

**Report On Audit**

**HOUSING AUTHORITY OF THE  
CITY OF LONG BRANCH**

**For the Year Ended  
June 30, 2020**

**Housing Authority of the City of Long Branch**  
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**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Housing Authority of the City of Long Branch  
2 Hope Lane  
Long Branch, New Jersey 07740

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the aggregate discretely present components units of the Housing Authority of the City of Long Branch (a governmental public corporation) in Monmouth County, New Jersey, hereafter referred to as the Authority, which comprise the statement of net position as of June 30, 2020 and the related statement of revenue, expenses and changes in net position, statement of cash flows for the year then ended, and the related notes to the financial statements.

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

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing Authority of the City of Long Branch 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 Housing Authority of the City of Long Branch 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 respective financial position of the governmental activities and the aggregate discretely present component units of the of the Housing Authority of the City of Long Branch as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof 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 OPEB and PERS supplemental information on pages 4 through 17 and pages 65-69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the method 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.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements Housing Authority of the City of Long Branch. The accompanying supplemental information on pages 70-80 is presented for additional analysis and is not required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The financial statements of the discretely presented component units is also not required part of the basic financial statements.

The electronic filed Financial Data Schedule is presented for additional analysis as required by the U.S. Department of Housing and Urban Development's Real Estate Assessment Center and is also not required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, the Financial Data Schedule and the financial statements of the discretely presented component units are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, the Financial Data Schedule and the financial statements of the discretely presented component units, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued reports dated March 31, 2021 on our consideration of the Housing Authority of the City of Long Branch's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Long Branch 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 Housing Authority of the City of Long Branch's internal control over financial reporting and compliance.

***Hymanson, Parnes & Giampaolo***

Lincroft, New Jersey

Date: March 31, 2021

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON JUNE 30, 2020**

As Management of the Housing Authority of the City of Long Branch (the Authority), present the following discussion and analysis which is supplementary information required by the Governmental Accounting Standards Board (GASB), and is intended to provide an easily readable explanation of the information provided in the attached financial statements. Management Discussion and Analysis is designed to focus on the current year activities, resulting changes, and current known facts. It is by necessity highly summarized, and in order to gain a thorough understanding of the Authority's financial position, the financial statements and footnotes should be viewed in their entirety beginning on page 18 of this report. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

**FINANCIAL HIGHLIGHTS**

The primary government assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$16,617,818 a decrease in the financial position of \$212,124 or 1% as compared to the prior year.

As noted above, the primary government net position of the Authority was \$16,617,818 as of June 30, 2020. Of this amount, the primary government unrestricted net position is \$2,752,761 representing a decrease of \$92,418 or 3% percent from the previous year. Additional information on the Authority's unrestricted net positions can be found in Note 23 the financial statements, which is included in this report.

The primary government net investment in capital assets decreased \$1,765,910 or 13% percent for an ending balance of \$12,065,190.

The primary government restricted net position increased \$1,646,204 from the previous year for an ending balance of \$1,799,867. Additional information on the Authority's restricted net position can be found in Note 22 to the financial statements, which is included in this report.

The Authority's primary government unrestricted cash and cash equivalent on June 30, 2020 is \$8,852,691 representing an increase of \$772,318 or 10 percent from the prior fiscal year. Total restricted deposits and funded reserves increased \$105,012 or 5% percent for an ending balance of \$2,060,910. The full detail of the cash activities can be found in the Statement of Cash Flows on pages 21-22 of this report.

The Authority's total assets and deferred outflows for the primary government are \$37,790,224 of which capital assets net book value is \$13,430,189, other assets are \$10,387,964, deferred outflows in the amount of \$1,727,371, restricted deposits and funded reserves are \$2,060,910, leaving total current assets at \$10,183,790. Total primary government current assets increased from the previous year by \$481,420 or 5% percent.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON JUNE 30, 2020**

**FINANCIAL HIGHLIGHTS - CONTINUED**

Unrestricted cash and cash equivalents increased by \$772,318, investments remained the same, accounts receivables decreased by \$297,080, and prepaid expenses increased by \$6,182.

Total restricted deposits and funded reserves increased from the previous year by \$105,012 or 5% percent.

The Authority's primary government capital assets reported a decrease in the net book value of the capital assets in the amount of \$1,280,911 or 9% percent. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$275,005, less the recording of depreciation expense in the amount of \$447,627. During the year, the Authority wrote off old assets with a net book value of \$1,108,289. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The Authority primary government other assets note receivable noncurrent reported an advance of \$605,000 for an ending balance of \$10,387,964.

The Authority primary government reported a decrease in the deferred outflow for the pension cost and OPEB in the amount of \$377,138 an ending balance of \$1,727,371. The Authority reported an increase in the deferred inflow for the pension cost and OPEB in the amount of \$889,450 for an ending balance of \$7,230,846. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 11 Deferred Outflows/Inflows of Resources.

The Authority's primary government total liabilities are reported at \$13,941,560, of which noncurrent liabilities are stated at \$13,067,077. The Authority's primary government total liabilities decreased during the year as compared to the prior year in the amount of \$1,147,359 or 8% percent. The Authority's primary government total current liabilities increased during the year by \$550,899, leaving non-current liabilities for a decrease of \$1,698,258 as compared to the previous year.

The Authority's primary government total current liabilities increased from the previous year by \$550,899 or 170% percent. Account payables increased by \$283,652, accrued liabilities increased by \$97,211, unearned revenue increased by \$139,837, other current liabilities increased \$13,303 and tenant security deposit increased \$6,896. The current portion of the Capital Project Bonds payable increased \$10,000.

The Authority's primary government total noncurrent liabilities decreased by \$1,698,258 or 12% percent. Long-term obligations such as noncurrent compensated absences with an ending balance of \$132,752, with no offsetting assets, increased \$58,385 from the previous year. Long term capital project bonds payable increased \$475,000. Non-current liabilities – other decreased \$700,349 from the prior year.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON JUNE 30, 2020**

**FINANCIAL HIGHLIGHTS - CONTINUED**

Accrued pension and OPEB liabilities decreased \$1,531,294 or 12% percent for an ending balance of \$11,524,591. Additional information on the Authority's accrued pension as well as accrued OPEB liability on June 30, 2020 can be found in Notes 19-20 to the financial statements, which is included in this report.

The Authority's primary government had total operating revenue of \$14,538,790 as compared to \$14,566,890 from the prior year for a decrease of \$28,100 or less than 1% percent. The Authority primary government had total operating expenses of \$14,099,226 as compared to \$15,417,759 from the previous year for a decrease of \$1,318,533 or 9% percent, resulting in an excess revenue from operations in the amount of \$439,564 for the current year as compared to excess expenses from operations in the amount of \$850,869 for an increase in reserves of \$1,290,433 or 152% percent from the previous year.

The Authority's primary government total capital improvements contributions from HUD were in the amount of \$391,465 as compared to \$434,580 from the previous year for a decrease of \$43,115 or 10% percent. The Authority's primary government had capital outlays in the amount of \$275,005 for the fiscal year.

The Authority's Expenditures of Federal Awards amounted to \$12,256,697 for the fiscal year 2020 as compared to \$11,904,167 for the previous fiscal year 2019 for an increase of \$352,530 or 3% percent.

**USING THIS ANNUAL REPORT**

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

1. Public and Indian Housing Program
2. Section 8 Housing Choice Vouchers
3. Public Housing Capital Fund Program

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.



**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON JUNE 30, 2020**

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION**

This discussion and analysis are intended to serve as an introduction to the Housing Authority's primary government financial statements. The financial statements are prepared on an entity wide basis excluding the discretely presented component units and consist of:

- 1) Statement of Net Position
- 2) Statement of Revenue, Expenses, and Changes in Net Position
- 3) Statement of Cash Flows
- 4) Notes to the Financial Statements

The Authority's financial statements and notes to financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) applicable to governmental entities in the United States of America for the Enterprise Fund types. The Authority's 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 financial statements can be found on pages 18 through 22.

Statement of Net Position – This statement presents information on the Authority's total of assets and deferred outflow of resources, and total of liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

Statement of Revenue, Expenses and Changes in Net Position – This statement presents information showing how the Authority's net position increased or decreased during the current 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 inflows and cash outflows in the future periods.

Statement of Cash Flows– This statement presents information showing the total cash receipts and cash disbursements of the Housing Authority during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e., capital additions, debt payments, prior period obligations, etc.). In addition, the statement reflects the receipt of cash that was obligated to the Housing Authority in prior periods and subsequently received during the current fiscal year (i.e., accounts receivable, notes receivable, etc.).

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON JUNE 30, 2020**

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED**

Notes to the Financial Statements - Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Housing Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Housing Authority may face. The Notes to Financial Statements can be found in this Report beginning on page 23 through 64.

In addition to the basic financial statements listed above, our report includes supplemental information. This information is to provide more detail on the Housing Authority's various programs and the required information mandated by regulatory bodies that fund the Housing Authority's various programs.

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Audits of States, Local Governments and Non-profit Organizations. The schedule of Expenditures of Federal Awards can be found on pages 70-71 of this report.

- 1. Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), federal award is defined as federal financial assistance and federal cost reimbursement contracts that non-federal agencies receive directly or indirectly from federal agencies or pass-through entities. Federal financial assistance is defined as assistance that nonfederal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, direct appropriations and other assistance.
- 2. Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and the Uniform Guidance establish the levels of expenditures or expenses to be used in defining Type A and Type B Federal financial assistance programs. Type A programs for the Housing Authority of the City of Long Branch are those which equal or exceeded \$750,000 in expenditures for the fiscal year ended June 30, 2020. Type B programs for the Housing Authority of the City of Long Branch are those which are less than \$750,000 in expenditures for the fiscal year ended June 30, 2020.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON JUNE 30, 2020**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)**

The following summarizes the computation of Net Position of the primary government between June 30, 2020 and June 30, 2019:

Computations of Net Position of the primary government are as follows:

	<u>Year Ended</u>		Increase
	June-20	June-19	(Decrease)
Cash	\$ 10,913,601	\$ 10,039,687	\$ 873,914
Other Current Assets	1,331,099	1,621,997	(290,898)
Capital Assets - Net	13,430,189	14,711,100	(1,280,911)
Other Assets	10,387,964	9,782,964	605,000
Deferred Outflows	1,727,371	2,104,509	(377,138)
Total Assets	37,790,224	38,260,257	(470,033)
Less: Current Liabilities	(874,483)	(323,584)	(550,899)
Less: Non Current Liabilities	(13,067,077)	(14,765,335)	1,698,258
Less: Deferred Inflows	(7,230,846)	(6,341,396)	(889,450)
Net Position	<u>\$ 16,617,818</u>	<u>\$ 16,829,942</u>	<u>\$ (212,124)</u>
Net Investment in Capital Assets	\$ 12,065,190	\$ 13,831,100	\$ (1,765,910)
Restricted Net Position	1,799,867	153,663	1,646,204
Unrestricted Net Position	2,752,761	2,845,179	(92,418)
Net Position	<u>\$ 16,617,818</u>	<u>\$ 16,829,942</u>	<u>\$ (212,124)</u>

The Authority's primary government cash increased by \$873,914 or 9% percent. Net cash provided by operating activities was \$248,592, net cash provided by capital and related financing activities was \$562,698 and net cash provided by investing activities was \$62,624. The full detail of this amount can be found in the Statement of Cash Flows on pages 21-22 of this audit report.

Other current assets decrease \$290,898. Account receivables decreased by \$297,080 and prepaid expenses increased by \$6,182.

The Authority's primary government capital assets reported a decrease in the net book value of the capital assets in the amount of \$1,280,911 or 9% percent. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$275,005, less the recording of depreciation expense in the amount of \$447,627. During the year, the Authority wrote off old assets with a net book value of \$1,108,289. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The Authority primary government other assets note receivable noncurrent reported an advance of \$605,000 for an ending balance of \$10,387,964.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON JUNE 30, 2020**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED**

The Authority primary government reported a decrease in the deferred outflow for the pension cost and OPEB in the amount of \$377,138 an ending balance of \$1,727,371. The Authority reported an increase in the deferred inflow for the pension cost and OPEB in the amount of \$889,450 for an ending balance of \$7,230,846.

The Authority's primary government total current liabilities increased from the previous year by \$550,899 or 170% percent. Account payables increased by \$283,652, accrued liabilities increased by \$97,211, unearned revenue increased by \$139,837, other current liabilities increased \$13,303 and tenant security deposit increased \$6,896. The current portion of the Capital Project Bonds payable increased \$10,000.

The Authority's primary government total noncurrent liabilities decreased by \$1,698,258 or 12% percent. Long-term obligations such as noncurrent compensated absences with an ending balance of \$132,752, with no offsetting assets, increased \$58,385 from the previous year. Long term capital project bonds payable increased \$475,000. Non-current liabilities – other decreased \$700,349 from the prior year.

Accrued pension and OPEB liabilities decreased \$1,531,294 or 12% percent for an ending balance of \$11,524,591. Additional information on the Authority's accrued pension as well as accrued OPEB liability on June 30, 2020 can be found in Notes 19-20 to the financial statements, which is included in this report.

The Authority's primary government reported a net position of \$16,617,818 which is made up of three categories. The net investment in capital assets in the amount of \$12,065,190 represents 73% percent of the total account balance. The net investment in capital assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending. The schedule below reflects the activity in this account for the current fiscal year:

Balance June 30, 2019	\$ 13,831,100
Fixed Asset Acquisitions	275,005
Issuance of Debt	(605,000)
Payment of Principal on Debt	120,000
Depreciation Expense	(447,627)
Disposal of Fixed Asset	<u>(1,108,288)</u>
Balance June 30, 2020	<u><u>\$ 12,065,190</u></u>

The Authority's primary government reported a restricted net position of \$1,799,867 an increase of \$1,646,204 from the prior year. Additional information on can be found in Note 22 Restricted Net Position.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON JUNE 30, 2020**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED**

The Housing Authority of the City of Long Branch primary government reported a decrease in its unrestricted position in the amount of \$92,418 or 3% percent resulting in an ending balance in the amount of \$2,752,761. A full detail of this account can be found in the Notes to the Financial Statements Section Note – 23.

The following summarizes the changes in Net Position of the primary government between June 30, 2020 and June 30, 2019:

Computation of Changes in Net Position of the primary government are as follows:

	<u>Year Ending</u>		Increase
	June-20	June-19	(Decrease)
<u>Revenues</u>			
Tenant Revenues	\$ 929,697	\$ 950,684	\$ (20,987)
HUD Subsidies	11,865,232	11,469,587	395,645
Fraud Recovery	5,635	11,575	(5,940)
Other Revenues	1,738,226	2,135,044	(396,818)
Total Operating Income	<u>14,538,790</u>	<u>14,566,890</u>	<u>(28,100)</u>
<u>Expenses</u>			
Operating Expenses	13,651,599	14,825,126	(1,173,527)
Depreciation Expense	447,627	592,633	(145,006)
Total Operating Expenses	<u>14,099,226</u>	<u>15,417,759</u>	<u>(1,318,533)</u>
Operating Income before Non Operating Income	439,564	(850,869)	1,290,433
Interest Income	62,624	31,736	30,888
Disposal of Fixed Asset	(1,108,290)	-	(1,108,290)
Extraordinary Maintenance	(1,029)	-	(1,029)
HUD Capital Grants	391,465	434,580	(43,115)
Change in Net Position	(215,666)	(384,553)	168,887
Net Position Prior Year	16,829,942	15,446,781	1,383,161
Prior Period Adjustment	3,542	1,767,714	(1,764,172)
Total Net Position	<u>\$ 16,617,818</u>	<u>\$ 16,829,942</u>	<u>\$ (212,124)</u>

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON JUNE 30, 2020**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED**

Approximately 82% percent of the Authority's primary government total operating revenue was provided by HUD operating subsidy, while 6% percent resulted from tenant revenue. Charges for various services and fraud recovery provided 12% percent of the total income. The Housing Authority of the City of Long Branch received from the capital fund program \$391,465 in grant money a decrease of \$43,115 from the prior fiscal year. The Authority had capital expenditures of \$275,005. The current year additions included new appliances for the rental units, boiler upgrades, apartment renovations, new security doors for the buildings, electrical and plumbing upgrades, and replacement of computer equipment.

