

Report On Audit

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

**For the Year Ended
June 30, 2021**

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, business 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, 2021 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, business activities and the aggregate discretely present component units of the of the Housing Authority of the City of Long Branch as of June 30, 2021, and the respective changes in financial position, and, 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 67-71 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 72-82 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.

The financial statement of the Housing Authority of the City of Long Branch as of June 30, 2020, was audited by other auditors whose report dated March 31, 2021, expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued reports dated July 29, 2022, 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.

Giampaolo & Associates

Lincroft, New Jersey

Date: July 29, 2022

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2021**

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 \$17,063,670 an increase in the financial position of \$445,852 or 3% as compared to the prior year.

As noted above, the primary government net position of the Authority was \$17,063,670 as of June 30, 2021. Of this amount, the primary government unrestricted net position is \$2,543,474 representing a decrease of \$209,287 or 8% 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 increased \$750,476 or 6% percent for an ending balance of \$12,815,666.

The primary government restricted net position decreased \$95,337 from the previous year for an ending balance of \$1,704,530. 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 total cash and cash equivalent on June 30, 2021, is \$11,899,536 representing an increase of \$985,935 or 9% percent from the prior fiscal year. Operating cash increased \$1,213,791 or 14% percent for an ending balance of \$10,066,482. Total restricted deposits and funded reserves decreased \$227,856 or 11% percent for an ending balance of \$1,833,054. 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 \$39,616,089 of which capital assets net book value is \$13,126,335, other assets are \$10,287,964, deferred outflows in the amount of \$3,437,000, leaving total current assets at \$12,764,790. Total primary government current assets increased from the previous year by \$520,090 or 4% percent. Unrestricted cash and cash equivalents increased by \$1,213,791, investments decreased by \$714,790, accounts receivables increased by \$242,223, and prepaid expenses increased by \$6,722. Total restricted deposits and funded reserves decreased from the previous year by \$227,856 or 11% percent.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2021**

FINANCIAL HIGHLIGHTS - CONTINUED

The Authority's primary government capital assets reported a decrease in the net book value of the capital assets in the amount of \$303,854 or 2% percent. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$184,648, less the recording of depreciation expense in the amount of \$462,751. During the year, the Authority wrote off old office equipment in the amount of \$25,751. 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 a decrease of \$100,000 for an ending balance of \$10,287,964.

The Authority primary government reported an increase in the deferred outflow for the pension cost and OPEB in the amount of \$1,709,629 an ending balance of \$3,437,000. The Authority reported a decrease in the deferred inflow for the pension cost and OPEB in the amount of \$684,791 for an ending balance of \$6,546,055. 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 \$16,006,364, of which current liabilities are stated at \$865,870 and noncurrent liabilities are stated at \$15,140,494. The Authority's primary government total liabilities increased during the year as compared to the prior year in the amount of \$2,064,804 or 15% percent. The Authority's primary government total current liabilities decreased during the year by \$8,613, leaving non-current liabilities for an increase of \$2,073,417 as compared to the previous year.

As previously stated, the Authority's primary government total current liabilities decreased from the previous year by \$8,613 or 1% percent. Accounts payables increased by \$117,377, accrued liabilities decreased by \$29,680, unearned revenue decreased by \$142,444, other current liabilities increased \$39,077 and tenant security deposit increased \$7,195. The current portion of the Capital Project Bonds payable decreased \$138.

The Authority's primary government total noncurrent liabilities increased by \$2,073,417 or 16% percent. Long-term obligations such as noncurrent compensated absences with an ending balance of \$131,880, with no offsetting assets, decreased \$872 from the previous year. Long term capital project bonds payable decreased \$124,863. Non-current liabilities – other increased \$14,000 from the prior year.

Accrued pension and OPEB liabilities increased \$2,185,152 or 19% percent for an ending balance of \$13,709,743. Additional information on the Authority's accrued pension as well as accrued OPEB liability on June 30, 2021, can be found in Notes 19-20 to the financial statements, which is included in this report.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2021**

FINANCIAL HIGHLIGHTS - CONTINUED

The Authority's primary government had total operating revenue of \$15,578,803 as compared to \$14,538,790 from the prior year for an increase of \$1,040,013 or 7% percent. The Authority primary government had total operating expenses of \$15,255,865 as compared to \$14,099,226 from the previous year for an increase of \$1,156,639 or 8% percent, resulting in an excess revenue from operations in the amount of \$322,938 for the current year 2021 as compared to excess revenue from operations in the amount of \$439,564 for a decrease in excess revenue of \$116,626 or 27% percent from the previous year.

The Authority's primary government total capital improvements contributions from HUD were in the amount of \$236,642 as compared to \$391,465 from the previous year for a decrease of \$154,823 or 40% percent. The Authority's primary government had capital outlays in the amount of \$184,648 for the fiscal year.

The Authority's Expenditures of Federal Awards amounted to \$13,240,660 for the fiscal year 2021 as compared to \$12,256,697 for the previous fiscal year 2020 for an increase of \$983,963 or 8% 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, 2021**

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, 2021**

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 66.

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 72-74 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, 2021. 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, 2021.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

The following summarizes the computation of Net Position of the primary government between June 30, 2021 and June 30, 2020:

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

	<u>Year Ended</u>		Increase (Decrease)
	June-21	June-20	
Cash	\$ 11,899,536	\$ 10,913,601	\$ 985,935
Other Current Assets	865,254	1,331,099	(465,845)
Capital Assets - Net	13,126,335	13,430,189	(303,854)
Other Assets	10,287,964	10,387,964	(100,000)
Deferred Outflows	3,437,000	1,727,371	1,709,629
Total Assets	39,616,089	37,790,224	1,825,865
Less: Current Liabilities	(865,870)	(874,483)	8,613
Less: Non Current Liabilities	(15,140,494)	(13,067,077)	(2,073,417)
Less: Deferred Inflows	(6,546,055)	(7,230,846)	684,791
Net Position	<u>\$ 17,063,670</u>	<u>\$ 16,617,818</u>	<u>\$ 445,852</u>
Net Investment in Capital Assets	\$ 12,815,666	\$ 12,065,190	\$ 750,476
Restricted Net Position	1,704,530	1,799,867	(95,337)
Unrestricted Net Position	2,543,474	2,752,761	(209,287)
Net Position	<u>\$ 17,063,670</u>	<u>\$ 16,617,818</u>	<u>\$ 445,852</u>

The Authority's primary government cash increased by \$985,935 or 9% percent. Net cash provided by operating activities was \$413,110, net cash used by capital and related financing activities was \$168,275 and net cash provided by investing activities was \$741,100. 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 decreased \$465,845. Investments decreased \$714,790 or 100% percent, accounts receivables increased by \$242,223 and prepaid expenses increased by \$6,722.

The Authority's primary government capital assets reported a decrease in the net book value of the capital assets in the amount of \$303,854 or 2% percent. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$184,648, less the recording of depreciation expense in the amount of \$462,751. During the year, the Authority wrote off old office equipment in the amount of \$25,751.

The Authority primary government other assets note receivable noncurrent reported a decrease of \$100,000 for an ending balance of \$10,287,964.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority primary government reported an increase in the deferred outflow for the pension cost and OPEB in the amount of \$1,709,629 for an ending balance of \$3,437,000. The Authority reported a decrease in the deferred inflow for the pension cost and OPEB in the amount of \$684,791 for an ending balance of \$6,546,055.

The Authority's primary government total current liabilities decreased from the previous year by \$8,613 or 1% percent. Accounts payables increased by \$117,377, accrued liabilities decreased by \$29,680, unearned revenue decreased by \$142,444, other current liabilities increased \$39,077 and tenant security deposit liability increased \$7,195. The current portion of the Capital Project Bonds payable decreased \$138.

The Authority's primary government total noncurrent liabilities increased by \$2,073,417 or 16% percent. Long-term obligations such as noncurrent compensated absences with an ending balance of \$131,880, with no offsetting assets, decreased \$872 from the previous year. Long term capital project bonds payable decreased \$124,863. Non-current liabilities – other increased \$14,000 from the prior year.

Accrued pension and OPEB liabilities increased \$2,185,152 or 19% percent for an ending balance of \$13,709,743. Additional information on the Authority's accrued pension as well as accrued OPEB liability on June 30, 2021 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 \$17,063,670 which is made up of three categories. The net investment in capital assets in the amount of \$12,815,666 represents 75% 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:

	Primary Government
Balance June 30, 2020	\$ 12,065,190
Fixed Asset Acquisitions	184,648
Cancellation of Debt Amp#11, #12, #13	929,329
Payment of Principal on Debt	125,001
Depreciation Expense	(462,751)
Disposal of Fixed Asset	(25,751)
Balance June 30, 2021	<u>\$ 12,815,666</u>

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority's primary government reported a restricted net position of \$1,704,530, representing a decrease of \$95,337 from the prior year. Additional information on can be found in Note 22 Restricted Net Position.

