

ALBANY HOUSING AUTHORITY  
Albany, New York

COMPARATIVE FINANCIAL STATEMENTS  
For the Years Ended June 30, 2020 and 2019

ALBANY HOUSING AUTHORITY  
Albany , New York  
FINANCIAL STATEMENTS

TABLE OF CONTENTS

	<u>PAGE</u>
Management's Discussion and Analysis	1-11
Independent Auditor's Report	12-13
<u>FINANCIAL STATEMENTS</u>	
Comparative Statements of Net Position	14-15
Comparative Statements of Revenues, Expenses and Changes in Net Position	16
Comparative Statements of Cash Flows	17-18
Notes to Financial Statements	19-62
<u>SUPPLEMENTAL INFORMATION</u>	
Schedule of Expenditures of Federal Awards	63-64
Schedule of the Authority's Proportionate Share of the Net Pension Liability	65
Schedule of the Authority's Contributions to the Public Employees Retirement System	66
Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios	67
Financial Data Schedule	68-72
Statement and Certification of Completed Capital Fund Program Grants	73
Combining Component Unit Schedules	74-76
<u>OTHER REPORTS AND COMMENTS</u>	
Independent Auditor's Report On Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	77-78
Independent Auditor's Report On Compliance for Each Major Program and Internal Control Over Compliance Required by the Uniform Guidance	79-80
Schedule of Findings and Questioned Costs	81

**ALBANY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

As Management of the Albany Housing Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority excluding its component units for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this Report.

**A- Financial Highlights**

1- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$7,984,629 (net position) as opposed to \$10,084,844 for the prior fiscal year.

2 – As of the close of the current fiscal year, the Authority reported ending Unrestricted Net Position of \$(21,757,686), a decrease of \$1,722,196 from the prior year due to an increase in OPEB liabilities and an excess of operating expenses over revenues.

3 – The Authority's cash and cash equivalents balance at June 30, 2020 was \$2,449,557 (excluding restricted cash, tenant security and FSS deposits) representing a decrease of \$1,116,455 from the prior fiscal year.

4 – The Authority had Total Operating Revenues of \$40,112,966 excluding interest; and Total Operating Expenses of \$43,439,580 for the year ended June 30, 2020.

5 – The Authority's capital outlays for the fiscal year were \$1,391,042 of which \$532,091 was funded by the Capital Fund Program, and the remaining \$858,951 was funded through the utilization of operating reserve.

6 – The Authority's Expenditures of Federal and State Awards was \$32,693,990 for the fiscal year June 30, 2020, an increase of \$1,189,084 from the prior year. Of this amount, \$557,752 is attributable to coronavirus- related funding received under the 2020 CARES Act.

**B – Using the Annual Report**

1 – Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's Financial Statements and Notes to Financial Statements included in this Report were prepared in accordance with Generally Accepted Accounting Principles (GAAP) applicable to governmental entities in the United States of America for Proprietary Fund types.

2 – Financial Statements

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 Comparative Statements of Net Position; Comparative Statements of Revenues, Expenses and Changes in Net Position and Comparative Statements of Cash Flows.

**ALBANY HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

The Comparative Statements of Net Position present 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 can serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Comparative Statements of Revenues, Expenses and Changes in Net Position present 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 related cash flows (i.e., on the accrual basis). Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g.; rents charged to tenants that is not yet collected and earned and unused vacation leave).

The financial statements report on the Authority's activities. The activities are primarily supported by the United States Department of Housing and Urban Development (HUD) subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The financial statements can be found on pages 14 through 18.

**3 – Notes to Financial Statements**

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The Notes to Financial Statements can be found in this report after the financial statements.

**4 – Supplemental Information**

The Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by Title 2 US Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The Schedule of Expenditures of Federal Awards can be found on page 63 of this report.

**C – The Authority as a Whole**

The Authority's Net Position decreased during the fiscal year by \$2,100,215 as detailed below. The Authority's revenues consist primarily of rents, subsidies and grants received from HUD and other government agencies. The Authority receives subsidies each month based on an amount determined by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's 2020 operating revenues exceeded expenses by \$1,549,478 excluding depreciation and OPEB expenses of \$2,311,215 and \$2,564,877 respectively. HAP expenses were funded by the Authority's Housing Assistance Payments (HAP) subsidy and Net Restricted Assets (HAP Reserves). Depreciation is charged to "Invested in Net Capital Assets" which is a component of Net Position and does not impact unrestricted net assets.

**ALBANY HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

**D – Budgetary Highlights**

For the year ended June 30, 2020, individual project budgets were prepared for all properties owned by the low rent public housing program. Management prepared the budgets and the Board of Commissioners approved them. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency. Below is a consolidated summary of the project budgets exclusively.

**Comparison Budget vs. Actual - Low Income Public Housing Excluding the COCC**

	<b>Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>
Tenant Rental Revenue	\$ 5,146,041	\$ 5,000,153	\$ (145,888) (1)
Operating Subsidy	6,178,554	6,272,279	93,725
Capital Fund Operating Grants	1,357,074	1,357,074	-
Investment Income	56,711	162,831	106,120 (2)
Other income	582,306	496,723	(85,583)
<b>Total Operating Revenue</b>	<b>13,320,686</b>	<b>13,289,060</b>	<b>(31,626)</b>
Operating Expenses			
Administrative	3,478,162.00	3,654,837	(176,675) (3)
Mgmt, Bookkeeping & Asset Mgmt Fees	1,589,921	1,556,920	33,001
Tenant Services	173,885	192,209	(18,324)
Utilities	1,453,904	1,268,730	185,174 (4)
Maintenance	4,898,176	5,272,491	(374,315)
Protective Services	117,926	185,764	(67,838)
Insurance Expenses	542,069	481,364	60,705
General Expense	389,455	584,248	(194,793)
Interest Expense	181,703	179,296	2,407
Nonroutine Expenditures	-	109,761	(109,761) (5)
Bad Debt	71,526	158,927	(87,401)
<b>Total Operating Expenses</b>	<b>12,896,727</b>	<b>13,644,547</b>	<b>(747,820)</b>
Residual Receipts/(Deficit)	423,959	(355,487)	(779,446)
OPEB	(787,069)	-	787,069
Pension Expense - GASB 68	(406,316)	-	406,316
Capital Fund Capital Grants	994,358	994,358	-
Depreciation Expense	(2,076,924)	(2,076,924)	-
<b>Residual Receipts/(Deficit) per FDS</b>	<b>\$ (1,851,992)</b>	<b>\$ (1,438,053)</b>	<b>\$ 413,939</b>

**Explanation of budget to actual amounts:**

1. Tenant rent began decreasing as Coronavirus pandemic began and residents began losing employment.
2. Interest rates were temporarily better, balances were repositioned to earn interest on additional accounts.
3. Health insurance costs and pension contribution rates were \$51,000 lower than budgeted; wages were \$84,000 lower due to reduced labor related to pandemic.

**ALBANY HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

**D – Budgetary Highlights – Continued**

4. Utilities decreased due to end of hedged electricity rates that were higher than market rates.
5. Non routine expenses include \$42,000 of Covid costs, as well as unbudgeted emergency repairs.

**E – Summary of Significant Changes from Fiscal Year June 30, 2019 to June 30, 2020:**

1. Unrestricted cash has decreased due to the utilization of \$858,942 in operating reserves to acquire capital assets.
2. Accounts Receivable Tenants increased significantly during the current fiscal year due to the COVID-19 pandemic.
3. Buildings increased due to the transfer of construction in process during the fiscal year.
4. Land increased due to the acquisition of three new parcels; 15 Warren Street, 30 Park Street and 74 Lark Drive
5. Notes Receivable increased due to a loan advanced to Ida Yarbrough Phase II in the amount of \$1,100,000. The proceeds were granted to the Authority by the Federal Home Loan Bank and in turn the Authority loaned the funds to the project for development costs.
6. Changes in Deferred Outflows of Resources, Pension Liability Pension and OPEB expense during the course of the fiscal year are due to a change in assumptions and actual earnings in the state pension plan.
7. Capital Grants decreased during the fiscal year due to an decrease in capital activity. The amount of capital grants will vary from year to year depending on the Authority's capital expenditures.
8. Deferred Revenues increased due to the receipt of HCV CARES Act funds. Under the terms of the grant, proceeds are recognized as revenue as related costs are incurred.
9. HCV grant funds are based on HAP costs reported in the VMS system. HUD uses a look-back period to determine the amount of funding the AHA requires based upon the amount of HAP and administrative expenses reported in the previous three months.
10. HCV CARES and LRPB CARES are grants awarded by HUD to assist the Authority in its response to the COVID-19 pandemic. The funds are not fungible but may be used to offset ordinary operating expenses as well as costs incurred in AHA's measures to combat COVID-19.

**ALBANY HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

**F – Capital Assets and Debt Administration**

1 – Capital Assets

As of June 30, 2020 the Authority's investment in capital assets for its Proprietary Fund was \$29,095,916 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

Major capital assets purchased from grants of \$532,091 during the fiscal year pertained to expenditures made in accordance with the Authority's Capital Fund Program. Additional information on the Authority's capital assets can be found in Note 7 to these financial statements.

2 – Long Term Debt

The Authority has a capital lease obligation for energy savings equipment installed at the Authority's properties. The capital lease obligation was satisfied during the fiscal year ended June 30, 2020.

Additionally, the Authority leveraged its Capital Fund Program to finance the redevelopment of Ezra Prentice Redevelopment, LLC, a tax credit project managed by the Authority. \$8,375,000 was advanced from Fannie Mae Capital and is being repaid with CFP funds. The outstanding balance on the Fannie Mae note was refinanced during the 2018 fiscal year. The balance at June 30, 2020 was \$5,192,344.

The Authority has also loaned \$440,000 received as a loan from the Federal Home Loan Bank (FHLB) to Swan Street Lofts, LP. The loan from FHLB was granted under the Affordable Housing Program (AHP) and is deemed satisfied after fifteen years of operating the property in accordance with AHP regulations. The loan receivable matures January 1, 2064. Additional information can be found in Note 17 to the Authority's financial statements.

The Authority has loaned \$300,000 received as a loan from the Federal Home Loan Bank (FHLB) to Southend Associates III, LP for redevelopment and operating costs. The loan from FHLB was granted under the Affordable Housing Program (AHP) and is deemed satisfied after fifteen years of operating the property in accordance with AHP regulations. The loan receivable matures October 2, 2065. Additional information can be found in Note 17 to the Authority's financial statements.

The Authority has loaned \$792,990 received as a loan from the Federal Home Loan Bank (FHLB) to Ida Yarbrough Phase I, LLC. The loan from FHLB was granted under the Affordable Housing Program (AHP) and is deemed satisfied after fifteen years of operating the property in accordance with AHP regulations. Additional information can be found in Note 17 to the Authority's financial statements.

**ALBANY HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

**F – Capital Assets and Debt Administration - Continued**

The Authority has loaned \$245,000 received as a loan from the Federal Home Loan Bank (FHLB) to Ezra Prentice Redevelopment LLC. The loan from FHLB was granted under the Affordable Housing Program (AHP) and is deemed satisfied after fifteen years of operating the property in accordance with AHP regulations. The loan receivable matures December 30, 2059. Additional information can be found in Note 17 to the Authority's financial statements.

**G – Loans Receivable**

As of June 30 2020, the Authority has loaned funds received from the City of Albany through a Restore New York Communities Grant to Swan Street Lofts LP in the amount of \$4,499,999. Additional information on the Authority's loans receivable can be found in Note 5 to the financial statements.

The Authority has loaned \$1,154,500 received from NYSERDA and the NY State Environmental Facilities Corp under a Green Innovation Grant Program to Ida Yarbrough Phase I, LLC. Additional information can be found in Note 17 to the Authority's financial statements.

The Authority has loaned \$615,000 received via the City of Albany under a Local Initiatives Support Corporation (LISC) grant to Ida Yarbrough Phase II, LLC. Additional information can be found in Note 17 to the Authority's financial statements.

The Authority also agreed to loan \$1,100,000 to Ida Yarbrough Phase II, LLC for development of an affordable housing project. This loan is funded from Capital Fund Grants, and \$1,100,000 had been advanced at June 30, 2020. See Note 5 to the financial statements.

The Authority has loaned \$1,100,000 received as a grant from the Federal Home Loan Bank (FHLB) to Ida Yarbrough Phase II, LLC. The grant from FHLB was granted under the Affordable Housing Program (AHP) and is deemed satisfied after fifteen years of operating the property in accordance with AHP regulations. The loan receivable matures January 1, 2051.



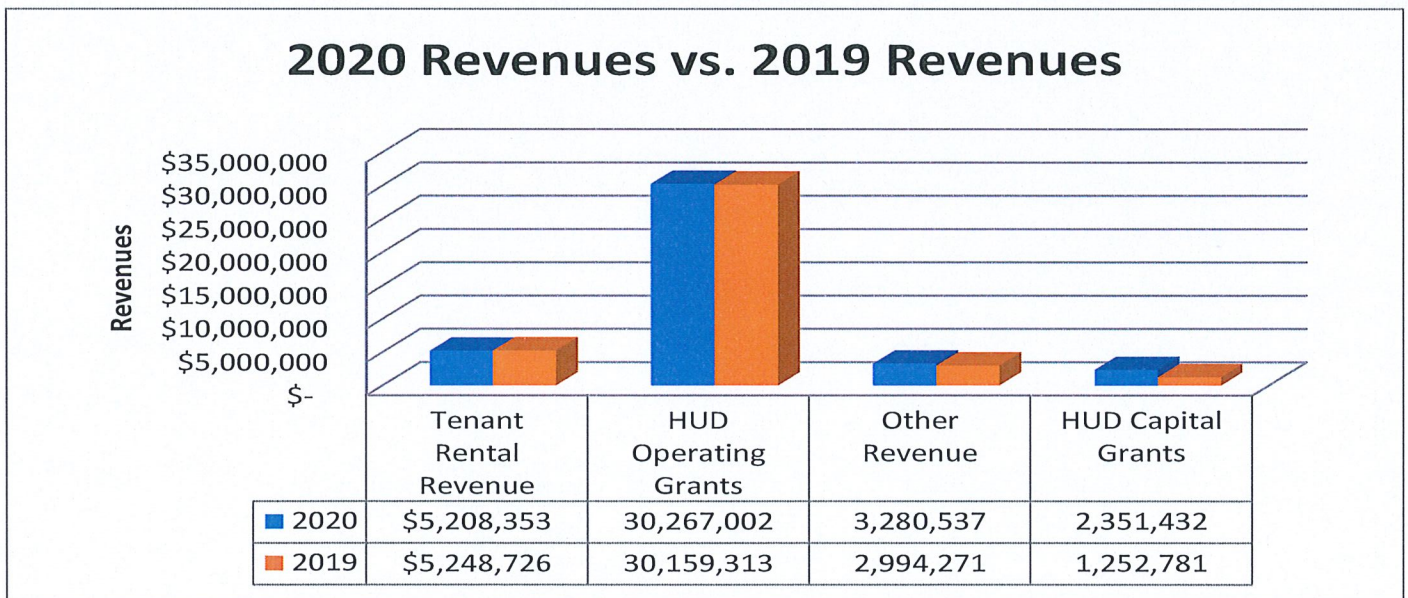
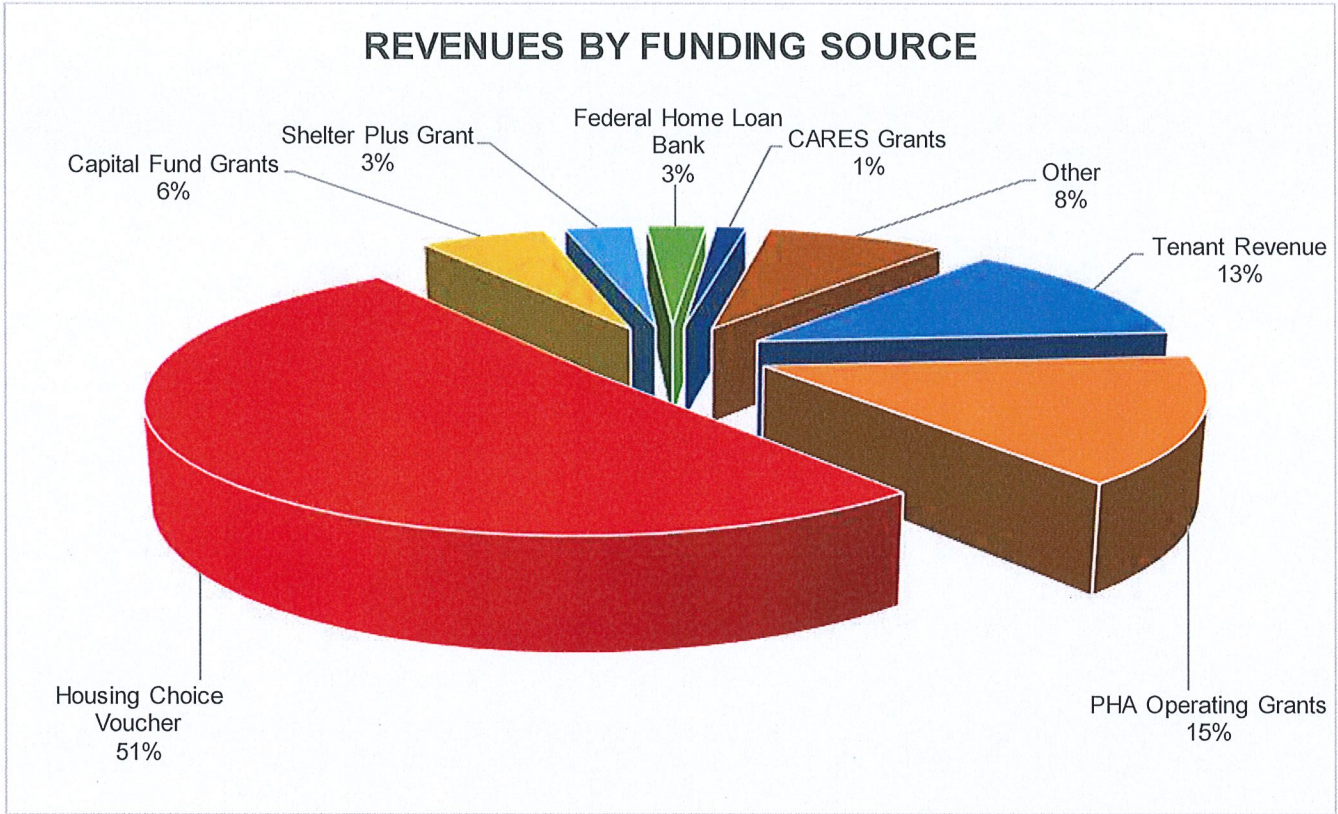
**ALBANY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