The Authority's primary government operating expenses cover a range of expenses. The largest expense was for housing assistance payment expenses representing 63% percent of total operating expenses. Administrative expenses accounted for 19% percent, tenant services accounted for 1% percent, utilities expense accounted for 3% percent, maintenance expense accounted for 7% percent, protective services expenses accounting for 1% percent, other operating expenses accounted for 3% percent, and depreciation accounted for the remaining 3% percent of the total operating expenses.

The Authority primary government operating revenue exceeded its operating expenses resulting in an excess revenue from operations in the amount of \$439,564 from operations as compared to excess expenses from operations of \$850,869 for the previous year. The key elements for the decrease in deficit in comparison to the prior year are as follow:

- The Authority reported an increase in HUD PHA operating grants in the amount of \$395,645 or 3% percent.
- The Authority reported a decrease in Tenant Rental Income the amount of \$20,987 or 2% percent.
- The Authority reported a decrease in Other Revenue Income the amount of \$396,818 or 19% percent.
- The Authority experienced decreases in the expenses listed below:
  - Administrative Expenses decreased \$498,766 or 16% percent.
  - Tenant Services decreased \$76,832 or 31% percent.
  - Utilities Expense decreased \$65,929 or 13% percent
  - Maintenance Expenses decreased \$98,159 or 9% percent
  - Protective Services decreased \$80,744 or 30% percent.
  - Other Operating Expense decreased \$418,894 or 53% percent.
- The Authority experienced increases in the expenses listed below:
  - Housing Assistance Payments increased \$65,797 or 1% percent.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON JUNE 30, 2020**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED**

The Authority primary government net cash provided by operating activities during the year was \$248,592 as compared to cash used in the amount of \$1,121,455 in the prior fiscal year. A full detail of these amounts can be found on the Statement of Cash Flows on pages 21-22 of this report.

The following are financial highlights of significant items for the primary government for a four- year period of time ending on June 30, 2020:

	June-20	June-19	June-18	June-17
<b>Significant Income</b>				
Total Tenant Revenue	\$ 929,697	\$ 950,684	\$ 961,820	\$ 985,564
HUD Operating Grants	11,865,232	11,469,587	11,312,296	12,568,486
HUD Capital Grants	391,465	434,580	877,149	325,875
Investment Income	62,624	31,736	115,090	130,141
Other Income	1,743,861	2,146,619	2,450,538	2,683,414
<b>Total</b>	<b>\$ 14,992,879</b>	<b>\$ 15,033,206</b>	<b>\$ 15,716,893</b>	<b>\$ 16,693,480</b>
<b>Payroll Expense</b>				
Administrative Salaries	\$ 1,364,049	\$ 1,647,215	\$ 1,741,906	\$ 1,975,555
Tenant Services Salaries	98,613	136,143	112,679	113,464
Maintenance Labor	617,007	615,443	439,654	497,360
Protective Services - Labor	139,052	216,601	266,722	304,521
Employee Benefits Expense	1,035,040	1,859,248	1,705,479	2,573,306
<b>Total Payroll Expense</b>	<b>\$ 3,253,761</b>	<b>\$ 4,474,650</b>	<b>\$ 4,266,440</b>	<b>\$ 5,464,206</b>
<b>Other Significant Expenses</b>				
Other Administrative Expenses	\$ 726,858	\$ 342,206	\$ 279,966	\$ 269,566
Utilities Expense	451,219	457,978	424,307	476,461
Maintenance Materials Cost	26,101	37,602	82,031	74,507
Maintenance Contract Cost	30,205	54,058	306,951	155,319
Insurance Premiums	181,729	179,630	205,152	226,238
Housing Assistance Payments	8,786,774	8,720,977	9,166,542	9,362,613
<b>Total</b>	<b>\$ 10,202,886</b>	<b>\$ 9,792,451</b>	<b>\$ 10,464,949</b>	<b>\$ 10,564,704</b>
<b>Total Operating Expenses</b>	<b>\$ 14,099,226</b>	<b>\$ 15,417,759</b>	<b>\$ 16,120,648</b>	<b>\$ 17,301,950</b>
<b>Total of Federal Awards</b>	<b>\$ 12,256,697</b>	<b>\$ 11,904,167</b>	<b>\$ 12,189,445</b>	<b>\$ 12,894,361</b>

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON JUNE 30, 2020**

**THE AUTHORITY AS A WHOLE**

The Authority's primary government revenues consist primarily of rents and subsidies and grants received from HUD. 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. By far, the largest portion, 73%, of the Authority's primary government net position reflects its net investment in capital assets of the Authority. The net investment in capital assets (e.g., land, buildings, equipment, and construction in progress) uses these capital assets to provide housing services to its tenants. Consequently, these assets are reported as "Net Investment in Capital Assets" and are not available for future spending.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH PROGRAMS**

Public and Indian Housing Program:

Under the Public and Indian Housing Program, the Authority rents units that it owns to low-income households. This program is operated under an Annual Contributions Contract (ACC) with HUD. HUD's rent subsidy program provides housing assistance to low-income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts: (a) 30% of the family's adjusted monthly income, (b) 10% of the family's monthly income, or (c) the Housing Authority of the City of Long Branch flat rent amount.

Public Housing Capital Fund Program:

The Public Housing Capital Fund was established under the Quality Housing & Work Responsibility Act of 1998 (QHWRA). Substantially all additions to land, structures and equipment are accomplished through these programs (included in the financial statements under PHA Owned Housing). These funds replace or materially upgrade deteriorated portions of existing Authority property. This fund is used for repairs, major replacements, upgrading and other non-routine maintenance work that needs to be done on the Authority's apartments to keep them clean, safe and in good condition.

Section 8 Housing Choice Voucher Program

Under the Section 8 Housing Choice Voucher Program, the Authority administers contracts with independent landlords to provide housing to Section 8 tenants. The Authority subsidizes the tenant's rent through Housing Assistance Payment made to the landlord. This program is also administered under an Annual Contributions Contract (ACC) with HUD. HUD provides annual contributions funding to enable the Authority to structure a contract that sets the participants' rent at approximately 30% of household income subject to certain restrictions.



**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON JUNE 30, 2020**

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH PROGRAMS -CONTINUED**  
Resident Opportunities and Self Sufficiency Grant Program (ROSS)

The purpose of the ROSS 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.

PIH and Housing Choice Voucher CARES Act Program

The CARES Act requires that recipients use of CARES grants be tied to preventing, preparing for, and responding to COVID-19, including maintaining normal operations and funding eligible affordable housing activities under NAHASDA during the period the program is impacted by COVID-19. These funds may also be used to maintain normal operations and fund eligible activities during the period that a recipient's program is impacted by COVID-19. HUD expects and encourages recipients to expend funds expeditiously given the ongoing COVID-19 National Emergency.

**BUDGETARY HIGHLIGHTS**

The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency. The Authority submits its annual operating subsidy and capital budgets to HUD.

The Authority also submits its annual operating and capital budgets to the State of New Jersey Department of Community Affairs in accordance with New Jersey statute. After the New Jersey Department of Community Affairs approves the budget, it is formally adopted by resolution of the Housing Authority's Board of Commissioners. Once adopted, the Board of Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenses. Each fund's budget is prepared on a detailed line-item basis. Revenues are budgeted by source and expenditures are budgeted by expense classification within each revenue source.

**NEW INITIATIVES**

For the fiscal year 2020 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 82% percent of its revenue from the Department of Housing and Urban Development, (2019 was 79% percent), the Authority is constantly monitoring for any appropriation changes, especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy.

The current administration of the Authority is determined to improve the financial results of the Authority's operations. The Authority has made steady progress in various phases of the operations, all the while increasing the occupancy percentage in the public housing units and a high utilization rate in Housing Assistance Programs. Interactions with the residents are a constant reminder of the need of the services.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON JUNE 30, 2020**

**NEW INITIATIVES - CONTINUED**

Regardless of the constraints (financial or regulatory) placed on this Housing Authority, the Authority will continuously look for ways to better provide or expand housing and housing assistance to qualified residents of the City of Long Branch all the while being mindful of their responsibility to be good stewards of the public's tax dollars.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

1 - Capital Assets

The Authority's primary government net investment in capital assets as of June 30, 2020 was \$13,430,189 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and construction in progress. The total decrease during the year in the Authority's investment in capital assets was \$1,280,911 or 9% percent. Major capital expenditures of \$275,005 were made during the year. Major capital assets events during the fiscal year included the following:

- New Tenant Appliances
- Boiler Upgrades
- Apartment Renovations
- New Security Doors for the Buildings
- Electrical and Plumbing Upgrades
- Replacement of Computer Equipment

	June-20	June-19	Increase (Decrease)
Land	\$ 5,376,000	\$ 5,376,000	\$ -
Building	13,843,874	14,841,248	(997,374)
Furniture, Equipment - Dwelling	985,527	1,368,813	(383,286)
Furniture, Equipment - Administration	918,954	1,113,503	(194,549)
Leasehold Improvements	1,272,086	1,272,801	(715)
Construction in Process	1,277,298	1,008,677	268,621
Total Capital Assets	23,673,739	24,981,042	(1,307,303)
Less: Accumulated Depreciation	(10,243,550)	(10,269,942)	26,392
Net Book Value	\$ 13,430,189	\$ 14,711,100	\$ (1,280,911)

Additional information on the Authority's capital assets can be found in Note 8 to the financial statements, which is included in this report.

2 - Debt Administration

The Authority has participated in the New Jersey pooled leveraging program. The note payable on June 30, 2020 is \$1,365,000. A full disclosure of the long-term debt payable on June 30, 2020 can be found in Note- 17.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON JUNE 30, 2020**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Housing Authority of the City of Long Branch is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs. We do not expect this consistent trend to change.

The capital budgets for the 2021 fiscal year have already been submitted to HUD for approval and no major changes were made. The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing property including administrative fees involved in the modernization.

The following factors were considered in preparing the Authority's budget for the fiscal year ending June 30, 2021.

- State of New Jersey economy including the impact on tenant income. Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income. Tenant rental payments are based on tenant income.
- Continued increases in health care insurance are expected to impact employee benefits cost over the next several years.
- Inflationary pressure on utility rates, supplies and other cost.
- Trends in the housing market which affect rental housing available for the Section 8 tenants, along with the amount of the rents charged by the private landlords, are expected to have a continued impact on Section 8 HAP payments.
- Even if HUD was fully funded for both the Operating and Capital Funds, it is unlikely that Congress would appropriate adequate funding. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs.

**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 Ms. Gloria J. Wright, Executive Director, Housing Authority of the City of Long Branch, 2 Hope Lane P.O. Box 337, Long Branch, NJ or call (732) 222-3747.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2020**

	June 30, 2020		
	Primary Government	Component Units (Dec 2019)	Total (Memorandum)
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents- Unrestricted	\$ 8,852,691	\$ 1,090,107	\$ 9,942,798
Investments	714,790	-	714,790
Accounts Receivables, Net of Allowances	535,443	8,182	543,625
Prepaid Expenses	80,866	3,474	84,340
Total Current Assets	<u>10,183,790</u>	<u>1,101,763</u>	<u>11,285,553</u>
<b>Restricted Deposits and Funded Reserves</b>			
Seaview Sales Proceeds	1,695,697	-	1,695,697
HAP Reserve - Restricted	100,699	-	100,699
HCV - FSS Escrows	105,234	-	105,234
Tenant Security Deposit	15,972	-	15,972
CFP Restricted Funds	3,471	-	3,471
HCV CARES Funding	139,837	-	139,837
Restricted Deposits and Funded Reserves	<u>2,060,910</u>	<u>-</u>	<u>2,060,910</u>
<b>Noncurrent Assets</b>			
<b>Capital Assets</b>			
Land	5,376,000	263,043	5,639,043
Building	13,843,874	-	13,843,874
Furniture, Equipment - Dwelling	985,527	-	985,527
Furniture, Equipment - Administration	918,954	-	918,954
Leasehold Improvements	1,272,086	-	1,272,086
Construction in Process	1,277,298	-	1,277,298
Total Capital Assets	<u>23,673,739</u>	<u>263,043</u>	<u>23,936,782</u>
Less: Accumulated Depreciation	(10,243,550)	-	(10,243,550)
Net Book Value	<u>13,430,189</u>	<u>263,043</u>	<u>13,693,232</u>
Notes Receivable - Non Current	10,387,964	-	10,387,964
Investment in Joint Ventures	-	119,705	119,705
Total Other Assets	<u>10,387,964</u>	<u>119,705</u>	<u>10,507,669</u>
Total Assets	36,062,853	1,484,511	37,547,364
<b>Deferred Outflow of Resources</b>			
State of New Jersey PERS and OPEB	<u>1,727,371</u>	<u>-</u>	<u>1,727,371</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 37,790,224</u>	<u>\$ 1,484,511</u>	<u>\$ 39,274,735</u>

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2020**

	June 30, 2020		
	Primary Government	Component Units (Dec 2019)	Total (Memorandum)
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ 364,044	\$ -	\$ 364,044
Accrued Liabilities	212,707	-	212,707
Unearned Revenue	142,444	-	142,444
Other Current Liabilities	14,316	97,046	111,362
Tenant Security Deposit Payable	15,972	-	15,972
Long Term Debt - Current	125,000	50,000	175,000
Total Current Liabilities	<u>874,483</u>	<u>147,046</u>	<u>1,021,529</u>
<b>Noncurrent Liabilities</b>			
Long Term Debt - Non Current	1,240,000	-	1,240,000
Accrued Compensated Absences - Long-Term	132,752	-	132,752
Non Current Liabilities - Other	169,734	-	169,734
Loan Liability - Non Current	-	200,000	200,000
Accrued Other Post-Employment Benefits Liabilities	11,524,591	-	11,524,591
Total Noncurrent Liabilities	<u>13,067,077</u>	<u>200,000</u>	<u>13,267,077</u>
Total Liabilities	<u>13,941,560</u>	<u>347,046</u>	<u>14,288,606</u>
<b>Deferred Inflow of Resources</b>			
State of New Jersey PERS and OPEB	<u>7,230,846</u>	<u>-</u>	<u>7,230,846</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	12,065,190	263,043	12,328,233
Restricted	1,799,867	-	1,799,867
Unrestricted	<u>2,752,761</u>	<u>874,422</u>	<u>3,627,183</u>
Total Net Position	<u>16,617,818</u>	<u>1,137,465</u>	<u>17,755,283</u>
Total Liabilities, Deferred Inflow of Resources, and Net Position	<u>\$ 37,790,224</u>	<u>\$ 1,484,511</u>	<u>\$ 39,274,735</u>

