

Report On Audit

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

**For the Year Ended
June 30, 2022**

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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business activities and the discretely present component units of the Housing Authority of the City of Long Branch, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Long Branch basic financial statements as listed in the table of contents.

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 discretely present component units of the Housing Authority of the City of Long Branch as of June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of the City of Long Branch and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Long Branch's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Long Branch.
- Housing Authority of the City of Long Branch's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and OPEB and Pension supplemental information on pages 5 through 18 and pages 68-72 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Long Branch's basic financial statements. The accompanying supplemental information on pages 73-84 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 with the close out of a grant program.

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, close out grant program 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, close out grant program and the financial statements of the discretely presented component units, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2023, in 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, and 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's 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: February 24, 2023

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

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 19 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 \$18,050,810 an increase in the financial position of \$987,140 or 6% as compared to the prior year.

As noted above, the primary government net position of the Authority was \$18,050,810 as of June 30, 2022. Of this amount, the primary government unrestricted net position is \$4,673,422 representing an increase of \$2,129,948 or 84% percent from the previous year. Additional information on the Authority's unrestricted net positions can be found in Note 24 the financial statements, which is included in this report.

The primary government net investment in capital assets decreased \$1,219,638 or 10% percent for an ending balance of \$11,596,028.

The primary government restricted net position increased \$76,830 from the previous year for an ending balance of \$1,781,360. Additional information on the Authority's restricted net position can be found in Note 23 to the financial statements, which is included in this report.

The Authority's primary government total cash and cash equivalents on June 30, 2022, is \$12,182,650 representing an increase of \$283,114 or 2% percent from the prior fiscal year. Operating cash increased \$204,286 or 2% percent for an ending balance of \$10,270,768. Total restricted deposits and funded reserves increased \$78,828 or 4% percent for an ending balance of \$1,911,882. The full detail of the cash activities can be found in the Statement of Cash Flows on pages 22-23 of this report.

The Authority's total assets and deferred outflows for the primary government are \$40,257,828 of which capital assets net book value is \$12,701,028, other assets are \$10,877,438, deferred outflows in the amount of \$2,564,857, leaving total current assets at \$14,114,505. Total primary government current assets increased from the previous year by \$1,349,715 or 11% percent. Unrestricted cash and cash equivalents increased by \$204,286, accounts receivables increased by \$1,056,093, and prepaid expenses increased by \$10,508. Total restricted deposits and funded reserves increased from the previous year by \$78,828 or 4% percent.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

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 \$425,307 or 3% percent. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$58,709, less the recording of depreciation expense in the amount of \$481,537. During the year, the Authority wrote off old office equipment in the amount of \$2,479. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The Authority's primary government other assets note receivable noncurrent remained unchanged for an ending balance of \$10,287,964. The Authority reported an increase in leases receivable – noncurrent in the amount of \$589,474 or 100% percent. A full detail of the Authority's Primary Government leases receivable can be found in the Notes to the Financial Statements Note #11, which is included in this report.

The Authority primary government reported a decrease in the deferred outflow for the pension cost and OPEB in the amount of \$872,143 an ending balance of \$2,564,857. The Authority reported an increase in the deferred inflow for the pension cost and OPEB in the amount of \$863,400 for an ending balance of \$7,409,455. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 12 Deferred Outflows/Inflows of Resources.

The Authority's primary government total liabilities are reported at \$14,797,563, of which current liabilities are stated at \$2,181,248 and noncurrent liabilities are stated at \$12,616,315. The Authority's primary government total liabilities decreased during the year as compared to the prior year in the amount of \$1,208,801 or 8% percent. The Authority's primary government total current liabilities increased during the year by \$1,315,378, leaving non-current liabilities for a decrease of \$2,524,179 as compared to the previous year.

As previously stated, the Authority's primary government total current liabilities increased from the previous year by \$1,315,378 or 152% percent. Accounts payables increased by \$1,432,510, accrued liabilities decreased by \$76,024, unearned revenue increased by \$1,447, other current liabilities decreased \$53,393 and tenant security deposits increased \$700. The current portion of the Capital Project Bonds payable increased \$10,138.

The Authority's primary government total noncurrent liabilities decreased by \$2,524,179 or 17% percent. Long-term obligations such as noncurrent compensated absences with an ending balance of \$177,956, with no offsetting assets, increased \$46,076 from the previous year. Long term capital project bonds payable decreased \$145,137. Non-current liabilities – other decreased \$14,015 from the prior year. Leases receivable – noncurrent increased \$457,826 or 100% during the fiscal year.

A full detail on the Authority's Primary Government leases receivable on June 30, 2022 can be found in Note #11 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, 2022**

FINANCIAL HIGHLIGHTS - CONTINUED

Accrued pension and OPEB liabilities decreased \$2,868,929 or 21% percent for an ending balance of \$10,840,814. Additional information on the Authority's accrued pension as well as accrued OPEB liability on June 30, 2022, can be found in Notes 20-21 to the financial statements, which is included in this report.