The Housing Authority of the City of Long Branch primary government reported a decrease in its unrestricted position in the amount of \$209,287 or 8% percent resulting in an ending balance in the amount of \$2,543,474. 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, 2021 and June 30, 2020:

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

	<u>Year Ending</u>		<u>Increase</u>
	<u>June-21</u>	<u>June-20</u>	<u>(Decrease)</u>
<u>Revenues</u>			
Tenant Revenues	\$ 907,833	\$ 929,697	\$ (21,864)
HUD Subsidies	13,004,018	11,865,232	1,138,786
Fraud Recovery	-	5,635	(5,635)
Other Revenues	1,666,952	1,738,226	(71,274)
Total Operating Income	15,578,803	14,538,790	1,040,013
<u>Expenses</u>			
Operating Expenses	14,793,114	13,651,599	1,141,515
Depreciation Expense	462,751	447,627	15,124
Total Operating Expenses	15,255,865	14,099,226	1,156,639
Operating Income before Non Operating Income	322,938	439,564	(116,626)
Interest Income	26,310	62,624	(36,314)
Disposal of Fixed Asset	-	(1,108,290)	1,108,290
Extraordinary Maintenance	(66,895)	(1,029)	(65,866)
HUD Capital Grants	236,642	391,465	(154,823)
Change in Net Position	518,995	(215,666)	734,661
Net Position Prior Year	16,617,818	16,829,942	(212,124)
Prior Period Adjustment	(73,143)	3,542	(76,685)
Total Net Position	\$ 17,063,670	\$ 16,617,818	\$ 445,852

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

Approximately 84% 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 10% percent of the total income. The Housing Authority of the City of Long Branch received from the capital fund program \$236,642 in grant money representing a decrease of \$154,823 from the prior fiscal year. The Authority had capital expenditures of \$184,648. The current year additions included the replacement of office furniture and equipment, a snow plow for maintenance, and communication 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 15% percent, tenant services accounted for 1% percent, utilities expense accounted for 3% percent, maintenance expense accounted for 8% percent, protective services expenses accounting for 2% percent, other operating expenses accounted for 5% 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 \$322,938 from operations as compared to excess revenue from operations of \$439,564 for the previous year. The key elements for the decrease in surplus in comparison to the prior year are as follows:

- The Authority reported a decrease in Tenant Rental Income the amount of \$21,864 or 2% percent.
- The Authority reported an increase in HUD PHA operating grants in the amount of \$1,138,786 or 10% percent.
- The Authority reported a decrease in Fraud Recovery in the amount of \$5,635 or 100% percent.
- The Authority reported a decrease in Other Revenue income the amount of \$71,274 or 4% percent.
- The Authority experienced a decrease in the expense accounts listed below:
 - Administrative Expenses decreased \$439,326 or 17% percent.
- The Authority experienced an increase in the expense accounts listed below:
 - Tenant Services increased \$14,993 or 9% percent.
 - Utilities Expense increased \$10,436 or 2% percent.
 - Maintenance Expenses increased \$205,174 or 20% percent.
 - Protective Services increased \$169,576 or 88% percent.
 - Other Operating Expense increased \$409,607 or 111 percent.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

- Housing Assistance Payments increased \$771,055 or 9% percent.
- Depreciation expense increased \$15,124 or 3% percent.

The Authority primary government net cash provided by operating activities during the year was \$413,110 as compared to cash provided in the amount of \$1,779,886 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, 2021:

	June-21	June-20	June-19	June-18
Significant Income				
Total Tenant Revenue	\$ 907,833	\$ 929,697	\$ 950,684	\$ 961,820
HUD Operating Grants	13,004,018	11,865,232	11,469,587	11,312,296
HUD Capital Grants	236,642	391,465	434,580	877,149
Investment Income	26,310	62,624	31,736	115,090
Other Income	1,666,952	1,743,861	2,146,619	2,450,538
Total	<u>\$ 15,841,755</u>	<u>\$ 14,992,879</u>	<u>\$ 15,033,206</u>	<u>\$ 15,716,893</u>
Payroll Expense				
Administrative Salaries	\$ 1,469,130	\$ 1,364,049	\$ 1,647,215	\$ 1,741,906
Tenant Services Salaries	105,340	98,613	136,143	112,679
Maintenance Labor	615,986	617,007	615,443	439,654
Protective Services - Labor	117,832	139,052	216,601	266,722
Employee Benefits Expense	1,279,243	1,035,040	1,859,248	1,705,479
Total Payroll Expense	<u>\$ 3,587,531</u>	<u>\$ 3,253,761</u>	<u>\$ 4,474,650</u>	<u>\$ 4,266,440</u>
Other Significant Expenses				
Other Administrative Expenses	\$ 302,018	\$ 726,858	\$ 342,206	\$ 279,966
Utilities Expense	591,740	451,219	457,978	424,307
Maintenance Materials Cost	121,764	26,101	37,602	82,031
Maintenance Contract Cost	124,236	30,205	54,058	306,951
Insurance Premiums	216,093	181,729	179,630	205,152
Housing Assistance Payments	9,557,829	8,786,774	8,720,977	9,166,542
Total	<u>\$ 10,913,680</u>	<u>\$ 10,202,886</u>	<u>\$ 9,792,451</u>	<u>\$ 10,464,949</u>
Total Operating Expenses	<u>\$ 15,255,865</u>	<u>\$ 14,099,226</u>	<u>\$ 15,417,759</u>	<u>\$ 16,120,648</u>
Total of Federal Awards	<u>\$ 13,240,660</u>	<u>\$ 12,256,697</u>	<u>\$ 11,904,167</u>	<u>\$ 12,189,445</u>

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2021**

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, 2021**

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 2021 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 84% percent of its revenue from the Department of Housing and Urban Development, (2020 was 82% 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, 2021**

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, 2021 was \$12,815,666 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and construction in progress. The total increase during the year in the Authority's investment in capital assets was \$750,476 or 6% percent. Major capital expenditures of \$184,648 were made during the year. Major capital assets events during the fiscal year included the following:

- Snowplow for Maintenance
- Radio Equipment for Maintenance Crew
- Replacement of Office Furniture
- Replacement of Office Equipment

	June-21	June-20	Increase (Decrease)
Land	\$ 5,376,000	\$ 5,376,000	\$ -
Building	13,815,787	13,843,874	(28,087)
Furniture, Equipment - Dwelling	1,584,655	985,527	599,128
Furniture, Equipment - Administration	1,155,665	918,954	236,711
Leasehold Improvements	1,272,086	1,272,086	-
Construction in Process	628,443	1,277,298	(648,855)
Total Capital Assets	23,832,636	23,673,739	158,897
Less: Accumulated Depreciation	(10,706,301)	(10,243,550)	(462,751)
Net Book Value	\$ 13,126,335	\$ 13,430,189	\$ (303,854)

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, 2021 is \$1,239,999. A full disclosure of the long-term debt payable on June 30, 2021 can be found in Note- 17.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2021**

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 2022 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, 2022.

- 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, 2021

	June 30, 2021		
	Primary Government	Component Units (Dec 2020)	Total (Memorandum)
Assets			
Current Assets:			
Cash and Cash Equivalents- Unrestricted	\$ 10,066,482	\$ 1,363,450	\$ 11,429,932
Cash and Cash Equivalents- Restricted	1,833,054	-	1,833,054
Cash and Cash Equivalents	11,899,536	1,363,450	13,262,986
Accounts Receivables, Net of Allowances	777,666	425	778,091
Prepaid Expenses	87,588	7,338	94,926
Total Current Assets	12,764,790	1,371,213	14,136,003
Noncurrent Assets			
Capital Assets			
Land	5,376,000	263,043	5,639,043
Building	13,815,787	-	13,815,787
Furniture, Equipment - Dwelling	1,584,655	-	1,584,655
Furniture, Equipment - Administration	1,155,665	-	1,155,665
Leasehold Improvements	1,272,086	-	1,272,086
Construction in Process	628,443	-	628,443
Total Capital Assets	23,832,636	263,043	24,095,679
Less: Accumulated Depreciation	(10,706,301)	-	(10,706,301)
Net Book Value	13,126,335	263,043	13,389,378
Notes Receivable - Non Current	10,287,964	-	10,287,964
Investment in Joint Ventures	-	103,438	103,438
Total Other Assets	10,287,964	103,438	10,391,402
Total Assets	36,179,089	1,737,694	37,916,783
Deferred Outflow of Resources			
State of New Jersey PERS and OPEB	3,437,000	-	3,437,000
Total Assets and Deferred Outflow of Resources	\$ 39,616,089	\$ 1,737,694	\$ 41,353,783

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

	June 30, 2021		
	Primary Government	Component Units (Dec 2020)	Total (Memorandum)
Liabilities			
Current Liabilities:			
Accounts Payable	\$ 481,421	\$ 144,818	\$ 626,239
Accrued Liabilities	183,027	-	183,027
Other Current Liabilities	53,393	-	53,393
Tenant Security Deposit Payable	23,167	-	23,167
Long Term Debt - Current	124,862	50,000	174,862
Total Current Liabilities	<u>865,870</u>	<u>194,818</u>	<u>1,060,688</u>
Noncurrent Liabilities			
Long Term Debt - Non Current	1,115,137	-	1,115,137
Accrued Compensated Absences - Long-Term	131,880	-	131,880
Non Current Liabilities - Other	183,734	-	183,734
Loan Liability - Non Current	-	200,000	200,000
Accrued Other Post-Employment Benefits Liabilities	13,709,743	-	13,709,743
Total Noncurrent Liabilities	<u>15,140,494</u>	<u>200,000</u>	<u>15,340,494</u>
Total Liabilities	<u>16,006,364</u>	<u>394,818</u>	<u>16,401,182</u>
Deferred Inflow of Resources			
State of New Jersey PERS and OPEB	<u>6,546,055</u>	<u>-</u>	<u>6,546,055</u>
Net Position:			
Net Investment in Capital Assets	12,815,666	263,043	13,078,709
Restricted	1,704,530	-	1,704,530
Unrestricted	<u>2,543,474</u>	<u>1,079,833</u>	<u>3,623,307</u>
Total Net Position	<u>17,063,670</u>	<u>1,342,876</u>	<u>18,406,546</u>
Total Liabilities, Deferred Inflow of Resources, and Net Position	<u>\$ 39,616,089</u>	<u>\$ 1,737,694</u>	<u>\$ 41,353,783</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, 2021

