

HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2021

**WITH
REPORT OF INDEPENDENT AUDITORS**

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2021**

| <u>Contents</u> | <u>Page</u> |
|---|-------------|
| Report of Independent Auditors | 1-3 |
| Management's Discussion and Analysis | 4-10 |
| Financial Statements: | |
| Statement of Net Position | 11-12 |
| Statement of Revenues, Expenses, and Changes in Net Position | 13 |
| Statement of Cash Flows | 14-15 |
| Notes to Financial Statements | 16-33 |
| Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 34-35 |
| Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and State of New Jersey OMB Circular 15-08 | 36-37 |
| Supplementary Information: | |
| Schedule of Expenditures of Federal Awards | 38 |
| Notes to Schedule of Expenditures of Federal Awards | 39-40 |
| Schedule of Findings and Questioned Costs | 41-42 |
| Required Pension Information | 43 |
| Required OPEB Information | 44 |
| Financial Data Schedule | 45-52 |

REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners of the
Housing Authority of the Township of North Bergen:

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the Township of North Bergen (the "Authority") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Authority'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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Authority as of June 30, 2021, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements. The accompanying financial data schedule is also not a required part of the basic financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

The schedule of expenditures of federal awards and financial data schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and financial data schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Novogradac & Company LLP

March 18, 2022
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

As Management of the Housing Authority of the Township of North Bergen (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2021. 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 Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3,833,228 (net position) as opposed to \$1,541,072 for the prior fiscal year.
2. As of the close of the current fiscal year, the Authority reported ending unrestricted net position (deficit) of (\$12,964,973).
3. The Authority's cash and cash equivalents balance (including restricted cash) at June 30, 2021 was \$4,572,078, representing an increase of \$435,015 from the prior fiscal year.
4. The Authority had total operating revenues of \$18,718,702 and total operating expenses of \$17,943,151 for the year ended June 30, 2021.
5. The Authority's capital outlays for the fiscal year were \$1,558,482.
6. The Authority's Expenditures of Federal Awards amounted to \$13,809,996 for the fiscal year.
7. In accordance with GASB 68 the Authority recorded a net pension liability of \$4,453,195, \$979,600 in deferred outflows of resources and \$2,144,500 of deferred inflows of resources.
8. In accordance with GASB 75 the Authority recorded a net OPEB liability of \$9,472,761, \$3,290,378 in deferred outflows of resources and \$5,107,320 of deferred inflows of resources.

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

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 basic financial statements. The Authority's Basic 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. Basic Financial Statements

The basic 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 Statement of Net Position, Statement of Revenues, Expenses and Change in Net Position and Statement of Cash Flows.

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

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. 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., depreciation and earned but unused vacation leave).

The Statement of Cash Flows reports the cash flows from operating, investing, capital and related financing activities.

The Basic Financial Statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The Basic Financial Statements can be found on pages 11 through 15 in this Report.

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

B. Using the Annual Report (continued)

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 Basic Financial Statements. The Notes to Financial Statements can be found in this Report after the Basic Financial Statements.

4. Supplemental Information

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* 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 38 of this report.

The required pension information is presented for purposes of additional analysis. The schedule of Authority contributions for the last ten fiscal years and the schedule of the Authority's proportionate share of their net pension liability for the last ten fiscal years can be found on page 43 of this report.

The required OPEB information is presented for purposes of additional analysis. The schedule of Authority contributions for the last ten fiscal years and the schedule of the Authority's proportionate share of their net OPEB liability for the last ten fiscal years can be found on page 44 of this report.

The Financial Data Schedule (FDS) was created in order to standardize the financial information reported by Public Housing Authorities (PHA) to the Department of Housing and Urban Development (HUD), Real Estate Assessment Center (REAC). REAC currently requires PHAs to report their accounting information using GAAP based on either governmental or enterprise fund accounting. REAC will use the FDS to analyze the PHA financial data, in conjunction with other performance measurements, to help ensure the success of the PHA programs. The FDS can be found on pages 45 through 52 of this report.

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

C. The Authority as a Whole

The Authority's Net Position increased during the fiscal year as detailed in the table below. The Authority's revenues are primarily subsidies and grants received from HUD and tenant rent. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's revenues were insufficient to cover all expenses during the fiscal year.

By far, the largest portion of the Authority's net position reflects its investment in capital assets (e.g., land, buildings, equipment and construction in progress). The Authority uses these capital assets to provide housing services to its tenants, consequently, these assets are not available for future spending.

Computations of Net Position are as follows:

| | <u>As of</u> | |
|--|------------------|------------------|
| | <u>6/30/2021</u> | <u>6/30/2020</u> |
| Cash and Other Assets | \$5,233,110 | \$4,569,511 |
| Capital Assets - Net | 16,716,796 | 16,510,798 |
| Deferred Outflows of Resources | 4,269,978 | 1,032,738 |
| Total Assets and Deferred Outflows | 26,219,884 | 22,113,047 |
| Less: Total Liabilities and Deferred Inflows of Resources | 22,386,656 | 20,571,975 |
| Net Position | \$ 3,833,228 | \$ 1,541,072 |
| Net Investment in Capital Assets | \$16,716,796 | \$16,510,798 |
| Restricted Net Position | 81,405 | 69,105 |
| Unrestricted Net Position (deficit) | (12,964,973) | (15,038,831) |
| Net Position | \$ 3,833,228 | \$ 1,541,072 |

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

C. The Authority as a Whole (continued)

Computations of Changes in Net Position are as follows:

| | <u>As of</u> | |
|----------------------------------|------------------|------------------|
| <u>Revenues</u> | <u>6/30/2021</u> | <u>6/30/2020</u> |
| Tenant Revenues | \$4,730,183 | \$4,608,602 |
| HUD Operating Grants | 10,990,822 | 8,957,306 |
| Other Revenues | 2,997,697 | 3,900,181 |
| Total Operating Revenues | 18,718,702 | 17,466,089 |
| <u>Expenses</u> | | |
| Other Operating Expenses | 10,868,975 | 10,963,252 |
| Housing Assistance Payments | 5,721,692 | 5,020,384 |
| Depreciation Expense | 1,352,484 | 1,451,087 |
| Total Operating Expenses | 17,943,151 | 17,434,723 |
| Operating Income (Loss) | 775,551 | 31,366 |
| Non-Operating Revenues: | | |
| Interest on Investments | 4,333 | 41,576 |
| HUD Capital Grants | 1,512,272 | 445,085 |
| Net Non-operating Revenues | 2,516,605 | 486,661 |
| Change in Net Position | 2,292,156 | 518,027 |
| Net Position - Beginning of Year | 1,541,072 | 1,023,045 |
| Net Position - End of Year | \$3,833,228 | \$1,541,072 |

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

C. The Authority as a Whole (continued)

- Cash and Cash Equivalents (including restricted cash) increased by \$435,015, primarily due to the Authority receiving more revenues from HUD operating and capital grants during the year ended June 30, 2021.
- HUD Operating Grants increased by \$1,033,516, primarily due to increases in funding from the prior year in the Section 8 Housing Choice Vouchers Program, Public and Indian Housing Program, and operating grants related to the Capital Fund Program in the amounts of \$514,704, \$49,196, and \$83,013, respectively.
- Operating Expenses increased to \$17,943,151 in 2021 from \$17,434,723 in 2020, or \$508,428 over the prior fiscal year. Significant line item increases/ decreases over the prior fiscal are as follows:
 - 1) Administrative costs decreased from \$5,589,747 in 2020 to \$4,309,357 in 2021, or \$1,280,390. This was primarily due to decreases in employee benefits associated with pension and OPEB expense in fiscal year 2021.
 - 2) Ordinary repairs and maintenance expenses increased from \$1,467,689 in 2020 to \$2,775,853 in 2021, or \$1,308,164, primarily due to increases contract costs.
 - 3) Housing assistance payments expense increased \$701,309 as the Authority had 286 more unit months leased in fiscal year 2021.

D. Budgetary Highlights

For the year ended June 30, 2021, individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets were primarily used as a management tool. Also, the Authority adopted a comprehensive annual budget for the General Fund. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021**

E. Capital Assets and Debt Administration

1. Capital Assets

As of June 30, 2021, the Authority's net investment in capital assets for its Proprietary Fund was \$16,716,796. This investment in capital assets includes land, buildings, equipment and construction in progress less accumulated depreciation.

Major capital assets purchased amounted to \$1,558,482, of which \$1,512,272 pertained to expenditures made in accordance with the Authority's Capital Fund Program. These activities are funded by grants from HUD.

Additional information on the Authority's capital assets can be found in the Notes to the Financial Statements, which is included in this Report.

2. Long Term Debt

The Authority does not have any interest bearing long-term debt at this time.

F. Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the Authority's budget for the fiscal year ending June 30, 2022 and beyond:

1. The potential for reduction in HUD subsidies and the possible recapture of reserves.
2. The use of the Authority's current reserves to fund shortfalls rising from a possible economic downturn and reduced subsidies and grants.

G. 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 Mr. Gerald Sanzari, Executive Director, Housing Authority of the Township of North Bergen, 6121 Grand Ave, North Bergen, New Jersey 07047, or call (201) 868-8605.