The Authority's primary government total operating revenue was \$16,087,861 for 2022 as compared to \$15,578,803 from the prior year for an increase of \$509,058 or 3% percent. The Authority primary government had total operating expenses of \$16,547,195 as compared to \$15,255,865 from the previous year for a decrease of \$1,291,330 or 8% percent, resulting in an excess of expenses from operations in the amount of \$459,334 for the current year 2022 as compared to excess revenue from operations in the amount of \$322,938 for the previous year.

The Authority's primary government total capital improvements contributions from HUD were in the amount of \$135,000 as compared to \$236,642 from the previous year for a decrease of \$101,642 or 43% percent. The Authority primary government had capital outlays in the amount of \$58,709 for the fiscal year.

The Authority's Expenditures of Federal Awards amounted to \$13,625,409 for the fiscal year 2022 as compared to \$13,240,660 for the previous fiscal year 2021 for an increase of \$384,749 or 3% percent.

USING THIS ANNUAL REPORT

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

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

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

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

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 19 through 23.

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, 2022**

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 24 through 67.

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 73-75 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, 2022. 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, 2022.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

The following summarizes the computation of Net Position of the primary government between June 30, 2022 and June 30, 2021:

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

	<u>Year Ended</u>		Increase (Decrease)
	June-22	June-21	
Cash	\$ 12,182,650	\$ 11,899,536	\$ 283,114
Other Current Assets	1,931,855	865,254	1,066,601
Capital Assets - Net	12,701,028	13,126,335	(425,307)
Other Assets	10,877,438	10,287,964	589,474
Deferred Outflows	2,564,857	3,437,000	(872,143)
Total Assets	<u>40,257,828</u>	<u>39,616,089</u>	641,739
Less: Current Liabilities	(2,181,248)	(865,870)	(1,315,378)
Less: Non Current Liabilities	(12,616,315)	(15,140,494)	2,524,179
Less: Deferred Inflows	(7,409,455)	(6,546,055)	(863,400)
Net Position	<u>\$ 18,050,810</u>	<u>\$ 17,063,670</u>	<u>\$ 987,140</u>
Net Investment in Capital Assets	\$ 11,596,028	\$ 12,815,666	\$ (1,219,638)
Restricted Net Position	1,781,360	1,704,530	76,830
Unrestricted Net Position	4,673,422	2,543,474	2,129,948
Net Position	<u>\$ 18,050,810</u>	<u>\$ 17,063,670</u>	<u>\$ 987,140</u>

The Authority's primary government cash increased by \$283,114 or 2% percent. Net cash provided by operating activities was \$1,610,271, net cash used by capital and related financing activities was \$1,333,283 and net cash provided by investing activities was \$6,126. The full detail of this amount can be found in the Statement of Cash Flows on pages 22-23 of this audit report.

Other current assets increased \$1,066,601. Accounts receivables increased by \$1,056,093 and prepaid expenses increased by \$10,508.

The Authority's primary government capital assets reported a decrease in the net book value of the capital assets in the amount of \$425,307 or 3% percent. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$58,709, less the recording of depreciation expense in the amount of \$481,537. During the year, the Authority wrote off old office equipment in the amount of \$2,479. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The Authority's primary government other assets note receivable noncurrent remained unchanged for an ending balance of \$10,287,964. The Authority primary government reported an increase in leases receivable – noncurrent in the amount of \$589,474 or 100% percent.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority's primary government reported a decrease in the deferred outflow for the pension cost and OPEB in the amount of \$872,143 for an ending balance of \$2,564,857. The Authority reported an increase in the deferred inflow for the pension cost and OPEB in the amount of \$863,400 for an ending balance of \$7,409,455.

The Authority's primary government total current liabilities increased from the previous year by \$1,315,378 or 152% percent. Accounts payables increased by \$1,432,510, accrued liabilities decreased by \$76,024, unearned revenue increased by \$1,447, other current liabilities decreased \$53,393 and tenant security deposits increased \$700. The current portion of the Capital Project Bonds payable increased \$10,138.

The Authority's primary government total noncurrent liabilities decreased by \$2,524,179 or 17% percent. Long-term obligations such as noncurrent compensated absences with an ending balance of \$177,956, with no offsetting assets, increased \$46,076 from the previous year. Long term capital project bonds payable decreased \$145,137. Non-current liabilities – other decreased \$14,015 from the prior year. Leases receivable – noncurrent increased \$457,826 or 100% during the fiscal year. A full detail on the Authority's leases receivable at June 30, 2022 can be found in Note #11 to the Financial Statements, which is included in this report.

Accrued pension and OPEB liabilities decreased \$2,868,929 or 21% percent for an ending balance of \$1,840,814. Additional information on the Authority's accrued pension as well as accrued OPEB liability on June 30, 2022 can be found in Notes 20-21 to the financial statements, which is included in this report.