**H- Summary Statements of Net Position Excluding Component Units**

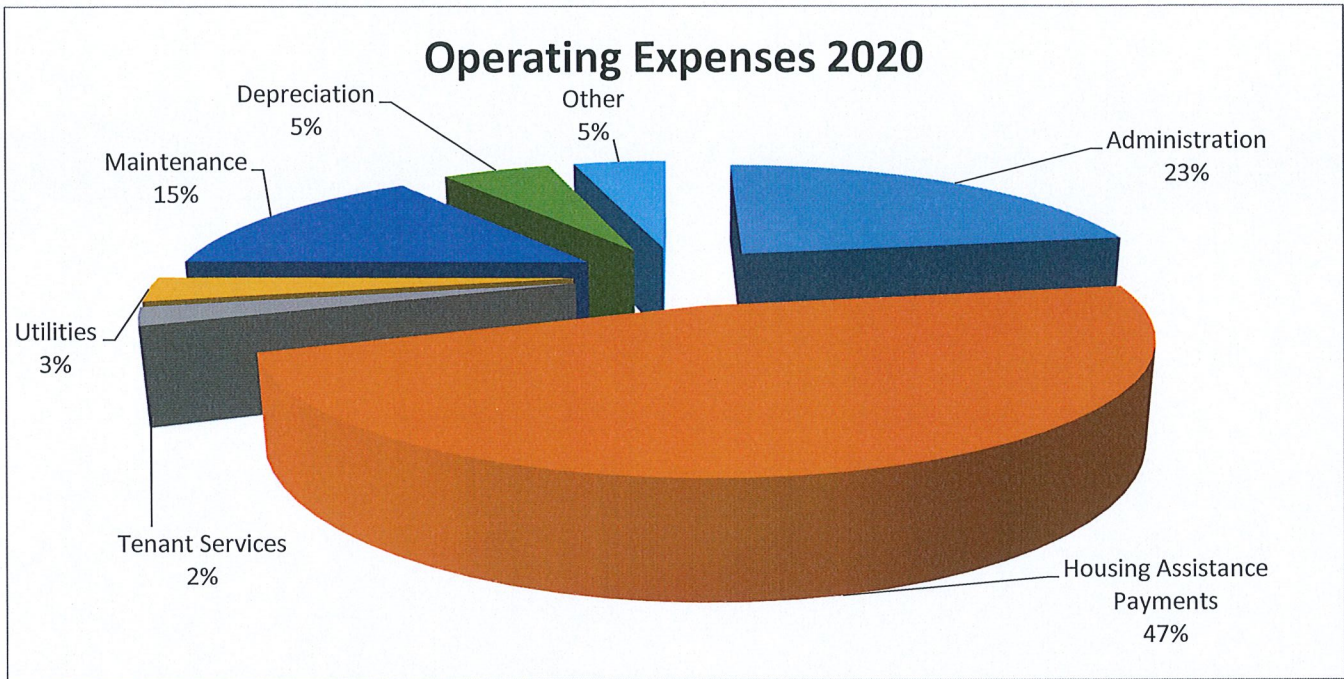
	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>Net Change</u>
Cash & Cash Equivalents	\$ 4,225,440	\$ 4,868,014	\$ (642,574)
Other Current Assets	9,095,714	7,507,735	1,587,979
Non Current Assets	32,627,990	17,912,450	14,715,540
Capital Assets	<u>29,095,916</u>	<u>30,026,547</u>	<u>(930,631)</u>
Total Assets	<u>\$ 75,045,060</u>	<u>\$ 60,314,746</u>	<u>\$ 14,730,314</u>
Current Liabilities	\$ 3,017,932	\$ 2,917,398	\$ 100,534
Non Current Liabilities	<u>64,042,499</u>	<u>47,312,504</u>	<u>16,729,995</u>
Total Liabilities	<u>67,060,431</u>	<u>50,229,902</u>	<u>16,830,529</u>
Net Capital Assets	29,040,709	29,599,274	(558,565)
Restricted Net Position	701,606	521,060	180,546
Unrestricted Net Position	<u>(21,757,686)</u>	<u>(20,035,490)</u>	<u>(1,722,196)</u>
Total Net Position	<u>7,984,629</u>	<u>10,084,844</u>	<u>(2,100,215)</u>
Total Liabilities and Net Position	<u>\$ 75,045,060</u>	<u>\$ 60,314,746</u>	<u>\$ 14,730,314</u>
<u>Statements of Revenues, Expenses and Changes in Net Position</u>			
Tenant Rental Revenue	\$ 5,208,353	\$ 5,248,726	\$ (40,373)
HUD Operating Grants	31,624,076	30,159,313	1,464,763
Other Revenue	<u>3,280,537</u>	<u>2,994,271</u>	<u>286,266</u>
Total Operating Revenue	<u>40,112,966</u>	<u>38,402,310</u>	<u>1,710,656</u>
Operating Expenses:			
Administrative	9,818,867	8,313,719	1,505,148
Housing Assistance Payments	20,483,948	19,996,903	487,045
Tenant Services	1,014,508	658,436	356,072
Utilities	1,342,515	1,505,742	(163,227)
Maintenance	6,491,686	5,334,791	1,156,895
Protective Services	204,430	136,408	68,022
General Expenses	1,410,713	1,575,330	(164,617)
Tenant Bad Debt	163,920	119,891	44,029
Bad Debt - Other	16,640	13,335	3,305
Depreciation	2,311,215	2,393,818	(82,603)
Interest Expense	<u>181,138</u>	<u>208,296</u>	<u>(27,158)</u>
Total Operating Expenses	<u>43,439,580</u>	<u>40,256,669</u>	<u>3,182,911</u>
Net Operating Expenses over Revenues	(3,326,614)	(1,854,359)	(1,472,255)
Interest Income	228,172	205,133	23,039
Gain/(Loss) on Sale of Fixed Assets	3,600	400	3,200
Capital Grants	<u>994,358</u>	<u>1,252,781</u>	<u>(258,423)</u>
Increase/(Decrease) in Net Position	<u>(2,100,484)</u>	<u>(396,045)</u>	<u>(1,704,439)</u>
Beginning Net Position	10,084,844	10,480,889	(396,045)
Prior Period Adjustment	269	-	269
Ending Net Position	<u>\$ 7,984,629</u>	<u>\$ 10,084,844</u>	<u>\$ (2,100,215)</u>

**ALBANY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

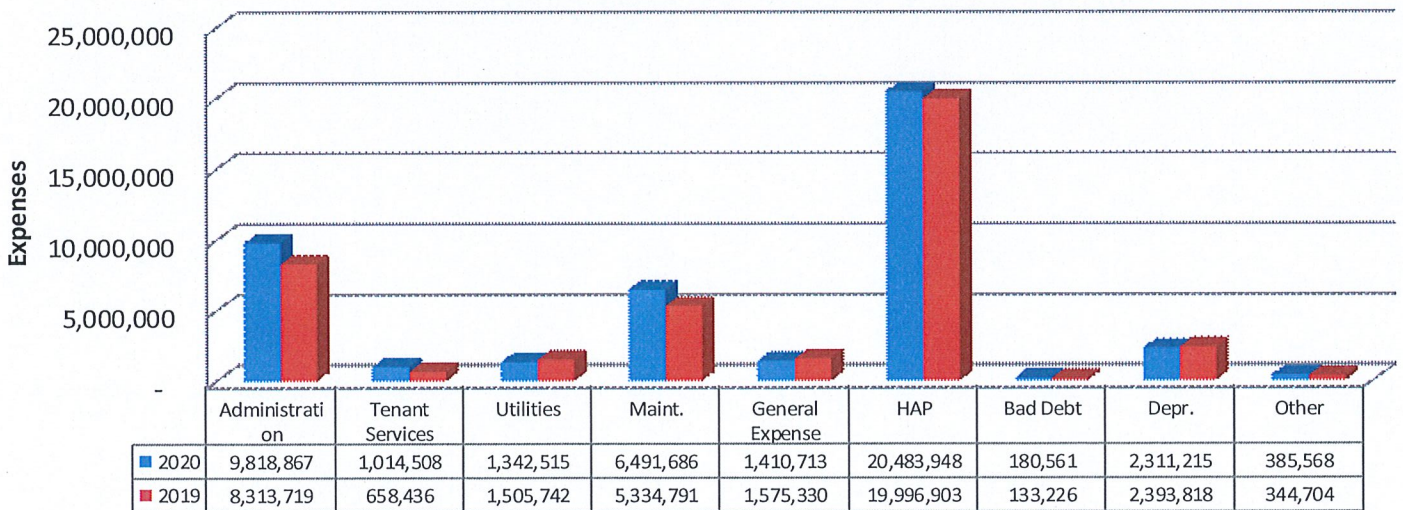
The Following Charts illustrate the Authority's financial activity on the previous page.



**ALBANY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**



### 2020 Expenses Vs. 2019 Expenses



**ALBANY HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

**I- Summary of Programs Administered**

**Conventional Public Housing** – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Capital Grant Fund Program is the primary funding source for physical and management improvements to the Authority's properties.

**Housing Choice Voucher Program** (HCV) – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own rental property. The Authority subsidizes tenants' rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent plus utilities at no more than 40% of household income.

**Other Non-major Programs** – In addition to the major programs above, the Authority also maintains the following non-major programs. Non-major programs are defined as programs that have assets, liabilities, revenues, or expenses of less than 5% of the Authority's total assets, liabilities, revenues or expenses:

**Summer Food Service Program for Children** – Assists States through grants-in-aid and other means, to conduct nonprofit food service programs for low-income children during the summer months and at other approved times, when schools are out of session or are closed for vacation. The Housing Authority receives this federal assistance as a sub-grantee of the New York State Department of Education.

**Shelter Plus Care** – Provides rental assistance, in connection with supportive services funded from sources other than this program, to homeless persons with disabilities (primarily persons who are seriously mentally ill, have chronic problems with alcohol, drugs, or both; or have acquired immunodeficiency syndrome and related diseases) and their families. The program provides assistance through four components: (1) Tenant-based Rental Assistance (TRA); (2) Sponsor-based Rental Assistance (SRA); (3) Project-based Rental Assistance (PRA); and (4) Single Room Occupancy for Homeless Individuals (SRO).

**Component Units - Blended** – Represents non-HUD resources developed from a variety of activities, and includes the operations of Patrol Street Apartments, which were developed under the Neighborhood Stabilization Program (NSP).

**Capital South Campus Center** – Funded by a \$4.98 million CFCF grant from the U.S. Dept. of Housing and Urban Development, the Campus Center represents Phase 1 of a larger redevelopment plan for Lincoln Square Homes, a 4.5-acre public housing development in the City of Albany's South End. The vision for an educational campus stems from the City of Albany's 2007 *Capital South Plan: SEGway to the Future*, a comprehensive revitalization plan created by a broad cross section of community stakeholders. Additionally, a \$750,000 grant from NYS Homes and Community Renewal was used to construct a parking lot and a community kitchen facility, which houses LifePath's Meals on Wheels program. In May 2019, a two year management agreement was entered into with BOCES, the new Program Delivery Partner, with the goal of setting individuals on a path towards employment and economic self-sufficiency. The activity of the Campus Center is reflected in AMP-4.

**ALBANY HOUSING AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

**I- Summary of Programs Administered - Continued**

**Ida Yarbrough Homes Redevelopment** - The Authority continues to work with the City of Albany and State of New York to finance and develop cost-effective modern replacement apartments for the obsolete units at Ida Yarbrough Homes. The Authority closed on Ida Yarbrough Phase II, a \$26 million dollar project funded with \$18 million dollars of tax credits from NYS Homes and Community Renewal (HCR) in July 2017 and the 76 units are now fully occupied. Additionally, an application for tax exempt bond financing combined with 4% tax credits was submitted to Housing Finance Agency (HFA) in July 2020 for 384 units. These units are currently located at Ida Yarbrough Homes (Public housing units) and Corning Homes (a wholly owned tax credit entity.) This application was subsequently funded by HFA.

**Resident Opportunity & Supportive Services** - The Albany Housing Authority administers Resident Opportunity and Self Sufficiency grants including ROSS Service Coordinator and FSS programs for both Public Housing and Housing Choice Vouchers. These grants provide AHA with the ability to deliver supportive services to Public Housing Residents and Housing Choice Voucher holders to increase their economic opportunities. Services provided as a result of this funding stream include employment based technology training, Work Experience Programs, Job Placement and Monitoring and partnering with related providers to multiply the effectiveness of the HUD awards.

**Other Supportive Services** - The Authority also administers several additional programs similar to the Housing Choice Voucher Program, providing housing assistance to additional homeless, disabled and very low income individuals and families.

**J- 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 June 30, 2021:

1 – The need for Congress to balance the budget and the possible reduction on HUD subsidies and grants due to proposed increases in spending for the Department of Defense and supporting agencies such as the Department of Homeland Security and Department of Veterans Affairs.

2 – The use of the Authority's Unrestricted Net Assets of \$34,923,466, adjusted for unfunded pension and OPEB liabilities of \$56,681,152 to fund any shortfalls arising from a possible economic downturn and reduced subsidies and grants appears sufficient to cover shortfalls.

**K – 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 Albany Housing Authority, attention Chiquita D'Arbeau, Executive Director at 200 South Pearl Street Albany, New York 12202.



# Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Albany Housing Authority  
Albany, New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Albany Housing Authority, which comprise the Comparative Statements of Net Position as of June 30, 2020 and 2019 and the related Comparative Statements of Revenues, Expenses and Changes in Net Position and Cash Flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. . The financial statements of the discretely presented component units were not audited in accordance with Government Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing the procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the Albany Housing Authority, as of June 30, 2020 and 2019 and the results of its operations, and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT  
(Continued)

**Other Matters**

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Proportionate Share of the Net Pension Liability, Schedule of Authority Contributions to the Public Employees Retirement System and Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios presented on pages 1-11 and 65-67 respectively 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 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 financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Albany Housing Authority. The Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis 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. Additionally, the Statement and Certification of completed Capital Fund Program Grants and the Statement of Net Assets – Component Units, the Statement of Revenues, Expenses and Changes in Net Assets – Component Units and the Statement of Cash flows – Component Units, are supplemental information and are presented for the purpose of additional analysis and are not a required part of these financial statements.

The other information referred to in the preceding paragraph is the responsibility of management and was derived from and directly relates 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedule and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2021 on our consideration of the Albany Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants 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 the 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.

  
POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
April 21, 2021

ALBANY HOUSING AUTHORITY  
Albany, New York  
COMPARATIVE STATEMENTS OF NET POSITION  
At June 30, 2020 and 2019

ASSETS

	Albany Housing Authority 2020	Discretely Presented Component Units	Combined Total Memorandum Only	Albany Housing Authority 2019	Discretely Presented Component Units	Combined Total Memorandum Only
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents - Unrestricted	\$ 2,449,557	\$ 1,750,418	\$ 4,199,975	\$ 3,566,012	\$ 2,125,236	\$ 5,691,248
Cash and Cash Equivalents - Restricted	1,393,280	6,527,338	7,920,618	907,633	6,007,715	6,915,348
Cash - Tenant Security Deposits	382,603	433,718	816,321	394,369	401,386	795,755
Investments	5,935,785	-	5,935,785	5,147,490	-	5,147,490
Accounts Receivable - Tenants (Net of Allowance for Doubtful Accounts of \$130,557 and \$942, Respectively)	194,529	222,173	416,702	62,847	167,854	230,701
Accounts Receivable - Fraud (Net of Allowance for Doubtful Accounts of \$15,917 and \$7,295, respectively)	52,551	-	52,551	89,193	-	89,193
Accounts Receivable - HUD	498,468	-	498,468	343,950	-	343,950
Accounts Receivable - Other, Net	2,114,240	133,826	2,248,066	1,567,427	19,010	1,586,437
Interest Receivable	23,654	-	23,654	28,967	-	28,967
Inventories, Net	238,078	-	238,078	225,033	-	225,033
Prepaid Expenses and Deferred Charges	38,409	146,633	185,042	42,828	160,739	203,567
Total Current Assets	13,321,154	9,214,106	22,535,260	12,375,749	8,881,940	21,257,689
<b>FIXED ASSETS</b>						
Land	6,301,607	4,744,025	11,045,632	5,524,190	4,759,025	10,283,215
Buildings	126,615,300	188,378,985	314,994,285	126,035,248	163,684,447	289,719,695
Furniture, Equipment and Machinery	11,187,975	4,039,791	15,227,766	11,118,794	3,113,312	14,232,106
Construction in Progress	583,904	11,136	595,040	686,347	8,834,585	9,520,932
Total Fixed Assets	144,688,786	197,173,937	341,862,723	143,364,579	180,391,369	323,755,948
Less: Accumulated Depreciation	(115,592,870)	(53,790,957)	(169,383,827)	(113,338,032)	(48,980,736)	(162,318,768)
Net Fixed Assets	29,095,916	143,382,980	172,478,896	30,026,547	131,410,633	161,437,180
<b>OTHER ASSETS</b>						
Investment in Not for Profits	16,000	-	16,000	16,000	-	16,000
Forgivable Mortgages Receivable	2,148	-	2,148	9,943	-	9,943
Intangible Assets	-	1,842,224	1,842,224	-	1,842,224	1,842,224
Accumulated Amortization	-	(644,652)	(644,652)	-	(572,759)	(572,759)
Notes, Mortgages and Interest Receivable- Component Units Allowance for Mortgages	71,731,113	500,000	72,231,113	70,492,752	500,000	70,992,752
	(53,353,625)	-	(53,353,625)	(53,353,625)	-	(53,353,625)
Total Other Assets	18,395,636	1,697,572	20,093,208	17,165,070	1,769,465	18,934,535
Deferred Outflow of Resources	14,232,354	-	14,232,354	747,380	-	747,380
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<b>\$ 75,045,060</b>	<b>\$ 154,294,658</b>	<b>\$ 229,339,718</b>	<b>\$ 60,314,746</b>	<b>\$ 142,062,038</b>	<b>\$ 202,376,794</b>

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



ALBANY HOUSING AUTHORITY  
Albany, New York  
COMPARATIVE STATEMENTS OF NET POSITION  
At June 30, 2020 and 2019

**LIABILITIES AND NET POSITION**

	Albany Housing Authority 2020		Discretely Presented Component Units		Combined Total Memorandum Only		Albany Housing Authority 2019		Discretely Presented Component Units		Combined Total Memorandum Only	
		\$		\$		\$		\$		\$		\$
<b>CURRENT LIABILITIES</b>												
Accounts Payable:												
Vendors and Contractors		365,916		995,351		1,361,267		483,555		317,661		801,216
Accrued Expenses		395,161		289,801		684,962		318,704		554,290		872,994
Due to Tenants:												
Security Deposits		382,603		433,718		816,321		394,368		401,386		795,754
Due to HUD		132,925		-		132,925		57,668		-		57,668
Accrued Liabilities:												
Compensated Absences - Current Portion		115,781		26,928		142,709		92,297		25,007		117,304
Accrued Interest		-		525,579		525,579		-		185,174		185,174
Due to Other Governments		366,973		91,437		458,410		351,001		188,809		539,810
Other Current Liabilities		270,566		1,991,808		2,262,374		248,049		1,280,590		1,528,639
Unearned Revenues		484,169		103,097		587,266		91,382		81,294		172,676
Current Portion of Long Term Debt		503,838		15,858,352		16,362,190		880,374		1,024,017		1,904,391
Total Current Liabilities		3,017,932		20,316,071		23,334,003		2,917,398		4,058,228		6,975,626
<b>NON - CURRENT LIABILITIES</b>												
Long Term Debt (Net of Current Portion)		6,521,703		84,908,630		91,430,333		6,979,499		86,495,167		93,474,666
Accrued Compensated Absences - Noncurrent		234,739		55,924		290,663		216,378		54,860		271,238
Accrued Interest - Non-Current		-		23,270,365		23,270,365		-		21,923,465		21,923,465
Other Long Term Liabilities		-		5,166,364		5,166,364		-		4,294,219		4,294,219
OPEB and Pension Liability		56,681,152		-		56,681,152		39,082,722		-		39,082,722
FSS and Home-Ownership Escrow Deposits		374,488		-		374,488		386,573		-		386,573
Total Non-Current Liabilities		63,812,082		113,401,283		177,213,365		46,665,172		112,767,711		159,432,883
Deferred Inflow of Resources		230,417		-		230,417		647,332		-		647,332
<b>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES</b>		67,060,431		133,717,354		200,777,785		50,229,902		116,825,939		167,055,841
<b>NET POSITION</b>												
Net Investment in Capital Assets		29,040,709		43,115,999		72,156,708		29,599,274		44,391,450		73,990,724
Restricted		701,606		6,527,338		7,228,944		521,060		6,007,685		6,528,745
Unrestricted		(21,757,686)		(29,066,033)		(50,823,719)		(20,035,490)		(25,163,036)		(45,198,526)
Total Net Position		\$ 7,984,629		\$ 20,577,304		\$ 28,561,933		\$ 10,084,844		\$ 25,236,099		\$ 35,320,943

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

ALBANY HOUSING AUTHORITY  
Albany, New York

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
For the Years Ended June 30, 2020 and 2019

