is expected to be absorbed through operations in subsequent fiscal years, assisted by transfers from various programs. No fund deficit is expected as a result of the current year loss.

T - Subsequent Events: Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through the date of the Independent Auditors Report and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

SUPPLEMENTAL INFORMATION

Peekskill Housing Authority (NY082)

PEEKSKILL, NY

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2022

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$640,218	\$640,218		\$640,218
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$74,743	\$74,743		\$74,743
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$714,961	\$714,961	\$0	\$714,961
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	\$49,418	\$49,418		\$49,418
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$502,724	\$502,724		\$502,724
126.1 Allowance for Doubtful Accounts - Tenants	-\$402,179	-\$402,179		-\$402,179
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$149,963	\$149,963	\$0	\$149,963
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$57,466	\$57,466		\$57,466
143 Inventories	\$57,743	\$57,743		\$57,743
143.1 Allowance for Obsolete Inventories	-\$1,352	-\$1,352		-\$1,352
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$978,781	\$978,781	\$0	\$978,781
161 Land	\$131,611	\$131,611		\$131,611
162 Buildings	\$23,398,664	\$23,398,664		\$23,398,664
163 Furniture, Equipment & Machinery - Dwellings	\$2,272	\$2,272		\$2,272
164 Furniture, Equipment & Machinery - Administration	\$913,608	\$913,608		\$913,608
165 Leasehold Improvements	\$3,318,690	\$3,318,690		\$3,318,690
166 Accumulated Depreciation	-\$22,884,355	-\$22,884,355		-\$22,884,355
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,880,490	\$4,880,490	\$0	\$4,880,490
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				

173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$4,880,490	\$4,880,490	\$0	\$4,880,490
200 Deferred Outflow of Resources	\$1,702,974	\$1,702,974		\$1,702,974
290 Total Assets and Deferred Outflow of Resources	\$7,562,245	\$7,562,245	\$0	\$7,562,245
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$34,003	\$34,003		\$34,003
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$2,812	\$2,812		\$2,812
322 Accrued Compensated Absences - Current Portion	\$23,802	\$23,802		\$23,802
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$78,223	\$78,223		\$78,223
341 Tenant Security Deposits	\$74,743	\$74,743		\$74,743
342 Unearned Revenue	\$13,495	\$13,495		\$13,495
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other	\$206,003	\$206,003		\$206,003
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$433,081	\$433,081	\$0	\$433,081
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current	\$214,222	\$214,222		\$214,222
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities	\$4,041,819	\$4,041,819		\$4,041,819
350 Total Non-Current Liabilities	\$4,256,041	\$4,256,041	\$0	\$4,256,041
300 Total Liabilities	\$4,689,122	\$4,689,122	\$0	\$4,689,122
400 Deferred Inflow of Resources	\$3,064,304	\$3,064,304		\$3,064,304
508.4 Net Investment in Capital Assets	\$4,880,490	\$4,880,490		\$4,880,490
511.4 Restricted Net Position				
512.4 Unrestricted Net Position	-\$5,071,671	-\$5,071,671		-\$5,071,671
513 Total Equity - Net Assets / Position	-\$191,181	-\$191,181	\$0	-\$191,181
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$7,562,245	\$7,562,245	\$0	\$7,562,245

Peekskill Housing Authority (NY082)
PEEKSKILL, NY
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2022