The Authority's primary government reported a net position of \$18,050,810 which is made up of three categories. The net investment in capital assets in the amount of \$11,596,028 represents 64% percent of the total account balance. The net investment in capital assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending. The schedule below reflects the activity in this account for the current fiscal year:

Balance June 30, 2021	\$ 12,815,666
Fixed Asset Acquisitions	58,709
Cancellation of Debt Amp#11, #12, #13	(929,331)
Payment of Principal on Debt	135,000
Depreciation Expense	(481,537)
Disposal of Fixed Asset	(2,479)
Balance June 30, 2022	<u>\$ 11,596,028</u>

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority's primary government reported a restricted net position of \$1,781,360, representing an increase of \$76,830 from the prior year. Additional information on the Authority's Primary Government Restricted Net Position can be found in Note 23 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 \$2,129,948 or 84% percent resulting in an ending balance in the amount of \$4,673,422. A full detail of this account can be found in the Notes to the Financial Statements Section Note - 24.

The following summarizes the changes in Net Position of the primary government between June 30, 2022, and June 30, 2021:

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

	<u>Year Ending</u>		Increase
	June-22	June-21	(Decrease)
<u>Revenues</u>			
Tenant Revenues	\$ 915,915	\$ 907,833	\$ 8,082
HUD Subsidies	13,490,409	13,004,018	486,391
Fraud Recovery	33,458	-	33,458
Other Revenues	1,648,079	1,666,952	(18,873)
Total Operating Income	<u>16,087,861</u>	<u>15,578,803</u>	<u>509,058</u>
<u>Expenses</u>			
Operating Expenses	16,065,658	14,793,114	1,272,544
Depreciation Expense	481,537	462,751	18,786
Total Operating Expenses	<u>16,547,195</u>	<u>15,255,865</u>	<u>1,291,330</u>
Operating Income before Non Operating Income	(459,334)	322,938	(782,272)
Interest Income	6,126	26,310	(20,184)
Extraordinary Maintenance	(3,990)	(66,895)	62,905
HUD Capital Grants	135,000	236,642	(101,642)
Change in Net Position	(322,198)	518,995	(841,193)
Net Position Prior Year	17,063,670	16,617,818	445,852
Prior Period Adjustment	1,309,338	(73,143)	1,382,481
Total Net Position	<u>\$ 18,050,810</u>	<u>\$ 17,063,670</u>	<u>\$ 987,140</u>

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

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 \$135,000 in grant money representing a decrease of \$101,642 from the prior fiscal year. The Authority had capital expenditures of \$58,709. The current year additions included the replacement of the security camera system as well as the installation of high-efficiency exterior lighting fixtures.

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 9% percent, protective services expenses accounted for 1% percent, other operating expenses accounted for 5% percent, and depreciation accounted for the remaining 3% percent of the total operating expenses.

The Authority's primary government operating expenses exceeded its operating revenue resulting in an excess of expenses from operations in the amount of \$459,334 from operations as compared to excess revenue from operations of \$322,938 for the previous year. The key elements for the decrease in surplus in comparison to the prior year are as follows:

- The Authority reported an increase in Tenant Rental Income the amount of \$8,082 or 1% percent.
- The Authority reported an increase in HUD PHA operating grants in the amount of \$486,391 or 4% percent.
- The Authority reported an increase in Fraud Recovery revenue in the amount of \$33,458 or 100% percent.
- The Authority reported a decrease in Other Revenue income the amount of \$18,873 or 1% percent.
- The Authority experienced a decrease in the expense accounts as listed below:
 - Tenant Services decreased \$9,035 or 5% percent.
 - Protective Services decreased \$115,275 or 32% percent.
- The Authority experienced an increase in the expense accounts as listed below:
 - Administrative Expenses increased \$260,751 or 12% percent.
 - Utilities Expense increased \$33,495 or 7% percent.
 - Maintenance Expenses increased \$192,217 or 16% percent.
 - Other Operating Expense increased \$88,129 or 11% percent.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

- Housing Assistance Payments increased \$822,262 or 9% percent.
- Depreciation expense increased \$18,786 or 4% percent.

The Authority primary government net cash provided by operating activities during the year was \$1,610,271 as compared to cash provided in the amount of \$413,110 in the prior fiscal year. A full detail of these amounts can be found on the Statement of Cash Flows on pages 22-23 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, 2022:

	June-22	June-21	June-20	June-19
Significant Income				
Total Tenant Revenue	\$ 915,915	\$ 907,833	\$ 929,697	\$ 950,684
HUD Operating Grants	13,490,409	13,004,018	11,865,232	11,469,587
HUD Capital Grants	135,000	236,642	391,465	434,580
Investment Income	3,126	26,310	62,624	31,736
Other Income	1,681,537	1,666,952	1,743,861	2,146,619
Total	\$ 16,225,987	\$ 15,841,755	\$ 14,992,879	\$ 15,033,206
Payroll Expense				
Administrative Salaries	\$ 1,501,613	\$ 1,469,130	\$ 1,364,049	\$ 1,647,215
Tenant Services Salaries	100,324	105,340	98,613	136,143
Maintenance Labor	629,540	615,986	617,007	615,443
Protective Services - Labor	133,805	117,832	139,052	216,601
Employee Benefits Expense	1,149,139	1,279,243	1,035,040	1,859,248
Total Payroll Expense	\$ 3,514,421	\$ 3,587,531	\$ 3,253,761	\$ 4,474,650
Other Significant Expenses				
Other Administrative Expenses	\$ 351,167	\$ 302,018	\$ 726,858	\$ 342,206
Utilities Expense	459,863	591,740	451,219	457,978
Maintenance Materials Cost	106,420	121,764	26,101	37,602
Maintenance Contract Cost	295,807	124,236	30,205	54,058
Insurance Premiums	203,782	216,093	181,729	179,630
Housing Assistance Payments	10,380,091	9,557,829	8,786,774	8,720,977
Total	\$ 11,797,130	\$ 10,913,680	\$ 10,202,886	\$ 9,792,451
Total Operating Expenses	\$ 16,547,195	\$ 15,255,865	\$ 14,099,226	\$ 15,417,759
Total of Federal Awards	\$ 13,625,409	\$ 13,240,660	\$ 12,256,697	\$ 11,904,167