	Albany Housing Authority 2020		Discretely Presented Component Units		Combined Total Memorandum Only		Albany Housing Authority 2019		Discretely Presented Component Units		Combined Total Memorandum Only	
	\$		\$		\$		\$		\$		\$	
<b>OPERATING REVENUES</b>												
Tenant Rental Revenue	5,208,353	\$	7,262,199	\$	12,470,552	\$	5,248,726	\$	7,098,586	\$	12,347,312	\$
HUD Grants - Operating	31,624,076		2,036,805		33,660,881		30,159,313		1,983,431		32,142,744	
Other Government Grants	1,100,000		-		1,100,000		92,812		332,208		425,020	
Fraud Recovery	41,504		-		41,504		50,726		6,584		57,310	
Other Income	2,139,033		507,906		2,646,939		2,850,733		247,947		3,098,680	
Total Revenues	40,112,966		9,806,910		49,919,876		38,402,310		9,668,756		48,071,066	
<b>OPERATING EXPENSES</b>												
Administration	9,818,867		2,525,284		12,344,151		8,313,719		2,495,303		10,809,022	
Housing Assistance Payments	20,483,948		-		20,483,948		19,996,903		-		19,996,903	
Tenant Services	1,014,508		42,169		1,056,677		658,436		26,756		685,192	
Utilities	1,342,515		1,027,104		2,369,619		1,505,742		1,042,256		2,547,998	
Ordinary Maintenance and Operations	6,491,686		3,663,898		10,155,584		5,334,791		3,470,349		8,805,140	
Protective Services	204,430		132,768		337,198		136,408		100,747		237,155	
General Expense	1,410,713		948,400		2,359,113		1,575,330		949,522		2,524,852	
Bad Debt Tenants	163,920		159,293		323,213		119,891		50,933		170,824	
Bad Debt - Other (Including Amortization of Loans)	16,640		-		16,640		13,335		54,249		67,584	
Extraordinary Maintenance and Casualty Loss	-		146,510		146,510		-		-		-	
Depreciation Expense	2,311,215		4,851,248		7,162,463		2,393,818		4,682,785		7,076,603	
Interest Expense	181,138		1,719,481		1,900,619		208,296		1,819,046		2,027,342	
Total Operating Expenses	43,439,580		15,216,155		58,655,735		40,256,669		14,691,946		54,948,615	
EXCESS OF OPERATING EXPENSES OVER REVENUES	(3,326,614)		(5,409,245)		(8,735,859)		(1,854,359)		(5,023,190)		(6,877,549)	
Non-Operating Revenues/(Expenses)												
Interest Income	228,172		22,653		250,825		199,775		7,961		207,736	
Interest Income - Restricted	-		-		-		5,358		-		5,358	
Gain on the Sale of Fixed Assets	3,600		-		3,600		400		-		400	
Loss Before Contributions and Transfers	(3,094,842)		(5,386,592)		(8,481,434)		(1,648,826)		(5,015,229)		(6,664,055)	
Capital Grants	994,358		-		994,358		1,252,781		-		1,252,781	
INCREASE (DECREASE) IN NET POSITION	(2,100,484)		(5,386,592)		(7,487,076)		(396,045)		(5,015,229)		(5,411,274)	
Beginning Net Position Restated (Component Unit Only)	10,084,844		25,230,207		35,315,051		10,480,889		18,250,889		28,731,778	
Prior Period Adjustments and Equity Contributions	269		733,689		733,958		-		12,000,436		12,000,436	
Ending Net Position	7,984,629	\$	20,577,304	\$	28,561,933	\$	10,084,844	\$	25,236,096	\$	35,320,940	\$

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

ALBANY HOUSING AUTHORITY  
Albany, New York  
COMPARATIVE STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2020 and 2019

	2020		2019		2018	
	Albany Housing Authority	Discretely Presented Component	Albany Housing Authority	Discretely Presented Component	Albany Housing Authority	Discretely Presented Component
	\$	\$	\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash Received:						
From Tenants for Rental and Other Income	5,152,450	7,363,792	5,285,002	7,222,755	5,285,002	7,222,755
From Government Agencies for Operating Grants	32,961,823	1,885,944	30,159,313	2,224,648	30,159,313	2,224,648
For Other Operating Revenues	1,670,366	406,155	2,994,271	234,786	2,994,271	234,786
	(4,814,847)	(1,662,902)	(4,552,976)	(1,636,108)	(4,552,976)	(1,636,108)
To Employees for Operations	-	(960,686)	-	(843,962)	-	(843,962)
For Management Fees	(12,083,978)	(5,770,094)	(12,631,872)	(5,756,126)	(12,631,872)	(5,756,126)
To Suppliers for Operations	(20,483,948)	-	(19,996,903)	-	(19,996,903)	-
For Housing Assistance Payments	2,401,866	1,262,209	1,256,835	1,445,993	1,256,835	1,445,993
Net Cash Provided by Operating Activities	3,664,075	3,664,075	2,702,828	2,702,828	2,702,828	2,702,828
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest on Investments	233,485	22,652	196,762	7,809	196,762	7,809
Loaned to Related Parties	(1,238,361)	-	(191,525)	-	(191,525)	-
Investment in Non Profit	-	-	-	-	-	-
Cash (Paid)/Withdrawn to/from Reserve Accounts	-	(364,479)	-	(323,156)	-	(323,156)
Proceeds from Sale of Assets	3,600	80,974	400	-	400	-
Purchases of Property and Equipment - Net	(1,391,043)	(14,343,480)	(889,107)	(14,279,986)	(889,107)	(14,279,986)
Proceeds (Purchase) of Investments - Net	(788,296)	-	2,287	-	2,287	-
Net Cash Used in Investing Activities	(3,180,615)	(14,604,333)	(881,183)	(14,595,333)	(881,183)	(15,476,516)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
HUD Capital Grants Received	994,358	-	1,252,781	-	1,252,781	-
Cash Paid for the Retirement of Debt	(887,497)	(180,448)	(1,057,870)	(8,602,528)	(887,497)	(9,660,398)
Cash Received from Borrowings	53,165	13,428,247	-	10,090,368	53,165	10,090,368
Cash Contributed	-	733,689	-	12,000,236	-	12,000,236
Payments of Developers Fee, Development Costs and Closing Costs	-	(860,599)	-	(59,167)	-	(59,167)
FSS Escrow & Security Deposits/(Payments)	(12,084)	-	16,668	-	(12,084)	16,668
Tenant Security Deposits	(11,766)	33,503	7,207	-	(11,766)	7,207
Net Cash Provided by Capital and Related Financing Activities	136,176	13,154,392	218,786	13,428,909	136,176	13,647,695
Increase/(Decrease) in Cash and Cash Equivalents	(642,573)	(187,732)	594,438	279,569	(642,573)	874,007
Cash and Cash Equivalents - Beginning of Year	4,868,013	7,896,557	4,273,576	1,845,667	4,868,013	6,119,243
Cash and Cash Equivalents - End of Year	4,225,440	7,708,825	4,868,014	2,125,236	4,225,440	6,993,250

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

ALBANY HOUSING AUTHORITY  
Albany, New York  
COMPARATIVE STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2020 and 2019

	2020		2019		Combined Total Memorandum Only
	Albany Housing Authority	Discretely Presented Component Units	Albany Housing Authority	Discretely Presented Component Units	
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH USED BY OPERATIONS</b>					
Operating Income	\$ (3,326,614)	\$ (5,409,245)	\$ (1,854,359)	\$ (5,023,190)	\$ (6,877,549)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:					
Depreciation	2,311,215	4,836,153	2,393,818	4,705,722	7,099,540
Amortization	7,796	40,271	8,812	57,400	66,212
Prior Year Capitalized Costs Expensed in the Current year	10,457	-	5,865	-	5,865
Net Changes in Deferred Outflows and Inflows	(13,901,889)	-	(754,202)	-	(754,202)
Write off of Notes Receivable	-	-	-	-	-
Write off of Related Debt	-	-	-	-	-
Decrease/(Increase) in Assets	(131,682)	(54,318)	27,927	(15,327)	12,600
Accounts Receivable - Tenants	(664,689)	(128,301)	38,806	19,545	58,351
Other Accounts Receivable	4,868	15,037	(12,543)	(15,877)	(28,420)
Prepaid Expenses and Deferred Charges	(13,045)	-	16,943	-	16,943
Inventories	(117,639)	414,026	(144,584)	404,747	260,163
Increase/(Decrease) in Liabilities	-	1,401,157	-	1,251,944	1,251,944
Accounts Payable	76,729	-	(19,038)	-	(19,038)
Accrued Interest	41,845	2,825	(16,773)	1,182	(15,591)
Compensated Absences	392,338	21,803	(30,457)	7,002	(23,455)
Unearned Revenue	75,257	-	43,771	-	43,771
Due to HUD	22,517	29,272	(53,527)	85,801	32,274
Other Current Liabilities	17,598,430	65,943	1,612,739	(6,971)	1,605,768
Other Non-Current Liabilities	15,972	27,586	(6,363)	(25,985)	(32,348)
Due to Other Governments					
Net Cash Provided by Operating Activities	\$ 2,401,866	\$ 1,262,209	\$ 1,256,835	\$ 1,445,993	\$ 2,702,828

Cash Paid for Interest for 2020 and 2019 was \$182,646 and \$206,945 Respectively.

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

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**Note 1 – Summary of Organization, Activities and Significant Accounting Policies:**

1. Organization – The Albany Housing Authority (AHA or the Authority) is a governmental, public corporation created under federal and state housing laws. The Authority is governed by a board of seven members, two of whom are residents. The non-resident members serve five year terms and the resident members serve two year terms. The governing board is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development. An Executive Director is appointed by the Authority's Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance and management of public housing for low and moderate income families residing in Albany. Operating and modernization subsidies are provided to the Authority by the federal government.

Reporting Entity

The Authority has concluded that it is excluded from the City's reporting entity since the City does not designate management, does not influence operations, does not have responsibility for fiscal matters and does not have a funding relationship with the Authority.

The accompanying financial statements present the Authority and its eighteen discretely presented component units and one blended component unit, for which the Authority is considered to be financially accountable. The eighteen discretely presented component units are reported in a separate column in the Authority's financial statements to emphasize that they are legally separate from the Authority and that they do not meet the criteria of blended units as described in GASB 61. Please refer to Note 20 for additional information on the Authority's component units.

The Blended component unit, known as Patroon Apartments, consists of 23 units with assets of \$3,538,225 and total revenues of \$215,122. Patroon Apartments is wholly owned by the Authority.

The combined financial statements include all accounts of the Authority. The Authority is the lowest level of government over which the Authority's Board of Commissioners and Executive Director exercise oversight responsibility.

2. Significant Accounting Policies

Basis of Accounting – The financial statements of the Authority are prepared using the accrual basis of accounting in order to recognize the flow of economic resources. Under the accrual basis of accounting, transactions are recognized when they occur, regardless of when cash is received or disbursed. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses recognized in the period incurred, if measurable. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities. All assets, liabilities, net position, revenue and expenses are accounted for using a single enterprise fund for the primary government.

Revenue – The major sources of revenue are various subsidies and grants received from the United States Department of Housing and Urban Development, charges to tenants and other miscellaneous revenues discussed below.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**Note 1 – Summary of Organization, Activities and Significant Accounting Policies**  
**(Continued)**

2. Significant Accounting Policies (Continued)

Federal Grant Revenue – Operating subsidies, Housing Choice Voucher housing assistance grants and Capital Fund Program revenue received from HUD are recorded under the accrual method of accounting and are recognized in the period earned in accordance with applicable HUD guidelines. The Authority is generally entitled to receive funds from HUD under an established payment schedule, or, under the Capital Fund Program, as funds are expended funds are received.

HUD subsidizes the Authority's Housing Choice Voucher Program based on expenditures from prior periods' Voucher Management Submissions (VMS) Reports. Authorities exceeding obligated funding levels must use reserves to fund the shortage. When available funding, that is, funding obligated by HUD, exceeds utilization, HUD now retains the excess amounts. In the past, these overfunded amounts were retained by housing authorities and had to be segregated between Housing Assistance Payments (HAP) as restricted funds, and administrative payments, as unrestricted funds. These changes in HUD's financial policies are a result of Congress requiring HUD to become more restrictive in allowing excess funds to remain in the hands of public housing authorities. For the Albany Housing Authority, HUD began recapturing authority-held reserves in July 2014 by underfunding AHA's monthly HAP expenditures. These recaptured reserves, as well as amounts obligated by HUD but not yet needed (i.e., not spent on HAP) remain available to AHA to fund increased leasing on an as needed basis. At June 30, 2020 and 2019, HUD held reserves amounted to \$1,106,926 and \$470,695.

Tenant Charges – Rental charges to tenants are determined and billed monthly and are recognized as revenue when billed since they are measurable and collectible within the current period. Amounts not collected at year-end are included in the balance sheet as accounts receivable, and amounts paid by tenants for the subsequent fiscal year are recorded as deferred revenue.

Miscellaneous Income – Miscellaneous revenue consists primarily of miscellaneous service fees. The revenue is recorded as earned since it is measurable and available.

Report Presentation – The financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America applicable to governmental entities for Proprietary Fund Types. The Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" (Statement No. 34). The Authority also adopted the provisions of Statement No. 37 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" and Statement No. 38 "Certain Financial Statement Note Disclosures", which supplements Statement No. 34. Statement No. 34 established standards for all state and local governmental entities that include a statement of net assets, a statement of activities and a statement of cash flows.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**Note 1 – Summary of Organization, Activities and Significant Accounting Policies**  
**(Continued)**

2. Significant Accounting Policies (Continued)

Statement 34 requires the classification of net assets into three components – Invested in Capital Assets, Net of Related Debt; Restricted Net Assets and Unrestricted Net Assets. Statement No. 63 “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position” requires the re-naming of the Statement of Net Assets to the Statement of Net Position. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities and deferred inflows of resources and net position. These classifications are defined as follows:

Net Investment in Capital Assets – This component consists of land, construction in progress and depreciable assets, net of accumulated depreciation and net of the related debt outstanding. If there are significant unspent related debt proceeds as of year-end, the portion of the debt related to the unspent proceeds is not included in the calculation of Net Investment in Capital Assets rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted Net Position – This component includes net position subject to restrictions placed on net asset use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by the law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component consists of net position that does not meet the definition of Restricted Net Position or Net Investment in Capital Assets.

The adoption of Governmental Accounting Standards Board Statements 34, 37 and 38 have no significant effect on the basic financial statements, except for the classification of net assets in accordance with Statement No. 34.

Significant accounting policies are as follows:

1 – Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in banks, petty cash, certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts.

3 – Fixed assets are recorded at cost for all programs and depreciation is computed on the straight line basis. Donated property is recorded at fair market value on the date of donation.

4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.

5 – The Authority is subsidized by the Federal Government. The Authority is not subject to Federal or State income taxes, nor is it required to file Federal and State income tax returns.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**Note 1 –Summary of Organization, Activities and Significant Accounting Policies  
(Continued)**

Significant Accounting Policies (Continued)

- 6 – Operating subsidies received from HUD are recorded as income when earned.
- 7 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.
- 8 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.
- 9 – Inventories in the Proprietary Fund consist of supplies and are recorded at the weighted average cost.
- 10 - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period.
- 11 - The Authority has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989 to its proprietary activities.
- 12 – The Authority does not have any infrastructure assets for its Proprietary Fund.
- 13 – Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which the transactions are executed.

Budgetary Policy Control

The Authority submits its annual operating and capital budgets in accordance with HUD requirements. However, HUD only approves the operating subsidy. The budget is formally adopted by resolution of the Authority's Board of Commissioners. Once adopted, the Board of Commissioners may amend the adopted budget when unexpected modifications are required in estimated revenues and expenses. Each fund's budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by expense classification within each revenue source.



ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 1 – Summary of Organization, Activities and Significant Accounting Policies (Continued)**

Accounting for Impairment or Disposal of Long Lived Assets

The Authority has given consideration regarding the Impairment or Disposal of Long Lived Assets in its preparation of these financial statements. As of June 30, 2020 and 2019, the Authority has not recognized any reduction in the carrying value of its fixed assets.

**Note 2 – Cash and Cash Equivalents**

Housing Authority

The Authority maintains cash, cash equivalents and investments in local banks.

Cash and Cash Equivalents of \$4,225,440 and \$4,868,014 at June 30, 2020 and 2019 consisted of the following:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Checking/Money Market	\$ 2,449,407	\$ 3,565,862
Restricted Cash	1,018,792	521,060
FSS Escrow - Restricted	374,488	386,573
Security Deposits	382,603	394,369
Petty Cash	150	150
	<u>\$ 4,225,440</u>	<u>\$ 4,868,014</u>

The carrying amount of the Authority's cash and cash equivalents on deposit as of June 30, 2020 was \$4,225,440 and the bank balances were \$4,421,725. Of the bank balances, \$545,462 was covered by FDIC insurance, \$42,323 are US Treasuries and Other federal Obligations and \$3,833,940 was covered by a depository collateral agreement.

Restricted Cash for the Low Rent Public Housing Program at June 30, 2020 and 2019 pertains to funds related to Pieter Schuyler replacement reserves (AMP-1), FSS Escrows, operating reserves and Ezra (AMP-10) debt service accounts. The funds restricted in the HCV Program are restricted as described in Note 16.

The Authority's cash and cash equivalents are categorized as prescribed in GASB 40 to give an indication of the level of risk assumed by the Authority. As described above, \$3,833,970 of the Authority's deposits exceeded FDIC insurance (\$250,000 per bank) and were collateralized with securities held by the pledging financial institution's trust department or agent but not in the Authority's name.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 2 – Cash and Cash Equivalents (Continued)**

Component Units

The Component Units had the following cash and cash equivalents:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Checking	\$ 1,750,418	\$ 2,125,236
Tenants Security Deposits	433,718	401,386
Replacement & Debt Service Reserves	<u>6,527,338</u>	<u>6,007,715</u>
	<u>\$ 8,711,474</u>	<u>\$ 8,534,337</u>

The Component Units maintain cash and cash equivalents in bank accounts which at times may exceed federally insured limits. The component units have not experienced any losses in such accounts and the Authority believes that they are not exposed to any significant credit risk on cash and cash equivalents.

**Note 3 – Investments**

At June 30, 2020 and 2019, the Authority held the following investments:

2020

Investment Maturities in Years

Investment Type	Market Value	Less than 1	1-5	6-10
US Treasuries	<u>5,935,785</u>	<u>-</u>	<u>5,935,785</u>	<u>-</u>
	<u>\$ 5,935,785</u>	<u>\$ -</u>	<u>\$ 5,935,785</u>	<u>\$ -</u>

2019

Investment Maturities in Years

Investment Type	Market Value	Less than 1	1-5	6-10
Fannie Mae	\$ 1,499,503	\$ -	\$ 1,499,503	\$ -
Freddie Mac	1,997,369	-	1,997,369	-
Federal Home Loan Bank	300,233	-	300,233	-
US Treasuries	<u>1,350,385</u>	<u>-</u>	<u>1,350,385</u>	<u>-</u>
	<u>\$ 5,147,490</u>	<u>\$ -</u>	<u>\$ 5,147,490</u>	<u>\$ -</u>

The fixed income holdings have varying maturity dates greater than three months from the date of purchase and are stated at fair value in the Statement of Net Position, with all gains and losses included in the Statement of Activities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Interest income is recorded on the accrual basis.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 3 – Investments - Continued**

Interest rates on the fixed income holdings ranged between 1.125% and 2.10% during the current fiscal year.

Investments are measured at fair value. Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are adjusted quoted market prices in active markets for identical assets or liabilities that the Authority has the ability to access at the measurement date. Level 1 inputs provide the most realizable measure of fair value as of the measurement date.

Level 2 inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 inputs are significant unobservable inputs for the asset or liability.

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

All of the Authority's investments at June 30, 2020 and 2019 are included in Level 1 of the hierarchy.

Fannie Mae and Freddie Mac are mortgage - backed securities backed by the full faith of the United States Government.

**Note 4 - Accounts Receivable Other**

Accounts Receivable Other-Net consisted of the following at June 30, 2020 and 2019:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Due From Corning Homes Associates, LP	\$ 42,006	\$ 40,060
Due From Lark Drive Associates, LP	330,222	54,265
Due From McCarty Housing Development Fund Company, Inc.	25,646	75,724
Due From Creighton Storey Homes, LP	41,745	51,981
Due From Southend Associates, LP	422,560	302,293
Due From Swan Street Homes, LLC	300,932	206,997
Due From Swan Mixed Use, LLC	195,274	166,045
Due From Ezra Prentice Homes Redevelopment, LLC	637,022	589,941
Due From Southend Associates II, LLC	87,532	60,641
Due (To)/From Southend Associates III, LP	28,628	(17,274)
Due From HCR For St. Joseph's Properties	-	2,177
Due (To)/From Ida Yarbrough Phase 1, LLC.	(23,943)	-
Due From Ida Yarbrough Phase II, LLC	8,797	-
Due From Commercial Tenants	8,601	4,018
Miscellaneous Receivables	<u>9,218</u>	<u>30,559</u>
	<u>\$ 2,114,240</u>	<u>\$ 1,567,427</u>

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**Note 5 – Loans Receivable**

Forgivable Mortgages

Sharp forgivable loans totaled \$2,148 and \$9,943 at June 30, 2020 and 2019, respectively. These loans remain forgivable if the homeowner remains in the home for a period of 15 years. Each year the Authority forgives one fifteenth of the outstanding loans. During the fiscal years 2020 and 2019, the Authority received \$0 in repayments from homeowners.