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2020**

	June 30, 2020		
	Primary Government	Component Units (Dec 2019)	Total (Memorandum)
<b>Revenue:</b>			
Tenant Rental Revenue	\$ 929,697	\$ -	\$ 929,697
HUD PHA Operating Grants	11,865,232	-	11,865,232
Fraud Recovery	5,635	-	5,635
Other Revenue	1,738,226	371,405	2,109,631
Total Revenue	<u>14,538,790</u>	<u>371,405</u>	<u>14,910,195</u>
<b>Operating Expenses:</b>			
Administrative Expense	2,648,297	332,131	2,980,428
Tenant Services	170,469	-	170,469
Utilities Expense	451,219	336	451,555
Maintenance Expense	1,033,612	23,195	1,056,807
Protective Services Expense	192,315	-	192,315
Other Operating Expenses	368,913	12,997	381,910
Housing Assistance Payments	8,786,774	-	8,786,774
Depreciations Expense	447,627	-	447,627
Total Operating Expenses	<u>14,099,226</u>	<u>368,659</u>	<u>14,467,885</u>
Excess Revenue From Operations	<u>439,564</u>	<u>2,746</u>	<u>442,310</u>
<b>Non Operating Income and (Expenses):</b>			
Investment Income	62,624	-	62,624
Extraordinary Maintenance	(1,029)	-	(1,029)
Disposal of Fixed Assets	(1,108,290)	-	(1,108,290)
Total Non Operating (Expenses)	<u>(1,046,695)</u>	<u>-</u>	<u>(1,046,695)</u>
Excess (Expenses) Revenue Before Capital Contributions	(607,131)	2,746	(604,385)
Capital Grants	<u>391,465</u>	<u>-</u>	<u>391,465</u>
<b>Change in Net Position</b>	<u>(215,666)</u>	<u>2,746</u>	<u>(212,920)</u>
Beginning Net Position	16,829,942	1,134,719	17,964,661
Prior Period Adjustments	3,542	-	3,542
Beginning Net Position, Restated	<u>16,833,484</u>	<u>1,134,719</u>	<u>17,968,203</u>
Ending Net Position	<u>\$ 16,617,818</u>	<u>\$ 1,137,465</u>	<u>\$ 17,755,283</u>

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
STATEMENT OF CASH FLOWS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2020**

	June 30, 2020		
	Primary Government	Component Units (Dec 2019)	Total (Memorandum)
<b>Cash Flow From Operating Activities</b>			
Receipts from Tenants	\$ 927,910	\$ -	\$ 927,910
Receipts from Federal Grants	11,821,281	-	11,821,281
Receipts from Misc. Sources	2,080,265	371,405	2,451,670
Payments to Vendors and Suppliers	(1,934,010)	(469,983)	(2,403,993)
Payments for Housing Assistance Payments	(8,786,774)	-	(8,786,774)
Payments to Employees	(2,373,821)	-	(2,373,821)
Payment of Employee Benefits	(1,035,040)	-	(1,035,040)
Payment of Utilities Expenses	(451,219)	(336)	(451,555)
Net Cash Provided (Used) by Operating Activities	<u>248,592</u>	<u>(98,914)</u>	<u>149,678</u>
<b>Cash Flow From Capital and Related Financing Activities</b>			
Receipts from Capital Grants	391,465	-	391,465
Acquisitions and Construction of Capital Assets	(275,005)	-	(275,005)
(Payment) Increase in Non Current Liabilities - Other	(700,349)	-	(700,349)
Principal Payment on Debt	(120,000)	(50,000)	(170,000)
Net Effect of Deferred Inflows and Outflows	1,266,587	-	1,266,587
Decrease in Investment in Joint Ventures	-	10,573	10,573
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>562,698</u>	<u>(39,427)</u>	<u>523,271</u>
<b>Cash Flow From Investing Activities</b>			
Interest Income	62,624	-	62,624
Net Cash Provided by Investing Activities	<u>62,624</u>	<u>-</u>	<u>62,624</u>
Net Increase (Decrease) in Cash and Cash Equivalents	873,914	(138,341)	735,573
<b>Beginning Cash, Cash Equivalents and Restricted Cash</b>	<u>10,039,687</u>	<u>1,228,448</u>	<u>11,268,135</u>
<b>Ending Cash, Cash Equivalents and Restricted Cash</b>	<u>\$ 10,913,601</u>	<u>\$ 1,090,107</u>	<u>\$ 12,003,708</u>
Reconciliation of Cash Balances:			
Cash and Cash Equivalents - Unrestricted	\$ 8,852,691	\$ 1,090,107	\$ 9,942,798
Cash and Cash Equivalents - Restricted	2,060,910	-	2,060,910
Total Ending Cash	<u>\$ 10,913,601</u>	<u>\$ 1,090,107</u>	<u>\$ 12,003,708</u>

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
STATEMENT OF CASH FLOWS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2020**

	June 30, 2020		
	Primary Government	Component Units (Dec 2019)	Total (Memorandum)
Provided by Operating Activities	\$ 439,564	\$ 2,746	\$ 442,310
Excess of Expenses Over Revenue			
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:			
Depreciation Expense	447,627	-	447,627
(Increase) Decrease in:			
Accounts Receivables	297,080	(8,182)	288,898
Prepaid Expenses	(6,182)	(730)	(6,912)
Increase (Decrease) in:			
Accounts Payable	283,652	(189,794)	93,858
Accrued Liabilities	97,211	-	97,211
Unearned Revenues	139,837	-	139,837
Other Current Liabilities	13,303	97,046	110,349
Tenant Security Deposit Payable	6,896		6,896
Long Term Compensated Absences	58,385		58,385
Accrued Other Post-Employment Benefits Liabilities	(1,531,294)		(1,531,294)
Prior Period Adjustment	3,542		3,542
Extraordinary Maintenance	(1,029)		(1,029)
Net Cash Provided (Used) by Operating Activities	<u>\$ 248,592</u>	<u>\$ (98,914)</u>	<u>\$ 149,678</u>
Supplementary information			
Interest Expense Paid during the Year	<u>\$ 41,019</u>	<u>\$ -</u>	<u>\$ 41,019</u>

See accompanying notes to the financial statements.



# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements

June 30, 2020

### **NOTE 1 - SUMMARY OF ORGANIZATION, ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization** - The Authority is a governmental, public corporation which was organized under the laws 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 City of Long Branch in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD).

The Authority is governed by a Board of Commissioners which is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An Executive Director is appointed by the Housing Authority's Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance, and management of public housing for low- and moderate-income families residing in Long Branch. Operating and modernization subsidies are provided to the Authority by the federal government.

The financial statements include all the accounts of the Authority. The Authority is the lowest level of government over which the Authority's Board of Commissioners and Executive Director exercise oversight responsibility. The Authority is not included in any governmental "reporting entity" since its board members; while they are appointed primarily by the Mayor of Long Branch and City Council, the Board of Commissioners have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary responsibility for accounting and fiscal matters. The Authority has also concluded that it is excluded from the City of Long Branch reporting entity.

Based on the following criteria, the Authority has identified two (2) entities which should be subject to evaluation for inclusion in the Authority's reporting entity. The criteria for including or excluding a component unit relationship as set forth in GASB's #61 *The financial Reporting Entity* and Financial Reporting Standards, include whether:

- A. The organization is legally separate.
- B. The organization is fiscal dependency on the primary government.
- C. The organization has potential to impose a financial benefit or burden on the primary government.
- D. The organization meets the financial accountability criteria for inclusion as a component unit of the primary government.
- E. The primary government is able to impose its will on the organization.

The Authority manages the financial affairs of the Maestro Community Development Corporation and Shorepoint Corporation.

# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements

June 30, 2020

### **Significant Accounting Policies**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. The Authority has determined that the applicable measurement focus (flow of economic resources) and accounting basis (accrual) is similar to that of a commercial enterprise. As such, the use of proprietary funds best reflects the activities of the Authority.

The Authority has adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The Statement establishes accounting and financial reporting standards for non-exchange transactions including financial or capital resources. The Authority's primary source of non-exchange revenue relates to grants and subsidies. Grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. It is a cost sharing, multiple employers defined benefit pension plan. PERS was established in January 1955 under the provision of NJ SA 43:15A to provide coverage, including post-retirement health care, for substantially all full-time employees of the state, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system.

### **Basis of Accounting –**

In proprietary fund, activities are recorded using the accrual basis of accounting. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This requires the Housing Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The major sources of revenue are tenants dwelling rentals, HUD operating subsidy, and other revenue. Other revenue composed primarily of miscellaneous management fees and resident's late charges. The revenue is recorded as earned since it is measurable and available. Non-operating revenue and expenses consist of revenues and expenses that are related to financing and investing activities and result from non-exchange transactions or ancillary activities. The Authority provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe and sanitary housing for extremely low and very low-income families.

# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements

June 30, 2020

### **Basis of Accounting – Continued**

HUD's rent subsidy program provides housing to low-income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts:

- (a) 30% of the family's adjusted monthly income,
- (b) 10% of the family's monthly income, or
- (c) Housing Authority of the City of Long Branch's flat rent amount.

Financial transactions are recorded and organized in accordance with the purpose of the transaction. Each program is an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. All material inter-program accounts and transactions are eliminated in the preparation of the basic financial statements. Because the Authority's activity is considered self-financing and does not rely on specific taxes or fines (i.e., property taxes, sales and use tax etc.) no activity will be maintained as governmental funds but will be recorded as proprietary funds under the Enterprise Fund.

### **Report Presentation –**

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues, or (iii) that the pricing policies of the activity establish fees and charges, designated to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements

June 30, 2020

### **Report Presentation – continued**

The Authority's financial statements are prepared in accordance with GASB Statement No. 34 (as amended), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("Statement"). The Statement 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 a Statement of Cash Flows. The Statement also requires the Authority to include Management's Discussion and Analysis as part of Required Supplementary Information.

GASB Statement No. 63 requires the classification of “net assets” into “net position” which consists of three components, Net Investment in Capital Assets, Restricted, and Unrestricted.

The adoptions of Statement No. 34, Statement No. 37, Statement No. 38, and Statement No. 63 have no significant effect on the financial statements except, for the classification of net position in accordance with Statement No. 63.

The federally funded programs administered by the Authority are detailed in the Financial Data Schedule and the Schedule of Expenditures of Federal Awards; both are which are included as Supplemental information.

### **Other accounting policies are as follows:**

- 1 – Cash and cash equivalents are stated at cost, which approximates market. The Authority considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.
- 2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts.
- 3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight-line basis.
- 4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.
- 5 – Operating subsidies received from HUD are recorded as income when earned.
- 6 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.
- 7 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.

# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements

June 30, 2020

### **Other accounting policies - Continued**

8 – The Authority does not have any infrastructure assets for its Enterprise Fund.

9 – Inter-fund receivable and payables arise from inter-fund transactions and are recorded by all funds in the period in which the transactions are executed.

10- Advertising cost is charged to expense when incurred.

11- Costs related to environmental remediation are charged to expense. Other environmental costs are also charged to expense unless they increase the value of the property and/or provide future economic benefits, in which event they are capitalized. Liabilities are recognized when the expenditures are considered probable and can be reasonably estimated. Measurement of liabilities is based on currently enacted laws and regulations, existing technology, and undiscounted site-specific costs. Generally, such recognition coincides with the Authority's commitment to a formal plan of action.

12- When expenses are incurred where both restricted and unrestricted net positions are available the Authority will first use the restricted funds until they are exhausted and then the unrestricted net position will be used.

13- Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Authority, but which will only be resolved when one or more future events occur or fail to occur. The Authority's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Authority or unasserted claims that may result in such proceedings, the Authority's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Authority's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements

June 30, 2020

### **Other accounting policies - Continued**

#### 14 - Taxes

The Authority operates as defined by the Internal Revenue Code Section 115 and is exempt from income taxes under Section 115.

Under federal, state, and local law, the Authority's program is exempt from income, property and excise taxes. However, the Authority is required to make payments in lieu of taxes (PILOT) for the low-income housing program in accordance with the provision of a Cooperation Agreement. Under the Cooperation Agreement, the Authority pay the municipality a 10% of its net shelter rent.

#### 15 - Net Position

In accordance with the provisions of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*", the Authority has classified its net position into three components - net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

*Net Investment in Capital Assets* - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather that portion of the debt is included in the same net position component as the unspent proceeds.

*Restricted* - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), granters, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* - This component of net position consists of net position that do not meet the definitions of "restricted" or "net investment in capital assets."

# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements

June 30, 2020

### **Other accounting policies - Continued**

#### 16 - Operating and non-operating revenues and expenses

The major sources of revenue for the Authority are various subsidies from the U.S. Department of Housing and Urban Development, management contract revenue, and charges to tenants. The major sources of revenue for Maestro Community Development Corporation and Shorepoint Corporation, the component units, are developer fees and other miscellaneous revenue.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Non-operating revenues and expense consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

#### 17-Impairment Losses

The Authority reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. No impairment losses were recognized in 2020.

#### 18- Recent Accounting Pronouncements

The Authority has implemented all new accounting pronouncements that are in effect and that may impact its financial statements. The Authority does not believe that there are any new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

### **Budgetary and Policy Control -**

The Authority submits its annual operating subsidy forms and capital budgets to HUD. The Authority also submits its annual operating and capital budgets to the State of New Jersey Department of Community Affairs in accordance with New Jersey statute. After the New Jersey Department of Community Affairs approves the budget, it is formally adopted by resolution of the Housing Authority's Board of Commissioners. Once adopted, the Board of Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenses. Each fund's budget is prepared on a detailed line-item basis. Revenues are budgeted by source and expenditures are budgeted by expense classification within each revenue source.

# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements June 30, 2020

**Activities** - The programs and activities administered by the Authority were:

<u>Program</u>	<u>CFDA #</u>	<u>Project #</u>	<u>Units Authorized</u>
<u>Public Housing</u>			
Public and Indian Housing	14.850	NJ-008	449
Public Housing Capital Fund	14.872		
ROSS Grant	14.870		
PIH CARES Act Funding	14.PHC		
 <u>Section 8 Housing</u>			
Housing Choice Vouchers	14.871	NJ-39-VO-008	881
HCV CARES Act	14.HCC		

### Public and Indian Housing Program:

Under the Public and Indian Housing Program, the Authority rents units that it owns to low-income households. This program is operated under an Annual Contributions Contract (ACC) with HUD. HUD's rent subsidy program provides housing assistance to low-income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts: (a) 30% of the family's adjusted monthly income, (b) 10% of the family's monthly income, or (c) the Housing Authority of the City of Long Branch flat rent amount.

### Public Housing Capital Fund Program:

The Public Housing Capital Fund was established under the Quality Housing & Work Responsibility Act of 1998 (QHWRA). Substantially all additions to land, structures and equipment are accomplished through these programs (included in the financial statements under PHA Owned Housing). These funds replace or materially upgrade deteriorated portions of existing Authority property. This fund is used for repairs, major replacements, upgrading and other non-routine maintenance work that needs to be done on the Authority's apartments to keep them clean, safe and in good condition.

### Section 8 Housing Choice Voucher Program

Under the Section 8 Housing Choice Voucher Program, the Authority administers contracts with independent landlords to provide housing to Section 8 tenants. The Authority subsidizes the tenant's rent through Housing Assistance Payment made to the landlord. This program is also administered under an Annual Contributions Contract (ACC) with HUD. HUD provides annual contributions funding to enable the Authority to structure a contract that sets the participants' rent at approximately 30% of household income subject to certain restrictions.



# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements

June 30, 2020

### **Activities- Continued**

#### Resident Opportunities and Self Sufficiency Grant Program (ROSS)

The purpose of the ROSS 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.

#### PIH and Housing Choice Voucher CARES Act Program

The CARES Act requires that recipients use of CARES grants be tied to preventing, preparing for, and responding to COVID-19, including maintaining normal operations and funding eligible affordable housing activities under NAHASDA during the period the program is impacted by COVID-19. These funds may also be used to maintain normal operations and fund eligible activities during the period that a recipient's program is impacted by COVID-19. HUD expects and encourages recipients to expend funds expeditiously given the ongoing COVID-19 National Emergency.

### **Component Units**

Maestro Community Development Corporation is organized as a not-for-profit corporation and Shorepoint Corporation is organized as for-profit corporations. These corporations operate on a calendar year that ended on December 31. In accordance with GASB Statement No. 61, due to the Authority manages the financial affairs of these corporations; these entities are being reported as a discretely presented component units. Therefore, the activities of these nonprofit corporations are presented as component units on the Authority's electronically filed financial data schedule. Maestro Community Development Corporation and Shorepoint Corporation purpose is to develop housing opportunities in the City of Long Branch.

The method of accounting for the component units is in accordance with accounting principles generally accepted in the United States of America. The financial data included in this report is based on the information for the Maestro Community Development Corporation and Shorepoint Corporation at the end of its calendar year, which was December 31, 2019.

# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements

June 30, 2020

**Board of Commissioners** - The criteria used in determining the scope of the entity for financial reporting purposes are as follows:

1. The ability of the Board to exercise supervision of a component unit's financial independence.
2. The Board's governing authority extends to financial decision-making authority and is held primarily accountable for decisions.
3. The Board appoints the management of the Authority who is responsible for the day-to-day operations and this management are directly accountable to the Board.
4. The ability of the Board to significantly influence operations through budgetary approvals, signing and authorizing contracts, exercising control over facilities, and approving the hiring or retention of key managerial personnel.
5. The ability of the Board to have absolute authority over all funds of the Authority and have accountability in fiscal matters.

### **NOTE 2 – ESTIMATES**

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectibility of accounts receivable, the use, and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements

June 30, 2020

### **NOTE 3 - PENSION PLAN**

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. It is a cost sharing, multiple employers defined benefit pension plan. PERS was established in January 1955 under the provision of NJ SA 43:15A to provide coverage, including post-retirement health care, for substantially all full-time employees of the state, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system.

Membership is mandatory for such employees. Contributions to the plan are made by both the employee and the Authority. Required employee contributions to the system are based on a flat rate determined by the New Jersey Division of Pensions for active plan members. Benefits paid to retired employees are based on length of service, latest earnings, and veteran status. Authority contributions to the system are determined by PERS and are billed annually to the Authority.

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0925. On the web:  
<http://www.state.nj.us/treasury/pensions/pdf/financial/2016divisioncombined.pdf>

#### Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employer's contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 7.50% of base wages.

The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2020 amounted to \$275,571.

#### Post Employment Retirement Benefits

The Authority provides post employment health care benefits and life insurance for its eligible retirees. Eligibility requires that employees be 55 years or older with various years of service. Further information on the Pension Plan and its effects of GASB #68 can be found in Note 20 – Accrued Pension Liability.

# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements

June 30, 2020

### **NOTE 4 – CASH, CASH EQUIVALENTS**

The Housing Authority of the City of Long Branch cash, cash equivalents are stated at cost, which approximates market. Cash, cash equivalents and investment include cash in banks, petty cash and a money market checking account and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. 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.

### **Concentration of Credit Risk**

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/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority. These funds at various banks are collateral pledge under the New Jersey Government Code of the Banking Law.

### **Risk Disclosures**

#### Collateral for Deposits

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 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.

#### Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. On June 30, 2020, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

## HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

### Notes to Financial Statements

June 30, 2020

#### **NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED**

##### Credit Risk

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

The Authority's checking accounts and investments are categorized to give indication of the level of credit risk assumed by the Authority. Custodial credit risk is the risk in the event of a bank failure, the Authority's deposits may not be returned to it. The custodial credit risk categories are described as follows:

<u>Depository Accounts</u>	<u>Primary Government</u>	<u>Component Units</u>
Insured	\$ 503,471	\$ 296,000
Collateralized held by pledging bank's trust department in the Authority's name	11,124,920	-
Uninsured	-	794,107
Total Cash, Cash Equivalents	\$ 11,628,391	\$ 1,090,107

Maestro Community Development Corporation and Shorepoint Corporation maintains its cash in financial institutions insured by Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. Maestro Community Development Corporation and Shorepoint Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalent.

##### **Restricted Cash**

The Authority primary government has total restricted cash on June 30, 2020 in the amount of \$2,060,910 which consists of the following:

	<u>June-20</u>
HCV HAP Reserves	\$ 100,699
FSS Participants	105,234
Tenant Security Deposits	15,972
Current Payment for CFFP Bond	3,471
Seaview Sale Proceeds	1,695,697
HCV CARES Act Funding	139,837
Total Restricted Cash	\$ 2,060,910

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH**

Notes to Financial Statements

June 30, 2020

**NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED**

The restricted cash in the amount of \$100,699 was reported under the Housing Choice Voucher Program as a HAP reserve for future use. The Authority invested these funds. In accordance with HUD’s PIH Notice 2007-03, the reserve fund balance may only be used to assist additional families up to the number of units under contract.

The Authority has restricted cash on June 30, 2020 in the amount of \$15,972. This amount is held as security deposits for the tenants an interest-bearing account.

The restricted cash in the amount of \$139,837 for 2020 was reported under the Housing Choice Voucher CARES Act Program m for grant money received but not expend during the year and is reported as a reserve for future use.

The Authority under the Section 8 Housing Choice Voucher program is administering a Family Self-Sufficiency (FSS) program. An interest-bearing FSS escrow account is established by the PHA for each participating family, the cash account balance on June 30, 2020 is \$105,234.

**Investments**

The Authority’s primary government investments on June 30, 2020 included the following:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
Money Market Account	Upon Demand	\$ 316,418
Money Market Account	Upon Demand	3,961,047
Total Investments		<u>\$ 4,277,465</u>

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH**

Notes to Financial Statements

June 30, 2020

**NOTE 5 - ACCOUNTS RECEIVABLE**

Accounts Receivable for the Authority primary government on June 30, 2020 and the component units as of December 31, 2019 consists of the following:

	<u>Primary Government</u>	<u>Component Unit</u>
Tenants Accounts Receivable - Present	\$ 14,859	\$ -
Less: Allowance for Doubtful Accounts	(634)	-
Net Tenants Accounts Receivable	<u>14,225</u>	<u>-</u>
Accounts Receivable - HUD	46,059	-
Accounts Receivable - Limited Partnerships	445,150	-
Accounts Receivable - Management Fee	30,009	8,182
Allowance for Doubtfull Accounts - Other	-	-
Net Other Receivables	<u>521,218</u>	<u>8,182</u>
Net Accounts Receivable	<u>\$ 535,443</u>	<u>\$ 8,182</u>

Tenant rents are due the first of each month. Management considers rents outstanding after the 5th day of the month as past due and late charges are applied accordingly. The Housing Authority of the City of Long Branch carries its accounts receivable at cost less an allowance for doubtful accounts. Accounts are written off as uncollectible when management determines that a sufficient period of time has elapsed without receiving payment and the individual do not exhibit the ability to meet their obligations. Management continually monitors payment patterns of the tenants, investigates past-due accounts to assess likelihood of collections, and monitors the industry and economic trends to estimate required allowances. It is reasonably possible that management's estimate of the allowance will change.

# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements

June 30, 2020

### **NOTE 6 – PREPAID EXPENSES**

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. All purchases of insurance premiums are written off on a monthly basis. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed. Prepaid expense for the Authority primary government on June 30, 2020 and the component units as of December 31, 2019 consists of the following:

	Primary Government	Component Units
Prepaid Insurance Premiums	\$ 62,392	\$ 3,474
Inventories - Net of Allowance	18,474	-
Total Prepaid Expenses	<u>\$ 80,866</u>	<u>\$ 3,474</u>

### **NOTE 7 – INTERFUND ACTIVITY**

Interfund activity is reported as short-term loans, services provided during the course of operations, reimbursements, or transfers. Short term loans are reported as interfund short term receivables and payable as appropriate. The amounts between the various programs administered by the Authority on June 30, 2020 are detailed on the Financial Data Schedule of this report. Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

### **NOTE 8 - FIXED ASSETS**

Fixed assets consist primarily of expenditures to acquire, construct, place in operations, and improve the facilities of the Authority and are stated by an appraisal value.

Expenditures for repairs, maintenance and minor renewals are charged against income in the year they are incurred. Major renewals and betterment are capitalized. Expenditures are capitalized when they meet the Capitalization Policy requirements. Under the policy, assets purchased or constructed at a cost not exceeding \$5,000 are expensed when incurred. Donated fixed assets are stated at their fair value on the date donated.

#### Depreciation Expense

Depreciation expense for the primary government for the period ended June 30, 2020 was \$447,627. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

1. Building and Structure	40 years
2. Office Improvements	7 years
3. Site Improvements	15 years
4. Building Components	15 years
5. Office Equipment	5 years



## HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

### Notes to Financial Statements

June 30, 2020

#### **NOTE 8 - FIXED ASSETS - CONTINUED**

The Authority reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. No impairment losses were recognized in 2020.

Below is a schedule of changes in fixed assets for the Authority primary government for the twelve months ending June 30, 2020 and the component unit as of December 31, 2019:

<u>Primary Government</u>	June 30, 2019	Additions	Transfers	Disposal	June 30, 2020
Land and Improvements	\$ 5,376,000	\$ -			\$ 5,376,000
Building	14,841,248	-	37,620	(1,034,994)	13,843,874
Furniture, Equipment - Dwelling	1,368,813	-	164,028	(547,314)	985,527
Furniture, Equipment - Administration	1,113,503	-	(194,549)	-	918,954
Leasehold Improvements	1,272,801	-	(715)	-	1,272,086
Construction in Process	1,008,677	275,005	(6,384)	-	1,277,298
Total Fixed Assets	24,981,042	275,005	-	(1,582,308)	23,673,739
Accumulated Depreciation	(10,269,942)	(447,636)	-	474,028	(10,243,550)
Net Book Value	\$ 14,711,100	\$ (172,631)	\$ -	\$ (1,108,280)	13,430,189

<u>Component Units</u>	December-18	Additions	December-19
Land	\$ 263,043	\$ -	\$ 263,043

Below is a schedule of the net book value of the fixed assets for the Authority primary government as of June 30, 2020:

	<u>Primary Government</u>
Land and Improvements	\$ 5,376,000
Building	6,485,529
Furniture, Equipment - Dwelling	-
Furniture, Equipment - Administration	291,362
Leasehold Improvements	-
Construction in Process	1,277,298
Net Book Value	<u>\$ 13,430,189</u>

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH**

Notes to Financial Statements  
June 30, 2020

**NOTE 9- NOTES RECEIVABLE**

The Authority primary government has five (8) notes receivable non-current. The account balance on June 30, 2020 consists of:

	Original Note	Accrued Interest	Present Value	Allowance for Doubtful	Net Book Value
Grant Court Housing Urban Renewal Assoc., LLC	\$ 1,604,208	\$ 965,106	\$ 2,569,314	\$ (965,106)	\$ 1,604,208
Grant Court Housing Urban Renewal Assoc., LLC	385,000	-	385,000	-	385,000
Seaview Housing Urban Renewal Assoc., LLC	1,460,359	-	1,460,359	-	1,460,359
Seaview Housing Urban Renewal Assoc., LLC	220,000	-	220,000	-	220,000
Garfield Two Housing Urban Renewal, LP	2,272,529	1,110,583	3,383,112	(1,110,583)	2,272,529
Garfield Court Urban Renewal Housing Assoc., LLC	3,920,039	1,927,943	5,847,982	(1,927,943)	3,920,039
Woodrow Wilson Housing UR Associates II, LP	275,829	-	275,829	-	275,829
Maestro Loan	400,000	-	250,000	-	250,000
<b>Total</b>	<b>\$ 10,537,964</b>	<b>\$ 4,003,632</b>	<b>\$ 14,391,596</b>	<b>\$ (4,003,632)</b>	<b>\$ 10,387,964</b>

Grant Court Housing Urban Renewal Associates, LLC.

The Authority advanced a permanent mortgage loan to Grant Court Housing Urban Renewal Associates, LLC on October 4, 2006 in connection with development and construction of 53 units of low-income housing. The principal balance of the note is \$1,604,208 and bears interest at 5.02% compounded annually. All principal and accrued interest is due Jan 1, 2049, forty (40) years from the completion date of January 1, 2009.

The Authority lent \$385,000 under the Affordable Housing Program to Grant Court Housing Urban Renewal Associates, LLC. This loan is noninterest-bearing and matures on January 1, 2048.

# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements

June 30, 2020

### **NOTE 9- NOTES RECEIVABLE - CONTINUED**

#### Seaview Housing Urban Renewal Associates, LLC

The Authority advanced a permanent mortgage loan to Seaview Housing Urban Renewal Associates, LLC on December 14, 2006 in connection with the development and construction of low-income housing units. The principal balance of \$1,460,359 bears no interest. All principal is due January 1, 2047, forty (40) years from the project completion date of January 1, 2007.

The Authority lent \$220,000 under the Affordable Housing Program to Seaview Housing Urban Renewal Associates, LLC. This loan is noninterest-bearing and matures on January 1, 2037.

#### Garfield Two Housing Urban Renewal, LP

The Authority advanced a permanent mortgage loan to Garfield Two Housing Urban Renewal, LP on October 26, 2011 in connection with development and construction of 61 low-income housing units. The principal balance of \$2,272,529 bears interest at 4.00% compounded annually. All principal and accrued interest is due May 1, 2061, fifty-one (51) years from the completion date of May 1, 2010.

#### Garfield Court Urban Renewal Housing Associates, LLC

The Authority advanced a permanent mortgage loan to Garfield Court Urban Renewal Housing Associates, LLC on January 22, 2009 in connection with development of low-income housing tax credit units. The principal balance of the note of \$3,920,039 bears interest at 4.46% compounded annually. All principal and accrued interest is due January 1, 2050, forty (40) years from the completion date of January 1, 2010.

#### Woodrow Wilson Housing Urban Renewal Associates II, LP

The Authority advanced a permanent mortgage loan to Woodrow Wilson Housing Urban Renewal Associates II, LP through funds received from the United States Housing and Urban Development (HUD) including Replacement Housing Factor Funds (RHF Funds) under a loan Dated December 12, 2012. The loan is noninterest bearing and matures 50 years after substantial completion (November 2063). The principal balance on June 30, 2020 was \$275,829.

#### Maestro Loan

The Authority advanced to Maestro Community Development Corporation a loan in the amount of \$400,000 in connection with the development of low-income housing units. The principal balance of \$250,000 bears no interest.

# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements

June 30, 2020

### **NOTE 10 – INVESTMENT IN JOINT VENTURES – COMPONENT UNIT**

#### Garfield Two Housing Urban Renewal, LP

Garfield Two Housing Urban Renewal, LP is a limited partnership, which was formed on November 1, 2009 pursuant to the laws of the State of New Jersey to acquire, renovate, own and operate 61-unit low-income rental apartments in Long Branch, New Jersey. The units are to be used and occupied in such a manner as to fully utilize low-income housing credits in accordance with Section 42 of the Internal Revenue Code.