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

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, 64%, 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, 2022**

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 2022 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, (2021 was also 84% 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, 2022**

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, 2022 was \$11,596,028 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and construction in progress. The total decrease during the year in the Authority's investment in capital assets was \$1,219,638 or 10% percent. Major capital expenditures of \$58,709 were made during the year, and the Authority Primary Government disposed of old office equipment in the amount of \$2,479. Major capital assets events during the fiscal year included the following:

- Upgrades to the Security Camera System
- Installation of New Exterior Lighting Fixtures

	June-22	June-21	Increase (Decrease)
Land	\$ 5,376,000	\$ 5,376,000	\$ -
Building	15,606,571	13,815,787	1,790,784
Furniture, Equipment - Dwelling	1,079,474	1,584,655	(505,181)
Furniture, Equipment - Administration	1,200,857	1,155,665	45,192
Leasehold Improvements	-	1,272,086	(1,272,086)
Construction in Process	625,964	628,443	(2,479)
Total Capital Assets	23,888,866	23,832,636	56,230
Less: Accumulated Depreciation	(11,187,838)	(10,706,301)	(481,537)
Net Book Value	\$ 12,701,028	\$ 13,126,335	\$ (425,307)

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, 2022 is \$1,105,000. A full disclosure of the long-term debt payable on June 30, 2022 can be found in Note- 18.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

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 2023 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, 2023.

- 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, 2022

	June 30, 2022		
	Primary Government	Component Units (Dec 2021)	Total (Memorandum)
Assets			
Current Assets:			
Cash and Cash Equivalents- Unrestricted	\$ 10,270,768	\$ 1,698,532	\$ 11,969,300
Cash and Cash Equivalents- Restricted	1,911,882	-	1,911,882
Cash and Cash Equivalents	<u>12,182,650</u>	<u>1,698,532</u>	<u>13,881,182</u>
Accounts Receivables, Net of Allowances	1,833,759	-	1,833,759
Prepaid Expenses	98,096	3,730	101,826
Total Current Assets	<u>14,114,505</u>	<u>1,702,262</u>	<u>15,816,767</u>
Noncurrent Assets			
Capital Assets			
Land	5,376,000	263,043	5,639,043
Building	15,606,571	-	15,606,571
Furniture, Equipment - Dwelling	1,079,474	-	1,079,474
Furniture, Equipment - Administration	1,200,857	-	1,200,857
Construction in Process	625,964	-	625,964
Total Capital Assets	<u>23,888,866</u>	<u>263,043</u>	<u>24,151,909</u>
Less: Accumulated Depreciation	<u>(11,187,838)</u>	<u>-</u>	<u>(11,187,838)</u>
Net Book Value	<u>12,701,028</u>	<u>263,043</u>	<u>12,964,071</u>
Notes Receivable - Non Current	10,287,964	-	10,287,964
Investment in Joint Ventures	-	103,392	103,392
Leases Receivable -Non Current	589,474	-	589,474
Total Other Assets	<u>10,877,438</u>	<u>103,392</u>	<u>10,980,830</u>
Total Assets	<u>37,692,971</u>	<u>2,068,697</u>	<u>39,761,668</u>
Deferred Outflow of Resources			
State of New Jersey PERS and OPEB	<u>2,564,857</u>	<u>-</u>	<u>2,564,857</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 40,257,828</u>	<u>\$ 2,068,697</u>	<u>\$ 42,326,525</u>