	Project Total	Subtotal -	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,618,079	\$1,618,079		\$1,618,079
70400 Tenant Revenue - Other	\$33,934	\$33,934		\$33,934
70500 Total Tenant Revenue	\$1,652,013	\$1,652,013	\$0	\$1,652,013
70600 HUD PHA Operating Grants	\$1,451,516	\$1,451,516		\$1,451,516
70610 Capital Grants	\$35,670	\$35,670		\$35,670
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue		\$0	\$0	\$0
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$83	\$83		\$83
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery				
71500 Other Revenue	\$69,775	\$69,775		\$69,775
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$3,209,057	\$3,209,057	\$0	\$3,209,057
91100 Administrative Salaries	\$308,731	\$308,731		\$308,731
91200 Auditing Fees	\$9,360	\$9,360		\$9,360
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing	\$7,266	\$7,266		\$7,266
91500 Employee Benefit contributions - Administrative	\$113,256	\$113,256		\$113,256
91600 Office Expenses	\$97,832	\$97,832		\$97,832
91700 Legal Expense	\$49,498	\$49,498		\$49,498
91800 Travel				
91810 Allocated Overhead				
91900 Other	\$21,600	\$21,600		\$21,600
91000 Total Operating - Administrative	\$607,543	\$607,543	\$0	\$607,543
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$2,906	\$2,906		\$2,906
92500 Total Tenant Services	\$2,906	\$2,906	\$0	\$2,906

93100 Water	\$219,135	\$219,135		\$219,135
93200 Electricity	\$225,996	\$225,996		\$225,996
93300 Gas	\$200,246	\$200,246		\$200,246
93400 Fuel	\$173,172	\$173,172		\$173,172
93500 Labor				
93600 Sewer	\$29,544	\$29,544		\$29,544
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense	\$21,687	\$21,687		\$21,687
93000 Total Utilities	\$869,780	\$869,780	\$0	\$869,780
94100 Ordinary Maintenance and Operations - Labor	\$516,350	\$516,350		\$516,350
94200 Ordinary Maintenance and Operations - Materials and Other	\$143,272	\$143,272		\$143,272
94300 Ordinary Maintenance and Operations Contracts	\$393,120	\$393,120		\$393,120
94500 Employee Benefit Contributions - Ordinary Maintenance	\$178,980	\$178,980		\$178,980
94000 Total Maintenance	\$1,231,722	\$1,231,722	\$0	\$1,231,722
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other	\$4,630	\$4,630		\$4,630
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$4,630	\$4,630	\$0	\$4,630
96110 Property Insurance	\$80,966	\$80,966		\$80,966
96120 Liability Insurance	\$164,584	\$164,584		\$164,584
96130 Workmen's Compensation	\$29,442	\$29,442		\$29,442
96140 All Other Insurance	\$12,823	\$12,823		\$12,823
96100 Total Insurance Premiums	\$287,815	\$287,815	\$0	\$287,815
96200 Other General Expenses				
96210 Compensated Absences	\$32,690	\$32,690		\$32,690
96300 Payments in Lieu of Taxes	\$78,223	\$78,223		\$78,223
96400 Bad debt - Tenant Rents	\$148,315	\$148,315		\$148,315
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$259,228	\$259,228	\$0	\$259,228
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$3,263,624	\$3,263,624	\$0	\$3,263,624
97000 Excess of Operating Revenue over Operating Expenses	-\$54,567	-\$54,567	\$0	-\$54,567
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized	\$2,261	\$2,261		\$2,261
97300 Housing Assistance Payments				

97350 HAP Portability-In				
97400 Depreciation Expense	\$594,756	\$594,756		\$594,756
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$3,860,641	\$3,860,641	\$0	\$3,860,641
10010 Operating Transfer In	\$165,000	\$165,000	-\$165,000	\$0
10020 Operating transfer Out	-\$165,000	-\$165,000	\$165,000	\$0
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$651,584	-\$651,584	\$0	-\$651,584
11020 Required Annual Debt Principal Payments	\$0	\$0		\$0
11030 Beginning Equity	\$460,403	\$460,403		\$460,403
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0		\$0
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available	3276	3276		3276
11210 Number of Unit Months Leased	3191	3191		3191
11270 Excess Cash	\$159,875	\$159,875		\$159,875
11610 Land Purchases	\$0	\$0		\$0
11620 Building Purchases	\$81,071	\$81,071		\$81,071
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$2,280	\$2,280		\$2,280
11650 Leasehold Improvements Purchases	\$0	\$0		\$0
11660 Infrastructure Purchases	\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0	\$0		\$0

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2022**

Federal Grantor:

<u>CFDA Number</u>	<u>Program Title</u>	<u>Pass Through Entity</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
14.872	Capital Fund Program	NA	\$ 200,670
14.850	Low Rent Public Housing	NA	1,286,516
Total U.S. Department of HUD			<u>1,487,186</u>
Total Federal Awards Expenditures			<u>\$ 1,487,186</u>

Notes to the Schedule of Expenditures of Federal Awards

A. Basis of Accounting

This schedule is prepared on the accrual basis of accounting.