Notes Receivable – Non - Current - Component Units

At June 30, 2020, the Authority has outstanding \$38,256,390 in notes receivable from its component units of which \$27,943,664 are HOPE VI loans. These loans bear interest at various rates, and monthly payments are due from available cash flow. All unpaid accrued interest and principal is due in thirty to forty years. The Authority has determined that collection of these loans is doubtful and accordingly has reserved an allowance for the entire amount of the loans. Accrued interest on the loans for June 30, 2020 and 2019 amounted to \$12,817,235 and the Authority has reserved the entire amount.

Ezra Prentice – Mortgage

The Authority received permission to “de-federalize” one of its projects commonly known as Ezra Prentice and convey such property to Ezra Prentice Homes Redevelopment, LLC for a money purchase mortgage in the amount of \$2,280,000 which began on December 30, 2009. All principal and interest is due and payable on the December 30, 2059. Interest accrues at a rate of 3% per annum.

The Authority leveraged its Capital Funds in order to provide an \$8,375,000 loan which began on December 30, 2009, to Ezra Prentice Homes Redevelopment, LLC to finance the construction and rehabilitation of the Project. Principal and interest payments are due only from available cash flow of the project. The loan matures on December 30, 2059.

Academy Lofts

The Authority also loaned funds received from the City of Albany funded through a “Restore New York Communities” grant to Swan Street Lofts, LP in the amount of \$3,317,692, which originated on December 20, 2011. The loan bears interest at 0% and is due in 50 years. During the fiscal year 2015, the Authority received an additional \$1,182,307 from the City which it loaned to the Project bringing the total loan amount to \$4,499,999.

The Authority also loaned Swan Street Lofts, LP \$440,000 which originated on February 3, 2014 as required matching funds for the Restore New York Communities grant. The loan bears interest at 0% and is due in 50 years.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**Note 5 –Loans Receivable (Continued)**

Southend Associates III

During 2015 the Albany Housing Authority received a grant from the Affordable Housing Program (AHP), which it lent to Southend Associates III, LP on September 8, 2015. The loan was for \$300,000 for redevelopment and operating costs and is subject to AHP regulations. Contemporaneously, the Albany Housing Authority assigned the mortgage to M&T Bank. The mortgage is subordinate to Southend Associates III, LP's HTFC loan and contains a recapture agreement (the Agreement) with the Federal Home Loan Bank if certain conditions related to compliance are not maintained. Those conditions are more fully described in the Agreement. The maturity date is the fiftieth annual anniversary of the conversion date of October 1, 2015 (October 1, 2065). This note bears interest at 6% and is secured by a mortgage on the property.

Ida Yarbrough Phase I

During July of 2016, the Albany Housing Authority received funding through the Affordable Housing Program (AHP) through the Federal Home Loan Bank and M&T Bank. The loan was for \$792,990 and was used for the renovation of the Ida Yarbrough Phase I Project. The note bears no interest and is due in July of 2046.

During July of 2016, the Albany Housing Authority received both a Green Grant and a NYSERDA Grant totaling \$1,154,500. The Authority agreed to and executed a loan agreement with Ida Yarbrough Phase I, LLC for a 0% loan for thirty years. At June 30, 2020 \$1,154,500 had been advanced to the project.

Ida Yarbrough Phase II

During the 2018 fiscal year, the Authority received a Local Initiatives Support Corporation (LISC) grant for \$615,000 which it loaned to Ida Yarbrough Phase II, LLC, a related tax credit entity which is in the development phase.

During 2019, the Authority agreed to lend \$1,100,000 to Ida Yarbrough Phase II for the development of an affordable housing project. The loan does not bear interest and is due 30 years immediately following the final closing. At June 30, 2020, the amount advanced to the project was \$1,100,000. The source of this funding is the Capital Fund Program.

During August of 2019 the Albany Housing Authority received a grant through the Affordable Housing Program (AHP) through the Federal Home Loan Bank and M&T Bank. The loan was for \$1,100,000 and was used for the renovation of the Ida Yarbrough Phase II Project. The note bears interest of 1% per annum and is due on January 1, 2051.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 5 –Loans Receivable (Continued)**

Total Mortgages and Notes

Total mortgages, notes and HOPE VI receivables, including accrued interest, due the Authority, from all its component units at June 30, 2020 and 2019 were \$71,731,113 and \$70,492,752, respectively. Beginning July 1, 2012, management determined the interest was uncollectible and ceased accruing interest on the mortgages.

The table below summarizes the mortgages and notes receivable from the Authority's discretely presented component units.

<u>Description</u>	<u>2020</u>	<u>2019</u>
Hope VI Loans	\$ 27,943,664	\$ 27,943,664
Accrued interest	12,817,234	12,817,234
Notes and Loans-Other	10,312,726	10,312,726
Mortgages:		
Ezra Prentice Homes Redevelopment, LLC	2,280,000	2,280,000
Ezra Prentice Homes Redevelopment, LLC	8,375,000	8,375,000
Swan Street Lofts, LP	4,499,999	4,499,999
Swan Street Lofts, LP	440,000	440,000
Southend Associates III, LP	300,000	300,000
Ida Yarbrough, Phase I, LLC	792,990	792,990
Ida Yarbrough, Phase I, LLC	1,154,500	1,154,500
Ida Yarbrough, Phase II, LLC	615,000	615,000
Ida Yarbrough, Phase II, LLC	1,100,000	961,639
Ida Yarbrough, Phase II, LLC	1,100,000	-
	<u>\$ 71,731,113</u>	<u>\$ 70,492,752</u>

Notes and Loans - Other consists of \$10,312,726 of various loans passed through the AHA from the NY State Housing Trust Fund Corporation, NYSEDA, and the Federal Home Loan Bank. There were no required interest and principal payments during the current fiscal year.

As of June 30, 2020 and 2019, the Authority has set up an allowance for the following:

HOPE VI Loans	\$ 27,943,664
Notes, Loans and Mortgages	10,312,726
Money Purchase Mortgage	
Ezra Prentice	2,280,000
Interest on related Loans and Mortgages	12,817,235
	<u>\$ 53,353,625</u>

**Note 6 - Intangible Assets**

Component Units

Net Intangible assets at December 31, 2019 and 2018 were \$1,197,572 and \$1,269,465, respectively. These amounts include long term mortgage issuance costs that are amortized over the life of the mortgages. At December 31, 2019 and 2018, the accumulated amortization amounted to \$644,652 and \$572,759 respectively.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 7 – Fixed Assets**

Fixed Assets consist primarily of expenditures to acquire, construct, place in operation and improve the facilities of the Authority and are stated at cost, less accumulated depreciation. The following is a summary of the changes in general fixed assets for the fiscal years ended June 30, 2020 and 2019:

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Land	\$ 5,524,190	\$ 625,814	\$ -	\$ 151,603	\$ 6,301,607
Buildings	126,035,248	107,581	-	472,471	126,615,300
Furn., Equip & Mach.	11,118,794	125,557	(56,376)	-	11,187,975
Construction in Progress	<u>686,347</u>	<u>532,100</u>	<u>(10,469)</u>	<u>(624,074)</u>	<u>583,904</u>
Total Fixed Assets	143,364,579	1,391,052	(66,845)	-	144,688,786
Accumulated Depreciation	<u>(113,338,032)</u>	<u>(2,311,215)</u>	<u>56,377</u>	<u>-</u>	<u>(115,592,870)</u>
Net Fixed Assets	<u>\$ 30,026,547</u>	<u>\$ (920,163)</u>	<u>\$ (10,468)</u>	<u>\$ -</u>	<u>\$ 29,095,916</u>

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>June 30, 2019</u>
Land	\$ 5,523,098	\$ -	\$ -	\$ 1,092	\$ 5,524,190
Buildings	124,787,340	12,100	-	1,235,808	126,035,248
Furn., Equip & Mach.	11,034,512	105,088	(20,806)	-	11,118,794
Construction in Progress	<u>1,157,189</u>	<u>771,923</u>	<u>(5,865)</u>	<u>(1,236,900)</u>	<u>686,347</u>
Total Fixed Assets	142,502,139	889,111	(26,671)	-	143,364,579
Accumulated Depreciation	<u>(110,965,016)</u>	<u>(2,393,818)</u>	<u>20,802</u>	<u>-</u>	<u>(113,338,032)</u>
Net Fixed Assets	<u>\$ 31,537,123</u>	<u>\$ (1,504,707)</u>	<u>\$ (5,869)</u>	<u>\$ -</u>	<u>\$ 30,026,547</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$2,311,214 and \$2,393,818 respectively. Expenditures are capitalized when they meet the Authority's Capitalization Policy requirements. Depreciation of Capital Assets is provided using the straight-line method for reporting purposes at rates based upon the following estimated useful lives:

	<u>Years</u>
Buildings	27
Building Improvements	10-15
Office Furniture	5-10
Equipment	5
Vehicles	5
Computers	3

ALBANY HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2020

**Note 7 - Fixed Assets - Continued**

	June 30, 2020	Dec. 31, 2019	June 30, 2020	Dec. 31, 2019	June 30, 2020	Dec. 31, 2019	June 30, 2020	Dec. 31, 2019	June 30, 2020	Dec. 31, 2019	June 30, 2020	Dec. 31, 2019	June 30, 2020	Dec. 31, 2019
Land														
Buildings & Site Improvements	\$ 2,733,736	\$ 1,003,000	\$ 105,317	\$ 209,450	\$ 60,934	\$ 76,055	\$ 151,062	\$ 139,162	\$ 139,162	\$ 54,256	\$ 63,659	\$ 18,129,556	\$ 25,318,469	\$ 41,687
Furniture, Equipment, & Machinery	29,649,144	4,648,048	12,572,488	14,726,774	9,638,009	5,764,777	12,651,991	9,575,118	12,622,337	9,322,090	18,129,556	367,734	-	-
Construction in Progress	424,720	60,165	767,922	574,233	323,400	38,644	57,477	76,732	276,654	887,450	151,034	-	-	-
Total Fixed Assets	32,807,600	5,717,959	13,445,727	15,510,457	10,022,343	5,879,476	12,660,530	9,757,557	13,038,155	10,263,796	18,348,639	25,686,203	41,687	41,687
Accumulated Depreciation	(16,743,529)	(2,708,311)	(7,163,851)	(5,280,553)	(3,368,607)	(1,777,510)	(3,519,602)	(2,139,811)	(2,108,273)	(2,290,173)	(1,028,988)	(126,587)	-	-
Net Fixed Assets	\$ 16,064,071	\$ 3,009,648	\$ 6,281,876	\$ 10,229,904	\$ 6,653,736	\$ 4,101,966	\$ 9,340,928	\$ 7,617,746	\$ 10,929,880	\$ 7,973,623	\$ 17,319,654	\$ 25,559,616	\$ 41,687	\$ 41,687
Land														
Buildings & Site Improvements	\$ 2,733,736	\$ 1,003,000	\$ 105,317	\$ 209,450	\$ 60,934	\$ 76,055	\$ 151,062	\$ 139,162	\$ 139,162	\$ 54,256	\$ 63,659	\$ 18,106,256	\$ 1,250,748	\$ 41,687
Furniture, Equipment, & Machinery	29,116,220	4,424,654	12,572,488	14,813,602	9,638,009	5,764,777	12,651,991	9,575,118	12,622,337	9,322,090	18,106,256	1,250,748	-	-
Construction in Progress	279,014	56,265	467,111	487,405	323,400	38,644	57,477	76,732	255,154	887,450	151,034	-	-	-
Total Fixed Assets	32,476,584	5,493,261	13,144,916	15,510,457	10,022,343	5,879,476	12,660,530	9,757,557	13,016,653	10,263,796	18,320,949	9,728,377	41,687	41,687
Accumulated Depreciation	(15,724,597)	(2,521,363)	(6,835,573)	(4,883,937)	(3,117,283)	(1,620,747)	(3,203,570)	(1,896,841)	(1,756,665)	(1,996,363)	(499,203)	-	-	-
Net Fixed Assets	\$ 16,751,987	\$ 2,971,898	\$ 6,309,343	\$ 10,626,520	\$ 6,905,060	\$ 4,258,729	\$ 9,656,960	\$ 7,860,716	\$ 11,259,988	\$ 8,265,433	\$ 17,821,746	\$ 9,728,377	\$ 41,687	\$ 41,687



ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**Note 8 – Inventory**

Inventory is recorded at weighted average cost. At June 30, 2020 and 2019 the Authority maintained inventory with a value totaling \$238,078 and \$225,033, respectively. The Authority has written down its inventory and therefore has not recorded an allowance for obsolete inventory for June 30, 2020 and 2019.

**Note 9 – Payment in Lieu of Taxes (PILOT)**

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreements with the City. Under the Cooperation Agreements, the Authority must pay the City the lesser of 10% of its net shelter rent or the approximate full real property taxes. Accrued PILOT during the fiscal years ended June 30, 2020 and 2019 amounted to \$366,973 and \$351,001 respectively.

**Note 10 – Accrued Compensated Absences**

Unused sick leave may be carried to future periods and used in the event of extended illness. Upon normal retirement, employees are not entitled to compensation for unused sick days. Generally, employees may be compensated for unused vacation in the event of retirement or termination of service. The amount of vacation which may be carried over from one year to another is subject to certain limitations. The Authority has determined that the potential liability for accumulated vacation at June 30, 2020 and 2019 amounted to \$350,520 and \$308,675 respectively.

**Note 11- Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Plan Description

The Albany Housing Authority contributes to the New York State Employees Retirement System (ERS), a cost-sharing multiple-employer defined benefit pension plan. The Comptroller of the State of New York serves as sole trustee of the Common Retirement Fund (Fund) and administrative head of the New York State and Local Police and Fire Retirement System (PFRS), and the Public Employees' Group Life Insurance. These entities are collectively referred to as the New York State Local Employees' Retirement System or the "System". All net assets of the System are held in the Common Retirement Fund which was established to hold all net assets and changes in net plan assets allocated to the System.

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

Tier 1 – Those persons who last became members of the ERS before July 1, 1973.

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

Tier 3 – Generally those persons who are State correction officers who last became members on or after July 27, 1976, and all others who last became members on or after July 27, 1976, but before September 1, 1983.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**Note 11- Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

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 last become members on or after April 1, 2012.

Benefits-

(1) Tier 1 and Tier 2

Most Tier 1 and Tier 2 members are on a plan with minimum retirement age of 55 which provides for 1.67% of final average salary (defined as wages earned during any 36 months of services when earnings were highest) for each year of service less than 20 years. Generally, the benefit with more than 20 years of service is 2% of final average salary for each year of service. Tier 2 members retiring between age 55 and 62 with less than 30 years of service receive reduced benefits. As a result of Article 19 of the Retirement and Social Security Law, eligible Tier 1 and Tier 2 members, whose date of membership is prior to July 27, 1976, will receive an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 months. Tier 1 and 2 members do not contribute toward their pension benefits.

(2) Tier 3, Tier 4 and Tier 5

Except for Tier 3 correction officers, generally the benefit is 1.67% of final average salary for each year of service if the service is less than 20 years. For 20 to 30 years service, the benefit is 2% of the final average salary. An additional benefit of 1.5% of final average salary is applied for each year of service in excess of 30 years. A member must be age 62 with 5 years of service or at least age 55 with 30 years service to retire with full benefits. Reduced retirement benefits are available if retirement occurs between the ages of 55 to 62. Tier 3, 4 and 5 members are eligible to retire starting at age 55. Retiring between the ages of 55 to 62 will lead to permanently reduced benefits between 38.33% and 6.67 % depending on the age at retirement. The benefit will be based on the member's final average salary (defined the same as for Tiers 1 and 2) for each year of service. For Tier 5, overtime wages are subject to a cap; wages above the cap are not included in final average salary. Tier 3 and 4 members must contribute 3% of wages for ten years of service. Tier 5 members must contribute 3% of wages towards their pension benefits for all years of service.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**Note 11- Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

(3) Tier 6

Contributions: Members must contribute toward their pension benefits with some exceptions. Also, PFRS members covered by a collective bargaining agreement in effect on January 9, 2010 that requires the employer to offer a special 20- or 25-year plan may not contribute. Beginning 4/1/2013, the percentage is based on the member's wages.

Wages	Contribution Rate
\$45,000 or less	3%
\$45,000.01 to \$55,000	3.5%
\$55,000.01 to \$75,000	4.5%
\$75,000.01 to \$100,000	5.75%
More than \$100,000	6%

Reportable Salary Limit: Reportable salary may not exceed the salary of the Governor of the State of New York, which is set by law and is currently \$200,000. If the Governor's salary changes, the reportable salary limit would change accordingly. If a member reaches the reportable salary limit, contributions are not deducted from any salary paid in excess of the limit. All salary paid, days worked and any loan and/or arrears payments are still reported in the system.

Overtime Limit: Overtime pay in excess of 15 percent of a member's regular annual wages cannot be used in the calculation of a member's final average salary.

Other Earnings Limitations: Earnings from more than two separate employers in any one year will be excluded from the definition of wages for Retirement System purposes.

Final Average Salary (FAS): FAS is the average of the highest five consecutive years of reportable salary subject to limits. Any year of salary used in the FAS calculation cannot exceed the average of the previous four years by more than 10 percent. Lump sum payments at retirement for accumulated vacation will not be included in an FAS calculation.

Service Retirement Eligibility: Members must have 10 years of service credit to be vested and eligible for a service retirement benefit. Members in regular plans can still retire at age 62 with an unreduced service retirement benefit or between ages 55 and 62 with a reduced benefit. Regular plans are those that permit retirement after the member has attained a certain age and earned a certain amount of service credit. Members in special plans can retire after completing their plan's minimum service requirement regardless of age. Vested members no longer on the payroll of a participating employer cannot retire until age 63.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**Note 11- Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Service Retirement Benefit: Service retirement benefits have not changed from previous Tiers.

Members can borrow against their contributions once they meet eligibility requirements.

(3) Ordinary Disability Benefits

Generally, ordinary disability benefits, usually 1/3 of salary, are provided after 10 years of service; in some cases, after 5 years of service.

(4) Accidental Disability Benefits

For all eligible Tier 1 members and Tier 2 ERS members, the benefit is a pension of 75% of final average salary with offset for any worker's compensation benefits received. The Tier 3 and Tier 4 benefit is the ordinary benefit with the years of service eligibility requirement dropped. For Tier 5, the benefit is one half (50%) of the employee's wages during the last year of active service.

(5) 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 salary. For most members there is also a reduced post-retirement death benefit.

Death benefits for Tier 5 employees are equal to the member's salary multiplied by the years of service, not to exceed three years.

(6) Post-retirement Benefit Increases

An annual cost of living adjustment is provided 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; and (iv) ERS recipients of an Accidental Death Benefit regardless of age who have been receiving such benefit for five years. This cost of living adjustment is calculated on the first \$18,000 of a pensioner's single life allowance benefit or the actual benefit amount, if less. The cost of living percentage shall be 50% of the annual Consumer Price Index as published by the U.S. Bureau of Labor, up to 3%, but not less than 1%.

Funding Policy: Participating employers are required under the New York State Retirement and Social Security Law to contribute annually to the System.

The funding of the System is accomplished through member and employer contributions and the investment earnings on these contributions, according to the New York State Retirement and Social Security Law. The Aggregate Actuarial funding method is used by the System.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 11- Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

Generally, participating employers that have adopted the same benefit plan contribute at the same rate of payroll. The total employer contribution rate as a percentage of salary includes rates for administrative expenses, Group Life Insurance ("GLIP"), and supplemental benefits. GLIP is a one year term insurance plan. Consequently the GLIP rates are determined so as to pay for the current year's GLIP costs. Similarly, the administrative rates are determined so as to pay the current year's administrative expenses. Employers may make other contributions due to legislation, such as retirement incentives, the 17 year amortization and deficiency payments (which an employer may incur when joining the System and are payable for up to 25 years.) The average employer contribution rates below exclude certain contributions such as the 17 year amortization. The average contribution rate for ERS for fiscal year ended June 30, 2020 and 2019, including incentive contributions, was approximately 9.6% to 19.7% and 9.3% to 19.5% respectively, of payroll depending on the tier.

The Albany Housing Authority's contribution to the Fund for the years ending June 30, 2020 and 2019 was \$845,344 and \$881,558 respectively. At June 30, 2020 and 2019, there were 101 and 105 plan members, respectively. The New York State retirement plan's fiscal year is April 1 to March 31. The New York State Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the New York State Local Retirement System, 110 State Street, Albany, New York 12244-0001, or by calling 1-518-474-7736.