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022**

	June 30, 2022		
	Primary Government	Component Units (Dec 2021)	Total (Memorandum)
Liabilities			
Current Liabilities:			
Accounts Payable	\$ 1,913,931	\$ 111,203	\$ 2,025,134
Accrued Liabilities	107,003	-	107,003
Unearned Revenue	1,447	-	1,447
Tenant Security Deposit Payable	23,867	-	23,867
Long Term Debt - Current	135,000	50,000	185,000
Total Current Liabilities	<u>2,181,248</u>	<u>161,203</u>	<u>2,342,451</u>
Noncurrent Liabilities			
Long Term Debt - Non Current	970,000	100,000	1,070,000
Accrued Compensated Absences - Long-Term	177,956	-	177,956
Non Current Liabilities - Other	169,719	-	169,719
Leases Receivable -Non Current	457,826	-	457,826
Accrued Other Post-Employment Benefits Liabilities	10,840,814	-	10,840,814
Total Noncurrent Liabilities	<u>12,616,315</u>	<u>100,000</u>	<u>12,716,315</u>
 Total Liabilities	 <u>14,797,563</u>	 <u>261,203</u>	 <u>15,058,766</u>
Deferred Inflow of Resources			
State of New Jersey PERS and OPEB	<u>7,409,455</u>	<u>-</u>	<u>7,409,455</u>
Net Position:			
Net Investment in Capital Assets	11,596,028	113,043	11,709,071
Restricted	1,781,360	-	1,781,360
Unrestricted	4,673,422	1,694,451	6,367,873
Total Net Position	<u>18,050,810</u>	<u>1,807,494</u>	<u>19,858,304</u>
 Total Liabilities, Deferred Inflow of Resources, and Net Position	 <u>\$ 40,257,828</u>	 <u>\$ 2,068,697</u>	 <u>\$ 42,326,525</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, 2022**

	June 30, 2022		
	Primary Government	Component Units (Dec 2021)	Total (Memorandum)
Revenue:			
Tenant Rental Revenue	\$ 915,915	\$ -	\$ 915,915
HUD PHA Operating Grants	13,490,409	-	13,490,409
Fraud Recovery	33,458	-	33,458
Other Revenue	1,648,079	545,269	2,193,348
Total Revenue	<u>16,087,861</u>	<u>545,269</u>	<u>16,633,130</u>
Operating Expenses:			
Administrative Expense	2,469,722	53,934	2,523,656
Tenant Services	176,427	-	176,427
Utilities Expense	495,150	345	495,495
Maintenance Expense	1,431,003	1,991	1,432,994
Protective Services Expense	246,616	-	246,616
Other Operating Expenses	866,649	11,194	877,843
Housing Assistance Payments	10,380,091	-	10,380,091
Depreciations Expense	481,537	-	481,537
Total Operating Expenses	<u>16,547,195</u>	<u>67,464</u>	<u>16,614,659</u>
Excess (Expenses) Revenue From Operations	(459,334)	477,805	18,471
Non Operating Income and (Expenses):			
Investment Income	6,126		6,126
Extraordinary Maintenance	(3,990)		(3,990)
Excess Operating (Expenses) Revenue Before Capital Grant Contributions	(457,198)	477,805	20,607
Capital Grants	135,000	-	135,000
Change in Net Position	<u>(322,198)</u>	<u>477,805</u>	<u>155,607</u>
Beginning Net Position	17,063,670	1,342,876	18,406,546
Prior Period Adjustments	1,309,338	(13,187)	1,296,151
Beginning Net Position, Restated	<u>18,373,008</u>	<u>1,329,689</u>	<u>19,702,697</u>
Ending Net Position	<u>\$ 18,050,810</u>	<u>\$ 1,807,494</u>	<u>\$ 19,858,304</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, 2022**

	June 30, 2022		
	Primary Government	Component Units (Dec 2021)	Total (Memorandum)
Cash Flow From Operating Activities			
Receipts from Tenants	\$ 896,386	\$ -	\$ 896,386
Receipts from Federal Grants	13,494,432	-	13,494,432
Receipts from Misc. Sources	2,599,147	545,694	3,144,841
Payments to Vendors and Suppliers	(993,826)	(110,658)	(1,104,484)
Payments for Housing Assistance Payments	(10,380,091)	-	(10,380,091)
Payments to Employees	(2,396,775)	-	(2,396,775)
Payment of Employee Benefits	(1,149,139)	-	(1,149,139)
Payment of Utilities Expenses	(459,863)	-	(459,863)
Net Cash Provided by Operating Activities	<u>1,610,271</u>	<u>435,036</u>	<u>2,045,307</u>
Cash Flow From Capital and Related Financing Activities			
Receipts from Capital Grants	135,000	-	135,000
Acquisitions and Construction of Capital Assets	(58,709)	-	(58,709)
Accrued Other Post-Employment Benefits Liabilities	(2,868,929)	-	(2,868,929)
(Payment) in Non Current Liabilities - Other	(14,015)	-	(14,015)
Principal Payment on Debt	(135,000)	(100,000)	(235,000)
Net Effect of Deferred Inflows and Outflows	1,735,543	-	1,735,543
Decrease in Investment in Joint Ventures	-	46	46
Decrease in Notes Receivable - Non Current	100,000	-	100,000
Lease Receivable - Non Current	(227,173)	-	(227,173)
Net Cash (Used) by Capital and Related Financing Activities	<u>(1,333,283)</u>	<u>(99,954)</u>	<u>(1,433,237)</u>
Cash Flow From Investing Activities			
Interest Income	6,126	-	6,126
Net Cash Provided by Investing Activities	<u>6,126</u>	<u>-</u>	<u>6,126</u>
Net Increase in Cash and Cash Equivalents	283,114	335,082	618,196
Beginning Cash	<u>11,899,536</u>	<u>1,363,450</u>	<u>13,262,986</u>
Ending Cash	<u>\$ 12,182,650</u>	<u>\$ 1,698,532</u>	<u>\$ 13,881,182</u>
Reconciliation of Cash Balances:			
Cash and Cash Equivalents - Unrestricted	\$ 10,270,768	\$ 1,698,532	\$ 11,969,300
Cash and Cash Equivalents - Restricted	1,911,882	-	1,911,882
Total Ending Cash	<u>\$ 12,182,650</u>	<u>\$ 1,698,532</u>	<u>\$ 13,881,182</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, 2022