FINANCIAL STATEMENTS

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021**

ASSETS

| | |
|---------------------------------|--------------------------|
| Current assets: | |
| Cash and cash equivalents | \$ 4,121,240 |
| Tenant security deposits | 353,034 |
| Accounts receivable, net | 495,076 |
| Inventories | 10,000 |
| Prepaid expenses | <u>155,956</u> |
| Total current assets | <u>5,135,306</u> |
| Non-current assets: | |
| Restricted cash | 97,804 |
| Capital assets, net | <u>16,716,796</u> |
| Total non-current assets | <u>16,814,600</u> |
| Total assets | <u>21,949,906</u> |

DEFERRED OUTFLOWS OF RESOURCES

| | |
|--|-----------------------------|
| State of New Jersey P.E.R.S. | 979,600 |
| State of New Jersey S.H.B.P. | <u>3,290,378</u> |
| Deferred outflows of resources | <u>4,269,978</u> |
| Total assets and deferred outflows of resources | <u>\$ 26,219,884</u> |

See accompanying notes to financial statements

HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
STATEMENT OF NET POSITION (continued)
AS OF JUNE 30, 2021

LIABILITIES

| | |
|---|--------------------------|
| Current liabilities: | |
| Accounts payable | \$ 88,270 |
| Accounts payable - other government | 294,896 |
| Accrued expenses | 265,577 |
| Accrued compensated absences, current | 19,108 |
| Tenant security deposits | 353,034 |
| Unearned revenues | 262 |
| Other current liabilities | <u>15,745</u> |
| Total current liabilities | <u>1,036,892</u> |
| Non-current liabilities: | |
| Accrued compensated absences, non-current | 171,988 |
| Accrued pension liability | 4,453,195 |
| Accrued OPEB liability | <u>9,472,761</u> |
| Total non-current liabilities | <u>14,097,944</u> |
| Total liabilities | <u>15,134,836</u> |

DEFERRED INFLOWS OF RESOURCES

| | |
|--|-------------------------|
| State of New Jersey P.E.R.S. | 2,144,500 |
| State of New Jersey S.H.B.P. | <u>5,107,320</u> |
| Total deferred inflows of resources | <u>7,251,820</u> |

NET POSITION

| | |
|--|-----------------------------|
| Net position: | |
| Net investment in capital assets | 16,716,796 |
| Restricted | 81,405 |
| Unrestricted (deficit) | <u>(12,964,973)</u> |
| Total net position | <u>3,833,228</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 26,219,884</u> |

See accompanying notes to financial statements

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

| | |
|---------------------------------------|---------------------|
| Operating revenues: | |
| Tenant revenue | \$ 4,730,183 |
| HUD operating grants | 10,990,822 |
| Other revenues | <u>2,997,697</u> |
| Total operating revenues | <u>18,718,702</u> |
| Operating expenses: | |
| Administrative | 4,309,357 |
| Tenant services | 219,967 |
| Utilities | 1,905,607 |
| Ordinary repairs and maintenance | 2,775,853 |
| Protective services | 985,670 |
| Insurance | 298,315 |
| General expenses | 374,206 |
| Housing assistance payments | 5,721,692 |
| Depreciation | <u>1,352,484</u> |
| Total operating expenses | <u>17,943,151</u> |
| Operating income | <u>775,551</u> |
| Non-operating revenues: | |
| Investment income | <u>4,333</u> |
| Net non-operating revenues | <u>4,333</u> |
| Income before capital grants | 779,884 |
| Capital grants | <u>1,512,272</u> |
| Change in net position | 2,292,156 |
| Total net position, beginning of year | <u>1,541,072</u> |
| Total net position, end of year | <u>\$ 3,833,228</u> |

See accompanying notes to financial statements

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

| | |
|---|---------------------|
| Cash Flows from Operating Activities: | |
| Cash received from tenants | \$ 7,539,324 |
| Cash received from grantors | 10,933,850 |
| Cash paid to employees | (4,175,190) |
| Cash paid to vendors | <u>(13,821,092)</u> |
| Net cash provided by operating activities | <u>476,892</u> |
| Cash Flows from Capital and Related Financing Activities: | |
| Purchase of capital assets | (1,558,482) |
| Proceeds from capital grants | <u>1,512,272</u> |
| Net cash used in capital and related financing activities | <u>(46,210)</u> |
| Cash Flows from Investing Activities: | |
| Interest received on investments | <u>4,333</u> |
| Net cash provided by investing activities | <u>4,333</u> |
| Net increase in cash, cash equivalents, and restricted cash | 435,015 |
| Cash, cash equivalents, and restricted cash, beginning of year | <u>4,137,063</u> |
| Cash, cash equivalents and restricted cash, end of year | <u>\$ 4,572,078</u> |
| Reconciliation of cash, cash equivalents and restricted cash to the Statement of Net Position is as follows: | |
| Cash and cash equivalents | \$ 4,121,240 |
| Tenant security deposits | 353,034 |
| Restricted cash | <u>97,804</u> |
| Cash, cash equivalents, and restricted cash, at end of year | <u>\$ 4,572,078</u> |

See accompanying notes to financial statements

HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED JUNE 30, 2021

| | |
|--|-------------------|
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income | \$ 775,551 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 1,352,484 |
| Changes in operating assets, liabilities, deferred outflows and deferred inflows of resources: | |
| Accounts receivable | (204,986) |
| Prepaid expenses | (13,598) |
| Inventory | (10,000) |
| Pension liability | (271,541) |
| OPEB liability | 2,810,668 |
| Accounts payable | (227,735) |
| Accrued expenses | 134,167 |
| Accrued compensated absences | 82,065 |
| Security deposits | 16,224 |
| Unearned revenues | 206 |
| Deferred outflows of resources | (3,237,240) |
| Deferred inflows of resources | <u>(729,373)</u> |
| Net cash provided by operating activities | <u>\$ 476,892</u> |

See accompanying notes to financial statements

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Housing Authority of the Township of North Bergen (the "Authority") is a governmental, public corporation created under federal and state housing laws as defined by State statute (N.J.S.A. 4A: 12A-1, et. Seq., the "Housing Authority Act") for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the Township of North Bergen (the "Township"). The Authority is responsible for operating certain low-rent housing programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a board of commissioners which is essentially autonomous, but is responsible to HUD and the State of New Jersey Department of Community Affairs. An executive director is appointed by the Authority's board of commissioners to manage the day-to-day operations of the Authority.

B. Basis of Accounting / Financial Statement Presentation

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The programs of the Authority are organized as separate accounting entities. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The programs of the Authority are combined and considered an enterprise fund. An enterprise fund is used to account for activities that are operated in a manner similar to those found in the private sector.

The Authority's enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("GASB 34"), as amended. GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplementary Information.

HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting / Financial Statement Presentation (continued)

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions*, ("GASB 33") grant and subsidy revenue is recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

On January 30, 2008, HUD issued *PIH Notice 2008-9* which requires that unused housing assistance payments ("HAP") under proprietary fund reporting should be reported as restricted net position, with the associated cash and investments also being reported on HUD's Financial Data Schedule ("FDS") as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported on the FDS as unrestricted.

Both administrative fee and HAP revenue continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions, as defined by GASB 33, are met when these funds are available and measurable, not when these funds are expended. The Section 8 Housing Choice Vouchers program is no longer a cost reimbursement grant; therefore, the Authority recognizes unspent administrative fee and HAP revenue in the reporting period as revenue for financial statement reporting.

In accordance with 2 CFR 200.305(b)(9), any investment income earned up to \$500 on these funds may be retained by the Authority. Amounts in excess of \$500 must be remitted annually to the Department of Health and Human Services, Payment Management System.

C. Reporting Entity

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statement No. 14 and No. 34*, the Authority's basic financial statements include those of the Authority and any component units. Component units are legally separate organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

Based on the application of the above criteria, this report includes all programs and activities operated by the Authority. There were no additional entities required to be included in the reporting entity under these criteria in the current fiscal year. Furthermore, the Authority is not included in any other reporting entity on the basis of such criteria.

HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs

The Authority maintains its accounting records by program. A summary of the significant programs operated by the Authority is as follows:

Public and Indian Housing Program

The Public and Indian Housing Program is designed to provide low-cost housing within the Township. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

Section 8 Housing Choice Vouchers

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family.

Public Housing Capital Fund Program

The purpose of the Public Housing Capital Fund Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing and improving the central office facilities. Funding for this program is provided by grants from HUD.

Resident Opportunity and Supportive Services Program / Service Coordinators ("ROSS")

The purpose of the ROSS Service Coordinator program is to provide funding to hire and maintain Service Coordinators who will assess the needs of residents of conventional Public Housing or Indian housing and coordinate available resources in the community to meet those needs. This program works to promote the development of local strategies to coordinate the use of assistance under the Public Housing program with public and private resources, for supportive services and resident empowerment activities. These services should enable participating families to increase earned income, reduce or eliminate the need for welfare assistance, make progress toward achieving economic independence and housing self-sufficiency, or, in the case of elderly or disabled residents, help improve living conditions and enable residents to age-in-place.

Mainstream Vouchers

The purpose of the mainstream vouchers program is to aid non-elderly persons with disabilities in obtaining decent, safe, and sanitary rental housing.

CARES Act Funding Programs

During the year ended June 30, 2021, the Authority was awarded CARES Act funding as part of the Public and Indian Housing Program and Section 8 Housing Choice Vouchers Program. These funds are to be used to prevent, prepare for, and respond to the Coronavirus ("COVID-19"), as well as help the Authority maintain normal operations during the period impacted by COVID-19.

HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Use of Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of properties and equipment, amortization of leasehold improvements and contingencies. Actual results could differ significantly from these estimates.

F. Cash and Cash Equivalents

New Jersey Authorities are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States, or the State of New Jersey, or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey Authorities. The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, when the funds are secured in accordance with the act.

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

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

For the Statement of Cash Flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase.

It is the Authority's policy to maintain collateralization in accordance with state and HUD requirements.

G. Accounts Receivable, Net

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and vacated units. An allowance for doubtful accounts is established to provide for all accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts. Also included in accounts receivable are those amounts that tenants owe the Authority as payment for committing fraud or misrepresentation.

HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Accounts Receivable, Net (continued)

The Authority recognizes a receivable from HUD and other governmental agencies for amounts billed but not received and for amounts unbilled, but earned as of year-end.

H. Inventories

Inventories represent the value of materials and equipment the Authority has on hand. As of June 30, 2021, inventories consist of air conditioners totaling \$10,000, which is valued at cost using the First-In First-Out method. If the inventories fall below cost due to damage, deterioration, or obsolescence, the Authority will write down the inventories to its net realizable value through the establishment of an allowance for obsolete inventories. Management has determined that an allowance for obsolete inventories is not necessary as of June 30, 2021.

I. Allowance for Doubtful Accounts

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

J. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

K. Inter-Program Receivables and Payables

Inter-program receivables/payables are current, and are the result of the use of the Public and Indian Housing Program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all inter-program balances net to zero. In accordance with GASB 34, inter-program receivables and payables are eliminated for financial statement purposes; however, they are reflected in the accompanying Financial Data Schedule as required by HUD.