	June 30, 2021		
	Primary Government	Component Units (Dec 2020)	Total (Memorandum)
Revenue:			
Tenant Rental Revenue	\$ 907,833	\$ -	\$ 907,833
HUD PHA Operating Grants	13,004,018	-	13,004,018
Other Revenue	1,666,952	307,680	1,974,632
Total Revenue	15,578,803	307,680	15,886,483
Operating Expenses:			
Administrative Expense	2,208,971	90,475	2,299,446
Tenant Services	185,462	-	185,462
Utilities Expense	461,655	336	461,991
Maintenance Expense	1,238,786	2,164	1,240,950
Protective Services Expense	361,891	-	361,891
Other Operating Expenses	778,520	9,294	787,814
Housing Assistance Payments	9,557,829	-	9,557,829
Depreciations Expense	462,751	-	462,751
Total Operating Expenses	15,255,865	102,269	15,358,134
Excess Expenses Over Revenue From Operations	322,938	205,411	528,349
Non Operating Income and (Expenses):			
Investment Income	26,310	-	26,310
Capital Grants	236,642	-	236,642
Extraordinary Maintenance	(66,895)	-	(66,895)
Total Non Operating Income	196,057	-	196,057
Change in Net Position	518,995	205,411	724,406
Beginning Net Position	16,617,818	1,137,465	17,755,283
Prior Period Adjustments	(73,143)	-	(73,143)
Beginning Net Position, Restated	16,544,675	1,137,465	17,682,140
Ending Net Position	\$ 17,063,670	\$ 1,342,876	\$ 18,406,546

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, 2021

	June 30, 2021		
	Primary Government	Component Units (Dec 2020)	Total (Memorandum)
Cash Flow From Operating Activities			
Receipts from Tenants	\$ 896,592	\$ -	\$ 896,592
Receipts from Federal Grants	12,520,774	-	12,520,774
Receipts from Misc. Sources	1,929,292	370,255	2,299,547
Payments to Vendors and Suppliers	(1,329,322)	(112,843)	(1,442,165)
Payments for Housing Assistance Payments	(9,557,829)		(9,557,829)
Payments to Employees	(2,175,414)		(2,175,414)
Payment of Employee Benefits	(1,279,243)		(1,279,243)
Payment of Utilities Expenses	(591,740)	(336)	(592,076)
Net Cash Provided by Operating Activities	413,110	257,076	670,186
Cash Flow From Capital and Related Financing Activities			
Receipts from Capital Grants	236,642	-	236,642
Acquisitions and Construction of Capital Assets	(184,648)	-	(184,648)
Accrued Other Post-Employment Benefits Liabilities	2,185,152		2,185,152
(Payment) Increase in Non Current Liabilities - Other	14,000	-	14,000
Principal Payment on Debt	(125,001)	-	(125,001)
Net Effect of Deferred Inflows and Outflows	(2,394,420)	-	(2,394,420)
Decrease in Investment in Joint Ventures		16,267	16,267
Receipts of Notes Receivable - Non Current	100,000	-	100,000
Net Cash (Used) Provided by Capital and Related Financing Activities	(168,275)	16,267	(152,008)
Cash Flow From Investing Activities			
Interest Income	26,310	-	26,310
Sale of Investment	714,790	-	714,790
Net Cash Provided by Investing Activities	741,100	-	741,100
Net Increase in Cash and Cash Equivalents	985,935	273,343	1,259,278
Beginning Cash, Cash Equivalents and Restricted Cash	10,913,601	1,090,107	12,003,708
Ending Cash, Cash Equivalents and Restricted Cash	<u>\$ 11,899,536</u>	<u>\$ 1,363,450</u>	<u>\$ 13,262,986</u>
Reconciliation of Cash Balances:			
Cash and Cash Equivalents - Unrestricted	\$ 10,066,482	\$ 1,363,450	\$ 11,429,932
Cash and Cash Equivalents - Restricted	1,833,054	-	1,833,054
Total Ending Cash	<u>\$ 11,899,536</u>	<u>\$ 1,363,450</u>	<u>\$ 13,262,986</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, 2021

	June 30, 2021		
	Primary Government	Component Units (Dec 2020)	Total (Memorandum)
Provided by Operating Activities	\$ 322,938	\$ 205,411	\$ 528,349
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:			
Depreciation Expense	462,751	-	462,751
(Increase) Decrease in:			
Accounts Receivables	(242,223)	7,757	(234,466)
Prepaid Expenses	(6,722)	(3,864)	(10,586)
Increase (Decrease) in:			
Accounts Payable	117,377	144,818	262,195
Accrued Liabilities	(29,680)	-	(29,680)
Unearned Revenues	(142,444)	-	(142,444)
Other Current Liabilities	39,077	(97,046)	(57,969)
Tenant Security Deposit Payable	7,195		7,195
Long Term Compensated Absences	(872)		(872)
Prior Period Adjustment	(47,392)		(47,392)
Extraordinary Maintenance	(66,895)		(66,895)
Net Cash Provided by Operating Activities	<u>\$ 413,110</u>	<u>\$ 257,076</u>	<u>\$ 670,186</u>
Supplementary information			
Interest Expense Paid during the Year	<u>\$ 35,277</u>	<u>\$ -</u>	<u>\$ 35,277</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2021

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.

The Authority's financial statements include the accounts of all the Authority's operations. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

Based on the following criteria, the Authority has identified two (2) entities which should be subject to evaluation for inclusion in the Authority's reporting entity.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2021

Organization – continued

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

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, cell phone tower income 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.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2021

Basis of Accounting – Continued

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.

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.

Tenants dwelling rental charges are determined and billed monthly and are recognized as revenue when assessed because they are measurable and are collectible within the current period. The amounts not received by June 30, are considered to be accounts receivable and any amounts received for subsequent period are recorded as deferred revenue.

HUD operating, capital grants which finance capital and current operations are susceptible to accrual and recognized during the year earned in accordance with applicable HUD program guidelines. The Capital Fund Grant program contributions are expenditure driven grants with the revenue from the grant classified based on the expenditure. If the funds were expended for capital activities, the revenue is reported as capital contribution; if the funds are expended for other than capital, the revenue is reported as operating revenue.

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.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2021

Basis of Accounting – Continued

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.

Component Units – Discretely Presented

The Authority has identified two (2) entities, Maestro Community Development Corporation and Shorepoint Corporation are discretely presented component units. The method of accounting for the component unit is in accordance with accounting principles generally accepted in the United States of America. The accounting year end is December 31 for both entities.

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.

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.

Financial Reporting Entity

The financial reporting entity includes organizations, functions, and activities over which appointed officials exercise oversight responsibility. Oversight responsibility is determined based on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2021

Financial Reporting Entity -Continued

All governmental activities and functions performed for the Authority are its direct responsibility. The financial reporting entity consists of:

- (a) the primary government which is the Authority,
- (b) organizations for which the primary government is financially accountable, and
- (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 61.

The decision to include a potential unit in the Authority's reporting entity is based on several criteria set forth in GASB Statement No. 61, including legal standing, fiscal dependency, and financial accountability. the Authority has identified two (2) entities which should be subject to evaluation for inclusion in the Authority's reporting entity.

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

In accordance with GASB Statement No. 61, due to the Authority manages the financial affairs of the Maestro Community Development Corporation and Shorepoint Corporation. these entities are being reported as a discretely presented component units. Therefore, the activity of these corporation is presented as discretely presented component units on the Authority's electronically filed financial data schedule.

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.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2021

Other accounting policies - Continued

7 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.

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, 2021

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, 2021

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, cell phone tower income, and charges to tenants. The major sources of revenue for Maestro Community Development Corporation and Shorepoint Corporation, the component units, are developer fees, management 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 2021.

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, 2021

Activities - The programs administered by the Authority were:

Program	CFDA #	Project #	Units Authorized
<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, 2021

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, 2020.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements June 30, 2021

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, 2021

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 2021 amounted to \$330,436.

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, 2021

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, 2021, 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, 2021

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 Authority cash of \$7,611,986 plus the investments of \$4,287,550 equals \$11,899,536. The custodial credit risk categories are described as follows:

<u>Depository Accounts</u>	<u>Primary Government</u>	<u>Component Units</u>
Insured	\$ 503,778	\$ 296,365
Collateralized held by pledging bank's trust department in the Authority's name	11,395,758	-
Uninsured	-	1,067,085
Total Cash, Cash Equivalents and Investments	<u>\$ 11,899,536</u>	<u>\$ 1,363,450</u>

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, 2021, in the amount of \$1,833,054 which consists of the following:

	<u>June-21</u>
HCV HAP Reserves	\$ 5,361
FSS Participants	105,234
Tenant Security Deposits	23,167
Current Payment for CFFP Bond	3,595
Seaview Sale Proceeds	1,695,697
Total Restricted Cash	<u>\$ 1,833,054</u>

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2021

NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED

The restricted cash in the amount of \$5,361 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, 2021, in the amount of \$23,167. This amount is held as security deposits for the tenants an interest-bearing account.