	June 30, 2022		
	Primary Government	Component Units (Dec 2021)	Total (Memorandum)
Provided by Operating Activities	\$ (459,334)	\$ 477,805	\$ 18,471
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:			
Depreciation Expense	481,537	-	481,537
(Increase) Decrease in:			
Accounts Receivables	(1,058,088)	425	(1,057,663)
Prepaid Expenses	(10,508)	3,608	(6,900)
Increase (Decrease) in:			
Accounts Payable	1,432,510	(33,615)	1,398,895
Accrued Liabilities	(76,024)	-	(76,024)
Unearned Revenues	1,447	-	1,447
Other Current Liabilities	(53,393)	-	(53,393)
Tenant Security Deposit Payable	700	-	700
Long Term Compensated Absences	46,076	-	46,076
Prior Period Adjustment	1,309,338	(13,187)	1,296,151
Extraordinary Maintenance	(3,990)	-	(3,990)
Net Cash Provided by Operating Activities	<u>\$ 1,610,271</u>	<u>\$ 435,036</u>	<u>\$ 2,045,307</u>
Supplementary information			
Interest Expense Paid during the Year	<u>\$ 28,317</u>	<u>\$ -</u>	<u>\$ 28,317</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

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, 2022

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.

The Authority adopted in July 2021, GASB Statement No. 87, *Accounting for Leases*. This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease receivables and liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

Significant Accounting Policies -Continued

Component Units – Discretely Presented

Maestro Community Development Corporation and Shorepoint Corporation are organized as a not-for-profit entity. These entities 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 for the Maestro Community Development Corporation and Shorepoint Corporation; these entities are being reported as discretely present component units. Therefore, the activity of this nonprofit corporation is presented as a component unit on the Authority's electronically filed financial data schedule.

The method of accounting for the component unit 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, 2021.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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 like 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.

Revenue Recognition

The major sources of income for the Authority are HUD operating subsidies, rental payments from tenants, and other sources such as miscellaneous fees, management fees, cell phone tower rental income, and HAP portability payments. The Authority recognizes short-term rental income from tenants who have signed a lease agreement for less than one year, in accordance with HUD guidelines. The Authority considers both rental income and subsidies to be exempt from compliance with ASC 606 as they are covered under current and future lease standards. However, tenant reimbursements for costs like utilities, which are based on consumption, are subject to ASC 606 and recognized as revenue when incurred. Additionally, the Authority also generates revenue from miscellaneous fees, portability payments, administrative management fees all of which are considered integral to the primary operations and are recognized as revenue at the time they are received.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements June 30, 2022

Basis of Accounting - Continued

The Authority provides housing assistance payments to participating owners on behalf of eligible tenants. The Authority also provides decent, safe, and sanitary housing for extremely low and very low-income families. 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. 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 accounts receivable and any amounts received for subsequent period are recorded as deferred revenue.

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.

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. In accordance with GASB Statement No. 34 (as amended), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("Statement"). The Statement requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. The Statement also requires the Authority to include Management's Discussion and Analysis as part of Required Supplementary Information.

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.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

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.

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. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts.

3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight-line basis.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

Other accounting policies - Continued

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

5 – Operating subsidies received from HUD are recorded as income when earned.

6 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.

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

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- 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.

12- 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.

13 - 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.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

Other accounting policies - Continued

14- 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.

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, 2022

Other accounting policies - Continued

16 - Operating and non-operating revenues and expenses

The major sources of revenue are HUD operating subsidies, tenants dwelling rents, and other revenue. Other revenue composed primarily of miscellaneous fees from the tenant, management fees, cell phone tower income, and HAP portability payments that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities.

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 expenses include wages, utilities, maintenance, depreciation of capital assets, administrative expenses and all other expenses relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities.

Non-Operating Revenue and Expenses

Authority's nonoperating revenues relate primarily to capital grants provided by HUD and interest income. For reporting purposes, capital grant revenue is recognized when expenditures are incurred, and advance receipts are initially recorded as unearned revenue. Nonoperating expenses are expenditures derived from transactions other than those associated with the Authority's primary housing operations and are reported as incurred.

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 2022.

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.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

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.

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.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements June 30, 2022

Activities- Continued

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.