At June 30, 2020 and 2019, the Authority reported a liability of \$5,993,066 and \$1,637,722 respectively for its proportionate share of the net pension liability and a pension expense of \$1,977,003 and \$1,024,435 respectively. At June 30, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	June 30, 2020	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	a \$ 352,715	\$ -
Changes of assumptions	b 120,672	104,198
Net Difference between projected and actual earnings		
Changes in proportion and differences between Authority contributions and proportionate share of contributions	d 8,420	126,219
Authority contributions subsequent to the measurement date	e -	-
Total	\$ 3,554,144	\$ 230,417

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 12- Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

		June 30, 2019	
		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	a	\$ 322,502	\$ 109,937
Net Difference between projected and actual earnings on pension plan investments	c	-	420,330
Changes in proportion and differences between Authority contributions and proportionate share of contributions	d	13,219	117,065

(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 reflecting the average remaining service life of the plan members (active and inactive), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal years 2020 and 2019 was \$352,716 and \$322,502 respectively.

(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, reflecting the average remaining service life of the plan 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 of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal years 2020 and 2019 was \$120,672 and \$411,659 respectively.

(c) Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments

The difference between the System's expected rate of return of 7.0% and the actual investment earnings on pension plan investments is amortized over a five year closed period in accordance with GASB 68. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal years ended 2020 and 2019 was \$3,072,337 and \$0 respectively.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 12- Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

(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 five year closed period, reflecting the average remaining service life of the plan 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 of resources or a deferred inflow or resources.

The cumulative net amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ended March 31:

2021	\$ 577,072
2022	862,605
2023	1,108,379
2024	<u>893,467</u>
	<u>\$ 3,441,523</u>

The components of the current-year pension liability of the Authority as of March 31, 2020 and 2019 were as follows:

March 31, 2020	Employees Retirement System	Authority's Percentage	Authority's Share
Authority's total pension liability	\$ 194,596,261,000	0.0226319%	\$ 44,040,844
Plan net position	<u>(168,115,682,000)</u>	0.0226319%	<u>(38,047,778)</u>
Net pension liability	<u>\$ 26,480,579,000</u>		<u>\$ 5,993,066</u>
Net position as a percentage of total pension liability			86.4%

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 12- Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

March 31, 2019	Employees Retirement System	Authority's Percentage	Authority's Share
Authority's total pension liability	\$ 189,803,429,000	0.0231144%	\$ 43,871,925
Plan net position	<u>(182,718,124,000)</u>	0.0231144%	<u>(42,234,203)</u>
Net pension liability	<u>\$ 7,085,305,000</u>		<u>\$ 1,637,722</u>
Net position as a percentage of total pension liability			96.3%

Actuarial Assumptions

The total pension liability for the March 31, 2020 measurement date was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020.

Actuarial Cost Method	Entry Age Normal
Inflation	2.5 percent
Salary Scale	4.2 percent
Investment Rate of Return	6.8 percent compounded annually
Cost of Living Adjustments	1.3 percent annually
Mortality Improvement	Society of Actuaries Scale MP-2018

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 expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The previous actuarial valuation as of April 1, 2018 used a long term expected rate of 7.0%.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020 are summarized below:



ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 12- Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36%	4.05%
International Equity	14%	6.15%
Private Equity	10%	6.75%
Real Estate	10%	4.95%
Absolute Return Strategies	2%	3.25%
Opportunistic Portfolio	3%	4.65%
Real Assets	3%	5.95%
Bond and Mortgages	17%	0.75%
Cash	1%	0.00%
Inflation - Indexed Bonds	4%	0.50%
	<u>100%</u>	

The discount rate used to calculate the total pension liability was 6.8 percent. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of the 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 liability.

Sensitivity of the Net Pension Liability to the Discount Rate

The following presents the current period pension liability of the Authority, calculated using the current period discount rate assumption of 6.8 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.8 percent) or one percentage point higher (7.8 percent) than the current assumption:

	Decrease (5.8%)	Assumption (6.8%)	Increase (7.8%)
Net Pension Liability	<u>\$ 10,998,953</u>	<u>\$ 5,993,066</u>	<u>\$ 1,382,607</u>

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 13 – Other Post Employment Retirement Benefits (OPEB)**

ANNUAL OPEB COST AND NET OPEB OBLIGATION

The Authority's provides post-employment medical benefits, including prescription drug benefits as part of a medical plan on a fully insured basis through the NYSHIP Empire Plan and Capital District Position Health Plan (CDPHD). The liability is actuarially determined in accordance with parameters of GASB Statement No. 75. The following table shows the components of the Authority's annual OPEB costs for the fiscal years, the amounts of estimated contributions to the plan and changes in the Authority's net OPEB obligation to the plan:

	<u>2020</u>	<u>2019</u>
Interest on Net OPEB Obligation	900,162	1,267,801
Service Cost with Interest	<u>1,398,633</u>	<u>460,787</u>
Annual OPEB Cost (Expense)	2,298,795	1,728,588
Changes in Assumptions	12,050,554	-
Contributions Made	<u>(1,106,262)</u>	<u>(1,012,926)</u>
Increase in Net OPEB Obligation	13,243,087	715,662
Net OPEB Obligation- Beginning Balance	<u>37,445,000</u>	<u>36,729,338</u>
Net OPEB Obligation- Ending Balance	<u>\$ 50,688,087</u>	<u>\$ 37,445,000</u>

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

The deferred outflow is primarily driven by a decrease in the discount rate, plus updated mortality table SOA Pub-2010 and the mortality improvement scale SOA MP-2019 and is being amortized over a nine - year period. At June 30, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020	2019
	<u>Deferred Outflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Changes in Assumptions	\$ 10,678,210	\$ -
Differences between expected and actual experience	-	-
Net Difference between projected and actual earnings on plan investments	-	-
Changes in Proportion	-	-
Authority's contributions subsequent to the measurement date	-	-
Total	<u>\$ 10,678,210</u>	<u>-</u>

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 13 – Other Post Employment Retirement Benefits (OPEB)-(Continued)**

The Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2020 and 2019 and the three preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2016	\$ 1,453,401	55%	\$ 5,410,600
6/30/2017	1,517,590	55%	6,087,878
6/30/2018	1,690,543	57%	36,729,338
6/30/2019	1,728,588	59%	37,445,000
6/30/2020	3,671,139	30%	50,688,087

**FUNDED STATUS AND FUNDING PROGRESS**

As of July 1, 2019, the most recent valuation date, the plan was 0.0% funded. At June 30, 2020 and 2019, the actuarial liability for benefits was \$50,688,087 and \$37,445,000 respectively, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAL) of \$50,688,087 and \$37,445,000 respectively.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**EFFECT OF 1% CHANGE IN HEALTHCARE TREND RATES**

	1% Decrease	Discount Rate	1% Increase
	<u>1.44%</u>	<u>2.44%</u>	<u>3.44%</u>
Total OPEB Liability	\$ 40,882,347	\$ 50,688,087	\$ 64,012,325

**ACTUARIAL METHODS AND ASSUMPTIONS**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial Cost Method	Entry Age Normal as a level percentage of payroll
Investment Rate of Return	2.44% per annum

The selected discount rate is based on the prescribed discount interest rate methodology under GASB 74/75 using an average of three 20-year bond indices as of June 30, 2020.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 13 – Other Post Employment Retirement Benefits (OPEB) (Continued)**

Healthcare Trend Rates

2021	7.0%
2022	6.5%
2023	6.0%
2024	5.5%
2025	5.0%
2026	4.5%

Actuarial Value of Assets: Not valued since benefit is unfunded. Assets are zero.

Reconciliation of Plan Participation – Active Employees

	<u>July 1, 2019</u>	<u>July 1, 2018</u>
A. Average Age at Hire	38.0	38.0
B. Average Service	9.0	9.9
C. Average Current Age	47.0	47.9

**Note 14– Risk Management**

During the years ended June 30, 2020 and 2019 the Authority's risk management program, in order to deal with potential liabilities, consisted of various insurance policies for fire, general liability, crime, auto and public-officials errors and omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its Projects for the purpose of determining potential liability issues. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Settled claims relating to the commercial insurance have not exceeded the amount of insurance in any of the past three fiscal years.

**Note 15 – Construction Commitments**

At June 30, 2020 and 2019, the Authority's outstanding construction commitments pertaining to its Capital Fund Programs were not material. The costs pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

**Note 16 – Housing Choice Voucher Fund Balance – (Restricted & Unrestricted)**

Administrative fees paid by HUD to the Authority in excess of administrative expenses are part of the undesignated fund balance and are considered to be "administrative fee reserves". Administrative fee reserves accumulated prior to January 1, 2004 are subject to all requirements applicable to administrative fee reserves including, but not limited to, 24 CFR982.155 – i.e. "other housing purposes permitted by state or local law".

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 16 – Housing Choice Voucher Fund Balance – (Restricted & Unrestricted)**  
**(Continued)**

The Authority had no pre-January 1, 2004 reserves as of June 30, 2020 or 2019. Excess administrative fees earned in 2004 and subsequent years must be used for activities related to the provision of tenant-based rental assistance authorized under Section 8 of the United States Housing Act of 1937, including related development activities.

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Housing Assistance Payments (Restricted)	\$ 336,058	\$ 159,038
Administrative (Unrestricted)	<u>(3,383,875)</u>	<u>(3,259,245)</u>
Total Net Position	<u>\$ (3,047,817)</u>	<u>\$ (3,100,207)</u>

**Note 17 – Long Term Debt**

Equipment Loan

In April of 2018, the Authority entered into a capital lease for a new police car. Monthly principal and interest payments are \$938 a month. Interest is fixed at 4.986% for 36 months. At June 30, 2019, the remaining balance was \$9,614.

In November 2016, the Authority financed a tractor for 36 months. The amount financed was \$13,513 and the interest rate is 4.00%. Principal and interest payments of \$399 are due on the 18th of each month for 36 months beginning November 18, 2016. At June 30, 2020, the loan was satisfied.

On February 17, 2017, the Authority financed two tractors with snow removal attachments for 36 months. The amount financed was \$105,993 and the interest rate is 3.56% per annum. Principal and interest payments of \$3,099 are due on the 17th day of each month for 36 months beginning March of 2017. At June 30, 2020, the loan was satisfied.

On December 12, 2019, the Authority financed a tractor with snow removal attachments for 36 months. The amount financed was \$53,165 and the interest rate is 4.75% per annum. Principal and interest payments of \$1,581 are due each month for 36 months beginning February 2020. At June 30, 2020, the outstanding balance was \$46,043.

Energy Performance Contract (EPC) – M&T Bank

The Authority entered into a capital lease agreement for the installation of energy saving equipment on December 28, 2006. The lease termination date is February 28, 2020. Payments for the lease are derived from additional HUD subsidy and from energy savings costs.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 17 – Long Term Debt (Continued)**

Energy Performance Contract – M&T Bank (Continued)

The loan was interest only until March 28, 2008. The principal balance at June 30, 2020 is \$0.

The initial lease bears interest at a base rate of 4.08% with monthly payments of \$56,646 beginning March 28, 2008. The lease included a “New York Energy Smart Loan Fund Program” rider, wherein New York State Energy and Development Authority (NYSERDA) made a loan to M&T Bank to reduce the interest rate to 1.67% (the program rate). This agreement reduced the Authority’s monthly payment obligation to \$47,945. In the event the Authority prepays the loan, the interest rate reverts to 4.08%. The contingent liability associated with prepayment is \$0 and \$1,248,435 at June 30, 2020 and 2019 respectively. In February 2020, the loan was satisfied.

Capital Fund Finance Program

Pursuant to the Fannie Mae Capital Fund Finance Program (“CFFP”) Bond A Loan Agreement dated December 30, 2009, the Authority entered into an \$8,375,000 construction loan agreement (the “CFFP Bond A Note”) with Fannie Mae Capital. The funds received from Fannie Mae were loaned to Ezra Prentice Redevelopment, LLC for rehabilitation of the project pursuant to a tax credit allocation. On October 31, 2017, the CFFP note was refinanced with Capital One Public Funding, LLC (COPF). The new loan bears interest at a fixed rate of 3.25% and is due on January 1, 2030. The Authority has the option to prepay the loan on or after November 1, 2022.

The following is a schedule of principal and interest payments:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 477,516	\$ 161,680
2022	493,268	145,927
2023	509,541	129,655
2024	526,350	114,268
2025	543,244	96,951
2026-2030	2,642,425	196,100
	\$ 5,192,344	\$ 844,581

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

**Note 17 – Long Term Debt (Continued)**

Federal Home Loan

On December 30, 2009, the Authority received \$245,000 from the Federal Home Loan Bank through HSBC Mortgage Corporation under the Affordable Housing Program (AHP), 12 CFR Part 1291, in conjunction with the Ezra Prentice Project. The mortgage is secured by the Project. The loan is subject to a recapture agreement for 15 years and at the end of the fifteen year period, the Authority will be entitled to a release from the note.

On February 3, 2014, the Authority received \$440,000 from the Federal Home Loan Bank through M & T Bank under the Affordable Housing Program (AHP), 12 CFR Part 1291, in conjunction with the Swan Street Lofts Project. The mortgage is secured by the Project. The loan is subject to a recapture agreement for 15 years and at the end of the fifteen - year period, the Authority will be entitled to a release from the note.

On September 8, 2015, the Authority received \$300,000 from the Federal Home Loan Bank through M & T Bank under the Affordable Housing Program (AHP), 12 CFR Part 1291, in conjunction with the Southend Associates III, LP Project. The mortgage is assigned to M&T Bank and is subordinate to Southend Associates III, L.P.'s debt to HTFC. The loan is subject to a recapture agreement for 15 years and at the end of the fifteen - year period, the Authority will be entitled to a release from the note.

On July 20, 2017 the Authority received \$792,990 from the Federal Home Loan Bank through M & T Bank under the Affordable Housing Program (AHP), 12 CFR Part 1291, in conjunction with the Ida Yarbrough Phase I LLC. The mortgage is assigned to M&T Bank and is subordinate to Ida Yarbrough Homes Redevelopment's debt to HTFC. The loan is subject to a recapture agreement for 15 years and at the end of the fifteen - year period, the Authority will be entitled to a release from the note.

Total long term debt amounted to \$7,025,541 and \$7,859,873 at June 30, 2020 and 2019 respectively. The current portion of the long term debt at 2020 and 2019 amounted to \$503,838 and \$880,374 respectively.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 17 – Long Term Debt (Continued)**

The following is a summary of the Authority's Long Term Liabilities at June 30, 2020 and 2019:

	Balance 7/1/2019	Advances	Payments	Additions (Decreases)	Due in One Year	Balance 6/30/2020
Equipment Loan	\$ 1,975	\$ -	\$ (1,975)	\$ -	\$ -	\$ -
Equipment Loan	24,466	-	(24,466)	-	-	-
Equipment Loan	-	53,165	(7,122)	-	17,158	28,885
EPC - M&T Bank	381,158	-	(381,158)	-	-	-
Federal Home Loan -Swan Lofts	440,000	-	-	-	-	440,000
Capital One - Ezra	5,654,612	-	(462,268)	-	477,516	4,714,828
Car Loan - M&T	19,672	-	(10,508)	-	9,164	-
Federal Home Loan- Southend III	300,000	-	-	-	-	300,000
Federal Home Loan - Ezra	245,000	-	-	-	-	245,000
Federal Home Loan - Ida	792,990	-	-	-	-	792,990
Loan Liabilities	<u>7,859,873</u>	<u>53,165</u>	<u>(887,497)</u>	<u>-</u>	<u>503,838</u>	<u>6,521,703</u>
OPEB Liabilities	37,445,000	-	-	13,243,086	-	50,688,086
Unfunded Pension Liability	1,637,722	-	-	4,355,344	-	5,993,066
Compensated Absences	308,675	-	-	41,845	115,781	234,739
FSS Escrows	369,905	-	-	4,583	-	374,488
Other Long Term Liabilities	<u>39,761,302</u>	<u>-</u>	<u>-</u>	<u>17,644,858</u>	<u>115,781</u>	<u>57,290,379</u>

The following two pages present a summary of the Component Unit Long Term Liabilities as of December 31, 2019. Summary Component Unit Long Term Liabilities for Ida Yarbrough Phase I, LLC are as of October 31, 2019 and Lark Drive Associates, LP and Corning Home Associates are at and June 30, 2020.



ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 17 – Long Term Debt – Continued**

Component Units

	Beg Bal	Additions	Retirement	End Bal
<b>Corning Homes Associates, LP</b>				
HOPE VI Loan - AHA	\$ 15,345,490	\$ -	\$ -	\$ 15,345,490
NY State Housing Trust Fund Through AHA	4,000,000	-	-	4,000,000
<b>Lark Drive Associates, LP</b>				
Community Preservation Corporation	1,637,081	-	29,888	1,607,193
<b>McCarty Housing Development Fund Company Inc.</b>				
Bond Swap	745,000	-	90,000	655,000
HOPE VI Loan - AHA	3,831,462	-	-	3,831,462
<b>Creighton Storey Homes, LP</b>				
HOPE VI Loan - AHA	2,950,000	-	-	2,950,000
Berkadia Mortgages	1,220,950	-	36,272	1,184,678
NY State Housing Trust Fund Through AHA	3,750,000	-	-	3,750,000
NYSERDA Grant Loaned by AHA	675,187	-	-	675,187
Weatherization Grant Through AHA	174,700	-	-	174,700
<b>Swan Street Homes LLC</b>				
NY State Housing Trust Fund Through AHA	1,800,000	-	-	1,800,000
<b>Swan Street Mixed Use, LLC</b>				
HOPE VI Loan - AHA	3,052,297	-	-	3,052,297
Federal Home Loan (Citizens) Through AHA	250,000	-	-	250,000
<b>Southend Associates, LP</b>				
Community Preservation Corporation	1,028,473	-	24,287	1,004,186
Capital City Housing Development	500,000	-	-	500,000
Housing Trust Fund Corporation Notes	1,981,000	-	-	1,981,000
<b>Ezra Prentice Homes Redevelopment, LLC</b>				
Tax Credit Assistance Program (TCAP)				
Through HTFC	3,400,000	-	-	3,400,000
CFFP "A" Loan Through AHA	8,375,000	-	-	8,375,000
Federal Home Loan (HSBC) Through AHA	245,000	-	-	245,000
Land Lease (Base Rent Loan) Through AHA	625,000	-	-	625,000
CFRC Note Through AHA	2,250,000	-	-	2,250,000
Purchase Money Note Through AHA	2,280,000	-	-	2,280,000
<b>Southend Associates II, LLC</b>				
Housing Trust Fund Corporation Notes	2,470,000	-	-	2,470,000
<b>Southend Associates III, LP</b>				
Federal Home Loan (M&T) Through AHA	300,000	-	-	300,000
HTFC Permanent Financing	5,681,684	-	-	5,681,684
<b>Swan Street Lofts LP</b>				
Empire State Dev. Corp. Throguh AHA	4,499,999	-	-	4,499,999
Federal Home Loan (M&T) Through AHA	440,000	-	-	440,000
Subtotal	73,508,323	-	180,447	73,327,876

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 17 – Long Term Debt (Continued)**

Component Units

	Beg Balance	Additions	Retirement	End Balance
Subtotal From Previous Page	\$ 73,508,323	\$ -	\$ 180,447	\$ 73,327,876
<b>Ida Yarbrough Phase I, LLC</b>				
Note Payable - Housing Trust Fund	4,086,657	240,323	-	4,326,980
Note Payable - AHA Energy				-
Related	1,154,500	-	-	1,154,500
Note Payable Affordable Housing				
Program through AHA	792,990	-	-	792,990
Note Payable - Albany Community				
Development Agency (ACDA)	200,000	-	-	200,000
<b>Ida Yarbrough Phase II, LLC</b>				
Construction Loans	3,768,146	11,900,247	-	15,668,393
Note Payable - M&T (FHLB)	-	1,100,000	-	1,100,000
Note Payable - Housing Trust Fund	1,800,000	-	-	1,800,000
Note Payable - AHA (LISC Grant)	615,000	-	-	615,000
Note Payable ACDA	250,000	-	-	250,000
Note Payable - AHA (CFP Funds)	843,568	187,675	-	1,031,243
<b>Capital City Housing Development Fund</b>				
<b>Company, Inc.</b>				
Grant Loan Payable - Pioneer Savings	500,000	-	-	500,000
Total	87,519,184	13,428,245	180,447	100,766,982
Less the Current Portion of LTD	(1,024,017)			(15,858,352)
Amount of Debt Classified as Long Term	<u>\$ 86,495,167</u>			<u>\$ 84,908,630</u>

A. Corning Homes Associates, L.P

The Authority's Hope VI Program provided \$15,345,490 in loans to the partnership at a fixed rate of 3.75%. Interest and principal is to be paid annually subject to certain cash flow considerations, as defined in the loan agreement. Any outstanding principal balance and unpaid interest becomes due and payable at the December 12, 2040 maturity date. As of June 30, 2020 and 2019, accrued interest was \$11,686,138 and \$11,110,682 respectively.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 17 – Long Term Debt (Continued)**

A. Corning Homes Associates, L.P

In addition, the New York Housing Trust Corporation has provided financing to the Partnership in the amount of \$4,000,000 under the Low Income Turnkey-Enhanced Housing Trust Fund Program. As of December 31, 2015, \$4,000,000 has been released to the Partnership. The Partnership's real estate is security for this loan. The principal balance together with any outstanding accrued interest is payable on April 30, 2043, the loan bears interest at 1%, which is payable to the extent of 50% of annual excess income as defined in the Regulatory Agreement. Accrued interest at June 30, 2020 and 2019 was \$681,688 and \$641,688 respectively.