L. Capital Assets, Net

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expenses as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of fixed assets, the cost and related accumulated depreciation are eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

| | |
|---------------------------------------|------------|
| ◆ Dwelling and Non-Dwelling Equipment | 5 Years |
| ◆ Buildings | 27.5 Years |
| ◆ Building Improvements | 10 Years |

The Authority has established a capitalization threshold of \$1,000.

HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Impairment of Long Lived Assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. For the year ended June 30, 2021, there were no impairment losses.

N. Compensated Absences

Compensated absences represent amounts to which employees are entitled based on accumulated leave earned in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service at the current salary. Employees may be compensated for sick leave at retirement or termination at one half of the earned sick leave at the current salary to a maximum of \$5,000.

O. Prepaid Tenant Rents

The Authority's prepaid tenant rents primarily consist of the prepayment of rent by residents applicable to future periods.

P. Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided, as well as government subsidies and grants used for operating purposes. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues and expenses as non-operating.

Q. Taxes

The Authority is a unit of local government under New Jersey law and is exempt from real estate, sales and income taxes.

R. Budgets and Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its programs receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with GAAP. All appropriations lapse at HUD's program year end or at the end of grant periods. The Authority is also required to adopt and submit annually to the State of New Jersey, Department of Community Affairs, an Authority wide budget sixty (60) days prior to the start of the Authority's fiscal year.

HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources until that time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources until that time.

T. Pensions

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

U. Other Post Employment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the net OPEB, and OPEB expense, and information about the fiduciary net position of the State Health Benefits Plan ("SHBP") and additions to/deductions from SHBP's fiduciary net position have been determined on the same basis as they are reported by SHBP. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

V. Economic Dependency

The Section 8 Housing Choice Vouchers and Public and Indian Housing Programs of the Authority are economically dependent on operating grants and subsidies from HUD. The programs operate at a loss prior to receiving the grants.

W. Equity Classifications

Equity is classified as net position and displayed in three components:

Net investment in capital assets — Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position — Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position — All other resources that do not meet the definition of "restricted" or "net investment in capital assets."

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 2. CASH AND CASH EQUIVALENTS

As of June 30, 2021, the Authority had funds on deposit in checking, statements savings and money market accounts. The carrying amount of the Authority's cash and cash equivalents (including restricted deposits) was \$4,572,078 and the bank balances approximated \$4,657,200.

| <u>Cash Category</u> | <u>Amount</u> |
|--------------------------|---------------------|
| Unrestricted | \$ 4,121,240 |
| Tenant security deposits | 353,034 |
| Restricted | <u>97,804</u> |
| | <u>\$ 4,572,078</u> |

Of the bank balances, \$250,000 was covered by federal depository insurance and the remaining \$4,407,200 was collateralized by GUDPA as of June 30, 2021.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of June 30, 2021, the Authority's bank balances were not exposed to custodial credit risk.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following at June 30, 2021:

| <u>Description</u> | <u>Amount</u> |
|--|-------------------|
| Accounts receivable - HUD | \$ 56,783 |
| Accounts receivable - tenants, net | 81,609 |
| Accounts receivable - other government | 24,944 |
| Accounts receivable - miscellaneous | <u>331,740</u> |
| | <u>\$ 495,076</u> |

Accounts Receivable - HUD

As of June 30, 2021, Accounts receivable - HUD consisted of amounts due from HUD. Management estimates the amounts to be fully collectible, and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Tenants, Net

Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent. Tenant accounts receivable are stated net of an allowance for doubtful accounts of \$80,596 at June 30, 2021.

Accounts Receivable - other government

Accounts receivable - other government consists of amounts due from other housing authorities related to port-ins in the Section 8 Housing Choice Vouchers program. Management estimates these amounts to be fully collectible, and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Miscellaneous

Accounts receivable - miscellaneous consists primarily of management fees, advances to cover expenses due from developments and accrued interest. The Authority expects to collect all miscellaneous receivables and has made no allowance for doubtful accounts.

HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4. RESTRICTED DEPOSITS

Restricted deposits consisted of the following at June 30, 2021:

| <u>Cash Category</u> | <u>Amount</u> |
|---|-------------------|
| Tenant security deposits | \$ 353,034 |
| Housing assistance payment reserves | 81,405 |
| Family Self Sufficiency program escrows | <u>16,399</u> |
| | <u>\$ 450,838</u> |

Tenant security deposits represent amounts held by the Authority on behalf of tenants participating in the Public and Indian Housing Program. Upon termination from the program, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

Housing assistance payments reserves are restricted for tenant rents in the Section 8 Housing Choice Vouchers Program.

Family Self Sufficiency ("FSS") program escrows are restricted for use in the Section 8 Housing Choice Vouchers Program by FSS program participants.

NOTE 5. CAPITAL ASSETS

A summary of the changes in capital assets during the year ended June 30, 2021 is as follows:

| <u>Description</u> | <u>June 30,</u> <u>2020</u> | <u>Additions</u> | <u>Dispositions</u> | <u>Transfers</u> | <u>June 30,</u> <u>2021</u> |
|--|--------------------------------|--------------------|---------------------|------------------|--------------------------------|
| <u>Non-depreciable capital assets:</u> | | | | | |
| Land | \$ 1,150,084 | \$ - | \$ - | \$ - | \$ 1,150,084 |
| Construction in progress | <u>1,073,885</u> | <u>1,512,272</u> | <u>-</u> | <u>(733,800)</u> | <u>1,852,357</u> |
| Subtotal | <u>2,223,969</u> | <u>1,512,272</u> | <u>-</u> | <u>(733,800)</u> | <u>3,002,441</u> |
| <u>Depreciable capital assets:</u> | | | | | |
| Buildings and improvements | 56,112,667 | - | - | 733,800 | 56,846,467 |
| Furniture and equipment | <u>2,217,263</u> | <u>46,210</u> | <u>-</u> | <u>-</u> | <u>2,263,473</u> |
| Subtotal | <u>58,329,930</u> | <u>46,210</u> | <u>-</u> | <u>733,800</u> | <u>59,109,940</u> |
| Total capital assets | 60,553,899 | 1,558,482 | - | - | 62,112,381 |
| Less: accumulated depreciation | <u>(44,043,101)</u> | <u>(1,352,484)</u> | <u>-</u> | <u>-</u> | <u>(45,395,585)</u> |
| Net capital assets | <u>\$ 16,510,798</u> | <u>\$ 205,998</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 16,716,796</u> |

Depreciation expense for the year ended June 30, 2021 amounted to \$1,352,484.

HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6. NON-CURRENT LIABILITIES

Long term liabilities had the following activity for the year ended June 30, 2021:

| | June 30, 2020 | Additions | Retirements/ Contributions | June 30, 2021 | Due in One Year |
|------------------------------|----------------------|---------------------|-------------------------------|----------------------|--------------------|
| Accrued compensated absences | \$ 109,031 | \$ 82,065 | \$ - | \$ 191,096 | \$ 19,108 |
| Net pension liability | 4,724,736 | - | 271,541 | 4,453,195 | - |
| Net OPEB liability | <u>6,662,093</u> | <u>2,810,668</u> | <u>-</u> | <u>9,472,761</u> | <u>-</u> |
| | <u>\$ 11,495,860</u> | <u>\$ 2,892,733</u> | <u>\$ 271,541</u> | <u>\$ 14,117,052</u> | <u>\$ 19,108</u> |

NOTE 7. PENSION PLAN

A. Plan Description

The PERS is a cost-sharing multiple employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about PERS, please refer to the Division's Comprehensive Annual Financial Report, which can be found at <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

B. Benefits

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

1. Members who were enrolled prior to July 1, 2007
2. Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3. Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4. Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5. Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65.

Early retirement benefits are available to tiers one and two before reaching age 60, tiers 3 and 4 before age 62 with 25 years or more of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month a member retires prior to the age at which a member can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 7. PENSION PLAN (continued)

C. Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by all active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

The local employers' contribution amounts are based on the actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

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

At June 30, 2021, the Authority reported a liability of \$4,453,195, for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2019, and rolled forward to June 30, 2020.

For the year ended June 30, 2021, the Authority recognized pension expense of \$298,734. At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Changes of Assumptions | \$ 144,467 | \$ 1,864,595 |
| Changes in Proportion | 317,539 | 264,157 |
| Differences between projected and actual experience | 81,085 | 15,748 |
| Net differences between Expected and Actual Investments | 152,214 | - |
| Contributions subsequent to the measurement date | <u>284,295</u> | <u>-</u> |
| Total | <u>\$ 979,600</u> | <u>\$ 2,144,500</u> |

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 7. PENSION PLAN (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

Year ending June 30:

| | | |
|------|----|--------------------|
| 2022 | \$ | (433,215) |
| 2023 | | (394,961) |
| 2024 | | (225,710) |
| 2025 | | (91,273) |
| 2026 | | <u>(19,741)</u> |
| | \$ | <u>(1,164,900)</u> |

E. Actuarial Assumptions

The collective total pension liability at the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions.

| | |
|---------------------------|---|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary increases: | |
| Through 2026 | 2.00 - 6.00% based on years of service |
| Thereafter | 3.00 - 7.00% based on years of service |
| Investment rate of return | 7.00% |

Pre-mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial adjustments used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 7. PENSION PLAN (continued)

F. Long-Term Expected Rate of Return

The long-term expected rate of return is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and the Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class, including the PERS's target asset allocation as of June 30, 2020, are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Rate of Return</u> |
|-----------------------------------|--------------------------|--|
| U.S. Equity | 27.00% | 7.71% |
| Non-U.S. Developed Markets Equity | 13.50% | 8.57% |
| Emerging Markets Equity | 5.50% | 10.23% |
| Private Equity | 13.00% | 11.42% |
| Real Assets | 3.00% | 9.73% |
| Real Estate | 8.00% | 9.56% |
| High Yield | 2.00% | 5.95% |
| Private Credit | 8.00% | 7.59% |
| Investment Grade Credit | 8.00% | 2.67% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Risk Mitigation Strategies | 3.00% | 3.40% |

G. Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 7. PENSION PLAN (continued)

H. Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

| | 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|--|------------------------|--------------------------|------------------------|
| Authority's proportionate share of the net pension liability | \$ <u>5,649,910</u> | \$ <u>4,453,195</u> | \$ <u>3,502,479</u> |

NOTE 8. OTHER POST-RETIREMENT BENEFITS PLAN

A. Plan Description

The SHBP is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Division. It covers employees of local government employers that have adopted a resolution to participate in the SHBP. For additional information about SHBP, please refer to the Division's Comprehensive Annual Financial Report, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

B. Benefits

SHBP provides medical and prescription drug to retirees and their covered dependents of the employers. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of services credit in a State of locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 8. OTHER POST-RETIREMENT BENEFITS PLAN (continued)

C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the Authority reported a liability of \$9,472,761, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and rolled forward to June 30, 2020.