B. Basis of Presentation

The accompanying Schedule of Federal Awards (the Schedule) includes the federal grant activity of the Authority under programs of the federal government for the year ended March 31, 2022.

The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance, Title 2 CFR, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

C. Other Matters - Indirect Costs

The Authority has not elected to use the 10-percent de minimis indirect cost rate allowed under Uniform

D. Reconciliation of Total Federal Awards Expenditures to Financial Data Schedule

FDS line 70600	HUD PHA Grants	\$ 1,451,516
FDS line 70610	Capital Grants	35,670
		<u>\$ 1,487,186</u>

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

SCHEDULES OF EMPLOYER CONTRIBUTIONS
MARCH 31, 2022

ERS # - 50764

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year	Contractually Required Contribution	Contributions in relation to contractually required contributions	Contribution deficiency / (excess)	Employer's covered employee payroll	Contributions as a % of covered employee payroll
2022	\$ 94,231	\$ 94,231	\$ -	\$ 688,457	11.29%
2021	\$ 77,752	\$ 77,752	\$ -	\$ 688,457	11.29%
2020	\$ 76,502	\$ 76,502	\$ -	\$ 659,284	11.60%
2019	\$ 62,511	\$ 62,511	\$ -	\$ 648,327	9.64%
2018	\$ 70,560	\$ 70,560	\$ -	\$ 623,960	11.31%
2017	\$ 73,098	\$ 73,098	\$ -	\$ 596,918	12.25%
2016	\$ 80,920	\$ 80,920	\$ -	\$ 606,539	13.34%
2015	\$ 74,289	\$ 74,289	\$ -	\$ 638,893	11.63%

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
MARCH 31, 2022

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Data for the required disclosures was only available going back to the fiscal year ended March 31, 2015.

Data contained in this required supplementary information is derived primarily from the Office of the State Comptroller, New York State & Local Retirement System.

Changes in assumptions -

There were no changes in the basic assumptions for the previous fiscal year.

SINGLE AUDIT SECTION

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**INDEPENDENT AUDITOR'S 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**

Board of Commissioners
Peekskill Housing Authority
Peekskill, New York

HUD, New York Regional Office
26 Federal Plaza, Suite 3541
New York, New York 10278-0068

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 basic financial statements of Peekskill Housing Authority ("the Authority"), which include the statement of net position as of March 31, 2022, and the related statements of revenue, expenses and changes in net position, cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon August 29, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control, that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Authority in a separate letter dated August 29, 2022.

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



Malcolm Johnson & Company, P.A.
Certified Public Accountants

DeBary, Florida
August 29, 2022

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners
Peekskill Housing Authority
Peekskill, New York

HUD, New York Regional Office
26 Federal Plaza, Suite 3541
New York, New York 10278-0068

Report on Compliance for Each Major Program

We have audited Peekskill Housing Authority's ("the Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended March 31, 2022. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs 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 Title 2 U.S. *Code of Federal Regulations (CFR)* 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 compliance requirements referred to above that could have a material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended March 31, 2022.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance which are described in the accompanying Schedule of Findings and Questioned Costs as item 2022-1. Our opinion on each major federal program is not modified with respect to this matter.

Report on Internal Control Over Compliance

Management of the 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 Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Authority's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirements 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 compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 the attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2022-1 that we consider to be significant deficiencies.

The Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs/Corrective Action Plan. The Authority's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Malcolm Johnson & Company, P.A.
Certified Public Accountants

DeBary, Florida
August 29, 2022

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INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURE

Board of Commissioners
Peekskill Housing Authority
Peekskill, New York

HUD, New York Regional Office
26 Federal Plaza, Suite 3541
New York, New York 10278-0068

We have performed the procedure described in the second paragraph, which was agreed to by Peekskill Housing Authority ("the Authority") and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with related hard copy documents included within the OMB Uniform Guidance reporting package. The Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. 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 "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement of electronically submitted information and hard copy documents.

We were engaged to perform an audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), for the Authority as of and for the year ended March 31, 2022 and have issued our report thereon dated August 29, 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 the Authority's Financial Data Schedule (FDS) dated August 29, 2022, was expressed in relation to the basic financial statement of the Authority taken as a whole.

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

This report is intended solely for the information and use of the Authority and the U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.


Malcolm Johnson & Company, P.A.
Certified Public Accountants

DeBary, Florida
August 29, 2022

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

Basic Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
~ Material weakness(es) identified?	No
~ Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to basic financial statements noted?	No

Federal Awards

Internal control over major programs:					
~ Material weakness(es) identified?	No				
~ Significant deficiency(s) identified that are not considered to be material weakness(es)?	Yes				
Type of auditors' report issued on compliance for major programs:	Unmodified				
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)?	Yes				
Identification of major programs:					
<table><tbody><tr><td>CFDA Number</td><td>Name of Federal Program</td></tr><tr><td>14.850</td><td>Low Rent Public Housing</td></tr></tbody></table>	CFDA Number	Name of Federal Program	14.850	Low Rent Public Housing	
CFDA Number	Name of Federal Program				
14.850	Low Rent Public Housing				
Dollar threshold used to distinguish between type A and type B programs:	\$750,000				
Auditee qualified as low-risk auditee?	Yes				

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2022
(Continued)

SECTION II – BASIS FINANCIAL STATEMENT FINDINGS

There were no Basic Financial Statement Findings.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2022-1	Condition:	Deficiencies Noted in Examination of Low-Rent Public Housing Tenant Files Thirty (30) files selected for audit, testing suspended after 15 files reviewed. (10 LIPH Active Files, 2 Move Out Files, 3 Move In Files) 6 of 10 files lacked timely Annual Recertification 4 of 10 files lacked 3 rd party 2 of 10 files lacked documentation of Flat Rent Offer
	CFDA No:	14.850
	Questioned Costs:	None
	Criteria:	24 CFR requirements for public housing eligibility
	Cause/Effect:	The Authority failed to use the correct income amount for calculating rent. Dwelling rental income is incorrect.
	Recommendations:	We recommend the Authority implement internal control procedures which will eliminate such errors.
	Reply:	We will review the internal control procedures over tenant file re-certifications and documents. Management has implemented procedures along with staffing changes in order to clear this finding in FY 2023.

PEEKSKILL HOUSING AUTHORITY
Peekskill, New York

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED MARCH 31, 2022

2021-1	Condition:	Deficiencies Noted in Examination of Low-Rent Public Housing Tenant Files
	Current Status:	See Current Audit Finding 2022-1.

PEEKSKILL HOUSING AUTHORITY

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Peekskill, New York 10566

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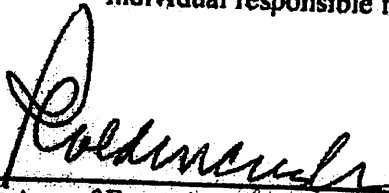
Corrective Action Plan – March 31, 2022 Audit Findings

2021-1 Condition: Deficiencies Noted in Examination of Low Rent Public Housing Tenant Files

Steps to resolve: We will review the internal control procedures over tenant file recertifications and documentations. Management has implemented procedures to clear this finding in FY 2023.

Timeframe: By FYE March 31, 2023

Individual responsible for correction: P. Holden Crosland, Executive Director


Signature of Executive Director