B. Lark Drive Associates, L.P

The Partnership received a \$1,700,000 mortgage from the Community Preservation Corporation (CPC) on February 15, 2017. The mortgage bears interest at a fixed rate of 4.32% and is due March 1, 2024. The proceeds of the loan were used to repay the Albany Housing Authority's note. At June 30, 2020 and 2019, the unpaid principal was \$1,607,193 and \$1,637,081 respectively.

C. McCarty Housing Development Fund Company.

The Company has entered into a Series 2005 variable rate demand revenue bond agreement with the Albany Housing Authority, as issuer, and Bank of New York, as trustee, in the aggregate amount of \$1,600,000. The bonds are secured by a letter of credit from Citizens Bank and mature on December 1, 2025.

Principal and Interest payments are as follows:

<u>Year</u>	<u>Principal</u>
2020	\$ 95,000
2021	100,000
2022	105,000
2023	110,000
2024	120,000
2025	125,000
	\$ 655,000

The Company has received a Hope VI mortgage from the Albany Housing Authority in the amount of \$3,831,462 dated December 27, 2005. There is no requirement for monthly payments of principal and interest. Principal and 9% interest will not be due until such time as the Company is in default of the terms of the Regulatory Agreement. The balance of the loan payable to Albany Housing Authority was \$3,831,462 at both December 31, 2019 and 2018. Accrued interest was \$4,831,952 and \$4,487,121 respectively.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 17 – Long Term Debt (Continued)**

D. Creighton Storey Homes, LP

In connection with the acquisition of the project, a purchase money note totaling \$2,950,000 was provided by the Albany Housing Authority (AHA). This note accrues interest at the rate of 4.79% per annum and is secured by the property. On January 1st of the year following the completion date (The "Conversion Date"), and commencing annually every April 1st thereafter, the project pays interest and principal out of available cash flow. Final payments of all outstanding amounts due under this note are due and payable on the fortieth annual anniversary of the Conversion Date. Accrued interest was \$1,303,927 and \$1,181,622 as of December 31, 2019 and 2018 respectively, of which \$237,092 was capitalized as a component of buildings and improvements.

Permanent financing for this Partnership was achieved by securing both a first and a second mortgage. On May 1, 2009, the Partnership secured a 30 - year first mortgage for \$860,000 which bears interest at a fixed rate of 5.41%. On June 1, 2009, the Partnership secured a 30 - year second mortgage for \$640,000 which bears interest at a fixed rate of 1.00%.

The annual principal payments to maturity are as follows:

<u>Year</u>	Principal	
	<u>1st Mortgage</u>	<u>2nd Mortgage</u>
2020	\$ 19,703	\$ 18,394
2021	20,922	18,953
2022	22,099	19,530
2023	23,342	19,776
2024	24,558	20,351
Thereafter	594,846	382,204
	<u>\$ 705,470</u>	<u>\$ 479,208</u>

Additional financing was provided by the New York State Housing Trust Fund Corporation (HTFC) in the form of a 40 - year \$3,750,000 note loaned to the Partnership by the AHA which bears interest at a rate of 1% per annum. Interest of \$446,017 and \$408,767 has been accrued as of December 31, 2019 and 2018, respectively, of which \$111 was capitalized as a component of buildings and improvements.

Additional financing was provided by a NYSERDA grant loaned to the Partnership by AHA in the form of a 40 year note which is secured by the property and bears interest at a rate of 1% per annum. As of December 31, 2019 and 2018, \$675,187 has been drawn down on the note. Additionally, at December 31, 2019 and 2018, interest of \$80,781 and \$74,029 has been accrued, respectively, of which \$516 was capitalized as a component of buildings and improvements.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**Note 17 – Long Term Debt (Continued)**

D. Creighton Storey Homes, LP

On April 28, 2008, the Partnership received a \$174,700 weatherization loan from the Albany Housing Authority. The loan bears interest at 1% per annum and matures on May 1, 2049. Interest and principal is to be paid from available cash flow. All unpaid interest and principal shall be due and payable on the maturity date. At December 31, 2019 and 2018, accrued interest amounted to \$20,382 and \$18,635, respectively.

E. Swan Street Homes, LLC

Permanent financing is provided by the New York State Housing Trust Fund Corporation (HTFC) in the form of a 30 - year \$1,800,000 mortgage note loaned to the Partnership by AHA on March 14, 2008. The note is secured by the property and bears interest at an uncompounded rate of 1% per annum. The first payment of interest is to be paid within 120 days after the borrower's fiscal year from excess income prior to distribution of any return on equity. Notwithstanding the above, principal and interest will be due and payable on the thirtieth anniversary of this note. At December 31, 2019 and 2018, \$179,800 and \$161,800 in interest has been accrued.

Secondary financing: The U.S. Department of Housing and Urban Development has granted the Albany Housing Authority, an affiliate of the managing member, \$2,764,415 of HOPE VI and HUD replacement housing funds on behalf of the Company, who in turn, has loaned these proceeds to the managing member (Swan Street Housing Development Fund Corp.). The managing member agreed to pay \$2,764,415 to the Company in the form of a capital contribution.

F. Swan Street Mixed Use, LLC

The Authority's Hope VI Program provided a \$3,120,000 loan to the project which is secured by the rental property and bears interest at a rate of 0.5% per annum. Commencing on the first day of April following the conversion date, annual payments of principal and interest are due from available cash flow. Any unpaid principal and accrued interest are due and payable on January 1, 2060, the maturity date. As of December 31, 2019 and 2018, loan proceeds of \$3,052,297 have been received. As of December 31, 2019 and 2018, interest of \$163,291 and \$148,030 respectively, has been accrued, of which \$4,585 was capitalized as a component of building costs during 2009.

Additional financing is provided by AHA in the amount of \$250,000 through the Federal Home Loan Bank of New York's (FHLB NY) Affordable Housing Program. The loan is secured by the rental property and is non-interest bearing. Commencing on the first day of April following the conversion date, annual payments of principal are due from available cash flow. Any unpaid principal is due and payable on January 1, 2025, the maturity date. As of December 31, 2019 and 2018, loan proceeds of \$250,000 had been received.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 17 – Long Term Debt (Continued)**

G. Southend Associates, LP

On February 22, 2010, the Partnership secured a thirty year note from the Community Preservation Corporation for \$1,188,000. The interest rate is 6.14% per annum and the first principal and interest payment was due on April 1, 2010. Monthly interest and principal payments amount to \$7,230. Accrued Interest at December 31, 2019 and 2018 was \$5,247 and \$5,272 respectively.

The note cannot be repaid without incurring a prepayment penalty which ranges from 5% of the amount prepaid from the day preceding the 1<sup>st</sup> anniversary of the date of the note to 0% from the 10<sup>th</sup> anniversary forward.

The following is a schedule of estimated payments for the next five years and thereafter:

<u>Year</u>	<u>Principal</u>
2020	\$ 25,821
2021	27,452
2022	29,185
2023	31,029
2024	32,988
Thereafter	<u>857,711</u>
	<u>\$ 1,004,186</u>

In 2007, the Capital City Housing Development Fund Company, Inc. received a grant from the Affordable Housing Program (AHP) which it lent to the partnership on August 13, 2008. The loan was for \$500,000 for redevelopment during the construction phase of the project. Contemporaneously, the Capital City Housing Development Fund Company, Inc. assigned the mortgage to Key Bank. The loan contains a recapture agreement (the agreement) with the Federal Home Loan Bank if certain conditions related to compliance are not maintained; those conditions are more fully described in the agreement. The maturity date is the thirtieth anniversary of the conversion date of March 1, 2009 (March 1, 2039). At maturity the principal and the cumulative accrued interest is due in full. This note bears interest at the monthly long-term Applicable Federal Rate (AFR). Accrued interest at December 31, 2019 and 2018 was \$153,003 and \$142,653 respectively.

On February 22, 2010, the Partnership secured two promissory notes from the Housing Trust Fund Corporation (HTFC). The first note is in the amount of \$1,300,000 and the second in the amount of \$681,000. Both are secured by a Mortgage and Security Agreement and a Regulatory Agreement on the property and improvements. The notes bear interest at an annual un compounded rate of 1% on the outstanding principal of the loans. Interest is calculated on an annual basis and the first payment of interest is due 120 days after the Partnership's year end and is to be paid from excess income prior to distribution of any return on equity as defined in the Regulatory and Operating Agreement. All principal and accrued interest is payable on the 30<sup>th</sup> anniversary of the notes. The notes may not be prepaid in whole or in part at any time unless expressly agreed to in writing by HTFC. At December 31, 2019 and 2018 accrued interest on the HTFC loans was \$194,798 and \$174,988 respectively.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**Note 17 – Long Term Debt (Continued)**

H. Ezra Prentice Homes Redevelopment, LLC

Pursuant to the promissory note dated December 30, 2009, the Company entered into a Tax Credit Assistance Program loan (the "TCAP Loan") with the Housing Trust Fund Corporation ("HTFC") in the amount of \$3,500,000 in connection with Section 1602 of the American Reinvestment and Recovery Act of 2009. The TCAP Loan funds were used for eligible rehabilitation costs as defined in Section 42 of the Internal Revenue Code. Additionally, the property must be operated in a manner consistent with the requirements for low income housing tax credits under Section 42 of the Internal Revenue Code. During the construction period, the TCAP Loan was non-interest bearing. At the end of the construction period, the loan converted to a permanent loan and bears simple interest at 1% per annum. All debt service is deferred until the deferred development fee is paid or the 16<sup>th</sup> anniversary of Conversion, as defined in the TCAP Loan agreement. Once interest payments commence, a one-time interest payment of \$35,000 will be made. All remaining interest will be paid out of Net Cash Flows, as defined in the Operating Agreement. All principal and interest on the TCAP Loan are due on the 40<sup>th</sup> anniversary of Conversion.

The TCAP Loan is secured by a Mortgage and Security Agreement and a TCAP Written Agreement. During 2013, the Company received additional capital contributions from the Investor Member. Accordingly, per HCR's equity policy, the Company was required to return \$100,000 of the loan funds advanced. As of December 31, 2019 and 2018, the Company's total principal balance is \$3,400,000, and \$285,250 and \$251,250 of interest was accrued, respectively.

In 2009 the Albany Housing Authority was granted permission to leverage its Capital Fund Program to finance the redevelopment of the Ezra Prentice property. Pursuant to the Fannie Mae Capital Fund Finance Program ("CFFP") Agreement dated December 30, 2009, the Albany Housing Authority borrowed \$8,375,000 which was secured by its Capital Fund Program. The Company then entered into a construction/permanent loan agreement (the CFFP A Note) with the Albany Housing Authority, an affiliate of the Managing Member. The note bears interest at the fixed rate of 6.05% per annum until the conversion date at which time the interest rate will be reduced to 0%. The principal and all unpaid interest are due on the maturity date of December 30, 2059. The Company then entered into a construction/permanent loan agreement (the CFFP A Note) with AHA. As of December 31, 2019 and 2018, the outstanding principal balance was \$8,375,000 and accrued interest was \$1,436,975.

Pursuant to the Affordable Housing Program Owner Note dated December 30, 2009, the Company entered into a promissory note (the "AHP Owner Note") with AHA in the amount of \$537,000. The AHP Owner Note is non-interest bearing and is payable out of Net Cash Flows, as defined in the Operating Agreement. The AHP Owner Note is secured by a mortgage on the Property. All principal and unpaid interest is due at the maturity date of December 30, 2059. As of December 31, 2019 and 2018, the outstanding principal balance was \$245,000.

Pursuant to the Base Rent Note Agreement dated December 30, 2009, the Company entered into a promissory note (the "Base Rent Note") with AHA in the amount of \$625,000 in connection with the land lease entered into by the Company. The Base Rent Note bears interest at the fixed rate of 4.17% per annum.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**Note 17 – Long Term Debt (Continued)**

H. Ezra Prentice Homes Redevelopment, LLC (Continued)

The Base Rent Note is payable out of Net Cash Flow, as defined in the Operating Agreement, in the following order: (i) payment of default interest if any; (ii) payment of all amounts due and owing for attorney fees and cost; (iii) payments toward interest other than default interest; and (iv) payment toward the outstanding principal balance. All principal is due at the maturity date of December 30, 2059. The Base Rent Note is secured by an acquisition mortgage and security agreement on the Property. As of December 31, 2019 and 2018, the outstanding principal balance was \$625,000 and accrued interest was \$260,626 and \$234,564, respectively, of which \$7,235 was capitalized to construction in progress.

Pursuant to the CFRC Note Agreement dated December 30, 2009, the Company entered into a promissory note (the "CFRC Note") with AHA in the amount of \$2,250,000. The CFRC Note is non-interest bearing. The CFRC Note is payable out of Net Cash Flows, as defined in the Operating Agreement, in the following order: (i) payment of default interest if any; (ii) payment of all amounts due and owing for attorney fees and cost; (iii) payments toward interest other than default interest; and (iv) payment toward the outstanding principal balance. All principal and unpaid interest is due at the maturity date of December 30, 2059. The CFRC Loan is secured by a mortgage and security agreement. As of December 31, 2019 and 2018, the outstanding principal balance was \$2,250,000.

Pursuant to the Purchase Money Note Agreement dated December 30, 2009, the Company entered into a promissory note (the "Purchase Money Note") with AHA in the amount of \$2,280,000 in connection with the acquisition of the building. The Purchase Money Note bears interest at the fixed rate of 4.17% per annum. The Purchase Money Note is payable out of Net Cash Flows, as defined in the Operating Agreement, in the following order: (i) payment of default interest if any; (ii) payment of all amounts due and owing for attorney fees and cost; (iii) payments toward interest other than default interest; and (iv) payment toward the outstanding principal balance. All principal and unpaid interest is due at the maturity date of December 30, 2059. The Purchase Money Note is secured by an acquisition mortgage and security agreement on the Property. As of December 31, 2019 and 2018, the outstanding principal balance was \$2,280,000 and accrued interest was \$808,146 and \$713,070 respectively, of which \$142,614 was capitalized to construction in progress.

I. Southend Associates II, LLC

During February of 2012, the New York State Housing Trust Fund Corporation (HTFC) provided permanent financing in the form of 30 year, \$803,832 and \$1,666,168 mortgage notes to satisfy the construction loan. These notes bear interest at an un compounded rate of 0.9129% per annum, and the first interest payment is due within 120 days of the Company's fiscal year end from excess income prior to distribution of any return to equity. As a result, \$2,470,000 is payable to HTFC at December 31, 2019 and 2018 and, and the related accrued interest is \$112,742 and \$90,194, respectively. During 2018, no interest was paid to HTFC from excess income.



ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**Note 17 – Long Term Debt (Continued)**

J. Southend Associates III, L.P

During 2015 the Albany Housing Authority “the Authority” received a grant from the Affordable Housing Program (AHP), which it lent to the partnership on September 8, 2015. The loan was for \$300,000 for redevelopment and operating costs and subject to AHP regulations. Contemporaneously, the Albany Housing Authority assigned the mortgage to M&T Bank. The mortgage is subordinate to the HTFC loan and contains a recapture agreement (the Agreement) with the Federal Home Loan Bank if certain conditions related to compliance are not maintained. Those conditions are more fully described in the Agreement. The maturity date is the fiftieth anniversary of the conversion date of October 1, 2015 (October 1, 2065). This note bears interest at 6% and is secured by a mortgage in the property. Accrued interest as of December 31, 2019 and 2018 was \$72,000 and \$58,093, respectively.

On August 26, 2014, the Partnership secured permanent financing from HTFC in the form of a promissory note of \$5,681,684. The note is secured by a mortgage and security agreement on the property and the improvements and bears interest at a fixed un compounded rate of 0.42241%. Interest is due 120 days from the end of each fiscal year, from excess income prior to the distribution of any return on equity. Distribution of excess income is applied first to repay any deferred interest, then to current interest. The note matures on August 25, 2044 and may not be prepaid without written permission from HTFC. To date \$128,351 of interest was accrued and \$104,351 of interest was paid as of 2019.

K. Swan Street Lofts, L.P

On December 20, 2011, the Albany Housing Authority was the sub-recipient of a \$4,499,999 Empire State Development Corporation (ESDC) grant which was loaned to the partnership. The note bears interest rate at 0% and is due 50 years from the conversion date, which was January 1, 2015. The principal and all accrued interest is due on the maturity date (January 1, 2065). The note is secured by a mortgage on the property.

On February 3, 2014, the Albany Housing Authority (AHA) issued a \$440,000 promissory note secured by a mortgage on the property. The note bears interest at 0% and is due 50 years from January 1 of the year after certificates of occupancy are issued unless the partnership defaults on the loan (January 1, 2064). In the event of default, the interest rate will be 10% per annum.

L. Ida Yarbrough Phase I, LLC

Construction Loan (Citizens)

On July 20, 2016 Citizens Bank, National Association agreed to provide construction financing up to \$9,100,000 pursuant to the Construction Loan Documents. The Construction Loan has a term of 24 months and bears a variable rate of interest equal to the 30-day LIBOR plus 2.15%. Interest-only payments will be made monthly throughout the term of the Construction Loan. Upon maturity of the Construction Loan, all outstanding principal and accrued but unpaid interest will be unconditionally due and payable in full by the Company. As of October 31, 2018 the Company has received \$8,431,138 which was repaid on October 16, 2018 with the final equity contribution.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**Note 17 – Long Term Debt (Continued)**

L. Ida Yarbrough Phase I, LLC

Note Payable - HTF Loan

On July 20, 2016, the Housing Trust Fund (HTF) entered into a loan agreement for funds to be disbursed during the construction period in the amount of up to \$4,326,980. The loan bears simple interest at the rate of 0.55% per annum beginning in November 2018. Interest-only payments on the HTF Loan will be made annually from and to the extent of available Net Cash Flow. On November 30, 2048, the HTF Loan will mature, and all outstanding principal and accrued but unpaid interest will be unconditionally due and payable in full by the Company. At October 31, 2019 and 2018, the principal outstanding was \$ 4,326,980 and \$4,086,659 and accrued interest was \$23,798 and \$0 respectively

Note payable - AHA Loan – Energy Related

On July 20, 2016 Albany Housing Authority (AHA) entered in to a loan agreement with the Company. The loan principal is in the amount of \$1,154,500 made by AHA from the proceeds of New York State Energy Research and Development Authority and Environmental Facilities Corporation Funds to assist in the construction of 61 affordable housing units. The AHA Loan has a term of 30 years and does not bear interest. Payments on the AHA Loan will be made annually from and to the extent of available Net Cash Flow. Upon maturity of the AHA Loan, all outstanding principal and accrued but unpaid interest will be unconditionally due and payable in full by the Company. As of October 31, 2019 and 2018 the Company has received \$1,154,500.

Note payable - AHP Loan

During 2016 the Albany Housing Authority received a grant from the Affordable Housing Program (AHP) which was lent to the Company on July 20, 2016. The loan was for \$792,990 for redevelopment and operating costs and subject to AHP regulations. Contemporaneously, the Albany Housing Authority assigned the mortgage to M&T Bank. The mortgage is subordinate to the HDFC loan and recapture agreement (the agreement) with the Federal Home loan bank if certain conditions related to compliance are not maintained. Those conditions are more fully described in the agreement. The AHP Loan has a term of 30 years and does not bear interest. Upon maturity of the AHP Loan, all outstanding principal and accrued but unpaid interest will be unconditionally due and payable in full by the Company. As of October 31, 2019 and 2018, the Company has received \$792,990.