For the year ended June 30, 2021, the Authority recognized an OPEB benefit of \$91,535. At June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Changes of Assumptions | \$ 1,416,827 | \$ 2,106,596 |
| Changes in Proportion | 701,080 | 1,236,719 |
| Differences between projected and actual experience | 249,505 | 1,764,005 |
| Net differences between projected and actual investment earnings on OPEB plan investments | 6,016 | - |
| Contributions subsequent to the measurement date | <u>916,950</u> | <u>-</u> |
| Total | <u>\$ 3,290,378</u> | <u>\$ 5,107,320</u> |

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

| | <u>Amount</u> |
|----------------------|-----------------------|
| Year ending June 30: | |
| 2022 | \$ (295,921) |
| 2023 | (295,921) |
| 2024 | (296,103) |
| 2025 | (296,396) |
| 2026 | (296,665) |
| Thereafter | <u>(335,936)</u> |
| | <u>\$ (1,816,942)</u> |

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 8. OTHER POST-RETIREMENT BENEFITS PLAN (continued)

D. Actuarial Assumptions

The total OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions:

| | |
|-------------------|---------------------------|
| Inflation Rate | 2.50% |
| Salary increases: | 2.00 to 6.00% |
| Through 2026 | based on years of service |
| Thereafter | 3.00 to 7.00% |
| | based on years of service |

Mortality rates were based on the Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using the MP-2019 scale.

Certain actuarial assumptions used in the July 1, 2019 valuation were based on the results of the pension plans' experience studies prepared for July 1, 2013 to June 30, 2018. 100% of active members are considered to participate in the Plan upon retirement.

E. Discount Rate

The discount rate used to measure the total OPEB liability was 2.21% as of June 30, 2020. This represents the municipal bond return rate chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

F. Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net OPEB liability calculated using the discount rate of 2.21%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current rate.

| | 1% Decrease <u>(1.21)</u> | Discount Rate <u>(2.21)</u> | 1% Increase <u>(3.21)</u> |
|--|------------------------------|--------------------------------|------------------------------|
| Authority's proportionate share of the net OPEB liability | \$ <u>11,198,805</u> | \$ <u>9,472,761</u> | \$ <u>8,106,440</u> |

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 8. OTHER POST-RETIREMENT BENEFITS PLAN (continued)

G. Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7% and decreases to a 4.5% long-term trend rate after seven years.

H. Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Trend Rate

The following presents the Authority's proportionate share of the net OPEB liability calculated using the healthcare trend rate as disclosed above, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a healthcare trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

| | <u>1% Decrease</u> | <u>Discount Rate</u> | <u>1% Increase</u> |
|---|---------------------|----------------------|----------------------|
| Authority's proportionate share of the net OPEB liability | \$ <u>7,838,719</u> | \$ <u>9,472,761</u> | \$ <u>11,612,560</u> |

NOTE 9. RESTRICTED NET POSITION

As of June 30, 2021, restricted net position totaled \$81,405 and consisted of housing assistance payments reserves which are restricted for tenant rents in the Section 8 Housing Choice Vouchers Program.

NOTE 10. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is a member of the New Jersey Public Housing Authorities Joint Insurance Fund ("JIF"). The joint insurance pool is both an insured and self-administered group of housing authorities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The JIF will be self-sustaining through member premiums. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the year ended June 30, 2021.

HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11. CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD.

As of June 30, 2021, the Authority estimates that no material liabilities will result from such audits.

Vulnerability – Impact of COVID-19

The severity of the impact of COVID-19 on the Authority's operations will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the Authority's tenants, all of which are uncertain and cannot be predicted. The Authority's future results could be adversely impacted by delays in rent collections, portability payments from certain PHA's as well as grant reimbursements. Management is unable to predict with absolute certainty the impact of COVID-19 on its financial condition, results of operations or cash flows.

NOTE 12. SUBSEQUENT EVENTS

Events that occur after the financial statement 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 financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through March 18, 2022 (the date 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.

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

To the Board of Commissioners of the
Housing Authority of the Township of North Bergen:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Housing Authority of the Township of North Bergen (the "Authority") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 18, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Novogradec & Company LLP

March 18, 2022
Toms River, New Jersey

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
STATE OF NEW JERSEY OMB CIRCULAR 15-08**

To the Board of Commissioners of the
Housing Authority of the Township of North Bergen:

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the Township of North Bergen's (the "Authority") compliance with the types of compliance requirements described in the OMB Compliance Supplement and the State of New Jersey OMB Circular 15-08 that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2021. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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), and the State of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. 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 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 federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance 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, 2021.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Novogradec & Company LLP

March 18, 2022
Toms River, New Jersey

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

| <u>Federal Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>State Pass-through Number</u> | <u>Grant Period</u> <u>From / To</u> | | <u>Grant Award</u> | <u>Fiscal Year Expenditures</u> | <u>Cumulative Expenditures</u> |
|--|------------------------------------|--|---|----------|------------------------|-------------------------------------|------------------------------------|
| <u>U.S. Department of Housing and Urban Development</u> | | | | | | | |
| Housing Voucher Cluster | | | | | | | |
| Section 8 Housing Choice Vouchers | 14.871 | N/A | 7/1/20 | 6/30/21 | \$ 6,136,428 | \$ 6,136,428 | \$ 6,136,428 |
| Section 8 Housing Choice Vouchers- CARES Act | 14.HCC | N/A | 7/1/20 | 6/30/21 | 74,516 | 74,516 | 74,516 |
| Mainstream Vouchers | 14.879 | N/A | 7/1/20 | 6/30/21 | <u>155,949</u> | <u>155,949</u> | <u>155,949</u> |
| Total Housing Voucher Cluster | | | | | 6,366,893 | 6,366,893 | 6,366,893 |
| Public and Indian Housing | 14.850 | N/A | 1/1/19 | 12/31/21 | 5,940,906 | 3,537,215 | 5,606,106 |
| Public and Indian Housing - CARES Act | 14.PHC | N/A | 7/1/20 | 6/30/21 | 319,417 | 319,417 | 319,417 |
| Public Housing Capital Fund | 14.872 | N/A | 9/7/18 | 9/5/25 | 7,380,120 | 3,512,445 | 3,512,445 |
| Public Housing Family Self-Sufficiency Under Resident Opportunity and Supportive Services | 14.870 | N/A | 5/1/20 | 4/9/23 | <u>239,250</u> | <u>74,026</u> | <u>74,026</u> |
| Total U.S. Department of Housing and Urban Development | | | | | <u>\$ 20,246,586</u> | <u>\$ 13,809,996</u> | <u>\$ 15,878,887</u> |

See accompanying notes to schedule of expenditures of federal awards.

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey OMB Circular 15-08. Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the net position, changes in net position or cash flows of the Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in the Uniform Guidance and the State of New Jersey OMB Circular 15-08, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3. INDIRECT COST RATE

The Authority has not elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 4. STATEMENT OF ACTUAL CAPITAL FUND PROGRAM COSTS AND ADVANCES

The total amounts of Capital Fund Program Costs and Advances incurred and earned by the Authority as of and for the year ended June 30, 2021 are provided herein.

| | <u>501-17</u> | <u>501-18</u> | <u>501-19</u> | <u>501-20</u> | <u>Totals</u> |
|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Budget | \$ <u>1,000,000</u> | \$ <u>2,010,225</u> | \$ <u>2,103,360</u> | \$ <u>2,266,535</u> | \$ <u>7,380,120</u> |
| <u>Advances:</u> | | | | | |
| Cumulative through 6/30/20 | \$ - | \$ 1,173,459 | \$ 519,589 | \$ - | \$ 1,693,048 |
| Current Year | <u>1,000,000</u> | <u>836,766</u> | <u>1,130,550</u> | <u>545,129</u> | <u>3,512,445</u> |
| Cumulative through 6/30/21 | <u>1,000,000</u> | <u>2,010,225</u> | <u>1,650,139</u> | <u>545,129</u> | <u>5,205,493</u> |
| <u>Costs:</u> | | | | | |
| Cumulative through 6/30/20 | - | 1,173,459 | 519,589 | - | 1,693,048 |
| Current Year | <u>1,000,000</u> | <u>836,766</u> | <u>1,130,550</u> | <u>545,129</u> | <u>3,512,445</u> |
| Cumulative through 6/30/21 | <u>1,000,000</u> | <u>2,010,225</u> | <u>1,650,139</u> | <u>545,129</u> | <u>5,205,493</u> |
| Excess / (Deficiency) | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> |

NOTES TO SCHEDULE OF CAPITAL FUND PROGRAM COSTS AND ADVANCES

- 1) Capital Fund Grant No. NJ39L004501-17 with approved funding of \$1,000,000, has been fully drawn down and expended as per Capital Fund Grant Regulations.
- 2) Capital Fund Grant No. NJ39P004501-18 with approved funding of \$2,010,225, has been fully drawn down and expended as per Capital Fund Grant Regulations.