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.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

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, 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.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

Revenue from Rental Contracts

The Authority recognizes rental revenue from tenants who have signed a lease agreement for a unit in the development. The lease agreement gives the tenant the right to use the unit until the end of the lease term or until the tenant or landlord cancels the agreement due to a valid reason. The lease term is usually one year, but can be modified before move-in if mutually agreed upon by the landlord and tenant. The tenant must meet income requirements set by HUD before being allowed to occupy the unit.

All lease contract revenue has been grouped under the heading of rental revenue in the income statement, as the terms of the lease agreements are similar. The rental revenue is recognized at the end of each month once the performance obligation of providing a unit to the tenant is fulfilled. This includes the maintenance services required to keep the tenant's unit and the building in good condition. Since these services are performed simultaneously each month, they are considered part of the performance obligation.

Tenants are expected to make rental payments on the first day of each month of the lease term. The monthly rent is determined based on HUD guidelines. Tenants who do not make a payment by the fifth day of the month will be charged a late fee. Rent payments received in advance of the first day of the month are recorded as deferred revenue, as the conditions for recognizing the revenue will not be met until the end of the following month.

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 those estimates, particularly given that the COVID-19 pandemic continues to create financial uncertainty throughout the economy. The most significant estimates included in the preparation of the financial statements are allowance for doubtful accounts and estimated fixed asset lives.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

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 2022 amounted to \$279,341.

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 21 – Accrued Pension Liability.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

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

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.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED

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

Depository Accounts	Primary Government	December-21 Component Units
Insured	\$ 503,724	\$ 296,842
Collateralized held by pledging bank's trust department in the Authority's name	11,678,926	-
Uninsured	-	1,401,690
Total Cash, Cash Equivalents and Investments	\$12,182,650	\$ 1,698,532

Credit Risk

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 have 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, 2022, in the amount of \$1,911,882 which consists of the following:

	June-22
HCV HAP Reserves	\$ 82,067
FSS Participants	105,219
Tenant Security Deposits	25,303
Current Payment for CFFP Bond	3,473
Seaview Sale Proceeds	1,695,697
COCC Program Reserves	123
Total Restricted Cash	\$ 1,911,882

The restricted cash in the amount of \$82,067 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.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED

Restricted Cash -continued

The Authority has restricted cash on June 30, 2022, in the amount of \$25,303. 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, 2022, is \$105,219.

Investments

The Authority’s primary government investments on June 30, 2022, 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	3,977,257
Total Investments		<u>\$ 4,293,675</u>

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts Receivable for the Authority primary government on June 30, 2022, consists of the following:

	<u>Primary Government</u>
Tenants Accounts Receivable - Present	\$ 45,629
Less: Allowance for Doubtful Accounts	(2,869)
Net Tenants Accounts Receivable	<u>42,760</u>
Tenants Accounts Receivable - Fraud	261,299
Less: Allowance for Doubtful Accounts	<u>(258,017)</u>
Net Tenants Accounts Receivable -Fraud	<u>3,282</u>
Accounts Receivable - HUD	525,280
Accounts Receivable - Limited Partnerships	1,274,697
Accounts Receivable - Other	13,525
Accounts Receivable - Other Government	13,400
Cell Phone Tower Receivable -Current	40,944
Allowance for Doubtfull Accounts - Other	<u>(80,129)</u>
Net Other Receivables	<u>1,787,717</u>
Net Accounts Receivable	<u>\$ 1,833,759</u>

Tenant rents are due on the first day of each month. If a rent payment is not received by the 5th day of the month, it is considered past due and late fees are applied. The Authority records its accounts receivable at cost minus an allowance for doubtful accounts, which is established as needed based on factors such as historical collection experience, the current state of accounts receivable, economic conditions, and other considerations. This process involves assessing the creditworthiness of individual tenants and the portfolio as a whole. The determination of the collectability of amounts due requires the Authority to make judgments about future events and trends. The increase in the allowance for doubtful accounts is mainly due to the economic impact of COVID-19, as reflected in bad debt expenses. Management continually monitors tenant payment patterns, investigates past-due accounts, and stays informed of industry and economic trends to estimate the necessary allowances.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

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, 2022, and the component units as of December 31, 2021, consists of the following:

	Primary Government	Component Units
Prepaid Insurance Premiums	\$ 93,107	\$ 3,730
Inventories - Net of Allowance	4,989	-
Total Prepaid Expenses	<u>\$ 98,096</u>	<u>\$ 3,730</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, 2022, 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, 2022, was \$481,537. 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, 2022

NOTE 8 - FIXED ASSETS - CONTINUED

The Authority assesses the value of its real estate investments on an ongoing basis to ensure that their carrying amount reflects their current worth. If any events or changes in circumstances suggest that the value of a property may not be recoverable through future cash flows, the Authority will compare the carrying amount of the asset to its estimated future net cash flows and expected sale proceeds. If the assets are found to be impaired, the Authority will recognize the impairment loss by calculating the difference between the carrying amount and the fair value, which is determined using appraisals, discounted cash flow analysis, or other valuation methods. No impairments were reported for the year 2022.