Note Payable - ACDA loan

On July 20, 2016, the Albany Community Development Agency (ACDA) entered into a loan agreement with the Company with the principal not to exceed \$200,000. The loan has a term of 32 years from the date the Project is complete. No interest will accrue and principal payments are deferred for the term of the loan. As of October 31, 2019 and 2018, the Company has received \$200,000.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**Note 17 – Long Term Debt (Continued)**

M. Ida Yarbrough Phase II, LLC

On March 8, 2018 Key Bank, National Association agreed to provide construction financing up to \$17,194,651 consisting of a \$16,447,961 Building Loan and a \$746,690 Project Loan pursuant to the Construction Loan Documents. The Construction Loan has a term of 24 months with one six month extension and bears interest equal to adjusted daily LIBOR rate. Interest-only payments are made monthly throughout the term of the Construction Loan. Upon maturity of the Construction Loan, all outstanding principal and accrued but unpaid interest will be unconditionally due and payable in full by the Company. As of December 31, 2019, the Company had received \$15,668,393 and incurred interest of \$479,675 of which \$224,891 was paid and capitalized.

During 2019 the Albany Housing Authority received a grant from the Affordable Housing Program (AHP) through the Federal Home Loan Bank (FHLB) which was lent to the Company on August 1, 2019. The loan for \$1,100,000 was used for the renovation of the Ida Yarbrough Phase II Project. Contemporaneously, the Albany Housing Authority assigned the mortgage to M&T Bank. The mortgage is subordinate to the HDFC loan. The note bears interest of 1% per annum and is due on January 1, 2051. As of December 31, 2019, the Company has received \$1,100,000.

On March 8, 2018, the Housing Trust Fund (HTF) entered into a loan agreement for funds to be disbursed during the construction period in the amount of up to \$2,000,000. The construction phase of the HTF Loan bears interest at 0% . The permanent phase of the HTF Loan has a term of 30 years and bears simple interest at the rate of 1.0% per annum which will begin after the conversion date (final disbursement of loan proceeds). Interest-only payments on the HTF Loan will be made annually from and to the extent of available Net Cash Flow. Upon maturity of the HTF Loan, all outstanding principal and accrued but unpaid interest will be unconditionally due and payable in full by the Company. At December 31, 2019 and 2018, the principal outstanding was \$1,800,000.

On March 8, 2018 Albany Housing Authority (AHA) entered into a loan agreement with the Company. The loan principal is in the amount of \$615,000 made by AHA from the proceeds of Local Initiatives Support Corporation (LISC) to assist in the construction of 76 affordable housing units. The AHA Loan has a term of 30 years from the conversion date and bears interest at 1% per annum. Payments on the AHA Loan will be made annually to the extent of available Net Cash Flow. Upon maturity of the AHA Loan, all outstanding principal and accrued but unpaid interest will be unconditionally due and payable in full by the Company. As of December 31, 2019 the Company has received \$615,000

On March 8, 2018, the Albany Community Development Agency (ACDA) entered into a loan agreement with the Company with the principal not to exceed \$250,000. The loan has a term of 32 years from the date the Project is complete. No interest will accrue, and principal payments are deferred for the term of the loan. As of December 31, 2019, the Company has received \$250,000.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**Note 17 – Long Term Debt (Continued)**

On March 8, 2018, the Albany Housing Authority entered into a \$1,100,000 loan agreement with the Company to advance funds received from the Capital Fund Program. The loan is due on the 30<sup>th</sup> anniversary of the conversion date which is January 1<sup>st</sup> of the year immediately following the final closing. The note bears interest at 1% per annum and principal and interest shall be payable only to the extent of Cash Flow as set forth in the Operating Agreement. At December 31, 2019, \$1,031,243 has been received and \$4,581 of interest was accrued of which \$3,645 was capitalized.

**Note 18 – Other Income**

Other Income primarily includes office rental income from McDonalds, the Albany County District Attorney and the State Employees Federal Credit Union (SEFCU). In addition, the Authority has lease contracts with Crown Castle International Corp. for rooftop rental space for cellular antennas and with MacGray corporation for laundry equipment at various locations. The Authority has management contracts with its component units and the HCV Program. Developer fees earned in connection with the Authority's development activities as well as dividends, and loan interest are also reflected in Other Income.

**Note 19 – Economic Dependency**

For the Years ended June 30, 2020 and 2019 the Authority's revenues were primarily received from HUD and are subject to the availability of funds based on congressional approval, and the Authority's compliance with Federal rules and regulations.

**Note 20 - Component Units**

The Authority has determined that the following partnerships, limited liability companies and not for profit organizations should be included in its financial statements as discretely presented component units.

Corning Homes Associates, L.P., whose fiscal year end is June 30, operates a 160 unit apartment complex which qualifies for low income housing tax credits under IRS Section 42. The units include 134 units of public housing and 26 tax credit units. During fiscal year 2017, the Authority acquired the partnership and accordingly changed the partnership's year end to coincide with the Authority's year end as required.

Lark Drive Associates, L.P., whose fiscal year end is June 30, operates a 142 unit apartment complex which qualifies for low income housing tax credits under IRS Section 42. There are 35 units utilizing project based vouchers. During the fiscal year 2017, the Authority acquired the partnership and accordingly changed the partnership's year end to coincide with the Authority's year end as required.

McCarty Housing Development Fund Company, Inc. a not - for profit company, whose fiscal year end is December 31, operates a 92 unit apartment complex. The units include 56 public housing units and 35 tax credit units.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**Note 20 - Component Units - Continued**

Creighton Storey Homes L.P., whose fiscal year end is December 31, operates a 128 unit apartment complex located in 10 buildings. The project qualifies for low income housing tax credits under Section 42 of the Internal Revenue Code: There are 64 units utilizing project based vouchers.

Swan Street Homes, LLC, whose fiscal year end is December 31, operates a 54 unit apartment complex which qualifies for low income housing tax credits under IRS section 42. All the units are public housing units.

Swan Street Mixed Use, LLC, whose fiscal year end is December 31, operates a 23 unit apartment complex which qualifies for low income housing tax credits under IRS section 42. All the units are public housing units. Additionally, the project has commercial space available for rent.

Southend Associates, L.P., whose fiscal year end is December 31, operates 10 single family rental homes and 2 buildings containing 42 rental units which qualify for low income housing tax credits under IRS section 42. There are 32 units utilizing project based vouchers.

Ezra Prentice Homes Redevelopment, LLC, whose fiscal year end is December 31, operates a 176 unit apartment complex which qualifies for low income housing tax credits under IRS section 42. There are 169 public housing units and 7 units utilizing project based section 8 vouchers.

Southend Associates II, LLC, whose fiscal year end is December 31, operates a 43 unit apartment complex which qualifies for low income housing tax credits under IRS section 42 and for the historical tax credit program as described in IRS Section 48. There are 26 public housing units.

Southend Associates III, L.P., whose fiscal year end is December 31, operates a 56 unit apartment complex which qualifies for low income housing tax credits under IRS Section 42 and some of the buildings also qualify for the historical tax credit program as described in IRS Section 48. There are 21 public housing units, and 35 units utilizing project based vouchers.

Swan Street Lofts, L.P., whose fiscal year end is December 31, operates a 22 unit apartment complex which qualifies for low income housing tax credits under IRS Section 42. Additionally, the project has commercial space available for rent. All of the units utilize project based vouchers.

Ida Yarbrough Phase I, LLC, whose fiscal year end is October 31, operates a 61 unit apartment complex which qualifies for low income housing tax credits under IRS Section 42. There are 45 public housing units and 16 units utilizing project based vouchers.

Ida Yarbrough Phase II, LLC, whose fiscal year end is December 31, operates a 76 unit apartment complex which qualifies for low income housing tax credits under IRS Section 42. There are 8 public housing units and 23 units utilizing project based vouchers.

Capital City Housing Development Fund Company Inc. (CCHDFC) whose fiscal year end is December 31 is the parent company for CCH South End 1, LLC and CCH Knox Street.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 21 – Cash, Cash Equivalents and Restricted Cash Presented in the Statement of Cash Flows – Component Units Only**

Capital City Housing Southend 1 LLC., whose fiscal year end is December 31, is the managing general partner in Southend Associates, L.P. and is a wholly owned affiliate of Capital City Housing Development Fund Company Inc. Southend Associates L.P. is the owner of the first phase of AHA's efforts to revitalize Albany's South End neighborhood.

Capital City Housing - Knox Street Project Inc. (CCH Knox Street) whose fiscal year end is December 31, was formed to assist in the development of low income housing on Knox Street in Albany and is a wholly owned subsidiary of CCHDFC.

The final two discretely presented component units, Pieter Schuyler and Frederick Douglass, were both efforts to seed Public Housing neighborhoods with homeownership opportunities. The Housing Authority sought private and state funding to underwrite the cost of homes to sell to first time homebuyers, generally Section 8 recipients. There is no current financial activity for either entity.

The Authority has invested \$100 in LV Apartments Limited Partnership and \$900 in Swan Street Lofts, LP. Neither investment is accounted for under the equity method of accounting.

The individual financial statements for the component units listed above can be obtained by contacting the Authority located at 200 S. Pearl Street, Albany, NY. 12202

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 1,750,418	\$ 2,125,236
Tenant Security Deposits	433,718	-
Restricted Cash Reserves	6,527,338	-
Less: Reserves held by third party	<u>(1,002,649)</u>	<u>-</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 7,708,825</u>	<u>\$ 2,125,236</u>

During 2019, the discretely presented component units were required to implement ASU 2016-18 Topic 230 *Statement of Cash Flows*. ASU 2016-18 requires the entities to report net cash provided or used by operating, investing and financing activities and the net effect of those cash flows on the total of cash, cash equivalents and amounts described as restricted cash or restricted cash equivalents during the year. The update also amends Topic 230 to require disclosures about the nature of restricted cash and provide a reconciliation of cash, cash equivalents and restricted cash between the balance sheet and the statement of cash flows. ASU 2016-8 was adopted retrospectively during the year ended December 31, 2019.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
 June 30, 2020

**Note 22 – Restricted Net Position**

Restricted Net Position is comprised of the following at June 30, 2020 and 2019:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
HAP	\$ 336,058	\$ 159,038
Pieter Schuyler Replacement Reserve	24,413	24,386
Pieter Schuyler Operating Reserve	11,136	11,123
Fannie Mae Debt Service Accounts	329,999	326,513
	<u>\$ 701,606</u>	<u>\$ 521,060</u>

**Note 23- Deferred Revenues**

Deferred Revenue was comprised of the following at June 30, 2020 and 2019:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Tenant Prepaid Rent	\$ 97,854	\$ 91,382
Operating Subsidy	\$ 69,130	
HCV CARES Act Funds	317,185	-
	<u>\$ 484,169</u>	<u>\$ 91,382</u>

**Note 24 – Accounts Payable HUD**

Amounts due to HUD are overpayments calculated on the year- end settlement forms and interest earned on HCV accounts in excess of \$500. Accounts Payable related to the Mainstream Vouchers, Moderate Rehab Single Room Occupancy, Moderate Rehab Programs and Shelter Care Plus are \$36,685, \$8,959, \$2,060 and 84,280 respectively. The HCV has interest payable to HUD totaling \$941. The total amount due to HUD for all programs at June 30, 2020 and 2019 was \$132,925 and \$57,668 respectively.

**Note 25 - Related Party Transactions**

**Housing Authority**

Management Fees

During the fiscal years 2020 and 2019, the Authority billed its component units approximately \$952,143 and \$939,858 respectively, in management, bookkeeping and asset management fees.

**Component Unit**

Other Long Term Liabilities

Other long-term liabilities of \$1,509,763 and \$2,830,348 as of December 31, 2019 and 2018, represent deferred developer fees.

Personnel and Operating Costs

During the component unit fiscal years 2019 and 2018, the component units paid the Authority \$3,109,237 and \$3,041,430 respectively for personnel services, related benefits, workers compensation insurance and materials.

ALBANY HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

**Note 26- Board Designated Funds**

The Authority, as owner of the Capital South Campus Center, required the managing agent to establish and fund a maintenance reserve of \$1,000 per month to be held by the Authority. The Authority's board has designated these funds to be used for major maintenance costs arising in the future. The Authority added \$12,260 to this account during the year ended June 30, 2016 to satisfy its matching contribution under the CFCF Grant that funded the building's construction. The Authority revised the management structure for the Capital South Center, and effective October 1, 2017 the managing agent is no longer required to fund the maintenance reserve. At June 30, 2020 and 2019, the balance in the reserve fund was \$37,328 and \$37,287 respectively.

**Note 27- Contingencies**

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of office facilities, including the offices of the Authority, and shelter in place orders for all but those deemed essential services. While this disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. As a result, the Authority has changed the manner in which its services are performed. Those changes include tenant intake and recertification procedures, maintenance services and planning and completion of capital improvements. Additionally, the pandemic has impacted the housing authority's ability to collect rents due to the loss or reduction tenants' income. Although HUD has provided additional subsidies to assist the Authority in meeting these financial challenges, it is probable that this matter will result in a negative impact on the Authority's financial position and results of operations. However, the ultimate financial impact and duration cannot be estimated at this time.

**Note 28 - 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 has evaluated subsequent events through April 21, 2020, the date on which the financial statements were available to be issued 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.



ALBANY HOUSING AUTHORITY  
 Albany, New York  
SCHEDULE OF EXPENDITURES OF FEDERAL and STATE AWARDS  
 For the Year Ended June 30, 2020

	<u>Funds Expended</u>
<b>DIRECT FEDERAL ASSISTANCE</b>	
<u>Department of Housing and Urban Development</u>	
Low Income Housing Operating Subsidy (CFDA#14.850)	\$ 6,272,279
Capital Fund Program (CFDA# 14.872)	2,351,432
Supportive Housing Program (CFDA # 14.181)	444,267
Resident Opportunity and Supportive Services (CFDA # 14.870)	380,800
Section 8 Housing Choice Voucher (CFDA # 14.871)	20,972,935
 <u>HOUSING ASSISTANCE PAYMENTS PROGRAM</u>	
Section 8 Moderate Rehabilitation Single Room Occupancy (CFDA#14.249)	214,414
Section 8 Moderate Rehabilitation (CFDA#14.856)	<u>161,708</u>
Subtotal	<u>376,122</u>
 <u>Coronavirus Aid, Relief, and Economic Security Act (CARES)</u>	
HCV CARES Act Funding (CFDA#14.HCC)	77,190
Mainstream CARES Act Funding (CFDA#14.MSC)	10,622
Public Housing CARES Act Funding (CFDA#14.PHC)	<u>469,940</u>
	<u>557,752</u>
 Total Direct Federal Assistance	 <u>31,355,587</u>
 <b>INDIRECT FEDERAL ASSISTANCE</b>	
<u>Department of Housing and Urban Development</u>	
Shelter Care Plus (CFDA#14.238)	
Passed Through CARES, Inc,	1,262,847
 <u>Department of Agriculture</u>	
Summer Food Program of Children (CFDA#10.559)	
Passed Through New York State Education Department	<u>75,556</u>
 Total Indirect Federal Assistance	 <u>1,338,403</u>
 TOTAL DIRECT AND INDIRECT FEDERAL ASSISTANCE	 <u>\$ 32,693,990</u>
 Affordable Housing Grant Passed through FHLBNY	 <u>\$ 1,100,000</u>
 Total Federal and State Awards	 <u>\$ 33,793,990</u>

ALBANY HOUSING AUTHORITY  
Albany, New York  
SCHEDULE OF EXPENDITURES OF FEDERAL and STATE AWARDS  
For the Year Ended June 30, 2020

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation - The Schedule of Expenditures of Federal Awards is presented in accordance with generally accepted accounting principles and is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.
2. There were no subrecipient activities during the audit period.
3. The Authority has elected not to use the 10% de minimis cost rate.
4. The Authority received no non-cash assistance.
5. The Authority did not have any HUD issued mortgages or loans.

ALBANY HOUSING AUTHORITY

Albany, New York

SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION  
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY

For the Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's proportion of the net pension liability	0.022%	0.023%	0.023%	0.023%	0.023%	0.024%
Authority's proportionate share of the net pension liability	5,993,066	1,637,722	740,645	2,241,519	3,769,953	795,845
Authority's share of the net pension liability as a percentage of its covered payroll	92%	26%	12%	36%	65%	12%
Plan fiduciary net position as a percentage of the total pension liability	86.4%	96.3%	94.7%	90.7%	90.7%	97.9%

ALBANY HOUSING AUTHORITY  
 Albany, New York  
SCHEDULES OF AUTHORITY'S CONTRIBUTIONS TO THE  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 For the Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 845,344	\$ 881,558	\$ 844,454	\$ 873,731	\$ 980,884	\$ 1,091,034
Contribution in Relation to the Contractually Required Contribution	<u>(845,558)</u>	<u>(881,558)</u>	<u>(844,454)</u>	<u>(873,731)</u>	<u>(980,884)</u>	<u>(1,091,034)</u>
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	6,528,218	6,281,940	6,341,853	6,286,295	\$ 5,836,417	\$ 6,586,227
Contribution as a Percentage of Covered Employee Payroll	12.95%	14.03%	13.32%	13.90%	16.81%	16.57%

ALBANY HOUSING AUTHORITY  
Albany, New York  
SCHEDULES OF CHANGES IN THE AUTHORITY'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS  
For the Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 1,398,633	\$ 460,787	\$ 447,368
Interest	900,162	1,267,801	1,243,175
Changes of Benefit Items	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes in Assumptions or Other Inputs	12,050,554	-	-
Benefit Payments	<u>(1,106,262)</u>	<u>(1,012,926)</u>	<u>(960,972)</u>
Net Change in Total OPEB Liability	13,243,087	715,662	729,571
Total OPEB Liability - Beginning	<u>37,445,000</u>	<u>36,729,338</u>	<u>29,911,889</u>
Total OPEB Liability - Ending	<u>\$ 50,688,087</u>	<u>\$ 37,445,000</u>	<u>\$ 30,641,460</u>
Covered - Employee Payroll	\$ 6,686,641	\$ 6,281,940	\$ 6,341,853
Total OPEB Liability as a Percentage of Covered-Employee Payroll	13.19%	16.78%	20.70%

Notes to Schedule:

Changes in Assumptions and Other Inputs Reflect the Effects of Changes in the Discount Rate Each Period. The Following are the Discount Rates Used in Each Period

2020	2.44%
2019	3.50%
2018	3.50%



Albany Housing Authority (NY009)  
ALBANY, NY  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

	Project Total	14,238 Shelter Plus Care	14,238 Section 8 Rehabilitation Single Room Occupancy	14,310 Resident Opportunity and Supportive Services	6.1 - Discrepancy Presented	8.2 Component Unit - Blended	10,559 Summer Food Service Program for Children	14,871 Housing Choice Vouchers	14,910 Public Housing CARES Act Funding	14,930 Millstream CARES Act Funding	14,930 HCY CARES Act Funding	14,930 Central Office Cost Center - Direct Grant Funding	14,930 Central Office Cost Center - Indirect Grant Funding	14,930 Lower Income Assistance Program - Section 8	COCC	Subtotal	ELM	Total
353 Non-current Liabilities - Other	\$43,797				\$24,453,726	\$1,727		\$333,721							\$1,858,875	\$20,618,091		\$20,618,091
354 Accrued Compensator/Abances - Non Current	\$106,591				\$53,925			\$50,858							\$12,013	\$690,864		\$690,864
355 Loan Liability - Non Current	\$0				\$500,000			\$0							\$0	\$500,000		\$500,000
356 FASB 5 Liabilities	\$21,280,912	\$0	\$0	\$0	\$0	\$264,748	\$0	\$5,978,004	\$0	\$0	\$0	\$0	\$0	\$0	\$26,157,468	\$65,681,152		\$65,681,152
357 Accrued Pension and OPEB Liabilities	\$25,146,028	\$0	\$0	\$0	\$115,401,283	\$286,485	\$0	\$9,359,583	\$0	\$0	\$0	\$0	\$0	\$0	\$1,039,976	\$17,213,385	\$0	\$17,213,385
350 Total Non-Current Liabilities	\$27,616,773	\$89,623	\$9,184	\$104,274	\$133,773,354	\$304,995	\$1,778	\$6,461,779	\$27,892	\$178	\$37,028	\$0	\$0	\$3,360	\$1,653,895	\$20,962,578	-\$415,210	\$20,547,368
400 Total Liabilities	\$142,461				\$0	\$0		\$32,230							\$55,726	\$30,417	\$0	\$30,417
500.3 Nonresponsible Fund Balance																		
500.4 Net Investment in Capital Assets	\$21,546,049	\$0	\$0	\$0	\$43,115,999	\$3,384,617	\$0	\$54,086	\$0	\$0	\$0	\$0	\$0	\$0	\$4,055,855	\$71,156,706		\$71,156,706
509.3 Restricted Fund Balance																		
510.3 Committed Fund Balance																		
511.3 Assigned Fund Balance	\$385,548	\$0	\$0	\$0	\$8,527,338	\$0	\$0	\$338,058	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,228,944		\$7,228,944
511.4 Restricted Net Position																		
512.3 Unassigned Fund Balance	-\$8,592,629	\$0	\$0	\$0	-\$29,086,033	-\$191,387	-\$1,778	-\$3,427,981	\$0	\$0	\$0	\$0	\$0	\$0	-\$3,789,820	-\$50,823,717		-\$50,823,717
512.4 Unrestricted Net Position	\$13,318,968	\$0	\$0	\$0	\$30,577,304	\$3,233,230	-\$1,778	-\$3,047,817	\$0	\$0	\$0	\$0	\$0	\$0	-\$5,733,885	\$28,591,933	\$0	\$28,591,933
513 Total Equity - Net Assets / Position	\$41,260,202	\$89,623	\$9,184	\$104,274	\$154,294,658	\$3,538,225	\$0	\$3,446,192	\$27,892	\$178	\$37,028	\$0	\$0	\$176,410	\$28,181,458	\$29,754,928	-\$415,210	\$29,339,718
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net																		