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021**

I. Summary of Auditors' Results

Financial Statement Section

- | | | |
|----|---|---------------|
| 1. | Type of auditors' report issued: | Unmodified |
| 2. | Internal control over financial reporting | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified? | None reported |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards Section

- | | | |
|----|--|---------------|
| 1. | Internal Control over compliance | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified? | None reported |
| 2. | Type of auditors' report on compliance for major programs: | Unmodified |
| 3. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a): | No |
| 4. | Identification of major programs: | |

CFDA Number

Name of Federal Program

Section 8 Housing Choice Voucher Cluster:

14.871
14.879
14.HCC

Section 8 Housing Choice Vouchers Program
Mainstream Vouchers
Section 8 Housing Choice Vouchers Program - CARES Act

- | | | |
|----|--|-----------|
| 5. | Dollar threshold used to distinguish between Type A and Type B Programs: | \$750,000 |
| 6. | Auditee qualified as low-risk Auditee? | No |

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
JUNE 30, 2021**

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

III. Federal Award Findings and Questioned Costs

There were no findings or questioned costs relating to federal awards.

IV. Summary of Prior Audit Findings

There were no findings or questioned costs in the prior year.

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
REQUIRED PENSION INFORMATION
JUNE 30, 2021**

SCHEDULE OF AUTHORITY CONTRIBUTIONS FOR THE LAST TEN FISCAL YEARS***

| | June 30, 2014 | June 30, 2015 | June 30, 2016 | June 30, 2017 | June 30, 2018 | June 30, 2019 | June 30, 2020 | June 30, 2021 |
|--|---------------------|---------------------|---------------------|---------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 213,021 | \$ 241,955 | \$ 229,437 | \$ 232,303 | \$ 261,181 | \$ 274,046 | \$ 255,059 | \$ 298,734 |
| Contributions in relation to the contractually required contribution | <u>213,021</u> | <u>241,955</u> | <u>229,437</u> | <u>232,303</u> | <u>261,181</u> | <u>274,046</u> | <u>255,059</u> | <u>298,734</u> |
| (Over) / under funded | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered-employee payroll | <u>\$ 2,021,891</u> | <u>\$ 2,085,853</u> | <u>\$ 2,269,743</u> | <u>\$ 2,303,893</u> | <u>2,311,208</u> | <u>2,428,562</u> | <u>2,670,285</u> | <u>2,565,848</u> |
| Contributions as a percentage of covered-employee payroll | <u>10.54 %</u> | <u>11.60 %</u> | <u>10.11 %</u> | <u>10.08 %</u> | <u>11.30 %</u> | <u>11.28 %</u> | <u>9.55 %</u> | <u>11.64 %</u> |

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THEIR NET PENSION LIABILITY FOR THE LAST TEN FISCAL YEARS***

| | June 30, 2014 | June 30, 2015 | June 30, 2016 | June 30, 2017 | June 30, 2018 | June 30, 2019 | June 30, 2020 | June 30, 2021 |
|--|---------------------|---------------------|---------------------|---------------------|------------------|---------------------|---------------------|---------------------|
| Authority's proportion of the net pension liability | <u>0.0283 %</u> | <u>0.0293 %</u> | <u>0.0267 %</u> | <u>0.0261 %</u> | <u>0.0282 %</u> | <u>0.0276 %</u> | <u>0.0262 %</u> | <u>0.0273 %</u> |
| Authority's proportionate share of the net pension liability | <u>\$ 5,403,271</u> | <u>\$ 5,495,074</u> | <u>\$ 5,990,706</u> | <u>\$ 7,744,552</u> | <u>6,562,955</u> | <u>5,424,705</u> | <u>4,724,736</u> | <u>4,453,195</u> |
| Authority's covered-employee payroll | <u>\$ 2,021,891</u> | <u>\$ 2,085,853</u> | <u>\$ 2,269,743</u> | <u>\$ 2,303,893</u> | <u>2,311,208</u> | <u>\$ 2,428,562</u> | <u>\$ 2,670,285</u> | <u>\$ 2,565,848</u> |
| Authority's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll | <u>267.24 %</u> | <u>263.44 %</u> | <u>263.94 %</u> | <u>336.15 %</u> | <u>283.96 %</u> | <u>223.37 %</u> | <u>176.94 %</u> | <u>173.56 %</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>48.72 %</u> | <u>52.08 %</u> | <u>47.93 %</u> | <u>43.35 %</u> | <u>48.10 %</u> | <u>53.60 %</u> | <u>56.30 %</u> | <u>58.30 %</u> |

*** = Until a full 10 year trend is compiled the Authority is presenting information for those years that are available.

See Report of Independent Auditors.

**HOUSING AUTHORITY OF THE TOWNSHIP OF NORTH BERGEN
REQUIRED OTHER POST EMPLOYMENT BENEFITS INFORMATION
JUNE 30, 2021**

SCHEDULE OF AUTHORITY CONTRIBUTIONS FOR THE LAST TEN FISCAL YEARS***

| | June 30, 2018 | June 30, 2019 | June 30, 2020 | June 30, 2021 |
|--|------------------|------------------|------------------|------------------|
| Statutorily required contribution | \$ 830,835 | \$ 889,601 | \$ 895,987 | \$ 916,950 |
| Contributions in relation to the statutorily required contribution | 830,835 | 889,601 | 895,987 | 916,950 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| Authority's covered-employee payroll | \$ 2,311,208 | \$ 2,428,562 | \$ 2,670,285 | \$ 2,565,848 |
| Contributions as a percentage of covered-employee payroll | 35.95 % | 36.63 % | 33.55 % | 35.74 % |

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THEIR NET OPB LIABILITY FOR THE LAST TEN FISCAL YEARS***

| | June 30, 2018 | June 30, 2019 | June 30, 2020 | June 30, 2021 |
|--|------------------|------------------|------------------|------------------|
| Statutorily required contribution | \$ 830,835 | \$ 889,601 | \$ 895,987 | \$ 916,950 |
| Authority's proportionate share of the net OPB liability | \$ 10,702,569 | \$ 8,017,548 | \$ 6,662,093 | \$ 9,472,761 |
| Authority's covered-employee payroll | \$ 2,311,208 | \$ 2,428,562 | \$ 2,670,285 | \$ 2,565,848 |
| Authority's proportionate share of the net OPB liability as a percentage of its covered-employee payroll | 463.07 % | 330.14 % | 249.49 % | 369.19 % |
| Plan fiduciary net position as a percentage of the total OPB liability | 1.03 % | 1.97 % | 1.98 % | 0.92 % |

*** = Until a full 10 year trend is compiled the Authority is presenting information for those years that are available.

See Report of Independent Auditors.

| North Bergen Housing Authority | | | | | |
|--|---|----------------------|---|--------------------------------|----------------------------|
| NJ004 | | | | | |
| Financial Data Schedule (FDS) | | | | | |
| June 30, 2021 | | | | | |
| Line Item # | Account Description | Project Total | 14.870 Resident Opportunity and Supportive Services | 14.871 Housing Choice Vouchers | 14.879 Mainstream Vouchers |
| ASSETS: | | | | | |
| CURRENT ASSETS: | | | | | |
| Cash: | | | | | |
| 111 | Cash - unrestricted | \$ 3,441,595 | \$ - | \$ 206,977 | \$ - |
| 112 | Cash - restricted - modernization and development | - | - | - | - |
| 113 | Cash - other restricted | - | - | - | 81,405 |
| 114 | Cash - tenant security deposits | 353,034 | - | - | - |
| 115 | Cash - restricted for payment of current liabilities | - | - | 16,399 | - |
| 100 | Total cash | 3,794,629 | - | 223,376 | 81,405 |
| Accounts and notes receivables: | | | | | |
| 121 | Accounts receivable - PHA projects | - | - | - | - |
| 122 | Accounts receivable - HUD other projects | - | - | 56,783 | - |
| 124 | Accounts receivable - other government | - | - | 24,944 | - |
| 125 | Accounts receivable - miscellaneous | - | - | 751 | - |
| 126 | Accounts receivable- tenants | 81,609 | - | - | - |
| 126 | Allowance for doubtful accounts - tenants | - | - | - | - |
| 126 | Allowance for doubtful accounts - other | - | - | - | - |
| 127 | Notes and mortgages receivable- current | - | - | - | - |
| 128 | Fraud recovery | - | - | - | - |
| 128 | Allowance for doubtful accounts - fraud | - | - | - | - |
| 129 | Accrued interest receivable | - | - | - | - |
| 120 | Total receivables, net of allowances for doubtful accounts | 81,609 | - | 82,478 | - |
| Current Investments | | | | | |
| 131 | Investments - unrestricted | - | - | - | - |
| 132 | Investments - restricted | - | - | - | - |
| 135 | Investments - restricted for payment of current liability | - | - | - | - |
| 142 | Prepaid expenses and other assets | 137,051 | - | 7,257 | - |
| 143 | Inventories | 10,000 | - | - | - |
| 143 | Allowance for obsolete inventories | - | - | - | - |
| 144 | Interprogram - due from | - | - | - | - |
| 145 | Assets held for sale | - | - | - | - |
| 150 | TOTAL CURRENT ASSETS | 4,023,289 | - | 313,111 | 81,405 |
| NONCURRENT ASSETS: | | | | | |
| Fixed assets: | | | | | |
| 161 | Land | 1,150,084 | - | - | - |
| 162 | Buildings | 56,846,467 | - | - | - |
| 163 | Furniture, equipment & machinery - dwellings | 1,713,021 | - | 14,707 | - |
| 164 | Furniture, equipment & machinery - administration | 140,144 | - | - | - |
| 165 | Leasehold improvements | - | - | - | - |
| 166 | Accumulated depreciation | (45,086,997) | - | (14,707) | - |
| 167 | Construction in Progress | 1,852,357 | - | - | - |
| 168 | Infrastructure | - | - | - | - |
| 160 | Total fixed assets, net of accumulated depreciation | 16,615,076 | - | - | - |
| Other non-current assets: | | | | | |
| 171 | Notes and mortgages receivable - non-current | - | - | - | - |
| 172 | Notes and mortgages receivable-non-current - past due | - | - | - | - |
| 173 | Grants Receivable Non Current | - | - | - | - |
| 174 | Other assets | - | - | - | - |
| 175 | Undistributed debits | - | - | - | - |
| 176 | Investment in joint ventures | - | - | - | - |
| 180 | TOTAL NONCURRENT ASSETS | 16,615,076 | - | - | - |
| 200 | Deferred Outflows of Resources | 3,030,991 | - | 432,194 | - |
| 290 | TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 23,669,356 | \$ - | \$ 745,305 | \$ 81,405 |