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, 2021, is \$105,234.

Investments

The Authority's primary government investments on June 30, 2021, 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	3,971,132
Total Investments		<u>\$ 4,287,550</u>

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2021

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts Receivable for the Authority primary government on June 30, 2021, and the component units as of December 31, 2020, consists of the following:

	Primary Government	Component Unit
Tenants Accounts Receivable - Present	\$ 26,100	\$ -
Less: Allowance for Doubtful Accounts	(1,769)	-
Net Tenants Accounts Receivable	24,331	-
Accounts Receivable - HUD	529,303	-
Accounts Receivable - Limited Partnerships	117,476	-
Note Receivable - Maestro Loan Current Portion	100,000	
Accounts Receivable - Other Revenue	6,556	425
Allowance for Doubtful Accounts - Other	-	-
Net Other Receivables	753,335	425
Net Accounts Receivable	\$ 777,666	\$ 425

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, 2021

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, 2021, and the component units as of December 31, 2020, consists of the following:

	Primary Government	Component Units
Prepaid Insurance Premiums	\$ 69,114	\$ 7,338
Inventories - Net of Allowance	18,474	-
Total Prepaid Expenses	<u>\$ 87,588</u>	<u>\$ 7,338</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, 2021, 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, 2021, was \$462,751. 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, 2021

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 2021.

Below is a schedule of changes in fixed assets for the Authority primary government for the twelve months ending June 30, 2021, and the component unit as of December 31, 2020:

<u>Primary Government</u>	June 30, 2020	Additions	Transfers	Disposal	June 30, 2021
Land and Improvements	\$ 5,376,000	\$ -			\$ 5,376,000
Building	13,843,874	-	(28,087)	-	13,815,787
Furniture, Equipment - Dwelling	985,527	-	599,128	-	1,584,655
Furniture, Equipment - Administration	918,954	73,005	189,457	(25,751)	1,155,665
Leasehold Improvements	1,272,086	-	-	-	1,272,086
Construction in Process	1,277,298	111,643	(760,498)	-	628,443
Total Fixed Assets	23,673,739	184,648	-	(25,751)	23,832,636
Accumulated Depreciation	(10,243,550)	(462,751)	-	-	(10,706,301)
Net Book Value	\$ 13,430,189	\$ (278,103)	\$ -	\$ (25,751)	13,126,335

<u>Component Units</u>	December-19	Additions	December-20
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, 2021:

	Primary Government
Land and Improvements	\$ 5,376,000
Building	6,467,453
Furniture, Equipment - Dwelling	413,167
Furniture, Equipment - Administration	241,272
Leasehold Improvements	-
Construction in Process	628,443
Net Book Value	\$ 13,126,335

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements June 30, 2021

NOTE 9– NOTES RECEIVABLE

The Authority primary government has five (8) notes receivable non-current. The account balance on June 30, 2021, 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
Total	\$ 10,537,964	\$ 4,003,632	\$ 14,391,596	\$ (4,003,632)	\$ 10,387,964

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, 2021

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, 2021 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, 2021

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 \$103,438.

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, 2021

NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED

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

Deferred Outflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ 231,363	\$ 89,690	\$ 321,053
Changes in Assumptions	1,313,805	159,798	1,473,603
Net Difference Between Projected and Actual Earning on Pension Plan Investments	5,578	168,367	173,945
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	1,003,556	464,843	1,468,399
Total	<u>\$ 2,554,302</u>	<u>\$ 882,698</u>	<u>\$ 3,437,000</u>
Deferred Inflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ 1,635,739	\$ 17,421	\$ 1,653,160
Changes in Assumptions	1,953,419	2,062,468	4,015,887
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	-	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	491,947	385,061	877,008
Total	<u>\$ 4,081,105</u>	<u>\$ 2,464,950</u>	<u>\$ 6,546,055</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 \$321,053 and \$1,653,160.

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 \$1,473,603 and \$4,015,887.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements June 30, 2021

NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED

Net Difference between Projected and Actual Investment Earnings 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 \$173,945 and \$-0-.

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 \$1,468,399 and \$877,008.

NOTE 12 – ACCOUNTS PAYABLE

The Authority reported accounts payable on its Statement of Net Position section of the as of June 30, 2021. 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, 2021, and the component units as of December 31, 2020, consists of the following:

	Primary Government	Component Units
Accounts Payable Vendors	\$ 338,526	\$ 144,818
Accounts Payable - P.I.L.O.T.	142,895	-
Total Accounts Payable	<u>\$ 481,421</u>	<u>\$ 144,818</u>

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2021

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, 2021, PILOT expense of \$44,748 was incurred. The Authority PILOT payable balance on June 30, 2021, was \$142,895.

NOTE 14 – ACCRUED EXPENSES

The Authority reported accrued expenses on its Statement of Net Position section of the primary government as of June 30, 2021. Accrued expenses are liabilities covering expenses incurred on or before June 30 and are payable at some future date. Accrued liabilities on June 30, 2021, consisted of the following:

	Primary Government
Compensated Absences - Current Portion	\$ 87,139
Accrued Wages / Payroll Taxes	90,914
Accrued Interest Payable	4,974
Total Accrued Liabilities	<u>\$ 183,027</u>

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2021

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, 2021, as follows:

Balance				Balance	Current
June-20	Additions	Payments	June-21	Portion	
\$ 225,596	\$ 12,366	\$ (18,943)	\$ 219,019	\$ 87,139	

NOTE 16 – UNEARNED REVENUE

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.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2021

NOTE 17 – LONG TERM DEBT

On June 30, 2021, the Authority primary government has three (3) notes payable and Maestro Community Development Corporation (Component Unit) has one (1) note payable on December 31, 2020. They consist of the following:

	Primary Government	Component Units
Note Payable - Current Portion	\$ 124,862	\$ 50,000
Note Payable - Non Current	1,115,137	200,000
Total Note Payable	<u>\$ 1,239,999</u>	<u>\$ 250,000</u>

On June 30, 2021, the Authority primary government had the following loans payable

Below is the change in long term debt for June 30, 2021:

	Balance June 30, 2020	Payment	Balance June 30, 2021
State Leveraging - CFP	\$ 760,000	\$ (125,001)	\$ 634,999
Seaview Housing Urban Renewal	220,000	-	220,000
Grant Court Housing Urban Renewal	385,000	-	385,000
Subtotal Primary Government	1,365,000	(125,001)	1,239,999
Maestro CDC - Component Unit	250,000	-	250,000
Total	<u>\$ 1,615,000</u>	<u>\$ (125,001)</u>	<u>\$ 1,489,999</u>

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.

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.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2021

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

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, 2022	\$	124,862
June 30, 2023		135,000
June 30, 2025		145,000
June 30, 2026		145,000
June 30, 2027		85,137
Total Outstanding Balance	\$	<u>634,999</u>

The interest payable for November 1, 2021, is \$14,992 and May 1, 2022, is \$14,992.

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.

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, 2020, the amount payable by the Corporation is \$250,000.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2021

NOTE 17 – LONG TERM DEBT - CONTINUED

The schedule of the future maturities and total debt service of the note payable as of December 31, 2020, is as follows:

December 31, 2021	\$	50,000
December 31, 2022		50,000
December 31, 2023		50,000
December 31, 2024		50,000
December 31, 2025		50,000
Total Outstanding Balance	\$	<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, 2021. Noncurrent liability on June 30, 2021, consisted of the following:

	June-21
HCV- FSS Payable	\$ 105,234
City of Long Branch - Non current	14,000
NJHMFA - Unredeemed Bonds	64,500
Total NonCurrent Liabilities - Other	<u>\$ 183,734</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, 2021

NOTE 19 – ACCRUED PENSION AND OPEB LIABILITIES

The Authority as of June 30, 2021, reported accrued pension and OPEB liability amounts as follows:

	<u>June-21</u>
Accrued OPEB	\$ 8,783,970
Accrued Pension	4,925,773
Total OPEB and Pension Payable	<u>\$ 13,709,743</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, 2021, reported a net OPEB liability in the amount of \$8,783,970 due to GASB #75. The component of the current year net OPEB liability of the Authority as of June 30, 2020, the last evaluation date, is as follows:

	<u>OPEB</u>
Employer OPEB Liability	\$ 8,864,662
Plan Net Position	(80,692)
Employer Net OPEB Liability	<u>\$ 8,783,970</u>

The Authority allocation percentage is 0.048945% as of June 30, 2020.

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, 2021

NOTE 19 – OPEB LIABILITIES - CONTINUED

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, 2021, were \$8,783,970.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements June 30, 2021

NOTE 19 – OPEB LIABILITIES - CONTINUED

Employees covered by benefits terms: On June 30, 2020 (the census date), the following employees were covered by the benefits terms:

Total Plan Members

53

Net OPEB Liability

The total OPEB liability as of June 30, 2020, latest report, was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. 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, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement, unless otherwise specified:

Inflation Rate = 2.21%

Salary Increases

Through 2026 = 2.00% to 6.00%

Thereafter = 3.00% to 7.00%

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-2020 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-2020 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-2020 scale.