Albany Housing Authority (NY009)  
ALBANY, NY

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

	14.28 Shelter Plus Care	14.29 Section 8 Rehabilitation Single Room Occupancy	14.30 Resident Opportunity and Supportive Services	6.1 Component Unit - Discretionary Presented	6.2 Component Unit - Blended	10.558 Summer Food Service Program for Children	14.871 Housing Choice Vouchers	14.943 Public Housing Act Funding	14.944 CARES Act Funding	14.945 HOV CARES Act Funding	14.946 Other Cost Center Funding	14.947 4.879 Minimum Income Housing Assistance Program - Section 8	COCC	Subtotal	ELM	Total
70500 Net Tenant Revenue	\$4,816,174			\$7,134,638	\$203,200	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,816,174	\$0	\$4,816,174
70600 Tenant Revenue - Other	\$0	\$0	\$0	\$1,777,941	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,777,941	\$0	\$1,777,941
70500 Total Tenant Revenue	\$4,816,174	\$0	\$0	\$8,912,579	\$203,200	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,594,115	\$0	\$6,594,115
70600 HUD PHA Operating Grants	\$1,252,847	\$214,414	\$380,800	\$2,557,358	\$203,200	\$0	\$20,972,835	\$489,340	\$10,622	\$77,180	\$0	\$161,708	\$0	\$1,824,561	\$0	\$1,824,561
70700 Capital Grants	\$894,358			\$2,557,358	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,451,716	\$0	\$1,451,716
70710 Management Fee				\$2,557,358	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,557,358	\$0	\$2,557,358
70720 Asset Management Fee				\$2,557,358	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,557,358	\$0	\$2,557,358
70730 Book Keeping Fee				\$2,557,358	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,557,358	\$0	\$2,557,358
70740 Front Line Service Fee				\$2,557,358	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,557,358	\$0	\$2,557,358
70750 Other Fees				\$2,557,358	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,557,358	\$0	\$2,557,358
70760 Total Fee Revenue	\$1,252,847	\$214,414	\$380,800	\$2,557,358	\$203,200	\$0	\$20,972,835	\$489,340	\$10,622	\$77,180	\$0	\$161,708	\$0	\$1,824,561	\$0	\$1,824,561
70800 Other Government Grants	\$162,831			\$12,304	\$0	\$75,558	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$175,153	\$0	\$175,153
71100 Investment Income - Unrestricted				\$10,350	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,350	\$0	\$10,350
71200 Mortgage Interest Income				\$10,350	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,350	\$0	\$10,350
71300 Proceeds from Disposition of Assets Held for Sale				\$10,350	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,350	\$0	\$10,350
71310 Cost of Sale of Assets				\$10,350	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,350	\$0	\$10,350
71400 Fraud Recovery	\$463,123			\$23,893	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$487,016	\$0	\$487,016
71500 Other Revenue	\$3,800			\$2,028	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,828	\$0	\$5,828
71600 Gain or Loss on Sale of Capital Assets				\$2,028	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,028	\$0	\$2,028
72000 Investment Income - Restricted	\$1,282,418	\$214,414	\$380,800	\$9,819,453	\$215,122	\$75,558	\$21,041,550	\$489,340	\$10,622	\$77,180	\$0	\$161,708	\$0	\$1,824,561	\$0	\$1,824,561
91100 Administrative Salaries	\$852,258	\$27,808	\$27,808	\$588,008	\$15,126	\$22,340	\$958,597	\$65,077	\$6,802	\$15,473	\$15,222	\$15,222	\$1,572,548	\$3,882,799	\$3,882,799	\$3,882,799
91200 Auditing Fees	\$1,330	\$225	\$225	\$10,632	\$388	\$0	\$2,300	\$0	\$0	\$25	\$1,300	\$1,300	\$184	\$1,384	\$0	\$1,384
91300 Management Fee	\$1,316,792	\$21,000	\$0	\$16,302	\$0	\$0	\$372,576	\$9,098	\$1,078	\$0	\$4,380	\$4,380	\$1,756,731	\$1,756,731	\$1,756,731	
91310 Book-keeping Fee	\$11,103	\$3,750	\$0	\$2,055	\$0	\$0	\$232,860	\$0	\$0	\$0	\$0	\$0	\$237,277	\$237,277	\$237,277	
91400 Advertising and Marketing	\$609,893	\$15,283	\$15,283	\$329,243	\$1,293	\$1,822	\$708,203	\$0	\$3,428	\$8,510	\$8,510	\$2,285,648	\$3,975,974	\$3,975,974	\$3,975,974	
91500 Employee Benefit Contributions - Administrative	\$395,893	\$7,845	\$0	\$363,423	\$5,154	\$12,562	\$121,562	\$0	\$0	\$335,488	\$1,129,465	\$1,129,465	\$392,838	\$392,838	\$392,838	
91600 Office Expenses	\$84,830	\$0	\$0	\$91,733	\$2,907	\$0	\$1,560	\$0	\$0	\$0	\$0	\$0	\$18,127	\$18,127	\$18,127	
91800 Travel	\$74	\$0	\$0	\$556	\$0	\$117	\$4,187	\$0	\$0	\$0	\$0	\$0	\$3,081	\$3,081	\$3,081	
91810 Allocated Overhead	\$74	\$0	\$0	\$556	\$0	\$117	\$4,187	\$0	\$0	\$0	\$0	\$0	\$3,081	\$3,081	\$3,081	
91900 Other	\$1,873,105	\$399	\$0	\$1,044,691	\$2,740	\$1,297	\$1,044,691	\$0	\$1,079	\$248,412	\$248,412	\$3,276,644	\$14,617,250	\$14,617,250	\$14,617,250	
91000 Total Operating - Administrative	\$5,082,660	\$51,994	\$0	\$2,525,284	\$62,975	\$25,578	\$2,042,995	\$74,175	\$10,228	\$1,079	\$0	\$32,911	\$4,698,014	\$14,617,250	\$2,282,922	\$12,334,328
92000 Asset Management Fee	\$129,097			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$129,097	\$129,097	\$129,097
92100 Tenant Services - Subsidies	\$53,273			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$53,273	\$53,273	\$53,273
92200 Rehabilitation Costs	\$51,631			\$42,169	\$397	\$0	\$1,123	\$144,716	\$394	\$76,111	\$10,177	\$0	\$12,259	\$95,173	\$95,173	\$95,173
92300 Employee Benefit Contributions - Tenant Services	\$87,005	\$195,322	\$0	\$42,169	\$397	\$0	\$1,123	\$144,716	\$394	\$76,111	\$10,177	\$0	\$12,259	\$1,056,677	\$1,056,677	\$1,056,677
92500 Total Tenant Services	\$182,208	\$195,322	\$0	\$42,169	\$397	\$0	\$1,123	\$144,716	\$394	\$76,111	\$10,177	\$0	\$12,259	\$1,056,677	\$1,056,677	\$1,056,677
93100 Water	\$460,463			\$538,832	\$24,455	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,023,750	\$0	\$1,023,750
93200 Electricity	\$482,939			\$316,383	\$6,529	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$841,938	\$0	\$841,938
93300 Gas	\$295,339			\$171,989	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$472,035	\$0	\$472,035
93400 Fuel				\$171,989	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$171,989	\$0	\$171,989
93500 Labor				\$171,989	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$171,989	\$0	\$171,989
93600 Sewer				\$171,989	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$171,989	\$0	\$171,989
93700 Employee Benefit Contributions - Utilities				\$171,989	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$171,989	\$0	\$171,989
93800 Other Utilities Expense				\$171,989	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$171,989	\$0	\$171,989
93900 Total Utilities	\$1,266,730	\$0	\$0	\$1,027,104	\$30,984	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,293,819	\$0	\$2,293,819
94100 Ordinary Maintenance and Operations - Labor	\$1,256,076			\$647,685	\$14,585	\$0	\$0	\$158,468	\$0	\$0	\$0	\$0	\$0	\$3,882,265	\$0	\$3,882,265
94200 Ordinary Maintenance and Operations - Materials and Other	\$405,986			\$461,723	\$5,422	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$869,535	\$0	\$869,535
94300 Ordinary Maintenance and Operations - Contracts	\$1,261,395	\$0	\$0	\$1,659,586	\$25,389	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,004,130	\$0	\$3,004,130
94500 Employee Benefit Contributions - Ordinary Maintenance	\$1,261,261	\$0	\$0	\$653,356	\$34,679	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,050,330	\$0	\$2,050,330
94000 Total Maintenance	\$5,277,491	\$0	\$0	\$3,851,262	\$84,078	\$0	\$0	\$158,468	\$0	\$0	\$0	\$0	\$0	\$10,087,294	\$0	\$10,087,294



Albany Housing Authority (NY009)  
ALBANY, NY  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

	Project Total	14.228 Shelter Plus Care	14.228 Section 8 Rehabilitation Single Room Occupancy	14.030 Resident Opportunity and Supportive Services	6.1 - Discretionary - Presented	6.2 Component Unit - Blended	10.558 Summer Food Service Program for Children	14.871 Housing Choice Vouchers	14. PHC Public Housing CARES Act Funding	14.MSC - Midstream CARES Act Funding	14.HCC HCV CARES Act Funding	14.CCC Central Office Cost Center - Capital Funding	14.878 Midstream Vouchers	14.858 Lower Income Assistance Program - Section 8	ELIM	Total
95100 Protective Services - Labor	\$12,172				\$4,950	\$2,720								\$0		\$12,172
95200 Protective Services - Other Contract Costs	\$42,017				\$42,888	\$2,778								\$0		\$42,017
95300 Protective Services - Other					\$343									\$0		\$343
95500 Employee Benefit Contributions - Protective Services	\$11,975				\$5,145	\$209								\$0		\$11,975
95600 Total Protective Services	\$185,764	\$0	\$0	\$0	\$143,858	\$2,929	\$0	\$0	\$17,921	\$0	\$0	\$0	\$0	\$0	\$0	\$185,764
96110 Property Insurance	\$187,617	\$284			\$53,577	\$1,192								\$0		\$187,617
96120 Liability Insurance	\$130,828	\$1,608			\$44,897	\$14,042								\$0		\$130,828
96130 Workers's Compensation	\$105,902				\$67,983	\$1,213	\$131	\$29,053	\$8,361					\$0		\$105,902
96140 All Other Insurance	\$85,129	\$1,892			\$67,590	\$7,459		\$32,013	\$0					\$0		\$85,129
96150 Total Insurance Premiums	\$481,364	\$3,884	\$0	\$0	\$264,127	\$24,068	\$131	\$82,716	\$8,361	\$0	\$0	\$0	\$0	\$0	\$0	\$481,364
96200 Other General Expenses	\$83,839				\$34,544	\$0	\$50,684							\$0		\$83,839
96210 Compensated Absence	\$161,839				\$97,720	\$3,213		\$68,748						\$0		\$161,839
96300 Payments in Lieu of Taxes	\$388,470				\$170,437	\$8,503								\$0		\$388,470
96400 Bad Debt - Tenant Rents	\$188,827				\$148,843	\$4,893								\$0		\$188,827
96500 Bad Debt - Mortgages					\$10,350		\$9,298							\$0		\$10,350
96600 Bad Debt - Other					\$463,884	\$16,789	\$50,684	\$79,042	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$463,884
96800 Severance Expense	\$743,175	\$0	\$0	\$0	\$172,246	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$743,175
96900 Total Other General Expenses	\$1,554,786	\$200,801	\$53,184	\$380,800	\$1,202,506	\$224,464	\$76,371	\$2,184,786	\$51,983	\$10,822	\$77,190	\$10,177	\$39,554	\$32,011	\$5,601,489	\$1,554,786
97000 Excess of Operating Revenue over Operating Expenses	\$748,832	\$1,002,046	\$161,220	\$0	\$384,053	\$8,342	\$815	\$404,713	\$42,043	\$0	\$0	\$0	\$404,713	\$29,849	\$4,410,381	\$748,832
97100 Extraordinary Maintenance	\$35,733				\$146,511									\$0		\$35,733
97200 Casualty Losses - Non-capitalized	\$1,985				\$2,335									\$0		\$1,985
97300 Housing Assistance Payments					\$16,766,685		\$16,766,685						\$396,865	\$129,849		\$16,766,685
97350 MAP Portability-In					\$8,283		\$8,283							\$0		\$8,283
97400 Depreciation Expense	\$2,076,224				\$4,695,028	\$150,807	\$0,608							\$0		\$2,076,224
97500 Fixed Losses														\$0		
97600 Capital Outlays - Governmental Funds														\$0		
97700 Debt Principal Payment - Governmental Funds														\$0		
97800 Dwelling Unit Rent Expense														\$0		
99000 Total Expenses	\$15,879,428	\$1,262,847	\$214,414	\$380,800	\$15,205,045	\$374,071	\$76,371	\$30,989,180	\$51,983	\$10,822	\$77,190	\$10,177	\$436,419	\$161,860	\$5,676,777	\$15,879,428
10010 Operating Transfer In	\$907,619													\$0		\$907,619
10020 Operating Transfer Out	\$549,662													\$0		\$549,662
10030 Operating Transfers from/to Primary Government														\$0		
10040 Operating Transfers from/to Other Government														\$0		
10050 Proceeds from Notes, Loans and Bonds														\$0		
10060 Proceeds from Property Sales														\$0		
10070 Extraordinary Items (Net Charges)														\$0		
10080 Special Items (Net Credits)														\$0		
10091 Inter Project Excess Cash Transfer In														\$0		
10092 Inter Project Excess Cash Transfer Out														\$0		
10093 Inter Project Excess Cash Transfer In														\$0		
10094 Transfer between Program and Project - In														\$0		
10100 Total Other Financing Sources (Used)	\$-42,043	\$0	\$0	\$0	\$0	\$0	\$0	\$42,043	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$-42,043
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$-1,430,053	\$0	\$0	\$0	\$-2,386,592	\$-153,949	\$-815	\$32,360	\$0	\$0	\$0	\$0	\$8,346	\$0	\$-650,906	\$-1,430,053
																\$-1,482,077

Albany Housing Authority (NY009)  
ALBANY, NY

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

	Project Total	14,238 Shelter Plus Care	14,249 Section 8 Rehabilitation Single Room Occupancy	14,070 Resident Opportunity and Supportive Services	8.1 - Disability Presented	8.2 Component Unit - Blended Presented	10,559 Summer Food Service Program for Children	14,871 Housing Choice Vouchers	14,746 Public Housing CARES Act Funding	14,883 Mainstream CARES Act Funding	14,883 HCY CARES Act Funding	14,000 Central Office Case Center CARES Act Funding	14,879 Mainstream Vouchers	14,559 Lower Income Assistance Program - Section 8 Modestrents	COCC	Subtotal	ELM	Total
11020 Require Annual Debt Principal Payments	\$59,381	\$0	\$0	\$0	\$15,762,352	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,622,733		\$16,622,733
11030 Beginning Equity	\$1,729,014	\$0	\$0	\$0	\$25,226,096	\$3,392,179	\$1,333	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$32,269,847		\$32,269,847
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$28,037	\$0	\$0	\$0	\$77,850	\$0	\$370	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$78,183		\$78,183
11050 Changes in Compensator Absence Balance																		
11060 Changes in Contingent Liability Balance																		
11070 Changes in Unrecognized Pension Transition Liability																		
11080 Changes in Special Term/Servance Benefits Liability																		
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents																		
11100 Changes in Allowance for Doubtful Accounts - Other																		
11170 Administrative Fee Equity																		
11190 Housing Assistance Payments Equity																		
11190 Unit Months Available	21974	1800	624		12198	276										\$3,383,875		\$3,383,875
11210 Number of Unit Months Leased	21102	1755	500		12017	274										\$336,058		\$336,058
11270 Excess Cash	\$1,566,417															74,627		74,627
11610 Land Purchases	\$0															67,948		67,948
11650 Building Purchases	\$557,513															\$1,595,417		\$1,595,417
11650 Furniture & Equipment - Dwelling Purchases	\$0															\$0		\$0
11650 Furniture & Equipment - Administrative Purchases	\$87,881															\$87,881		\$87,881
11650 Leasehold Improvements Purchases	\$0															\$0		\$0
11650 Infrastructure Purchases	\$0															\$0		\$0
13510 CFFP Debt Service Payments	\$839,196															\$839,196		\$839,196
13901 Replacement Housing Tractor Funds	\$0															\$0		\$0

ALBANY HOUSING AUTHORITY  
 Albany, New York  
STATEMENT AND CERTIFICATION OF COMPLETED CAPITAL FUND PROGRAM GRANTS  
 For the Year Ended June 30, 2020

	NY06P009501-17 CFP 2017
Funds Approved	\$ 2,440,679
Funds Expended	2,440,679
Excess/(Deficiency) Approved	\$ -
Funds Advanced	\$ 2,440,679
Funds Expended	2,440,679
Excess/(Deficiency) of Advances	\$ -

1. All Modernization costs have been paid and all related liabilities have been discharged through payment.
  
2. The distribution of cost by project and account classification accompanying the financial status reports and Actual Modernization Cost Certificate submitted to HUD for approval were in agreement with the Authority records.









# Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners  
Albany Housing Authority  
Albany, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Controller General of the United States, the financial statements of Albany Housing Authority as of and for the year ended June 30, 2020 and have issued our report thereon dated April 21, 2021. The financial statements of the discretely presented component units were not audited in accordance with Government Auditing Standards and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable non-compliance associated with the discretely presented component units.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Albany Housing Authority's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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 entity'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 the internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weakness may exist that have not been identified.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS  
(Continued)

**Compliance**

As part of obtaining reasonable assurance about whether the Albany Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
April 21, 2021





# Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners  
Albany Housing Authority  
Albany, New York

### **Report on Compliance for Each Major Program**

We have audited the Albany Housing Authority's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Entity's major federal programs for the year ended June 30, 2020. The Albany Housing 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 each of its major federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Albany Housing 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 the audit requirements of Title 2 U.S. Code of Federal Regulations part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

**Opinion on Each Major Program**

In our opinion, the Albany Housing Authority complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

**Report on Internal Control Over Compliance**

Management of the Albany Housing Authority is responsible for establishing and maintaining effective internal control over compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Albany Housing 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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a 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 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*. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

This 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
April 21, 2021

ALBANY HOUSING AUTHORITY  
Albany, New York  
June 30, 2020

STATUS OF PRIOR AUDIT FINDINGS

None

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**SECTION 1 - SUMMARY OF AUDIT RESULTS**

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

Material Weakness(es) Identified?

\_\_\_\_\_ yes    X no

Significant Deficiencies identified that are  
not considered to be material weakness(es)?

\_\_\_\_\_ yes    X none reported

Noncompliance Material to Financial Statements Noted?

\_\_\_\_\_ yes    X no

**Federal Awards**

Internal Control over Major Programs:

Material Weakness(es) Identified?

\_\_\_\_\_ yes    X no

Significant Deficiencies identified that are  
not considered to be material weakness(es)?

\_\_\_\_\_ yes    X none reported

Type of audit 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)  
of the Uniform Guidance.

\_\_\_\_\_ yes    X no

Identification of Major Programs

CFDA

Number    Name of Federal Program or Cluster

---

14.85    Low Rent Public Housing

---

14.872    Capital Fund Program

---

Dollar Threshold used to distinguish between type A  
and type B Programs

\$980,820

Auditee qualified as low-risk?

X yes    \_\_\_\_\_ no

**SECTION 2 – FINANCIAL STATEMENT FINDINGS**

None.

**SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.