| North Bergen Housing Authority | | | | | |
|--------------------------------|---|----------------------|---|--------------------------------|----------------------------|
| NJ004 | | | | | |
| Financial Data Schedule (FDS) | | | | | |
| June 30, 2021 | | | | | |
| Line Item # | Account Description | Project Total | 14.870 Resident Opportunity and Supportive Services | 14.871 Housing Choice Vouchers | 14.879 Mainstream Vouchers |
| LIABILITIES AND EQUITY: | | | | | |
| Liabilities: | | | | | |
| Current Liabilities: | | | | | |
| 311 | Bank overdraft | \$ - | \$ - | \$ - | \$ - |
| 312 | Accounts payable ≤ 90 days | 64,388 | - | 13,759 | - |
| 313 | Accounts payable > 90 days past due | - | - | - | - |
| 321 | Accrued wage/payroll taxes payable | 61,206 | - | - | - |
| 322 | Accrued compensated absences - current portion | 12,848 | - | 2,515 | - |
| 324 | Accrued contingency liability | - | - | - | - |
| 325 | Accrued interest payable | - | - | - | - |
| 331 | Accounts payable - HUD PHA programs | - | - | 3,707 | - |
| 332 | Accounts payable - PHA projects | - | - | - | - |
| 333 | Accounts payable - other government | 282,817 | - | 8,372 | - |
| 341 | Tenant security deposits | 353,034 | - | - | - |
| 342 | Unearned revenue | 262 | - | - | - |
| 343 | Current portion of L-T debt - capital projects | - | - | - | - |
| 344 | Current portion of L-T debt - operating borrowings | - | - | - | - |
| 345 | Other current liabilities | - | - | 15,745 | - |
| 346 | Accrued liabilities - other | 185,264 | - | - | - |
| 347 | Interprogram - due to | - | - | - | - |
| 348 | Loan liability - Current | - | - | - | - |
| 310 | TOTAL CURRENT LIABILITIES | 959,819 | - | 44,098 | - |
| NONCURRENT LIABILITIES: | | | | | |
| 351 | Long-term debt, net of current - capital projects | - | - | - | - |
| 352 | Long-term debt, net of current - operating borrowings | - | - | - | - |
| 353 | Non-current liabilities- other | - | - | - | - |
| 354 | Accrued compensated absences - noncurrent | 115,639 | - | 22,645 | - |
| 355 | Loan Liability - Non Current | - | - | - | - |
| 356 | FASB 5 Liabilities | - | - | - | - |
| 357 | Accrued pension and OPEB liabilities | 10,179,978 | - | 1,542,463 | - |
| 350 | TOTAL NONCURRENT LIABILITIES | 10,295,617 | - | 1,565,108 | - |
| 300 | TOTAL LIABILITIES | 11,255,436 | - | 1,609,206 | - |
| 400 | Deferred Inflows of Resources | 5,947,910 | - | 838,093 | - |
| EQUITY: | | | | | |
| 508 | Invested in Capital Assets, Net of Related Debt | 16,615,076 | - | - | - |
| 511 | Restricted Net Assets | - | - | - | 81,405 |
| 512 | Unrestricted Net Assets | (10,149,066) | - | (1,701,994) | - |
| 513 | TOTAL EQUITY | 6,466,010 | - | (1,701,994) | 81,405 |
| 600 | TOTAL LIABILITIES, DEFERRED INFLOWS AND EQUITY | \$ 23,669,356 | \$ - | \$ 745,305 | \$ 81,405 |
| | Proof of concept | - | - | - | - |

| North Bergen Housing Authority | | | | | | |
|--|---|---|------------------------------|--------------|------|---------------|
| NJ004 | | | | | | |
| Financial Data Schedule (FDS) | | | | | | |
| June 30, 2021 | | | | | | |
| Line Item # | Account Description | 14.PHC Public Housing Cares Act Funding | 14.HCC HCV Cares Act Funding | COCC | ELIM | TOTAL |
| ASSETS: | | | | | | |
| CURRENT ASSETS: | | | | | | |
| Cash: | | | | | | |
| 111 | Cash - unrestricted | \$ - | \$ - | \$ 472,668 | \$ - | \$ 4,121,240 |
| 112 | Cash - restricted - modernization and development | - | - | - | - | - |
| 113 | Cash - other restricted | - | - | - | - | 81,405 |
| 114 | Cash - tenant security deposits | - | - | - | - | 353,034 |
| 115 | Cash - restricted for payment of current liabilities | - | - | - | - | 16,399 |
| 100 | Total cash | - | - | 472,668 | - | 4,572,078 |
| Accounts and notes receivables: | | | | | | |
| 121 | Accounts receivable - PHA projects | - | - | - | - | - |
| 122 | Accounts receivable - HUD other projects | - | - | - | - | 56,783 |
| 124 | Accounts receivable - other government | - | - | - | - | 24,944 |
| 125 | Accounts receivable - miscellaneous | - | - | 330,989 | - | 331,740 |
| 126 | Accounts receivable- tenants | - | - | - | - | 81,609 |
| 126 | Allowance for doubtful accounts - tenants | - | - | - | - | - |
| 126 | Allowance for doubtful accounts - other | - | - | - | - | - |
| 127 | Notes and mortgages receivable- current | - | - | - | - | - |
| 128 | Fraud recovery | - | - | - | - | - |
| 128 | Allowance for doubtful accounts - fraud | - | - | - | - | - |
| 129 | Accrued interest receivable | - | - | - | - | - |
| 120 | Total receivables, net of allowances for doubtful accounts | - | - | 330,989 | - | 495,076 |
| Current investments | | | | | | |
| 131 | Investments - unrestricted | - | - | - | - | - |
| 132 | Investments - restricted | - | - | - | - | - |
| 135 | Investments - restricted for payment of current liability | - | - | - | - | - |
| 142 | Prepaid expenses and other assets | - | - | 11,648 | - | 155,956 |
| 143 | Inventories | - | - | - | - | 10,000 |
| 143 | Allowance for obsolete inventories | - | - | - | - | - |
| 144 | Interprogram - due from | - | - | - | - | - |
| 145 | Assets held for sale | - | - | - | - | - |
| 150 | TOTAL CURRENT ASSETS | - | - | 815,305 | - | 5,233,110 |
| NONCURRENT ASSETS: | | | | | | |
| Fixed assets: | | | | | | |
| 161 | Land | - | - | - | - | 1,150,084 |
| 162 | Buildings | - | - | - | - | 56,846,467 |
| 163 | Furniture, equipment & machinery - dwellings | - | - | - | - | 1,727,728 |
| 164 | Furniture, equipment & machinery - administration | - | - | 395,601 | - | 535,745 |
| 165 | Leasehold improvements | - | - | - | - | - |
| 166 | Accumulated depreciation | - | - | (293,881) | - | (45,395,585) |
| 167 | Construction in Progress | - | - | - | - | 1,852,357 |
| 168 | Infrastructure | - | - | - | - | - |
| 160 | Total fixed assets, net of accumulated depreciation | - | - | 101,720 | - | 16,716,796 |
| Other non-current assets: | | | | | | |
| 171 | Notes and mortgages receivable - non-current | - | - | - | - | - |
| 172 | Notes and mortgages receivable-non-current - past due | - | - | - | - | - |
| 173 | Grants Receivable Non Current | - | - | - | - | - |
| 174 | Other assets | - | - | - | - | - |
| 175 | Undistributed debits | - | - | - | - | - |
| 176 | Investment in joint ventures | - | - | - | - | - |
| 180 | TOTAL NONCURRENT ASSETS | - | - | 101,720 | - | 16,716,796 |
| 200 | Deferred Outflows of Resources | - | - | 806,793 | - | 4,269,978 |
| 290 | TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ - | \$ - | \$ 1,723,818 | \$ - | \$ 26,219,884 |

| North Bergen Housing Authority | | | | | | |
|--------------------------------|---|---|------------------------------|--------------|------|---------------|
| NJ004 | | | | | | |
| Financial Data Schedule (FDS) | | | | | | |
| June 30, 2021 | | | | | | |
| Line Item # | Account Description | 14.PHC Public Housing Cares Act Funding | 14.HCC HCV Cares Act Funding | COCC | ELIM | TOTAL |
| LIABILITIES AND EQUITY: | | | | | | |
| Liabilities: | | | | | | |
| Current Liabilities: | | | | | | |
| 311 | Bank overdraft | \$ - | \$ - | \$ - | \$ - | \$ - |
| 312 | Accounts payable < 90 days | - | - | 10,123 | - | 88,270 |
| 313 | Accounts payable > 90 days past due | - | - | - | - | - |
| 321 | Accrued wage/payroll taxes payable | - | - | 19,107 | - | 80,313 |
| 322 | Accrued compensated absences - current portion | - | - | 3,745 | - | 19,108 |
| 324 | Accrued contingency liability | - | - | - | - | - |
| 325 | Accrued interest payable | - | - | - | - | - |
| 331 | Accounts payable - HUD PHA programs | - | - | - | - | 3,707 |
| 332 | Accounts payable - PHA projects | - | - | - | - | - |
| 333 | Accounts payable - other government | - | - | - | - | 291,189 |
| 341 | Tenant security deposits | - | - | - | - | 353,034 |
| 342 | Unearned revenue | - | - | - | - | 262 |
| 343 | Current portion of L-T debt - capital projects | - | - | - | - | - |
| 344 | Current portion of L-T debt - operating borrowings | - | - | - | - | - |
| 345 | Other current liabilities | - | - | - | - | 15,745 |
| 346 | Accrued liabilities - other | - | - | - | - | 185,264 |
| 347 | Interprogram - due to | - | - | - | - | - |
| 348 | Loan liability - Current | - | - | - | - | - |
| 310 | TOTAL CURRENT LIABILITIES | - | - | 32,975 | - | 1,036,892 |
| NONCURRENT LIABILITIES: | | | | | | |
| 351 | Long-term debt, net of current - capital projects | - | - | - | - | - |
| 352 | Long-term debt, net of current - operating borrowings | - | - | - | - | - |
| 353 | Non-current liabilities- other | - | - | - | - | - |
| 354 | Accrued compensated absences - noncurrent | - | - | 33,704 | - | 171,988 |
| 355 | Loan Liability - Non Current | - | - | - | - | - |
| 356 | FASB 5 Liabilities | - | - | - | - | - |
| 357 | Accrued pension and OPEB liabilities | - | - | 2,203,515 | - | 13,925,956 |
| 350 | TOTAL NONCURRENT LIABILITIES | - | - | 2,237,219 | - | 14,097,944 |
| 300 | TOTAL LIABILITIES | - | - | 2,270,194 | - | 15,134,836 |
| 400 | Deferred Inflows of Resources | - | - | 465,817 | - | 7,251,820 |
| EQUITY: | | | | | | |
| 508 | Invested in Capital Assets, Net of Related Debt | - | - | 101,720 | - | 16,716,796 |
| 511 | Restricted Net Assets | - | - | - | - | 81,405 |
| 512 | Unrestricted Net Assets | - | - | (1,113,913) | - | (12,964,973) |
| 513 | TOTAL EQUITY | - | - | (1,012,193) | - | 3,833,228 |
| 600 | TOTAL LIABILITIES, DEFERRED INFLOWS AND EQUITY | \$ - | \$ - | \$ 1,723,818 | \$ - | \$ 26,219,884 |
| | Proof of concept | - | - | - | - | - |