On November 1, 2009, the Partnership Agreement was signed. The terms of the Partnership Agreement provide that profit and loss be shared 99.999% by the special investment limited partners, and 0.001% by the managing general partner (subject to regulations under Section 704(b) of the Internal Revenue Code). The equity balance in Garfield Two Housing Urban Renewal, LP as of December 31, 2019 was \$119,705.

### **NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

A deferred outflow is an outflow of resources, which is a consumption of net assets by the government that is applicable to the reporting period. A deferred inflow is an inflow of resources, which is an acquisition of net assets by the government that is applicable to the reporting period.

The OPEB and Pension Liability discussed in Note 19 and 20 resulted in the Authority incurring deferred outflows and inflows. The difference between expected and actual experience with regard to economic and demographic factors, when the actuary calculated the net pension liability, is amortized over a five-year closed period for PERS and OPEB, reflecting the average remaining service life of members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources.

## HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

### Notes to Financial Statements June 30, 2020

#### **NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED**

The Authority's deferred outflows and inflows are as follows:

<b>Deferred Outflows of Resources</b>	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ -	\$ 91,623	\$ 91,623
Changes in Assumptions	-	509,723	509,723
Net Difference Between Projected and Actual Earning on Pension Plan Investments	5,288	-	5,288
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	827,871	292,866	1,120,737
Total	<u>\$ 833,159</u>	<u>\$ 894,212</u>	<u>\$ 1,727,371</u>

<b>Deferred Inflows of Resources</b>	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ 1,877,426	\$ 22,550	\$ 1,899,976
Changes in Assumptions	2,275,066	1,771,826	4,046,892
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	80,580	80,580
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	613,717	589,681	1,203,398
Total	<u>\$ 4,766,209</u>	<u>\$ 2,464,637</u>	<u>\$ 7,230,846</u>

#### Difference in Expected and Actual Experience

The difference between expected and actual experience with regard to economic and demographic factors is amortized over a five-year closed period reflecting the average remaining service life of the plan members (active and inactive), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$91,623 and \$1,899,976.

#### Changes in Assumptions

The change in assumptions about future economic or demographic factors or other inputs is amortized over a five-year closed period, reflecting the average remaining service life of the plan members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$509,723 and \$4,046,892.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH**

Notes to Financial Statements

June 30, 2020

**NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED**

Net Difference between Projected and Actual Investment Earning on Pension Plan Investments

The difference between the System's expected rate of return of and the actual investment earnings on pension plan investments is amortized over a five-year closed period in accordance with GASB #68 and #75. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$5,288 and \$80,580.

Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions

The change in employer proportionate share is the amount of difference between the employer proportionate shares of net pension liability in the prior year compared to the current year. The difference between employer contributions and proportionate share of contributions is the difference between the total amount of employer contributions and the amount of the proportionate share of employer contributions. The change in proportionate share and the difference between employer contributions and proportionate share of contributions is amortized over a six-year closed period for PERS and OPEB, reflecting the average remaining service life of PERS and OPEB members (active and inactive members), respectively. The changes in proportion and differences between employer contributions and proportionate share of contributions for the fiscal year are \$1,120,737 and \$1,203,398.

**NOTE 12 – ACCOUNTS PAYABLE**

The Authority reported accounts payable on its Statement of Net Position section of the as of June 30, 2020. Accounts payable vendors are amount owing to creditors or generally on open accounts, as a result of delivered goods and completed services. The Authority primary government accounts payable on June 30, 2020 consists of the following:

	Primary Government
Accounts Payable Vendors	\$ 265,897
Accounts Payable - P.I.L.O.T.	98,147
Total Accounts Payable	<u>\$ 364,044</u>

# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements

June 30, 2020

### **NOTE 13 – ACCOUNTS PAYABLE – OTHER GOVERNMENT (PILOT PAYABLE)**

Under Federal, State and local law, the Authority's primary government programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the City of Long Branch. Under the Cooperation Agreements, the Authority must pay the municipality 10% of its net shelter rent. This agreement was amended by the City of Long Branch, and now the Authority PILOT Payable for certain developments have been abated for further notice from the City of Long Branch. During the fiscal year ended June 30, 2020 PILOT expense of \$47,392 was incurred. The Authority PILOT payable balance on June 30, 2020 was \$98,147.

### **NOTE 14 – ACCRUED EXPENSES**

The Authority reported accrued expenses on its Statement of Net Position section of the primary government as of June 30, 2020. Accrued expenses are liabilities covering expenses incurred on or before June 30 and are payable at some future date. Accrued liabilities on June 30, 2020 consisted of the following:

	<u>Primary Government</u>
Compensated Absences - Current Portion	\$ 92,844
Accrued Wages / Payroll Taxes	113,001
Accrued Interest Payable	<u>6,862</u>
Total Accrued Liabilities	<u><u>\$ 212,707</u></u>

# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements

June 30, 2020

### **NOTE 15 – ACCRUED COMPENSATED ABSENCES**

Compensated absences are those for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the Authority will be accounted for in the period in which such services were rendered. Unused sick leave may be carried to future periods and used in the event of extended illness. In the event of retirement, an employee is compensated for one for two unused sick days up to a maximum of \$5,000 under the Authority's current personnel policy. Generally, unused vacation may be carried over for a one-year period. In the event of separation from the Authority, the employee is eligible for compensation of up to one year plus any time earned in the year of separation.

The Authority has determined that the potential liability for accumulated vacation and sick time for the Authority primary government on June 30, 2020 as follows:

	<u>June-20</u>
Accumulated Sick Time	\$ 95,280
Accumulated Vacation Time	114,285
Accrued Payroll Taxes	<u>16,031</u>
Total	225,596
Compensated Absences - Current Portion	<u>(92,844)</u>
Total Compensated Absences - Noncurrent	<u>\$ 132,752</u>

### **NOTE 16 – UNEARNED REVENUE**

The Authority reported unearned revenues on its Statement of Net Position section of the primary government as of June 30, 2020. Unearned revenues arise when resources are received by the Authority before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Authority has a legal claim to the resources, the liability for unearned revenue is removed from the Statement of Net Position and the revenue is recognized. The deferred revenue for June 30, 2020 consisted of the following:

	<u>June-20</u>
Prepaid Rent -July 2020	\$ 2,607
HCV CARES Act Funding	<u>139,837</u>
Total Unearned Revenue	<u>\$ 142,444</u>



## HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

### Notes to Financial Statements

June 30, 2020

#### **NOTE 17 – LONG TERM DEBT**

On June 30, 2020, the Authority primary government has three (3) notes payable and Maestro Community Development Corporation (Component Unit) has one (1) note payable on December 31, 2019. They consist of the following:

	Primary Government	Component Units
Note Payable - Current Portion	\$ 125,000	\$ 50,000
Note Payable - Non Current	1,240,000	200,000
Total Note Payable	\$ 1,365,000	\$ 250,000

On June 30, 2020, the Authority primary government had the following loans payable

	CFP - Leveraging	Affordable Housing Program
Note Payable - Current Portion	\$ 125,000	\$ -
Note Payable - Non Current	635,000	605,000
Total Note Payable	\$ 760,000	\$ 605,000

Below is the change in long term debt for June 30, 2020:

	Balance June 30, 2019	Additions	Payment	Balance June 30, 2020
State Leveraging - CFP	\$ 880,000	\$ -	\$ (120,000)	\$ 760,000
Seaview Housing Urban Renewal	-	220,000	-	220,000
Grant Court Housing Urban Renewal	-	385,000	-	385,000
Subtotal Primary Government	880,000	605,000	(120,000)	1,365,000
Maestro CDC - Component Unit	300,000	-	(50,000)	250,000
Total	\$ 1,180,000	\$ 605,000	\$ (170,000)	\$ 1,615,000

#### **STATE LEVERAGING CAPITAL PROJECT BOND**

The Authority participated on December 23, 2004 with other New Jersey Housing Authorities in the issuance of \$79,860,000 in Series 2004 HMFA Bonds. The Authority portion of the Series 2004 HMFA Bonds is \$3,340,000. The purpose of the Bonds is restricted. The proceeds from the Bonds must be used in the renovations and capital improvements to the Authority assets in the Public and Indian Housing Program. The Bonds are fully registered in denominations of \$5,000. The term of the Bonds is twenty (20) years expiring on November 1, 2027.

# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements

June 30, 2020

### **NOTE 17 – LONG TERM DEBT - CONTINUED** **STATE LEVERAGING CAPITAL PROJECT BOND**

The faith and credit of the Housing Authority of the City of Long Branch was not pledged for payment of principal and interest on the Bonds. Additionally, the Bonds are not an obligation of the State of New Jersey, The United States, or the Housing and Urban Development (HUD). The Bonds are not secured directly or indirectly by any collateral in the Authority Low Income Housing Program.

Interest on the Bonds is payable on November 1 and May 1. The interest is calculated on a basis of three hundred sixty (360) day year of twelve (12) thirty (30) day month.

The Bonds are payable and secured by the Authority Capital Fund Program (CFP), which is subject to the availability of appropriations, and paid to the Authority by HUD.

Under the Bond Agreement, the Authority is required to maintain a Debt Service Reserve Fund located at the BNY Mellon Bank, an amount equal to the debt service reserve fund requirement. If at any time, the amount on deposit in the debt service reserve fund is insufficient to pay the principal and interest when due, the Trustee is authorized to withdraw the amount due from the reserve fund.

The debt requirements as to principal reduction of the mortgages for long term debt until exhausted are as follows:

June 30, 2021	\$	125,000
June 30, 2022		135,000
June 30, 2023		135,000
June 30, 2025		145,000
June 30, 2026		145,000
Sub Total		<u>685,000</u>
Til Maturity June, 2027		75,000
Total Outstanding Balance	\$	<u><u>760,000</u></u>

The interest payable for November 1, 2020 is \$20,548 and May 1, 2021 is \$20,548.

### **AFFORDABLE HOUSING PROGRAM**

The Authority participated in the Affordable Housing Program and received two (2) notes. The proceeds from these notes were pass thru to Seaview Housing Urban Renewal Associates, LLC in the amount of \$220,000 and Grant Court Housing Urban Renewal Associates, LLC in the amount of \$385,000.

The loan amount of \$220,000 is noninterest -bearing and matures on January 1, 2037. The loan amount of \$385,000 is noninterest -bearing and matures on January 1, 2048.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH**

Notes to Financial Statements

June 30, 2020

**NOTE 17 – LONG TERM DEBT - CONTINUED**

**Maestro Community Development Corporation - Component Unit**

Under the terms of the note, the Housing Authority of the City of Long Branch has agreed to advance funds to Maestro Community Development Corporation in an amount not to exceed \$1,300,000. The loan is noninterest bearing and is required to be paid in full upon demand by the Housing Authority of the City of Long Branch. The loan is not secured by any assets. The Maestro Community Development Corporation Officials has agreed to provide the Housing Authority of the City of Long Branch Board of Commissioners with progress reported detailing how the said funds will be utilized. As of December 31, 2019, the amount payable by the Corporation is \$250,000.

The schedule of the future maturities and total debt service of the note payable as of December 31, 2019 is as follows:

	<u>Principle</u>
12/31/2020	\$ 50,000
12/31/2021	50,000
12/31/2022	50,000
12/31/2023	50,000
12/31/2024	50,000
Total	<u>\$ 250,000</u>

**NOTE 18 – NON-CURRENT LIABILITY**

The Authority reported non-current liability on its Statement of Net Position section of the primary government as of June 30, 2020. Noncurrent liability on June 30, 2020 consisted of the following:

	<u>June-20</u>
HCV- FSS Payable	\$ 105,234
NJHMFA - Unredeemed Bonds	64,500
Total NonCurrent Liabilities - Other	<u>\$ 169,734</u>

The Authority under the Section 8 Housing Choice Voucher program is administering a Family Self-Sufficiency (FSS) program. An interest-bearing FSS escrow account is established by the PHA for each participating family. An escrow credit, based on increases in earned income of the family, is credited to this account by the PHA during the term of the FSS contract. The PHA may make a portion of this escrow account available to the family during the term of the contract to enable the family to complete an interim goal such as education. If the family completes the contract and no member of the family is receiving welfare, the amount of the FSS account is paid to the head of the family. If the PHA terminates the FSS contract, or if the family fails to complete the contract before its expiration, the family's FSS escrow funds are forfeited.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH**

Notes to Financial Statements

June 30, 2020

**NOTE 19 – ACCRUED PENSION AND OPEB LIABILITIES**

The Authority as of June 30, 2020 reported accrued pension and OPEB liability amounts as follows:

	<u>June-20</u>
Accrued OPEB	\$ 6,419,889
Accrued Pension	5,104,702
Total OPEB and Pension Payable	<u>\$ 11,524,591</u>

These amounts arose due to adoption of GASB #75 in 2018 year as well as GASB #68 which was adopted in 2014 year. This note will discuss the liability associated with GASB #75, which is accrued other postemployment benefits. Note - 20 will discuss the effect of GASB #68 and the pension liability which arose from that.

**OPEB Liability**

The Authority as of June 30, 2020 reported a net OPEB liability in the amount of \$6,419,889 due to GASB #75. The component of the current year net OPEB liability of the Authority as of June 30, 2019, the last evaluation date, is as follows:

	<u>OPEB</u>
Employer OPEB Liability	\$ 6,549,355
Plan Net Position	(129,466)
Employer Net OPEB Liability	<u>\$ 6,419,889</u>

The Authority allocation percentage is 0.0473930% as of June 30, 2019.

**OPEB Liability – Plan Description and Benefits Provided**

*Plan Description:* The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple- employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

*Benefits Provided:* The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH**

Notes to Financial Statements

June 30, 2020

**NOTE 19 – OTHER POST EMPLOYMENT BENEFITS**

**OPEB Liability – Plan Description and Benefits Provided - continued**

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 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
- 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 negotiation's 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.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The total OPEB liability for the year ended June 30, 2019 were \$6,419,889.

*Employees covered by benefits terms:* On June 30, 2019 (the census date), the following employees were covered by the benefits terms:

Total Plan Members

53

# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements

June 30, 2020

### **NOTE 19 – OTHER POST EMPLOYMENT BENEFITS**

#### Net OPEB Liability

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

*Actuarial Assumptions:* The total OPEB Liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement, unless otherwise specified:

Inflation Rate = 2.5%

Salary Increases

Through 2026 = 2.00% to 6.00%

Thereafter = 3.00% to 7.00%

#### Actuarial Assumptions - Continued

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2019 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2019 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2019 scale.

Certain actuarial assumptions used in the June 30, 2018 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the Plan upon retirement.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH**

Notes to Financial Statements

June 30, 2020

**NOTE 19 – OPEB LIABILITIES - CONTINUED**

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% long-term trend rate after eight years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as 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.

Sensitivity of the OPEB Liability to changes in the discount rate: The following presents the total OPEB liability of the Authority, as well as what the Authority’s OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current discount rate:

	<u>Discount Rate Sensitivity</u>		
	1% Decrease	Current Rate	1% Increase
	2.50%	3.50%	4.50%
Total OPEB Liability	\$ 7,423,025	\$ 6,419,889	\$ 5,604,709

Sensitivity of the OPEB Liability to changes in healthcare cost trend rates: The following presents the total OPEB liability of the Authority, as well as what the Authority’s OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates than the current healthcare cost trend rates:

	<u>Healthcare Cost Inflation Rate Sensitivity</u>		
	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 5,417,596	\$ 6,419,889	\$ 7,698,484

Change in Assumptions: Effective June 30, 2019.

# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements

June 30, 2020

### **NOTE 19 – OPEB LIABILITIES - CONTINUED**

#### Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.05, 8.14 and 8.04 years for the 2019, 2018 and 2017 amounts, respectively.

#### *Changes in Net OPEB Liability:*

<b><u>Total OPEB Liability</u></b>	<b><u>2020</u></b>
Service Cost	\$ 315,910
Interest on Total OPEB liability	301,459
Expected Investment Return	(5,349)
Administrative Expenses	4,492
Current Period Deferred Inflows/Outflows of Resources	(902)
Changes in Assumptions or Other Inputs	(293,555)
Net Difference Between Projected and Actual Investments Earning on Pension Plan Investments	(1,012,147)
Benefit Payments	-
Change in Plan	-
Net Change in Total OPEB Liability	<u>(690,092)</u>
Total OPEB Liability, Beginning	<u>7,109,981</u>
Total OPEB Liability, Ending	<u>\$ 6,419,889</u>



**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH**

Notes to Financial Statements

June 30, 2020

**NOTE 19 – OPEB LIABILITIES - CONTINUED**

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

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

Year Ending June 30, 2020	\$ (675,446)
Year Ending June 30, 2021	(675,446)
Year Ending June 30, 2022	(675,860)
Year Ending June 30, 2023	(676,530)
Year Ending June 30, 2024	(677,143)
Therafter	<u>(766,779)</u>
Total	<u>\$ (4,147,204)</u>

**NOTE 20 – ACCRUED PENSION LIABILITY**

Net Pension Liability Information

The Authority as of June 30, 2020 reported a net pension liability in the amount of \$5,104,702 due to GASB #68. The component of the current year net pension liability of the Authority as of June 30, 2019, the last evaluation date, is as follows:

	<u>PERS</u>
Employer Total Pension Liability	\$ 11,754,683
Plan Net Position	<u>(6,649,981)</u>
Employer Net Pension Liability	<u>\$ 5,104,702</u>

The Authority allocation percentage is 0.028330365% as of June 30, 2019.

Plan Description

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. The State of New Jersey, Public Employees' Retirement System (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 Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.gov/treasury/pensions/financial-reports.shtml](http://www.state.nj.gov/treasury/pensions/financial-reports.shtml).

# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements

June 30, 2020

### **NOTE 20 – ACCRUED PENSION LIABILITY - CONTINUED**

#### Net Pension Liability Information

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 Authority participates in the State of New Jersey, Public Employees' Retirement System (PERS).

The following represents the membership tiers for PERS:

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

The local employers' contribution amounts are based on an 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 the 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 assets.

#### Allocation Percentage Methodology

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements

June 30, 2020

### **NOTE 20 – ACCRUED PENSION LIABILITY - CONTINUED**

#### Allocation Percentage Methodology -Continued

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of June 30, 2019 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2019.

The contribution for PERS is set by NJSA 43:15A and requires contributions by 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 include 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. For fiscal year 2019 the State's pension contribution was less than the actuarial determined amount.

#### Actuarial Assumptions

The total pension liability for June 30, 2019 measurement dates were determined by using an actuarial valuation as of July 1, 2018, with update procedures used to roll forward the total pension liability to June 30, 2018. The actuarial valuations used the following actuarial assumptions:

Inflation	2.75%
Salary Increases:	
Through 2026	2.00-6.00%, based on age
Thereafter	3.00-7.00%, based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Employee Preretirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2010 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-mortality rates were based on the Pub-2010 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2010 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH**

Notes to Financial Statements

June 30, 2020

**NOTE 20 – ACCRUED PENSION LIABILITY - CONTINUED**

Actuarial Assumptions -continued

The actuarial assumptions used in the July 1, 2018 evaluation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities were higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% on June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2019 as summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	100%	

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH**

Notes to Financial Statements  
June 30, 2020

**NOTE 20 – ACCRUED PENSION LIABILITY - CONTINUED**

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on 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.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the most recent fiscal year.

The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the current-period net pension liability of the employers calculated using the current-period discount rate assumption of 6.28% percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.28% percent) or 1 percentage-point higher (7.28% percent) than the current assumption (in thousands). Sensitivity of the Authority's proportionate share of the Net Pension Liability due to change in the Discount Rate:

	1% Decrease (5.28%)	Current Discount (6.28%)	1% Increase (7.28%)
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,492,925	\$ 5,104,702	\$ 4,000,363

## HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

### Notes to Financial Statements

June 30, 2020

#### **NOTE 20 – ACCRUED PENSION LIABILITY – CONTINUED**

##### Collective Deferred Outflows of Resources and Deferred Inflows of Resources

The amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

Year Ending June 30, 2020	\$	(147,400)
Year Ending June 30, 2021		(148,165)
Year Ending June 30, 2022		(146,973)
Year Ending June 30, 2023		(200,486)
Year Ending June 30, 2024		(20,586)
Total	\$	(663,610)

##### Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for the 2019, 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

##### Pension Expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the plan fiscal year ending June 30, 2019, are as follows:

Service Cost	\$	228
Interest on the Total Pension Liability		674,907
Member Contributions		(156,840)
Administrative Expenses		4,154
Expected Investment Return Net of Investment Expenses		(418,774)
Pension Expense Related to Specific Liabilities of Individual Employers		(1,961)
Current Period Recognition (Amortization) of Deferred Outflows and Inflows of Resources:		
Difference Between Expected and Actual Experience		50,812
Changes of Assumptions		(155,301)
Differences Between Projected and Actual Investment Earnings on Pension Plan Investments		49,405
Total	\$	46,629

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH**

Notes to Financial Statements

June 30, 2020

**NOTE 21 – NET INVESTMENT IN CAPITAL ASSETS**

This component consists of land, construction in process and depreciable assets, net of accumulation and net of related debt outstanding. If there are significant unspent related debt proceeds as of year-end, the portion of the debt related to the unspent proceeds is not included in the calculation of investment in Net Investment in Capital Assets. Rather, that portion of the debt is included in the same net asset component as the unspent proceeds.

	<u>Primary</u>	
	<u>Government</u>	<u>Component Units</u>
Balance June 30, 2019	\$ 13,831,100	\$ 263,043
Fixed Asset Acquisitions	275,005	-
Issuance of Debt	(605,000)	-
Payment of Principal on Debt	120,000	-
Depreciation Expense	(447,627)	-
Disposal of Fixed Asset	(1,108,288)	-
Balance June 30, 2020	<u>\$ 12,065,190</u>	<u>\$ 263,043</u>

**NOTE 22 – RESTRICTED NET POSITION**

The Authority restricted net position for the Authority primary government account balance on June 30, 2020 is \$1,799,867. The detail of the restricted reserve account balances is as follows:

	<u>June-20</u>
HCV- HAP Reserves	\$ 100,699
CFFP Bonds Proceeds	3,471
Seaview Sale Proceeds	<u>1,695,697</u>
Total Restricted Net Position	<u>\$ 1,799,867</u>

Housing Choice Voucher Program HUD Held Reserves Funds

Effective January 1, 2012, HUD was required to control the disbursement of funds in such a way that the Authority does not receive funds before they are needed, resulting in the re-establishment of HUD held program reserves to comply with the Treasury requirements. HUD held reserve is a holding account at the HUD level that maintains the excess of HAP funds that have been obligated (ABA) but undisbursed to the Authority. The excess HAP funds will remain obligated but not disbursed to the Authority. HUD will hold these funds until needed by the Authority. The amount of HUD held reserves for the Authority on June 30, 2020 was \$1,743,650.

## HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

### Notes to Financial Statements

June 30, 2020

#### **NOTE 23 – UNRESTRICTED NET POSITION**

The Authority's primary government unrestricted net position account balance on June 30, 2020 is \$2,752,761. The detail of the account balance is as follows:

	PIH Program Reserves	HCV Program Reserve	Business Activities	COCC	Total
Balance June 30, 2019	\$ 11,814,802	\$ (2,487,368)	\$ 4,027,760	\$ (10,510,015)	\$ 2,845,179
Increase During the Year	1,578,746	32,546	-	41,537	1,652,829
Decrease During the Year	-	-	(1,748,789)	-	(1,748,789)
Prior Period Adjustments	3,542	-	-	-	3,542
Balance June 30, 2020	<u>\$ 13,397,090</u>	<u>\$ (2,454,822)</u>	<u>\$ 2,278,971</u>	<u>\$ (10,468,478)</u>	<u>\$ 2,752,761</u>

#### **NOTE 24 – 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 for which the Authority purchases commercial insurance. During the year ended June 30, 2020, the Authority's risk management program, in order to deal with the above potential liabilities, purchased various insurance policies for fire, general liability, crime, auto, employee bond, and public-officials errors omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of all its buildings for the purpose of determining potential liability issues.

#### **NOTE 25 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES**

HUD contributes operating subsidy for the Public and Indian program approved in the operating budget under the Annual Contribution Contract. The operating subsidy contributions for the year ended June 30, 2020 were \$1,753,833.

Annual Contributions Contracts for the Section 8 Housing Choice Voucher Program to provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low-income families. The program provides for such payment with respect to existing housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by the participating family and related administrative expense. HUD contributions for the Housing Choice Voucher for June 30, 2020 was in the amount of \$9,483,656.



## HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

### Notes to Financial Statements

June 30, 2020

#### **NOTE 26 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

The Authority operations are concentrated in the low-income housing real estate market. In addition, the Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules, and regulations are subject to change by an act of congress, or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Total financial support by HUD was \$12,256,697 to the Authority which represents approximately 82% percent of the Authority's total revenue for the year ended June 30, 2020.

#### **NOTE 27 - CONSTRUCTION COMMITMENTS**

On June 30, 2020, the Authority outstanding construction commitments pertaining to its capital fund were not material. The cost pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

#### **NOTE 28 - CONTINGENCIES**

Litigation – On June 30, 2020, the Authority is subject of one legal proceeding, claims, and litigation arising in the ordinary course of business. While the outcome of this matter is currently undeterminable, management does not expect that the ultimate cost to resolve this matter will have a material adverse effect on the Authority's financial position, results of operations or cash flows. Majority of this matter have been turned over to the Authority's insurance company and is being handled through the insurer.

Grants Disallowances – The Authority participates in federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits performed by the federal government could lead to adjustments for disallowed claims, including amounts already collected, and reimbursement by the Authority for expenditures disallowed under the terms of the grant. The Authority's management believes that the number of disallowances, if any, which may arise from future audits will not be material.

#### **NOTE 29 - PRIOR PERIOD ADJUSTMENT**

For year ending June 30, 2020

As of June 30, 2020 the Authority had a prior period adjustment in the amount of \$3,542 while writing off old outstanding invoices dating back several years.

# HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

## Notes to Financial Statements

June 30, 2020

### **NOTE 30 - SUBSEQUENT EVENTS**

#### Coronavirus Pandemic:

In December 2020, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Authority's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the tenant's ability to pay the required monthly rent. Operating functions that may be changed include intake, recertification's and maintenance. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of tenants to continue making rental payments as a result of job loss or other pandemic related issues. The Authority already received additional operating subsidy from HUD to offset these expenses.

Events that occur after the statement of net position date but before the financial statements were available to be issued, must be evaluated for recognition or disclosed. The effects of subsequent events that provide evidence about conditions that existed after the statement of net position date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority thru March 31, 2021; the date which the financial statements were available for issue 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.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH**

Required Supplementary Information

June 30, 2020

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS**

GASB #75 requires supplementary information which includes changes in the Authority's total OPEB liability along with related ratios as listed below.

<b><u>Total OPEB Liability</u></b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service Cost	\$ 315,910	\$ 406,738	\$ 191,184
Interest on Total OPEB liability	301,459	346,763	408,554
Expected Investment Return	(5,349)	(4,261)	-
Administrative Expenses	4,492	3,721	-
Current Period Deferred Inflows/Outflows of Resources	(902)	(202,182)	
Changes in Assumptions or Other Inputs			-
Net Difference Between Projected and Actual Investments Earning on Pension Plan Investments	(1,012,147)	(275,101)	
Benefit Payments	-	-	(272,520)
Change in Plan	-	(5,303,187)	-
Net Change in Total OPEB Liability	(690,092)	(5,026,470)	327,218
Total OPEB Liability, Beginning	7,109,981	12,136,451	11,809,233
<b>Total OPEB Liability, Ending</b>	<b>\$ 6,419,889</b>	<b>\$ 7,109,981</b>	<b>\$ 12,136,451</b>
Covered, Employee Payroll	\$ 2,373,819	\$ 2,749,407	\$ 2,714,386
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	2.02%	0.00%	0.00%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH**

Required Supplementary Information  
June 30, 2020

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM**

GASB #68 requires supplementary information which includes the Authority's share of the net pension liability along with related ratios as listed below.

The schedule below displays the Authority's proportionate share of Net Pension Liability.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Housing Authority's proportion of the net pension liability	0.0283303650%	0.0030198348%	0.002261780%
Housing Authority's proportionate share of the net pension liability	\$ 5,104,702	\$ 5,945,904	\$ 6,754,756
Housing Authority's covered employee payroll	\$ 2,378,819	\$ 2,749,402	\$ 2,714,386
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	214.59%	216.26%	248.85%
Plan fiduciary net position as a percentage of the total pension liability	43.42%	46.41%	48.01%

*\*The amounts determined for each fiscal year were determined as of June 30.*

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH**

Required Supplementary Information  
June 30, 2020

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM**

The schedule below displays the Authority's proportionate share of Net Pension Liability.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Housing Authority's proportion of the net pension liability	0.011778890%	0.032305310%	0.027469190%
Housing Authority's proportionate share of the net pension liability	\$ 9,036,037	\$ 7,251,894	\$ 5,142,983
Housing Authority's covered employee payroll	\$ 2,584,804	\$ 2,637,001	\$ 3,023,565
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	349.58%	275.01%	170.10%
Plan fiduciary net position as a percentage of the total pension liability	59.86%	52.07%	52.08%

*\*The amounts determined for each fiscal year were determined as of June 30.*

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH**

Required Supplementary Information  
June 30, 2020

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM**

The schedule below displays the Authority's contractually required contributions along with related ratios.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 275,571	\$ 300,376	\$ 268,814
Contribution in relation to the contractually required contribution	(275,571)	(300,376)	(268,814)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 2,378,819	\$ 2,749,402	\$ 2,714,386
Contribution as a percentage of covered employee payroll	11.58%	10.93%	9.90%

*\*The amounts determined for each fiscal year were determined as of June 30.*

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH**

Required Supplementary Information  
June 30, 2020

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM**

The schedule below displays the Authority's contractually required contributions along with related ratios.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 271,042	\$ 277,739	\$ 226,452
Contribution in relation to the contractually required contribution	(271,042)	(277,739)	(226,452)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 2,584,804	\$ 2,637,001	\$ 3,023,565
Contribution as a percentage of covered employee payroll	10.49%	10.53%	7.49%

*The amounts determined for each fiscal year were determined as of June 30.*

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE TWELVE MONTHS ENDED JUNE 30, 2020**

Programs funded by:  
U.S. Department of Housing and Urban Development

	<u>CFDA #'s</u>	Beginning Balance	Revenue Recognized	Fiscal Year Expenditures	Ending Balance
<u>Public and Indian Housing Program</u>					
NJ008	14.850	-	1,753,833	1,753,833	-
<u>PIH CARES ACT</u>					
NJ008-DC	14.PHC	-	19,015	19,015	-
Grant Total 14.850		-	<u>1,772,848</u>	<u>1,772,848</u>	-
<u>Section 8 Housing Choice Voucher Program</u>					
NJ39P008	14.871	-	9,483,656	9,483,656	-
<u>HCV CARES Act Funding</u>	14.HCC	-	17,176	17,176	-
Grant Subtotal 14.871		-	<u>9,500,832</u>	<u>9,500,832</u>	-
<u>Public Housing Capital Fund Program</u>					
NJ39P008501	14.872	-	909,805	909,805	-
<u>Resident Opportunity &amp; Supportive Services</u>					
ROSS191317	14.870	-	73,212	73,212	-
Total Expenditures of Federal Awards		\$ -	<u>\$ 12,256,697</u>	<u>\$ 12,256,697</u>	\$ -



**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2020**

**Note 1. Presentation:**

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Housing Authority of the City of Long Branch is under programs of the federal government for the year ended June 30, 2020. The information in this 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). Because the Schedule presents only a selected portion of the operations of the Housing Authority of the City of Long Branch, it is not intended to and does not present the financial position, change in net position, or cash flows of the Housing Authority of the City of Long Branch.