Certain actuarial assumptions used in the June 30, 2020, valuation was 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, 2020, and July 1, 2014 to June 30, 2020, 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, 2021

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 5.6% 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, 2020, was 2.21%. 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 (1.21%) or one percentage point higher (3.21%) than the current discount rate:

	<u>Discount Rate Sensitivity</u>		
	1% Decrease	Current Rate	1% Increase
	1.21%	2.21%	3.21%
Total OPEB Liability	\$ 10,384,508	\$ 8,783,970	\$ 7,516,998

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	\$ 7,268,744	\$ 8,783,970	\$ 10,768,179

Change in Assumptions: Effective June 30, 2020.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2021

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 year for the 2020.

Changes in Net OPEB Liability:

<u>Total OPEB Liability</u>	<u>2021</u>
Service Cost	\$ 296,582
Interest on Total OPEB liability	243,474
Expected Investment Return	(3,736)
Administrative Expenses	4,852
Current Period Deferred	
Inflows/Outflows of Resources	506
Changes in Assumptions or Other Inputs	(269,491)
Net Difference Between Projected and	
Actual Investments Earning on Pension	2,091,894
Plan Investments	
Benefit Payments	-
Change in Plan	-
Net Change in Total OPEB Liability	<u>2,364,081</u>
Total OPEB Liability, Beginning	<u>6,419,889</u>
Total OPEB Liability, Ending	<u><u>\$ 8,783,970</u></u>

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, 2021	\$ (92,584)
Year Ending June 30, 2022	(92,668)
Year Ending June 30, 2023	(92,804)
Year Ending June 30, 2024	(92,928)
Year Ending June 30, 2025	(63,365)
Therafter	34,663
Total	<u><u>\$ (399,686)</u></u>

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2021

NOTE 20 – ACCRUED PENSION LIABILITY

Net Pension Liability Information

The Authority as of June 30, 2021, reported a net pension liability in the amount of \$4,925,773 due to GASB #68. The component of the current year net pension liability of the Authority as of June 30, 2020, the last evaluation date, is as follows:

	June-21
Employer Total Pension Liability	\$ 20,450,809
Plan Net Position	(15,525,036)
Employer Net Pension Liability	<u>\$ 4,925,773</u>

The Authority allocation percentage is 0.0302057802% as of June 30, 2020.

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.

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.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2021

NOTE 20 – ACCRUED PENSION LIABILITY - CONTINUED

Net Pension Liability Information -Continued

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.

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, 2020, are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2020.

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 2020 the State's pension contribution was less than the actuarial determined amount.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements June 30, 2021

NOTE 20 – ACCRUED PENSION LIABILITY – CONTINUED

Actuarial Assumptions

The total pension liability for June 30, 2020, 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, 2020. 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-2020 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-2020 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).

The actuarial assumptions used in the July 1, 2020, evaluation was based on the results of an actuarial experience study for the period July 1, 2014, to June 30, 2020. 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, 2020) 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.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2021

NOTE 20 – ACCRUED PENSION LIABILITY - CONTINUED

Actuarial Assumptions – Continued

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, 2020, 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%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.0% as of June 30, 2020. 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, 2020, 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.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2021

NOTE 20 – ACCRUED PENSION LIABILITY - CONTINUED

Discount Rate -Continued

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 7.0% 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 (6.0% percent) or 1 percentage-point higher (8.0% 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 (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,953,893	\$ 4,925,773	\$ 3,914,938

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, 2021	\$ (1,044,818)
Year Ending June 30, 2022	(97,260)
Year Ending June 30, 2023	(558,944)
Year Ending June 30, 2024	(223,854)
Year Ending June 30, 2025	(44,128)
Total	<u>\$ (1,969,004)</u>

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2021

NOTE 20 – ACCRUED PENSION LIABILITY – CONTINUED

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 2020, 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, 2020, are as follows:

Service Cost	\$	392,098
Interest on the Total Pension Liability		1,331,663
Benefits Changes		(8,262)
Member Contributions		(274,551)
Administrative Expenses		5,849
Expected Investment Return Net of Investment Expenses		(589,096)
Pension Expense Related to Specific Liabilities of Individual Employers		(557)
Current Period Recognition (Amortization) of Deferred Outflows and Inflows of Resources:		
Difference Between Expected and Actual Experience		124,705
Changes of Assumptions		(716,399)
Differences Between Projected and Actual Investment Earnings on Pension Plan Investments		127,542
Total	\$	<u>392,994</u>

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2021

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.

	Primary Government	Component Units
Balance June 30, 2020	\$ 12,065,190	\$ 263,043
Fixed Asset Acquisitions	184,648	-
Cancellation of Debt Amp#11, #12, #13	929,329	-
Payment of Principal on Debt	125,001	-
Depreciation Expense	(462,751)	-
Disposal of Fixed Asset	(25,751)	-
Balance June 30, 2021	<u>\$ 12,815,666</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, 2021, is \$1,704,530. The detail of the restricted reserve account balances is as follows:

	June-21
HCV- HAP Reserves	\$ 5,361
CFFP Bonds Proceeds	3,472
Seaview Sale Proceeds	1,695,697
Total Restricted Net Position	<u>\$ 1,704,530</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 undistributed to the Authority. The excess HAP funds will remain obligated but not distributed 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, 2021, was \$1,694,291.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements June 30, 2021

NOTE 23 – UNRESTRICTED NET POSITION

The Authority's primary government unrestricted net position account balance on June 30, 2021, is \$2,543,474. The detail of the account balance is as follows:

	PIH Program Reserves	HCV Program Reserve	Business Activities	COCC	Total
Balance June 30, 2020	\$ 13,397,090	\$ (2,454,822)	\$ 2,278,971	\$ (10,468,478)	\$ 2,752,761
Increase During the Year	-	278,266	-	28,039	306,305
Decrease During the Year	(442,449)	-	-	-	(442,449)
Prior Period Adjustments	(73,143)	-	-	-	(73,143)
Balance June 30, 2021	\$ 12,881,498	\$ (2,176,556)	\$ 2,278,971	\$ (10,440,439)	\$ 2,543,474

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, 2021, 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, 2021, were \$1,695,114.

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, 2021, was in the amount of \$10,266,297.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2021

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 \$13,240,660 to the Authority which represents approximately 84% percent of the Authority's total revenue for the year ended June 30, 2021.

NOTE 27 – CONTINGENCIES AND COMMITMENTS

Litigation – On June 30, 2021, the Authority was not involved in any threatened litigation.

Contingencies

The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years. There were no such examinations for the years ended June 30, 2021.

Other Insurance

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters; etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Unemployment Insurance

The Authority provides unemployment insurance through direct billings from the New Jersey Unemployment Insurance Fund. For the year ended June 30, 2021, the Authority paid no benefits from the unemployment reserve. On June 30, 2021, the Authority did not recognize a liability for unpaid, unasserted claims, if any, as these would be deemed immaterial.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements June 30, 2021

NOTE 27 – CONTINGENCIES AND COMMITMENTS -CONTINUED

Construction Commitments

On June 30, 2021, 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.

National Health Emergency

The United States is presently during a national health emergency related to the COVID-19 virus (coronavirus). The overall consequences of coronavirus on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. On March 27, 2020, the President of the United States signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act into law to provide additional funding to Public Housing Authority's to prevent, prepare for and respond to coronavirus, including to maintain normal operations during the period the program was impacted. During the year ended June 30, 2021, the Authority received \$462,404 in total CARES Act funding of which \$-0- was unspent. The overall impact of this situation on the Authority and its future results and financial position is not presently determinable.

NOTE 28 – PRIOR PERIOD ADJUSTMENT

For year ending June 30, 2021

As of June 30, 2021, the Authority had 2 prior period adjustments in the amount of \$73,143. The Authority needed to adjust the PILOT payable from previous years in the amount of \$47,392, and the write-off of old computer equipment in the amount of \$25,751.

NOTE 29 – SUBSEQUENT EVENTS

Coronavirus Pandemic:

In December 2019, 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.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2021

NOTE 29 – SUBSEQUENT EVENTS - CONTINUED

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 July 29, 2022; 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, 2021

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.

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 296,582	\$ 315,910	\$ 406,738	\$ 191,184
Interest on Total OPEB liability	243,474	301,459	346,763	408,554
Expected Investment Return	(3,736)	(5,349)	(4,261)	-
Administrative Expenses	4,852	4,492	3,721	-
Current Period Deferred				
Inflows/Outflows of Resources	506	(902)	(202,182)	
Changes in Assumptions or Other Inputs				
Net Difference Between Projected and	(269,491)	(293,555)	(275,101)	-
Actual Investments Earning on Pension	2,091,894	(1,012,147)		
Plan Investments			1,039	
Benefit Payments	-	-	-	(272,520)
Change in Plan	-	-	(5,303,187)	-
Net Change in Total OPEB Liability	2,364,081	(690,092)	(5,026,470)	327,218
Total OPEB Liability, Beginning	6,419,889	7,109,981	12,136,451	11,809,233
Total OPEB Liability, Ending	\$ 8,783,970	\$ 6,419,889	\$ 7,109,981	\$ 12,136,451
Covered, Employee Payroll	\$ 2,175,414	\$ 2,373,819	\$ 2,749,407	\$ 2,714,386
Plan Fiduciary Net Position as a				
Percentage of the Total OPEB Liability	0.91%	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, 2021

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.