North Bergen Housing Authority

NJ004

Financial Data Schedule (FDS)

June 30, 2021

| Line Item # | Account Description | OPERATING | CAPITAL | 14.870 Resident Opportunity and Supportive Services | 14.871 Housing Choice Vouchers | 14.879 Mainstream Vouchers |
|---|---|------------------|------------------|---|--------------------------------|----------------------------|
| REVENUE: | | | | | | |
| 70300 | Net tenant rental revenue | \$ 4,656,959 | \$ - | \$ - | \$ - | \$ - |
| 70400 | Tenant revenue - other | 73,224 | - | - | - | - |
| 70500 | Total tenant revenue | 4,730,183 | - | - | - | - |
| 70600 | HUD PHA grants | 3,537,215 | 2,000,173 | 74,024 | 4,748,121 | 237,354 |
| 70610 | Capital grants | - | 1,512,272 | - | - | - |
| 70710 | Management fee | - | - | - | - | - |
| 70720 | Asset management fee | - | - | - | - | - |
| 70730 | Book keeping fee | - | - | - | - | - |
| 70740 | Front line service fee | - | - | - | - | - |
| 70750 | Other fees | - | - | - | - | - |
| 70800 | Other government grants | - | - | - | - | - |
| 71100 | Investment income - unrestricted | - | - | - | 545 | - |
| 71200 | Mortgage interest income | - | - | - | - | - |
| 71300 | Proceeds from disposition of assets held for sale | - | - | - | - | - |
| 71301 | Cost of sale of assets | - | - | - | - | - |
| 71400 | Fraud recovery | - | - | - | 4,022 | - |
| 71500 | Other revenue | 1,530,197 | - | - | 1,257,245 | - |
| 71600 | Gain or loss on sale of fixed assets | - | - | - | - | - |
| 72000 | Investment income - restricted | - | - | - | - | - |
| 70000 | TOTAL REVENUE | 9,797,595 | 3,512,445 | 74,024 | 6,009,933 | 237,354 |
| EXPENSES: | | | | | | |
| Administrative | | | | | | |
| 91100 | Administrative salaries | 1,230,092 | 106,919 | - | 172,511 | 5,402 |
| 91200 | Auditing fees | 12,000 | - | - | 3,000 | - |
| 91300 | Outside management fees | 782,010 | - | - | - | - |
| 91310 | Book-keeping fee | 87,840 | - | - | - | - |
| 91400 | Advertising and marketing | 10,644 | - | - | - | - |
| 91500 | Employee benefit contributions- administrative | 605,406 | - | - | 313,025 | - |
| 91600 | Office expenses | 1,136 | 45,364 | 5,456 | 23,053 | - |
| 91700 | Legal expenses | 43,597 | - | - | - | - |
| 91800 | Travel | - | - | - | - | - |
| 91810 | Allocated overhead | - | - | - | - | - |
| 91900 | Other | 150,851 | 93,493 | - | 27,500 | - |
| | Total Administrative | 2,923,576 | 245,776 | 5,456 | 539,089 | 5,402 |
| 92000 | Asset Management Fee | - | - | - | - | - |
| Tenant services | | | | | | |
| 92100 | Tenant services - salaries | 37,918 | - | 50,814 | - | - |
| 92200 | Relocation costs | - | - | - | - | - |
| 92300 | Employee benefit contributions- tenant services | 11,552 | - | 16,934 | - | - |
| 92400 | Tenant services - other | 20,011 | - | 820 | - | - |
| | Total Tenant Services | 69,481 | - | 68,578 | - | - |
| Utilities | | | | | | |
| 93100 | Water | 324,353 | - | - | - | - |
| 93200 | Electricity | 891,051 | - | - | - | - |
| 93300 | Gas | 280,397 | - | - | - | - |
| 93400 | Fuel | - | - | - | - | - |
| 93500 | Labor | - | - | - | - | - |
| 93600 | Sewer | 409,846 | - | - | - | - |
| 93700 | Employee benefit contributions- utilities | - | - | - | - | - |
| 93800 | Other utilities expense | - | - | - | - | - |
| | Total Utilities | 1,905,607 | - | - | - | - |
| Ordinary maintenance & operation | | | | | | |
| 94100 | Ordinary maintenance and operations - labor | - | - | - | - | - |
| 94200 | Ordinary maintenance and operations - materials & other | 420,609 | - | - | - | - |
| 94300 | Ordinary maintenance and operations - contract costs | 1,241,017 | 1,114,227 | - | - | - |
| 94500 | Employee benefit contributions- ordinary maintenance | - | - | - | - | - |
| | Total Ordinary Maintenance | 1,661,626 | 1,114,227 | - | - | - |
| Protective services | | | | | | |
| 95100 | Protective services - labor | 687,648 | - | - | - | - |
| 95200 | Protective services- other contract costs | - | - | - | - | - |
| 95300 | Protective services - other | - | - | - | - | - |
| 95500 | Employee benefit contributions- protective services | 217,720 | - | - | - | - |
| | Total Protective Services | 905,368 | - | - | - | - |

| North Bergen Housing Authority | | | | | | |
|----------------------------------|---|------------------|------------------|---|--------------------------------|----------------------------|
| NJ004 | | | | | | |
| Financial Data Schedule (FDS) | | | | | | |
| June 30, 2021 | | | | | | |
| Line Item # | Account Description | OPERATING | CAPITAL | 14.870 Resident Opportunity and Supportive Services | 14.871 Housing Choice Vouchers | 14.879 Mainstream Vouchers |
| | General expenses | | | | | |
| 96100 | Insurance premiums | 261,826 | - | - | 15,000 | - |
| 96200 | Other general expenses | - | - | - | 9,324 | - |
| 96210 | Compensated absences | 42,746 | - | - | 1,870 | - |
| 96300 | Payments in lieu of taxes | 282,817 | - | - | - | - |
| 96400 | Bad debt - tenant rents | - | - | - | - | - |
| 96500 | Bad debt- mortgages | - | - | - | - | - |
| 96600 | Bad debt - other | - | - | - | - | - |
| 96700 | Interest expense | - | - | - | - | - |
| 96710 | Interest of mortgage (or bonds) payable | - | - | - | - | - |
| 96720 | Interest on Notes Payable (Short and Long Term) | - | - | - | - | - |
| 96730 | Amortization of bond issue costs | - | - | - | - | - |
| 96800 | Severance expense | - | - | - | - | - |
| | Total General Expenses | 587,389 | - | - | 26,194 | - |
| 96900 | TOTAL OPERATING EXPENSES | 8,953,047 | 1,360,003 | 74,026 | 565,283 | 5,402 |
| 97000 | EXCESS OPERATING REVENUE OVER OPERATING EXPENSES | 1,744,548 | 2,152,442 | - | 5,444,650 | 231,952 |
| | OTHER FINANCING SOURCES (USES) | | | | | |
| 97100 | Extraordinary maintenance | - | - | - | - | - |
| 97200 | Casualty losses - non capitalized | - | - | - | - | - |
| 97300 | Housing assistance payments | - | - | - | 4,480,580 | 150,547 |
| 97350 | HAP Portability - in | - | - | - | 1,090,565 | - |
| 97400 | Depreciation expense | 1,316,495 | - | - | - | - |
| 97500 | Fraud losses | - | - | - | - | - |
| 97800 | Dwelling units rent expense | - | - | - | - | - |
| 90000 | TOTAL EXPENSES | 9,369,542 | 1,360,003 | 74,026 | 6,136,428 | 155,949 |
| | OTHER FINANCING SOURCES (USES) | | | | | |
| 10010 | Operating transfers in | 640,170 | - | - | - | - |
| 10020 | Operating transfers out | - | (640,170) | - | - | - |
| 10030 | Operating transfers from/to primary government | - | - | - | - | - |
| 10040 | Operating transfers from/to component unit | - | - | - | - | - |
| 10070 | Extraordinary items, net gain/loss | - | - | - | - | - |
| 10080 | Special items (net gain/loss) | - | - | - | - | - |
| 10091 | Inter Project excess cash transfer in | - | - | - | - | - |
| 10092 | Inter Project excess cash transfer out | - | - | - | - | - |
| 10093 | Transfers between program and project in | - | - | - | - | - |
| 10094 | Transfers between program and project out | - | - | - | - | - |
| 10100 | TOTAL OTHER FINANCING SOURCES (USES) | 640,170 | (640,170) | - | - | - |
| 10000 | EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES | 1,068,223 | 1,512,272 | - | (126,495) | 81,405 |
| MEMO ACCOUNT INFORMATION: | | | | | | |
| 11020 | Required annual debt principal payments | - | - | - | - | - |
| 11030 | Beginning equity | 3,885,515 | - | - | (1,575,499) | - |
| 11040 | Prior period adjustments and equity transfers | 1,512,272 | (1,512,272) | - | - | - |
| 11170 | Administrative fee equity | - | - | - | - | - |
| 11180 | Housing assistance payments equity | - | - | - | - | - |
| 11190 | Unit months available | - | - | - | 5,484 | 480 |
| 11210 | Number of unit months leased | - | - | - | 4,342 | 130 |
| | Equity Roll Forward Test: | | | | | |
| | Calculation from R/E Statement | \$ 6,466,010 | \$ - | \$ - | (1,701,994) | \$ 81,405 |
| | B/S Line 513 | \$ 6,466,010 | \$ - | \$ - | (1,701,994) | \$ 81,405 |
| | | \$ - | \$ - | \$ - | \$ - | \$ - |