**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 cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3. Indirect Cost Rate**

The Housing Authority of the City of Long Branch has not elected to use the 10 percent de minimis indirect cost rate as allowable under the Uniform Guidance.

**Note 4. Loans Outstanding:**

The Housing Authority of the City of Long Branch had \$1,365,000 as a loan balance outstanding on June 30, 2020. Note 17 presented on page 47-49 of this report have full disclosure regarding the loan activity for the Housing Authority of the City of Long Branch.

**Note 5. Non- Cash Federal Assistance:**

The Authority did not receive any non-cash Federal assistance for the year ended June 30, 2020.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2020**

**Note 6. Sub-recipients:**

Expenditures and Expenses

When monies are received by the Housing Authority of the City of Long Branch and redistributed (expended) to sub-recipients, the federal financial assistance is reflected in the Authority's accounts. The total expenditures for sub recipients amounted to \$509,954 during the year ended June 30, 2020.

	CFDA #s	June-20 Expenditures
Seaview Housing Urban Renewal Associates	14.850	\$ 112,651
Garfield Court Urban Renewal Associates	14.850	35,910
Garfield Two Housing Urban Renewal LP	14.850	167,447
Gregory Urban Renewal Associates	14.850	14,115
Gregory Phase 2 Associates	14.850	8,721
Woodrow Wilson Housing Urban Renewal Associates II	14.850	78,784
Woodrow Wilson Housing Three	14.850	92,326
Total Pass-Thru		\$ 509,954

Long Branch Housing Authority (NJ008)  
LONG BRANCH, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

	Project Total	6.1 Component Unit - Discretely	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	14.PHC Public Housing CARES Act	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$6,228,732	\$1,090,107	\$2,073,749	\$550,210					\$9,942,798		\$9,942,798
112 Cash - Restricted - Modernization and Development	\$1,689		\$1,695,697						\$1,697,396		\$1,697,396
113 Cash - Other Restricted	\$1,772			\$205,933			\$139,837		\$347,542		\$347,542
114 Cash - Tenant Security Deposits	\$15,972								\$15,972		\$15,972
115 Cash - Restricted for Payment of Current Liabilities											
100 Total Cash	\$6,248,175	\$1,090,107	\$3,769,446	\$756,143	\$0	\$0	\$139,837	\$0	\$12,003,708	\$0	\$12,003,708
121 Accounts Receivable - PHA Projects											
122 Accounts Receivable - HUD Other Projects	\$21,896				\$5,148	\$19,015			\$46,059		\$46,059
124 Accounts Receivable - Other Government											
125 Accounts Receivable - Miscellaneous	\$30,009	\$8,182	\$76,774				\$388,376		\$483,341		\$483,341
126 Accounts Receivable - Tenants	\$13,709						\$1,150		\$14,859		\$14,859
126.1 Allowance for Doubtful Accounts - Tenants	-\$634						\$0		-\$634		-\$634
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0	\$0	\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current											
128 Fraud Recovery											
128.1 Allowance for Doubtful Accounts - Fraud											
129 Accrued Interest Receivable											
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$64,980	\$8,182	\$76,774	\$0	\$5,148	\$19,015	\$0	\$389,526	\$543,625	\$0	\$543,625
131 Investments - Unrestricted	\$714,790								\$714,790		\$714,790
132 Investments - Restricted											
135 Investments - Restricted for Payment of Current Liability											
142 Prepaid Expenses and Other Assets	\$34,926	\$3,474		\$16,712				\$10,754	\$65,866		\$65,866
143 Inventories	\$20,527								\$20,527		\$20,527
143.1 Allowance for Obsolete Inventories	-\$2,053								-\$2,053		-\$2,053
144 Inter Program Due From											
145 Assets Held for Sale											
150 Total Current Assets	\$7,081,345	\$1,101,763	\$3,846,220	\$772,855	\$5,148	\$19,015	\$139,837	\$404,443	\$13,370,626	-\$24,163	\$13,346,463
161 Land	\$2,786,000	\$263,043	\$2,590,000						\$5,639,043		\$5,639,043
162 Buildings	\$13,338,693		\$505,181						\$13,843,874		\$13,843,874
163 Furniture, Equipment & Machinery - Dwellings	\$985,527								\$985,527		\$985,527
164 Furniture, Equipment & Machinery - Administration	\$631,620			\$69,628				\$217,706	\$918,954		\$918,954
165 Leasehold Improvements	\$1,272,086								\$1,272,086		\$1,272,086
166 Accumulated Depreciation	-\$9,842,414		-\$129,457	-\$69,628				-\$202,051	-\$10,243,550		-\$10,243,550
167 Construction in Progress	\$1,277,298								\$1,277,298		\$1,277,298
168 Infrastructure											
160 Total Capital Assets, Net of Accumulated Depreciation	\$10,448,610	\$263,043	\$2,965,724	\$0	\$0	\$0	\$0	\$15,655	\$13,693,232	\$0	\$13,693,232
171 Notes, Loans and Mortgages Receivable - Non-Current	\$10,137,964		\$250,000						\$10,387,964		\$10,387,964
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due											
173 Grants Receivable - Non Current											
174 Other Assets											
176 Investments in Joint Ventures		\$119,705			\$0				\$119,705		\$119,705
180 Total Non-Current Assets	\$20,586,774	\$382,748	\$3,215,724	\$0	\$0	\$0	\$0	\$15,655	\$24,200,901	\$0	\$24,200,901
200 Deferred Outflow of Resources	\$341,845			\$263,532					\$1,121,994		\$1,121,994

Long Branch Housing Authority (NJ008)  
LONG BRANCH, NJ  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

	Project Total	Component Unit - Discretely	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	14.PHC Public Housing CARES Act	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
290 Total Assets and Deferred Outflow of Resources	\$28,009,964	\$1,484,511	\$7,061,944	\$1,036,387	\$5,148	\$19,015	\$139,837	\$1,542,092	\$39,298,898	-\$24,163	\$39,274,735
311 Bank Overdraft											
312 Accounts Payable <= 90 Days	\$14,996			\$12,294				\$226,067	\$226,067		\$226,067
313 Accounts Payable >90 Days Past Due								\$12,540	\$39,830		\$39,830
321 Accrued Wage/Payroll Taxes Payable											
322 Accrued Compensated Absences - Current Portion	\$17,327		\$5,705	\$15,031				\$113,001	\$113,001		\$113,001
324 Accrued Contingency Liability								\$54,781	\$92,844		\$92,844
325 Accrued Interest Payable	\$6,862								\$6,862		\$6,862
331 Accounts Payable - HUD PHA Programs											
332 Account Payable - PHA Projects											
333 Accounts Payable - Other Government	\$98,147								\$98,147		\$98,147
341 Tenant Security Deposits	\$15,972								\$15,972		\$15,972
342 Unearned Revenue	\$2,607			\$0			\$139,837		\$142,444		\$142,444
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$125,000								\$125,000		\$125,000
344 Current Portion of Long-term Debt - Operating Borrowings											
345 Other Current Liabilities	\$13,572	\$97,046						\$744	\$111,362		\$111,362
346 Accrued Liabilities - Other					\$5,148	\$19,015			\$24,163	-\$24,163	\$0
347 Inter Program - Due To		\$50,000							\$50,000		\$50,000
348 Loan Liability - Current	\$294,483	\$147,046	\$5,705	\$27,325	\$5,148	\$19,015	\$139,837	\$407,133	\$1,045,692	-\$24,163	\$1,021,529
310 Total Current Liabilities											
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$1,240,000	\$0							\$1,240,000		\$1,240,000
352 Long-term Debt, Net of Current - Operating Borrowings											
353 Non-current Liabilities - Other	\$27,021		\$64,500	\$105,234					\$169,734		\$169,734
354 Accrued Compensated Absences - Non Current			\$51,347	\$22,462				\$31,922	\$132,752		\$132,752
355 Loan Liability - Non Current		\$200,000							\$200,000		\$200,000
356 FASB 5 Liabilities											
357 Accrued Pension and OPEB Liabilities	\$2,434,521		\$1,889,838					\$7,200,292	\$11,524,591		\$11,524,591
350 Total Non-Current Liabilities	\$3,701,542	\$200,000	\$115,847	\$2,017,534	\$0	\$0	\$0	\$7,232,154	\$13,267,077	\$0	\$13,267,077
300 Total Liabilities	\$3,996,025	\$947,046	\$121,552	\$2,044,859	\$5,148	\$19,015	\$139,837	\$7,639,287	\$14,312,769	-\$24,163	\$14,288,606
400 Deferred Inflow of Resources	\$1,529,567			\$1,345,651				\$4,355,628	\$7,230,846		\$7,230,846
508.3 Nonspendable Fund Balance											
508.4 Net Investment in Capital Assets											
509.3 Restricted Fund Balance	\$9,083,811	\$263,043	\$2,965,724				\$0	\$15,655	\$12,328,233		\$12,328,233
510.3 Committed Fund Balance											
511.3 Assigned Fund Balance											
511.4 Restricted Net Position	\$3,471		\$1,695,697	\$100,699				\$0	\$1,799,867		\$1,799,867
512.3 Unassigned Fund Balance											
512.4 Unrestricted Net Position	\$13,397,090	\$874,422	\$2,276,971	-\$2,454,822	\$0	\$0	\$0	-\$10,468,478	\$3,627,183		\$3,627,183
513 Total Equity - Net Assets / Position	\$22,484,372	\$1,137,465	\$6,940,392	-\$2,354,123	\$0	\$0	\$0	-\$10,452,823	\$17,755,283	\$0	\$17,755,283
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$28,009,964	\$1,484,511	\$7,061,944	\$1,036,387	\$5,148	\$19,015	\$139,837	\$1,542,092	\$39,298,898	-\$24,163	\$39,274,735

Long Branch Housing Authority (NJ008)  
LONG BRANCH, NJ

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2020

Submission Type: Audited/Single Audit

	Project Total	6.1 Component Unit - Discretely	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	14.PHC Public Housing CARES Act	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$906,582							\$4,570	\$911,152		\$911,152
70400 Tenant Revenue - Other	\$18,545								\$18,545		\$18,545
70500 Total Tenant Revenue	\$925,127	\$0	\$0	\$0	\$0	\$0	\$0	\$4,570	\$929,697	\$0	\$929,697
70600 HUD PHA Operating Grants	\$2,272,173			\$9,483,656	\$73,212	\$19,015	\$17,176		\$11,865,232		\$11,865,232
70610 Capital Grants	\$391,465								\$391,465		\$391,465
70710 Management Fee								\$334,174	\$334,174	-\$334,174	\$0
70720 Asset Management Fee								\$26,040	\$26,040	-\$26,040	\$0
70730 Book Keeping Fee								\$82,590	\$82,590	-\$82,590	\$0
70740 Front Line Service Fee											
70750 Other Fees											
70700 Total Fee Revenue								\$373,400	\$373,400	-\$442,804	\$373,400
70800 Other Government Grants											
71100 Investment Income - Unrestricted	\$12,719		\$3,959	\$870					\$62,391		\$62,391
71200 Mortgage Interest Income											
71300 Proceeds from Disposition of Assets Held for Sale											
71310 Cost of Sale of Assets											
71400 Fraud Recovery											
71500 Other Revenue	\$86,255	\$371,405	\$1,182,478	\$5,635				\$96,093	\$5,635		\$5,635
71600 Gain or Loss on Sale of Capital Assets									\$1,736,231		\$1,736,231
72000 Investment Income - Restricted	\$55			\$178					\$233		\$233
70000 Total Revenue	\$3,687,794	\$371,405	\$1,186,437	\$9,490,339	\$73,212	\$19,015	\$17,176	\$961,710	\$15,807,088	-\$442,804	\$15,364,284
91100 Administrative Salaries	\$181,838	\$154,358	\$231,758	\$292,867	\$36,214			\$621,372	\$1,518,407		\$1,518,407
91200 Auditing Fees	\$6,291	\$5,250		\$6,665					\$18,206		\$18,206
91300 Management Fee	\$694,243			\$149,885					\$844,128	-\$334,174	\$509,954
91310 Book-keeping Fee	\$18,600			\$63,990					\$82,590	-\$82,590	\$0
91400 Advertising and Marketing											
91500 Employee Benefit contributions - Administrative	\$104,266	\$87,274	\$150,641	\$126,076	\$23,543			\$65,590	\$557,390		\$557,390
91600 Office Expenses	\$46,376	\$47,160		\$2,571	\$13,455	\$10,739	\$15,395	\$13,734	\$149,430		\$149,430
91700 Legal Expense	\$11,109	\$20,108						\$52,038	\$83,255		\$83,255
91800 Travel	\$540	\$14,067						\$19,164	\$33,771		\$33,771
91810 Allocated Overhead											
91900 Other	\$29,430	\$3,914		\$9,901				\$66,770	\$110,015		\$110,015
91000 Total Operating - Administrative	\$1,092,693	\$332,131	\$382,399	\$651,955	\$73,212	\$10,739	\$15,395	\$838,668	\$3,397,192	-\$416,764	\$2,980,428
92000 Asset Management Fee	\$26,040								\$26,040	-\$26,040	\$0
92100 Tenant Services - Salaries	\$29,740								\$98,613		\$98,613
92200 Relocation Costs											
92300 Employee Benefit Contributions - Tenant Services	\$19,330								\$64,088		\$64,088
92400 Tenant Services - Other	\$7,768								\$7,768		\$7,768
92500 Total Tenant Services	\$56,838	\$0	\$113,631	\$0	\$0	\$0	\$0	\$0	\$170,469	\$0	\$170,469
93100 Water	\$48,710								\$48,710		\$48,710
93200 Electricity	\$161,860								\$161,860		\$161,860
93300 Gas	\$167,401								\$167,401		\$167,401
93400 Fuel											
93500 Labor											
93600 Sewer	\$73,248	\$336							\$73,584		\$73,584

Long Branch Housing Authority (NJ008)  
LONG BRANCH, NJ  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