	2021	2020	2019	2018
Housing Authority's proportion of the net pension liability	0.0302057802%	0.0283303650%	0.0030198348%	0.002261780%
Housing Authority's proportionate share of the net pension liability	\$ 4,925,773	\$ 5,104,702	\$ 5,945,904	\$ 6,754,756
Housing Authority's covered employee payroll	\$ 2,175,414	\$ 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	226.43%	214.59%	216.26%	248.85%
Plan fiduciary net position as a percentage of the total pension liability	75.91%	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, 2021

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.

	2017	2016	2015
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, 2021

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.

	2021	2020	2019	2018
Contractually required contribution	\$ 330,436	\$ 275,571	\$ 300,376	\$ 268,814
Contribution in relation to the contractually required contribution	(330,436)	(275,571)	(300,376)	(268,814)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 2,175,414	\$ 2,378,819	\$ 2,749,402	\$ 2,714,386
Contribution as a percentage of covered employee payroll	15.19%	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, 2021

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.

	2017	2016	2015
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, 2021**

Programs funded by:

U.S. Department of Housing and Urban Development

	<u>CFDA #'s</u>	<u>Beginning Balance</u>	<u>Revenue Recognized</u>	<u>Fiscal Year Expenditures</u>	<u>Ending Balance</u>
<u>Public and Indian Housing Program</u>					
NJ008	14.850	-	1,695,114	1,695,114	-
<u>PIH CARES ACT</u>					
NJ008-DC	14.PHC	-	186,662	186,662	-
Grant Total 14.850		-	1,881,776	1,881,776	-
<u>Section 8 Housing Choice Voucher Program</u>					
NJ39P008	14.871	-	10,266,297	10,266,297	-
<u>HCV CARES Act Funding</u>					
Grant Total 14.871	14.HCC	-	275,742	275,742	-
		-	10,542,039	10,542,039	-
<u>Public Housing Capital Fund Program</u>					
NJ39P008501	14.872	-	751,453	751,453	-
<u>Resident Opportunity & Supportive Services</u>					
ROSS191317	14.870	-	65,392	65,392	-
Total Expenditures of Federal Awards		\$ -	\$ 13,240,660	\$ 13,240,660	\$ -

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2021**

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, 2021. 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 \$1,239,000 as a loan balance outstanding on June 30, 2021. Note 17 presented on page 48-49 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, 2021.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2021**

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 \$453,096 during the year ended June 30, 2021.

		June-21
	CFDA #s	Expenditures
Seaview Housing Urban Renewal Associates	14.850	\$ 109,212
Garfield Court Urban Renewal Associates	14.850	35,127
Garfield Two Housing Urban Renewal LP	14.850	166,702
Gregory Urban Renewal Associates	14.850	43,371
Gregory Phase 2 Associates	14.850	18,220
Woodrow Wilson Housing Urban Renewal Associates II	14.850	43,362
Woodrow Wilson Housing Three	14.850	37,102
Total Pass-Thru		<u>\$ 453,096</u>

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

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

	Project Total	14.PHC Public Housing CARES Act	6.1 Component Unit - Discretely	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$7,065,906		\$1,363,450	\$2,073,749	\$844,197		\$50,000	\$32,630	\$11,429,932		\$11,429,932
112 Cash - Restricted - Modernization and Development				\$1,695,697				\$123	\$1,695,820		\$1,695,820
113 Cash - Other Restricted	\$3,472								\$114,067		\$114,067
114 Cash - Tenant Security Deposits	\$23,167				\$110,595				\$23,167		\$23,167
115 Cash - Restricted for Payment of Current Liabilities											
100 Total Cash	\$7,092,545	\$0	\$1,363,450	\$3,769,446	\$954,792	\$0	\$50,000	\$32,753	\$13,262,986	\$0	\$13,262,986
121 Accounts Receivable - PHA Projects											
122 Accounts Receivable - HUD Other Projects											
124 Accounts Receivable - Other Government	\$409,007	\$74,328				\$45,968			\$529,303		\$529,303
125 Accounts Receivable - Miscellaneous											
126 Accounts Receivable - Tenants	\$3,100		\$425	\$100,000				\$117,476	\$221,001		\$221,001
126.1 Allowance for Doubtful Accounts - Tenants	\$24,800							\$1,300	\$26,100		\$26,100
126.2 Allowance for Doubtful Accounts - Other	-\$1,183		\$0					-\$586	-\$1,769		-\$1,769
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0	\$0		\$0		\$0	\$0		\$0
128 Fraud Recovery	\$6,856				\$186,603				\$193,459		\$193,459
128.1 Allowance for Doubtful Accounts - Fraud	-\$3,400				-\$186,603				-\$190,003		-\$190,003
129 Accrued Interest Receivable											
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$439,180	\$74,328	\$425	\$100,000	\$0	\$45,968	\$0	\$118,190	\$778,091	\$0	\$778,091
131 Investments - Unrestricted											
132 Investments - Restricted											
135 Investments - Restricted for Payment of Current Liability											
142 Prepaid Expenses and Other Assets	\$40,040		\$7,338		\$20,457			\$22,102	\$89,937		\$89,937
143 Inventories	\$5,869								\$5,869		\$5,869
143.1 Allowance for Obsolete Inventories	-\$880								-\$880		-\$880
144 Inter Program Due From	\$0			\$76,774				\$120,296	\$197,070	-\$197,070	\$0
145 Assets Held for Sale											
150 Total Current Assets	\$7,576,754	\$74,328	\$1,371,213	\$3,946,220	\$975,249	\$45,968	\$50,000	\$293,341	\$14,333,073	-\$197,070	\$14,136,003
161 Land	\$2,786,000								\$5,639,043		\$5,639,043
162 Buildings	\$13,815,787		\$263,043	\$2,590,000					\$13,815,787		\$13,815,787
163 Furniture, Equipment & Machinery - Dwellings	\$1,079,474			\$505,181					\$1,584,655		\$1,584,655
164 Furniture, Equipment & Machinery - Administration	\$847,537				\$69,628			\$238,500	\$1,155,665		\$1,155,665
165 Leasehold Improvements	\$1,272,086								\$1,272,086		\$1,272,086
166 Accumulated Depreciation	-\$10,292,996			-\$129,457	-\$69,628			-\$214,220	-\$10,706,301		-\$10,706,301
167 Construction in Progress	\$628,443								\$628,443		\$628,443
168 Infrastructure											
160 Total Capital Assets, Net of Accumulated Depreciation	\$10,136,331	\$0	\$263,043	\$2,965,724	\$0	\$0	\$0	\$24,280	\$13,389,378	\$0	\$13,389,378
171 Notes, Loans and Mortgages Receivable - Non-Current											
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due	\$10,137,964			\$150,000					\$10,287,964		\$10,287,964
173 Grants Receivable - Non Current											
174 Other Assets											
176 Investments in Joint Ventures			\$103,438						\$103,438		\$103,438
180 Total Non-Current Assets	\$20,274,295	\$0	\$366,481	\$3,115,724	\$0	\$0	\$0	\$24,280	\$23,780,780	\$0	\$23,780,780
200 Deferred Outflow of Resources	\$695,733				\$627,687			\$2,113,580	\$3,437,000		\$3,437,000