North Bergen Housing Authority

NJ004

Financial Data Schedule (FDS)

June 30, 2021

| Line Item # | Account Description | 14.PHC Public Housing Cares Act Funding | 14.HCC HCV Cares Act Funding | COCC | ELIM | TOTAL |
|---|---|---|------------------------------|------------------|------------------|-------------------|
| REVENUE: | | | | | | |
| 70300 | Net tenant rental revenue | \$ - | \$ - | \$ - | \$ - | \$ 4,656,959 |
| 70400 | Tenant revenue - other | - | - | - | - | 73,224 |
| 70500 | Total tenant revenue | - | - | - | - | 4,730,183 |
| 70600 | HUD PHA grants | 319,417 | 74,516 | - | - | 10,990,822 |
| 70610 | Capital grants | - | - | - | - | 1,512,272 |
| 70710 | Management fee | - | - | 782,010 | (782,010) | - |
| 70720 | Asset management fee | - | - | - | - | - |
| 70730 | Book keeping fee | - | - | 87,840 | (87,840) | - |
| 70740 | Front line service fee | - | - | - | - | - |
| 70750 | Other fees | - | - | - | - | - |
| 70800 | Other government grants | - | - | - | - | - |
| 71100 | Investment income - unrestricted | - | - | 3,788 | - | 4,333 |
| 71200 | Mortgage interest income | - | - | - | - | - |
| 71300 | Proceeds from disposition of assets held for sale | - | - | - | - | - |
| 71301 | Cost of sale of assets | - | - | - | - | - |
| 71400 | Fraud recovery | - | - | - | - | 4,022 |
| 71500 | Other revenue | - | - | 206,233 | - | 2,993,675 |
| 71600 | Gain or loss on sale of fixed assets | - | - | - | - | - |
| 72000 | Investment income - restricted | - | - | - | - | - |
| 70000 | TOTAL REVENUE | 319,417 | 74,516 | 1,079,871 | (869,850) | 20,235,307 |
| EXPENSES: | | | | | | |
| Administrative | | | | | | |
| 91100 | Administrative salaries | 136,694 | 74,516 | 330,760 | - | 2,056,894 |
| 91200 | Auditing fees | - | - | 3,900 | - | 18,900 |
| 91300 | Outside management fees | - | - | - | (782,010) | - |
| 91310 | Book-keeping fee | - | - | - | (87,840) | - |
| 91400 | Advertising and marketing | - | - | - | - | 10,644 |
| 91500 | Employee benefit contributions- administrative | 28,505 | - | 48,064 | - | 1,387,000 |
| 91600 | Office expenses | - | - | 224,754 | - | 299,763 |
| 91700 | Legal expenses | - | - | 147,156 | - | 190,753 |
| 91800 | Travel | - | - | 1,750 | - | 1,750 |
| 91810 | Allocated overhead | - | - | - | - | - |
| 91900 | Other | - | - | 71,809 | - | 343,653 |
| | Total Administrative | 157,199 | 74,516 | 1,228,193 | (869,850) | 4,309,357 |
| 92000 | Asset Management Fee | - | - | - | - | - |
| Tenant services | | | | | | |
| 92100 | Tenant services - salaries | - | - | - | - | 88,734 |
| 92200 | Relocation costs | - | - | - | - | - |
| 92300 | Employee benefit contributions- tenant services | - | - | - | - | 28,486 |
| 92400 | Tenant services - other | 81,916 | - | - | - | 102,747 |
| | Total Tenant Services | 81,916 | - | - | - | 219,967 |
| Utilities | | | | | | |
| 93100 | Water | - | - | - | - | 324,353 |
| 93200 | Electricity | - | - | - | - | 891,051 |
| 93300 | Gas | - | - | - | - | 280,357 |
| 93400 | Fuel | - | - | - | - | - |
| 93500 | Labor | - | - | - | - | - |
| 93600 | Sewer | - | - | - | - | 409,846 |
| 93700 | Employee benefit contributions- utilities | - | - | - | - | - |
| 93800 | Other utilities expense | - | - | - | - | - |
| | Total Utilities | - | - | - | - | 1,905,607 |
| Ordinary maintenance & operation | | | | | | |
| 94100 | Ordinary maintenance and operations - labor | - | - | - | - | - |
| 94200 | Ordinary maintenance and operations - materials & other | - | - | - | - | 420,609 |
| 94300 | Ordinary maintenance and operations - contract costs | - | - | - | - | 2,355,244 |
| 94500 | Employee benefit contributions- ordinary maintenance | - | - | - | - | - |
| | Total Ordinary Maintenance | - | - | - | - | 2,775,853 |
| Protective services | | | | | | |
| 95100 | Protective services - labor | 69,828 | - | - | - | 757,476 |
| 95200 | Protective services- other contract costs | - | - | - | - | - |
| 95300 | Protective services - other | - | - | - | - | - |
| 95500 | Employee benefit contributions- protective services | 10,474 | - | - | - | 228,194 |
| | Total Protective Services | 80,302 | - | - | - | 985,670 |

| North Bergen Housing Authority | | | | | | |
|---------------------------------------|---|---|------------------------------|------------------|------------------|-------------------|
| NJ004 | | | | | | |
| Financial Data Schedule (FDS) | | | | | | |
| June 30, 2021 | | | | | | |
| Line Item # | Account Description | 14.PHC Public Housing Cares Act Funding | 14.HCC HCV Cares Act Funding | COCC | ELIM | TOTAL |
| General expenses | | | | | | |
| 96100 | Insurance premiums | - | - | 21,489 | - | 298,315 |
| 96200 | Other general expenses | - | - | - | - | 9,324 |
| 96210 | Compensated absences | - | - | 37,449 | - | 82,065 |
| 96300 | Payments in lieu of taxes | - | - | - | - | 282,817 |
| 96400 | Bad debt - tenant rents | - | - | - | - | - |
| 96500 | Bad debt-mortgages | - | - | - | - | - |
| 96600 | Bad debt - other | - | - | - | - | - |
| 96700 | Interest expense | - | - | - | - | - |
| 96710 | Interest of mortgage (or bonds) payable | - | - | - | - | - |
| 96720 | Interest on Notes Payable (Short and Long Term) | - | - | - | - | - |
| 96730 | Amortization of bond issue costs | - | - | - | - | - |
| 96800 | Severance expense | - | - | - | - | - |
| | Total General Expenses | - | - | 58,938 | - | 672,521 |
| 96900 | TOTAL OPERATING EXPENSES | 319,417 | 74,516 | 1,287,131 | (869,850) | 10,868,975 |
| 97000 | EXCESS OPERATING REVENUE OVER OPERATING EXPENSES | - | - | (207,260) | - | 9,366,332 |
| 97100 | Extraordinary maintenance | - | - | - | - | - |
| 97200 | Casualty losses - non capitalized | - | - | - | - | - |
| 97300 | Housing assistance payments | - | - | - | - | 4,631,127 |
| 97350 | HAP Portability - In | - | - | - | - | 1,090,565 |
| 97400 | Depreciation expense | - | - | 35,989 | - | 1,352,484 |
| 97500 | Fraud losses | - | - | - | - | - |
| 97800 | Dwelling units rent expense | - | - | - | - | - |
| 90000 | TOTAL EXPENSES | 319,417 | 74,516 | 1,323,120 | (869,850) | 17,943,151 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| 10010 | Operating transfers in | - | - | - | (640,170) | - |
| 10020 | Operating transfers out | - | - | - | 640,170 | - |
| 10030 | Operating transfers from/to primary government | - | - | - | - | - |
| 10040 | Operating transfers from/to component unit | - | - | - | - | - |
| 10070 | Extraordinary items, net gain/loss | - | - | - | - | - |
| 10080 | Special items (net gain/loss) | - | - | - | - | - |
| 10091 | Inter Project excess cash transfer in | - | - | - | - | - |
| 10092 | Inter Project excess cash transfer out | - | - | - | - | - |
| 10093 | Transfers between program and project in | - | - | - | - | - |
| 10094 | Transfers between program and project out | - | - | - | - | - |
| 10100 | TOTAL OTHER FINANCING SOURCES (USES) | - | - | - | - | - |
| 10000 | EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES | - | - | (243,249) | - | 2,392,156 |
| MEMO ACCOUNT INFORMATION: | | | | | | |
| 11020 | Required annual debt principal payments | - | - | - | - | - |
| 11030 | Beginning equity | - | - | (768,944) | - | 1,541,072 |
| 11040 | Prior period adjustments and equity transfers | - | - | - | - | - |
| 11170 | Administrative fee equity | - | - | - | - | - |
| 11180 | Housing assistance payments equity | - | - | - | - | - |
| 11190 | Unit months as atable | - | - | - | - | 5,964 |
| 11210 | Number of unit months leased | - | - | - | - | 4,472 |
| Equity Roll Forward Test: | | | | | | |
| | Calculation from R/E Statement | \$ | - \$ | - \$ | (1,012,193) | \$ 3,833,228 |
| | B/S Line 513 | \$ | - \$ | - \$ | (1,012,193) | \$ 3,833,228 |
| | | \$ | - \$ | - \$ | - \$ | - \$ |