	Project Total	6.1 Component Unit - Discretely	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	14.PHC Public Housing CARES Act	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
93700 Employee Benefit Contributions - Utilities											
93800 Other Utilities Expense											
93000 Total Utilities	\$451,219	\$336	\$0	\$0	\$0	\$0	\$0	\$0	\$451,555	\$0	\$451,555
94100 Ordinary Maintenance and Operations - Labor	\$192,489	\$1,044	\$382,732	\$2,682				\$39,104	\$618,051		\$618,051
94200 Ordinary Maintenance and Operations - Materials and Other	\$14,793	\$21,701		\$354		\$8,276	\$1,781	\$897	\$47,802		\$47,802
94300 Ordinary Maintenance and Operations Contracts	\$28,259	\$450		\$495				\$1,451	\$30,655		\$30,655
94500 Employee Benefit Contributions - Ordinary Maintenance	\$94,058		\$248,423	\$986				\$16,832	\$360,299		\$360,299
94000 Total Maintenance	\$329,599	\$23,195	\$631,155	\$4,517	\$0	\$8,276	\$1,781	\$58,284	\$1,056,807	\$0	\$1,056,807
95100 Protective Services - Labor	\$105,540		\$33,512						\$139,052		\$139,052
95200 Protective Services - Other Contract Costs											
95300 Protective Services - Other											
95500 Employee Benefit Contributions - Protective Services	\$31,483		\$21,780						\$53,263		\$53,263
95000 Total Protective Services	\$137,023	\$0	\$55,292	\$0	\$0	\$0	\$0	\$0	\$192,315	\$0	\$192,315
96110 Property Insurance											
96120 Liability Insurance											
96130 Workmen's Compensation											
96140 All Other Insurance	\$116,261	\$4,611	\$0	\$43,348				\$22,120	\$186,340		\$186,340
96100 Total Insurance Premiums	\$116,261	\$4,611	\$0	\$43,348	\$0	\$0	\$0	\$22,120	\$186,340	\$0	\$186,340
96200 Other General Expenses	\$1,931	\$8,386		\$20,747				\$72	\$31,136		\$31,136
96210 Compensated Absences	\$12,901		\$57,052						\$69,953		\$69,953
96300 Payments in Lieu of Taxes	\$47,392								\$47,392		\$47,392
96400 Bad debt - Tenant Rents	\$7,002								\$7,002		\$7,002
96500 Bad debt - Mortgages											
96600 Bad debt - Other											
96800 Severance Expense											
96000 Total Other General Expenses	\$69,226	\$8,386	\$57,052	\$20,747	\$0	\$0	\$0	\$72	\$155,483	\$0	\$155,483
96710 Interest of Mortgage (or Bonds) Payable											
96720 Interest on Notes Payable (Short and Long Term)	\$40,087								\$40,087		\$40,087
96730 Amortization of Bond Issue Costs											
96700 Total Interest Expense and Amortization Cost	\$40,087	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40,087	\$0	\$40,087
96900 Total Operating Expenses	\$2,318,986	\$368,659	\$1,239,529	\$720,567	\$73,212	\$19,015	\$17,176	\$919,144	\$5,676,288	-\$442,804	\$5,233,484
97000 Excess of Operating Revenue over Operating Expenses	\$1,368,808	\$2,746	-\$53,092	\$8,769,772	\$0	\$0	\$0	\$42,566	\$10,130,800	\$0	\$10,130,800
97100 Extraordinary Maintenance											
97200 Casualty Losses - Non-capitalized											
97300 Housing Assistance Payments				\$8,786,774					\$8,786,774		\$8,786,774
97350 HAP Portability-In											
97400 Depreciation Expense	\$417,764		\$12,630	\$4,535				\$12,698	\$447,627		\$447,627
97500 Fraud Losses											
97600 Capital Outlays - Governmental Funds											
97700 Debt Principal Payment - Governmental Funds											

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

	Project Total	6.1 Component Unit - Discretely	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	14.PHC Public Housing CARES Act	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
97800 Dwelling Units Rent Expense	\$2,736,750	\$368,659	\$1,252,159	\$9,511,876	\$73,212	\$19,015	\$17,176	\$932,871	\$14,911,718	-\$442,804	\$14,468,914
90000 Total Expenses											
10010 Operating Transfer In	\$319,743								\$319,743	-\$319,743	\$0
10020 Operating Transfer Out	-\$319,743								-\$319,743	\$319,743	\$0
10030 Operating Transfers from/to Primary Government											
10040 Operating Transfers from/to Component Unit											
10050 Proceeds from Notes, Loans and Bonds											
10060 Proceeds from Property Sales											
10070 Extraordinary Items, Net Gain/Loss											
10080 Special Items (Net Gain/Loss)	-\$1,108,290								-\$1,108,290		-\$1,108,290
10091 Inter Project Excess Cash Transfer In											
10092 Inter Project Excess Cash Transfer Out											
10093 Transfers between Program and Project - In											
10094 Transfers between Project and Program - Out											
10100 Total Other financing Sources (Uses)	-\$1,108,290	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$1,108,290	\$0	-\$1,108,290
10000 Excess (Deficiency) of Total Revenue Over (Under)	-\$157,246	\$2,746	-\$65,722	-\$21,537	\$0	\$0	\$0	\$28,839	-\$212,920	\$0	-\$212,920
Total Expenses											
11020 Required Annual Debt Principal Payments	\$218,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$218,400		\$218,400
11030 Beginning Equity	\$22,638,076	\$1,134,719	\$7,006,114	-\$2,332,586	\$0	\$0	\$0	-\$10,481,662	\$17,964,661		\$17,964,661
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$3,542								\$3,542		\$3,542
11050 Changes in Compensated Absence Balance											
11060 Changes in Contingent Liability Balance											
11070 Changes in Unrecognized Pension Transition Liability											
11080 Changes in Special Term/Severance Benefits Liability											
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents											
11100 Changes in Allowance for Doubtful Accounts - Other											
11170 Administrative Fee Equity				-\$2,454,822					-\$2,454,822		-\$2,454,822
11180 Housing Assistance Payments Equity				\$100,699					\$100,699		\$100,699
11190 Unit Months Available	5388	0	0	9146	0	0	0	0	14534		14534
11210 Number of Unit Months Leased	5176	0	0	8532	0	0	0	0	13708		13708
11270 Excess Cash	\$6,599,415								\$6,599,415		\$6,599,415
11610 Land Purchases	\$0							\$0	\$0		\$0
11620 Building Purchases	\$267,588							\$0	\$267,588		\$267,588
11630 Furniture & Equipment - Dwelling Purchases	\$0							\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0							\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$3,877							\$0	\$3,877		\$3,877
11660 Infrastructure Purchases	\$0							\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$154,475							\$0	\$154,475		\$154,475
13901 Replacement Housing Factor Funds	\$0							\$0	\$0		\$0

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
DISCRETELY PRESENTED COMPONENT UNITS  
STATEMENTS OF NET POSITION  
AS OF JUNE 30, 2020**

	December 31, 2019		
	MAESTRO COMMUNITY DEVELOPMENT CORP.	SHOREPOINT CORPORATIONS	TOTAL
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 1,090,107	\$ -	\$ 1,090,107
Accounts Receivable	-	8,182	8,182
Prepaid Expenses	1,612	1,862	3,474
Total Current Assets	<u>1,091,719</u>	<u>10,044</u>	<u>1,101,763</u>
<b>Capital Assets</b>			
Land	263,043	-	263,043
Building	-	-	-
Furniture, Equipment - Administration	-	-	-
Total Capital Assets	<u>263,043</u>	<u>-</u>	<u>263,043</u>
Less: Accumulated Depreciation	-	-	-
Net Book Value	<u>263,043</u>	<u>-</u>	<u>263,043</u>
<b>Other Assets:</b>			
Investment in Limited Partnership	<u>119,705</u>	<u>-</u>	<u>119,705</u>
 Total Assets	 <u>1,474,467</u>	 <u>10,044</u>	 <u>1,484,511</u>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ 45,474	\$ 51,572	\$ 97,046
Note Payable - Current Portion	50,000	-	50,000
Total Current Liabilities	<u>95,474</u>	<u>51,572</u>	<u>147,046</u>
<b>Noncurrent Liabilities:</b>			
Note Payable	<u>200,000</u>	<u>-</u>	<u>200,000</u>
 Total Liabilities	 <u>295,474</u>	 <u>51,572</u>	 <u>347,046</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	263,043	-	263,043
Unrestricted	<u>915,950</u>	<u>(41,528)</u>	<u>874,422</u>
 Total Net Position	 <u>1,178,993</u>	 <u>(41,528)</u>	 <u>1,137,465</u>
 Total Liabilities and Net position	 <u>\$ 1,474,467</u>	 <u>\$ 10,044</u>	 <u>\$ 1,484,511</u>



**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
DISCRETELY PRESENTED COMPONENT UNITS  
STATEMENTS OF REVENUE, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2020**

	December 31, 2019		
	MAESTRO COMMUNITY DEVELOPMENT CORP.	SHOREPOINT CORPORATIONS	TOTAL
<b>Revenue:</b>			
Program Revenue	\$ 258,540	\$ 112,865	\$ 371,405
<b>Expenses:</b>			
<b>Operating Expenses:</b>			
Administrative Expense	219,480	112,651	332,131
Tenant Services	-	-	-
Utilities Expense	336	-	336
Maintenance Expense	23,195	-	23,195
Protective Services Expense	-	-	-
Other Operating Expenses	12,997	-	12,997
Housing Assistance Payments	-	-	-
Depreciations Expense	-	-	-
Total Operating Expenses	256,008	112,651	368,659
Change in Net Position	2,532	214	2,746
Beginning Net Position	1,176,461	(41,742)	1,134,719
Ending Net Position	\$ 1,178,993	\$ (41,528)	\$ 1,137,465

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH  
DISCRETELY PRESENTED COMPONENT UNITS  
STATEMENTS OF CASH FLOWS  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2020**

	December 31, 2019		
	MAESTRO COMMUNITY DEVELOPMENT CORP.	SHOREPOINT CORPORATIONS	TOTAL
<b>Cash Flow From Operating Activities</b>			
Receipts from Other Revenue	\$ 258,540	\$ 112,865	\$ 371,405
Redevelopment Payments	-	-	-
Payments to Vendors and Suppliers	(325,887)	(144,432)	(470,319)
Net Cash Used by Operating Activities	(67,347)	(31,567)	(98,914)
<b>Cash Flow From Capital and Related Financing Activities</b>			
Payment of Note	(50,000)	-	(50,000)
Net Cash Used by Related Financing Activities	(50,000)	-	(50,000)
<b>Cash Flow From Investing Activities</b>			
Income from Investment in Limited Partnership	10,573	-	10,573
Net Cash Provided by Investing Activities	10,573	-	10,573
Net Decrease in Cash and Cash Equivalents	(106,774)	(31,567)	(138,341)
<b>Beginning Cash</b>	1,196,881	31,567	1,228,448
<b>Ending Cash</b>	\$ 1,090,107	\$ -	\$ 1,090,107
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Excess of Revenue Over Expenses	\$ 2,532	\$ 214	\$ 2,746
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:			
Depreciation Expense	-	-	-
(Increase) Decrease in:			
Accounts Receivable	-	(8,182)	(8,182)
Prepaid Expenses	(87)	643	556
Increase (Decrease) in:			
Accounts Payable	(69,792)	(24,242)	(94,034)
Net Cash Used By Operating Activities	\$ (67,347)	\$ (31,567)	\$ (98,914)



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

Board of Commissioners  
Housing Authority of the City of Long Branch  
2 Hope Lane  
Long Branch, New Jersey 07740

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, the financial statements of the Housing Authority of the City of Long Branch as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Housing Authority of the City of Long Branch basic financial statements, and have issued our report thereon dated March 31, 2021.

**Internal Control over Financial Reporting**

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

***Hymanson, Parnes & Giampaolo***

Lincroft, New Jersey

Date: March 31, 2021



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

Board of Commissioners  
Housing Authority of the City of Long Branch  
2 Hope Lane  
Long Branch, New Jersey 07740

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

We have audited Housing Authority of the City of Long Branch compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Housing Authority of the City of Long Branch major federal programs for the year ended June 30, 2020. Housing Authority of the City of Long Branch major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Housing Authority of the City of Long Branch 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). 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 Housing Authority of the City of Long Branch compliance with those requirements and performing such other procedures as we consider 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 Housing Authority of the City of Long Branch compliance.

***Opinion on Each Major Federal Program***

In our opinion, Housing Authority of the City of Long Branch 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, 2020.

***Report on Internal Control Over Compliance***

Management of Housing Authority of the City of Long Branch 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 Housing Authority of the City of Long Branch'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 Housing Authority of the City of Long Branch 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. Accordingly, this report is not suitable for any other purpose.

*Hymanson Parnes & Giampaolo*

Lincroft, New Jersey

Date: March 31, 2021

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH**

Schedule of Findings and Questioned Cost

Year Ended June 30, 2020

**Prior Audit Findings**

None reported

**Summary of Auditor's Results**

**Financial Statements**

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

Material Weakness (es) Identified? \_\_\_\_\_ yes   X   no

Significant Deficiency(ies) identified that are considered to be material weakness(es)? \_\_\_\_\_ yes   X   none reported

Noncompliance Material to Financial Statements Noted? \_\_\_\_\_ yes   X   no

**Federal Awards**

Internal Control over Major Programs:

Material Weakness (es) Identified? \_\_\_\_\_ yes   X   no

Significant Deficiency(ies) identified that are considered to be material weakness(es)? \_\_\_\_\_ yes   X   none reported

Type of audit report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, \_\_\_\_\_ yes   X   no

**Identification of Major Programs**

CFDA#	Name of Federal Program	Amount
14.871	Section 8 Housing Choice Vouchers	\$ 9,500,832

Dollar threshold used to Distinguish between Type A and Type B Programs           \$ 750,000          

Auditee qualified as a low-risk auditee           X           yes            no

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None reported

**FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAM AUDIT**

None reported





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### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners  
Housing Authority of the City of Long Branch  
2 Hope Lane  
Long Branch, New Jersey 07740

We have performed the procedure described in the second paragraph of this report, which was agreed to by Housing Authority of the City of Long Branch and the U.S. Department of Housing and Urban Development, Public Indian Housing-Real Estate Assessment Center (PIH-REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the OMB Uniform Guidance reporting package. Housing Authority of the City of Long Branch is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

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

We were engaged to perform an audit in accordance with the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), by Housing Authority of the City of Long Branch as of and for the year ended June 30, 2020, and have issued our reports thereon dated March 31, 2021. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated June 30, 2020, was expressed in relation to the basic financial statements of Housing Authority of the City of Long Branch taken as a whole.

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

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

*Hymanson, Parnes & Giampaolo*

Lincroft, New Jersey  
March 31, 2021

ATTACHMENT TO INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON  
PROCEDURE

PROCEDURE	UFRS RULE INFORMATION	HARD COPY DOCUMENTS	AGREES	DOES NOT AGREE
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule,all CFDA's	<input checked="" type="radio"/>	<input type="radio"/>
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	<input checked="" type="radio"/>	<input type="radio"/>
3	Type of opinion on FDS (data element G3100-040)	Auditor's supplemental report on FDS	<input checked="" type="radio"/>	<input type="radio"/>
4	Audit findings narrative (data element G5200-010)	Schedule of Findings and Questioned costs	<input checked="" type="radio"/>	<input type="radio"/>
5	General information (data element series G2000,G2100,G2200,G9000,G9100)	OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned costs,Part 1 and OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned costs,Part 1 and OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
9	Basic financial statements and auditor's reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	<input checked="" type="radio"/>	<input type="radio"/>