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

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2021

	Project Total	14.PHC Public Housing CARES Act	6.1 Component Unit - Discretely	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
290 Total Assets and Deferred Outflow of Resources	\$28,546,782	\$74,328	\$1,737,694	\$7,061,944	\$1,602,936	\$45,968	\$50,000	\$2,431,201	\$41,550,853	-\$197,070	\$41,353,783
311 Bank Overdraft											
312 Accounts Payable <= 90 Days	\$68,132		\$68,044					\$272,286	\$408,462		\$408,462
321 Accounts Payable >90 Days Past Due					\$66,915				\$66,915		\$66,915
321 Accrued Wage/Payroll Taxes Payable	\$16,904				\$14,390			\$59,620	\$90,914		\$90,914
322 Accrued Compensated Absences - Current Portion	\$17,327				\$15,031			\$54,781	\$87,139		\$87,139
324 Accrued Contingency Liability											
325 Accrued Interest Payable	\$4,974								\$4,974		\$4,974
331 Accounts Payable - HUD PHA Programs	\$7,967								\$7,967		\$7,967
332 Account Payable - PHA Projects											
333 Accounts Payable - Other Government	\$142,895								\$142,895		\$142,895
341 Tenant Security Deposits	\$23,167								\$23,167		\$23,167
342 Unearned Revenue	\$3,393								\$53,393		\$53,393
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$124,862						\$50,000		\$124,862		\$124,862
344 Current Portion of Long-term Debt - Operating Borrowings											
345 Other Current Liabilities											
346 Accrued Liabilities - Other											
347 Inter Program - Due To		\$74,328	\$76,774			\$45,968			\$197,070	-\$197,070	\$0
348 Loan Liability - Current			\$50,000						\$50,000		\$50,000
310 Total Current Liabilities	\$409,621	\$74,328	\$194,818	\$0	\$96,336	\$45,968	\$50,000	\$386,687	\$1,257,758	-\$197,070	\$1,060,688
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$1,115,137								\$1,115,137		\$1,115,137
352 Long-term Debt, Net of Current - Operating Borrowings											
353 Non-current Liabilities - Other	\$14,000			\$64,500	\$105,234				\$183,734		\$183,734
354 Accrued Compensated Absences - Non Current	\$22,826			\$57,052	\$17,442			\$34,560	\$131,880		\$131,880
355 Loan Liability - Non Current			\$200,000						\$200,000		\$200,000
356 FASB 5 Liabilities											
357 Accrued Pension and OPEB Liabilities	\$2,886,761				\$2,355,339			\$8,467,643	\$13,709,743		\$13,709,743
350 Total Non-Current Liabilities	\$4,038,724	\$0	\$200,000	\$121,552	\$2,478,015	\$0	\$0	\$8,502,203	\$15,340,494	\$0	\$15,340,494
300 Total Liabilities	\$4,448,345	\$74,328	\$394,818	\$121,552	\$2,574,351	\$45,968	\$50,000	\$8,888,890	\$16,598,252	-\$197,070	\$16,401,182
400 Deferred Inflow of Resources	\$1,387,805				\$1,199,780			\$3,958,470	\$6,546,055		\$6,546,055
508.3 Nonspendable Fund Balance											
508.4 Net Investment in Capital Assets											
509.3 Restricted Fund Balance	\$9,825,662		\$263,043	\$2,965,724			\$0	\$24,280	\$13,078,709		\$13,078,709
510.3 Committed Fund Balance											
511.3 Assigned Fund Balance	\$3,472			\$1,695,697	\$5,361		\$0	\$0	\$1,704,530		\$1,704,530
511.4 Restricted Net Position											
512.3 Unassigned Fund Balance											
512.4 Unrestricted Net Position	\$12,881,498	\$0	\$1,079,833	\$2,278,971	-\$2,176,556	\$0	\$0	-\$10,440,439	\$3,623,307		\$3,623,307
513 Total Equity - Net Assets / Position	\$22,710,632	\$0	\$1,342,876	\$6,940,392	-\$2,171,195	\$0	\$0	-\$10,416,159	\$18,406,546	\$0	\$18,406,546
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$28,546,782	\$74,328	\$1,737,694	\$7,061,944	\$1,602,936	\$45,968	\$50,000	\$2,431,201	\$41,550,853	-\$197,070	\$41,353,783

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

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2021									
	Project Total	14.PHC Public Housing CARES Act	6.1 Component Unit - Discretely	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$888,251							\$3,605	\$891,856		\$891,856
70400 Tenant Revenue - Other	\$15,977								\$15,977		\$15,977
70500 Total Tenant Revenue	\$904,228	\$0	\$0	\$0	\$0	\$0	\$0	\$3,605	\$907,833	\$0	\$907,833
70600 HUD PHA Operating Grants	\$2,209,925	\$186,662			\$10,286,297	\$65,392	\$275,742		\$13,004,018		\$13,004,018
70610 Capital Grants	\$236,642								\$236,642		\$236,642
70710 Management Fee								\$346,462	\$346,462	-\$346,462	\$0
70720 Asset Management Fee								\$26,040	\$26,040	-\$26,040	\$0
70730 Book Keeping Fee								\$83,978	\$83,978	-\$83,978	\$0
70740 Front Line Service Fee											
70750 Other Fees								\$363,749	\$363,749		\$363,749
70700 Total Fee Revenue								\$820,229	\$820,229	-\$456,480	\$363,749
70800 Other Government Grants											
71000 Investment Income - Unrestricted	\$11,013										
71200 Mortgage Interest Income	\$5,901							\$9,272	\$20,285		\$20,285
71300 Proceeds from Disposition of Assets Held for Sale									\$5,901		\$5,901
71310 Cost of Sale of Assets											
71400 Fraud Recovery											
71500 Other Revenue	\$78,030										
71600 Gain or Loss on Sale of Capital Assets			\$307,680	\$1,179,621	\$23,116			\$22,436	\$1,610,883		\$1,610,883
72000 Investment Income - Restricted	\$1										
70000 Total Revenue	\$3,445,740	\$186,662	\$307,680	\$1,179,621	\$10,289,413	\$65,392	\$275,742	\$123	\$124	-\$456,480	\$124
91100 Administrative Salaries	\$452,428		\$32,256	\$229,437	\$114,602	\$37,765	\$180,000	\$454,898	\$1,501,388		\$1,501,388
91200 Auditing Fees	\$185,701		\$5,250		\$160,761			\$5,250	\$5,250		\$5,250
91300 Management Fee	\$18,743				\$65,235			\$346,462	\$346,462	-\$346,462	\$0
91310 Book-keeping Fee								\$83,978	\$83,978	-\$83,978	\$0
91400 Advertising and Marketing								\$1,945	\$1,945		\$1,945
91500 Employee Benefit Contributions - Administrative	\$42,605		\$1,200	\$149,132	\$89,481	\$27,627	\$52,465	\$43,055	\$405,565		\$405,565
91600 Office Expenses	\$41,485		\$35,025		\$18,104			\$33,592	\$128,206		\$128,206
91700 Legal Expense	\$11,981				\$615			\$47,947	\$60,543		\$60,543
91800 Travel	\$188		\$475					\$1,512	\$2,175		\$2,175
91810 Allocated Overhead											
91900 Other	\$48,838		\$16,267		\$18,449		\$43,277	\$67,543	\$194,374		\$194,374
91000 Total Operating - Administrative	\$801,969	\$0	\$90,475	\$378,569	\$467,247	\$65,392	\$275,742	\$650,492	\$2,729,886	-\$430,440	\$2,299,446
92000 Asset Management Fee	\$26,040								\$26,040	-\$26,040	\$0
92100 Tenant Services - Salaries	\$32,823			\$72,517					\$105,340		\$105,340
92200 Relocation Costs											
92300 Employee Benefit Contributions - Tenant Services	\$21,335			\$47,136					\$68,471		\$68,471
92400 Tenant Services - Other	\$11,651								\$11,651		\$11,651
92500 Total Tenant Services	\$65,809	\$0	\$0	\$119,653	\$0	\$0	\$0	\$0	\$185,462	\$0	\$185,462
93100 Water	\$59,121							\$237	\$59,358		\$59,358
93200 Electricity	\$138,745							\$788	\$139,533		\$139,533
93300 Gas	\$189,516								\$189,516		\$189,516
93400 Fuel											
93500 Labor											
93600 Sewer	\$68,208		\$336					\$5,040	\$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: 06/30/2021

	Project Total	14. PHC Public Housing CARES Act	6.1 Component Unit - Discretely	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	14. HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
93700 Employee Benefit Contributions - Utilities											
93800 Other Utilities Expense	\$455,590	\$0	\$336	\$0	\$0	\$0	\$0	\$6,065	\$461,991	\$0	\$461,991
93000 Total Utilities											
94100 Ordinary Maintenance and Operations - Labor	\$215,283		\$2,164	\$381,064				\$19,639	\$618,150		\$618,150
94200 Ordinary Maintenance and Operations - Materials and Other	\$113,926				\$2,486			\$5,352	\$121,764		\$121,764
94300 Ordinary Maintenance and Operations Contracts	\$122,203				\$855			\$1,178	\$124,236		\$124,236
94500 Employee Benefit Contributions - Ordinary Maintenance	\$111,890			\$247,693				\$17,217	\$376,800		\$376,800
94000 Total Maintenance	\$563,302	\$0	\$2,164	\$628,757	\$3,341	\$0	\$0	\$43,386	\$1,240,950	\$0	\$1,240,950
95100 Protective Services - Labor	\$82,509			\$31,904				\$3,419	\$117,832		\$117,832
95200 Protective Services - Other Contract Costs											
95300 Protective Services - Other		\$186,662							\$186,662		\$186,662
95500 Employee Benefit Contributions - Protective Services	\$34,437			\$20,738				\$2,222	\$57,397		\$57,397
95000 Total Protective Services	\$116,946	\$186,662	\$0	\$52,642	\$0	\$0	\$0	\$5,641	\$361,891	\$0	\$361,891
96110 Property Insurance											
96120 Liability Insurance											
96130 Workmen's Compensation											
96140 All Other Insurance	\$130,990		\$5,368	\$0	\$50,976			\$34,127	\$221,461		\$221,461
96100 Total Insurance Premiums	\$130,990	\$0	\$5,368	\$0	\$50,976	\$0	\$0	\$34,127	\$221,461	\$0	\$221,461
96200 Other General Expenses	\$454,893		\$3,926		\$27,092			\$226	\$486,137		\$486,137
96210 Compensated Absences											
96300 Payments in Lieu of Taxes	\$44,748								\$44,748		\$44,748
96400 Bad debt - Tenant Rents	\$2,080								\$2,080		\$2,080
96500 Bad debt - Mortgages											
96600 Bad debt - Other											
96800 Severance Expense											
96000 Total Other General Expenses	\$501,721	\$0	\$3,926	\$0	\$27,092	\$0	\$0	\$226	\$532,965	\$0	\$532,965
96710 Interest of Mortgage (or Bonds) Payable											
96720 Interest on Notes Payable (Short and Long Term)	\$33,388								\$33,388		\$33,388
96730 Amortization of Bond Issue Costs											
96700 Total Interest Expense and Amortization Cost	\$33,388	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$33,388	\$0	\$33,388
96900 Total Operating Expenses	\$2,695,755	\$186,662	\$102,269	\$1,179,621	\$548,656	\$65,392	\$275,742	\$739,937	\$5,794,034	-\$456,480	\$5,337,554
97000 Excess of Operating Revenue over Operating Expenses	\$749,985	\$0	\$205,411	\$0	\$9,740,757	\$0	\$0	\$115,728	\$10,811,881	\$0	\$10,811,881
97100 Extraordinary Maintenance											
97200 Casualty Losses - Non-capitalized								\$66,895	\$66,895		\$66,895
97300 Housing Assistance Payments											
97350 HAP Portability-In					\$9,557,829				\$9,557,829		\$9,557,829
97400 Depreciation Expense	\$450,582										
97500 Fraud Losses								\$12,169	\$462,751		\$462,751
97600 Capital Outlays - Governmental Funds											
97700 Debt Principal Payment - Governmental Funds											

Long Branch Housing Authority (NJ008)
LONG BRANCH, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2021

	Project Total	14.PHC Public Housing CARES Act	6.1 Component Unit - Discretely	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
97800 Dwelling Units Rent Expense											
90000 Total Expenses	\$3,146,337	\$186,662	\$102,269	\$1,179,621	\$10,106,485	\$65,392	\$275,742	\$819,001	\$15,881,509	-\$456,480	\$15,425,029
10010 Operating Transfer In											
10020 Operating transfer Out	\$358,000								\$358,000		\$358,000
10030 Operating Transfers from/to Primary Government	-\$358,000								-\$358,000		-\$358,000
10040 Operating Transfers from/to Component Unit											
10050 Proceeds from Notes, Loans and Bonds											
10060 Proceeds from Property Sales											
10070 Extraordinary Items, Net Gain/Loss											
10080 Special Items (Net Gain/Loss)											
10091 Inter Project Excess Cash Transfer In											
10092 Inter Project Excess Cash Transfer Out											
10093 Transfers between Program and Project - In											
10094 Transfers between Project and Program - Out											
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under)	\$299,403	\$0	\$205,411	\$0	\$182,928	\$0	\$0	\$36,664	\$724,406	\$0	\$724,406
Total Expenses											
11020 Required Annual Debt Principal Payments	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$125,000		\$125,000
11030 Beginning Equity	\$22,484,372	\$0	\$1,137,465	\$6,940,392	\$2,354,123	\$0	\$0	-\$10,452,823	\$17,755,283		\$17,755,283
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$73,143								-\$73,143		-\$73,143
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					-\$2,176,556				-\$2,176,556		-\$2,176,556
11180 Housing Assistance Payments Equity					\$5,361				\$5,361		\$5,361
11190 Unit Months Available	5388	0	0	0	9146	0	0		14534		14534
11210 Number of Unit Months Leased	5187	0	0	0	8698	0	0		13885		13885
11270 Excess Cash	\$6,947,061								\$6,947,061		\$6,947,061
11610 Land Purchases	\$0								\$0		\$0
11620 Building Purchases	\$0								\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$30,535								\$30,535		\$30,535
11640 Furniture & Equipment - Administrative Purchases	\$61,929								\$61,929		\$61,929
11650 Leasehold Improvements Purchases	\$0								\$0		\$0
11660 Infrastructure Purchases	\$0								\$0		\$0
13510 CFFP Debt Service Payments	\$131,499								\$131,499		\$131,499
13901 Replacement Housing Factor Funds	\$0								\$0		\$0

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
DISCRETELY PRESENTED COMPONENT UNITS
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2021**

	December 31, 2020		
	MAESTRO COMMUNITY DEVELOPMENT CORP.	SHOREPOINT CORPORATIONS	TOTAL
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 1,317,085	\$ 46,365	\$ 1,363,450
Accounts Receivable	-	425	425
Prepaid Expenses	1,701	5,637	7,338
Total Current Assets	1,318,786	52,427	1,371,213
Capital Assets			
Land	263,043	-	263,043
Building	-	-	-
Furniture, Equipment - Administration	-	-	-
Total Capital Assets	263,043	-	263,043
Less: Accumulated Depreciation	-	-	-
Net Book Value	263,043	-	263,043
Other Assets:			
Investment in Limited Partnership	103,438	-	103,438
Total Assets	1,685,267	52,427	1,737,694
Liabilities			
Current Liabilities:			
Accounts Payable	\$ 77,313	\$ 67,505	\$ 144,818
Note Payable - Current Portion	50,000	-	50,000
Total Current Liabilities	127,313	67,505	194,818
Noncurrent Liabilities:			
Note Payable	200,000	-	200,000
Total Liabilities	327,313	67,505	394,818
Net Position:			
Net Investment in Capital Assets	263,043	-	263,043
Unrestricted	1,094,911	(15,078)	1,079,833
Total Net Position	1,357,954	(15,078)	1,342,876
Total Liabilities and Net position	\$ 1,685,267	\$ 52,427	\$ 1,737,694

**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, 2021**

	December 31, 2020		
	MAESTRO COMMUNITY DEVELOPMENT CORP.	SHOREPOINT CORPORATIONS	TOTAL
<u>Revenue:</u>			
Program Revenue	\$ 258,540	\$ 49,140	\$ 307,680
<u>Expenses:</u>			
Operating Expenses:			
Administrative Expense	77,553	12,922	90,475
Utilities Expense	336	-	336
Maintenance Expense	-	2,164	2,164
Other Operating Expenses	1,165	8,129	9,294
Total Operating Expenses	79,054	23,215	102,269
Change in Net Position	179,486	25,925	205,411
Beginning Net Position	1,178,468	(41,003)	1,137,465
Ending Net Position	\$ 1,357,954	\$ (15,078)	\$ 1,342,876

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
DISCRETELY PRESENTED COMPONENT UNITS
STATEMENTS OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2021

	December 31, 2020		
	MAESTRO COMMUNITY DEVELOPMENT CORP.	SHOREPOINT CORPORATIONS	TOTAL
Cash Flow From Operating Activities			
Receipts from Other Revenue	\$ 313,358	\$ 56,897	\$ 370,255
Payments to Vendors and Suppliers	(102,311)	(10,532)	(112,843)
Payment of Utilities Cost		(336)	(336)
Net Cash Provided by Operating Activities	211,047	46,365	257,076
Cash Flow From Capital and Related Financing Activities			
Payment of Note	-	-	-
Net Cash Used by Related Financing Activities	-	-	-
Cash Flow From Investing Activities			
Income from Investment in Limited Partnership	16,267	-	16,267
Net Cash Provided by Investing Activities	16,267	-	16,267
Net Increase in Cash and Cash Equivalents	227,314	46,365	273,343
Beginning Cash	1,090,107	-	1,090,107
Ending Cash	\$ 1,317,421	\$ 46,365	\$ 1,363,450
Reconciliation of Operating Income to Net Cash			
Provided by Operating Activities			
Excess of Revenue Over Expenses	\$ 179,486	\$ 25,925	\$ 205,411
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:			
Depreciation Expense	-	-	-
(Increase) Decrease in:			
Accounts Receivable	-	7,757	7,757
Prepaid Expenses	-	(3,775)	(3,775)
Increase (Decrease) in:			
Accounts Payable	31,561	16,458	48,019
Net Cash Provided By Operating Activities	\$ 211,047	\$ 46,365	\$ 257,412

**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, 2021, 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 July 29, 2022.

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.

Giampaolo & Associates

Lincroft, New Jersey

Date: July 29, 2022

**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, 2021. 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, 2021.

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.

Giampaolo & Associates

Lincroft, New Jersey

Date: July 29, 2022

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Schedule of Findings and Questioned Cost

Year Ended June 30, 2021

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	\$10,542,039

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

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 procedures enumerated below on whether the electronic submission of certain information agrees with the hard copy documents within the reporting package for the year ended June 30, 2021. The U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC) is responsible for the Uniform Financial Reporting Standards (UFRS) procedures.

Housing Authority of the City of Long Branch has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with the REAC's UFRS requirements for the submission of the PHA financial data for the year ended June 30, 2021. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

Procedure	UFRS Rule Information	Hardcopy Documents	Agrees	Does Not Agree
1	Balance Sheet and Revenue and Expense (Data lines 111 to 13901)	Financial Data Schedule of all CFDA's, If Applicable	Yes	
2	Footnotes (data element G5000-010)	Footnotes to the audited basic financial statements	Yes	
3	Type of Opinion on FDS (data element G3100-040)	Auditors Report on Supplemental Data	Yes	
4	Audit findings narrative (date element G5200-010)	Schedule of Findings and Questioned Costs	Yes	

Procedure	UFRS Rule Information	Hardcopy Documents	Agrees	Does Not Agree
5	General Information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form	Yes	
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	Yes	
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	Yes	
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form	Yes	
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Yes	

We were engaged by Housing Authority of the City of Long Branch to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on UFRS Rule Information. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of REAC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Giampaolo & Associates

Lincroft, New Jersey
July 29, 2022