Below is a schedule of changes in fixed assets for the Authority primary government for the twelve months ending June 30, 2022, and the component unit as of December 31, 2021:

<u>Primary Government</u>	June 30, 2021	Additions	Transfers	Disposal	June 30, 2022
Land and Improvements	\$ 5,376,000	\$ -			\$ 5,376,000
Building	13,815,787	13,517	1,777,267	-	15,606,571
Furniture, Equipment - Dwelling	1,584,655	-	(505,181)	-	1,079,474
Furniture, Equipment - Administration	1,155,665	45,192	-	-	1,200,857
Leasehold Improvements	1,272,086	-	(1,272,086)	-	-
Construction in Process	628,443	-	-	(2,479)	625,964
Total Fixed Assets	23,832,636	58,709	-	(2,479)	23,888,866
Accumulated Depreciation	(10,706,301)	(481,537)	-	-	(11,187,838)
Net Book Value	\$ 13,126,335	\$ (422,828)	\$ -	\$ (2,479)	12,701,028

Component Units

	December-20	Additions	December-21
Land	\$ 263,043	\$ -	\$ 263,043

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

NOTE 8 - FIXED ASSETS - CONTINUED

Below is a schedule of the net book value of the fixed assets for the Authority primary government as of June 30, 2022:

	Primary Government
Land and Improvements	\$ 5,376,000
Building	6,151,195
Furniture, Equipment - Dwelling	337,292
Furniture, Equipment - Administration	210,577
Construction in Process	625,964
Net Book Value	\$ 12,701,028

NOTE 9- NOTES RECEIVABLE

The Authority primary government has five (8) notes receivable non-current. The account balance on June 30, 2022, consists of:

	Original Note	Accrued Interest	Present Value	Allowance for Doubtful	Net Book Value
Grant Court Housing Urban Renewal Assoc., LLC	\$ 1,604,208	\$ 980,463	\$ 2,584,671	\$ (980,463)	\$ 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	-	150,000	-	150,000
Total	\$ 10,537,964	\$ 4,018,989	\$ 14,306,953	\$ (4,018,989)	\$ 10,287,964

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

NOTE 9- NOTES RECEIVABLE - CONTINUED

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.

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 principals are 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, 2022 was \$275,829.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

NOTE 9- NOTES RECEIVABLE – CONTINUED

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 \$150,000 bears no interest.

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, 2021, was \$103,438.

NOTE 11 – LEASE RECEIVABLE

The Authority entered into 2 leases to rent roof top space for cell phone towers for 300 months. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 6%. In fiscal year 2022, the Authority recognized \$39,074 of lease revenue. Future minimum lease receivable under operating leases as of June 30, 2022, are as follows

June-23	\$	40,944
June-24		43,174
June-25		45,383
June-26		47,706
June-27		50,146
Subtotal		227,353
Therafter		403,065
Total Lease Receivable	\$	<u>630,418</u>

Deferred inflow, \$457,826 of lease receivable payments refers to the recognition of lease payments that have not been received and not earned. The amount is recorded as deferred revenue and is recognized as revenue over the life of the lease. The deferred revenue is amortized over a straight-line method with an equal portion of revenue being recognized in each year.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

NOTE 12 – 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 20 and 21 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.

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

Deferred Outflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ 179,850	\$ 44,565	\$ 224,415
Changes in Assumptions	1,152,999	14,716	1,167,715
Net Difference Between Projected and Actual Earning on Pension Plan Investments	3,832	-	3,832
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	833,196	335,699	1,168,895
Total	<u>\$ 2,169,877</u>	<u>\$ 394,980</u>	<u>\$ 2,564,857</u>

Deferred Inflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ 1,676,882	\$ 20,229	\$ 1,697,111
Changes in Assumptions	1,416,767	1,005,964	2,422,731
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	744,361	744,361
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	1,221,749	1,323,503	2,545,252
Total	<u>\$ 4,315,398</u>	<u>\$ 3,094,057</u>	<u>\$ 7,409,455</u>

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

NOTE 12 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED

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 \$224,415 and \$1,697,111.

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 \$1,167,715 and \$2,422,731.

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

The difference between the System's expected rate of return of and the actual investment earnings on pension plan investments is amortized over a five-year closed period in accordance with GASB #68 and #75. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$3,832 and \$744,361.

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 \$1,168,895 and \$2,545,252.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements
June 30, 2022

NOTE 13 – ACCOUNTS PAYABLE

The Authority reported accounts payable on its Statement of Net Position section of the as of June 30, 2022. 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, 2022, and the component units as of December 31, 2021, consists of the following:

	Primary Government	Component Units
Accounts Payable Vendors	\$ 1,727,697	\$ 111,203
Accounts Payable - P.I.L.O.T.	186,234	-
Total Accounts Payable	<u>\$ 1,913,931</u>	<u>\$ 111,203</u>

NOTE 14 – 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, 2022, PILOT expense of \$43,339 was incurred. The Authority PILOT payable balance on June 30, 2022, was \$186,234.

NOTE 15 – ACCRUED EXPENSES

Accrued expenses are Authority expenses that have been incurred but not yet paid. These expenses are recognized in the financial statements before payment has actually been made, and typically refer to items such as salaries, interest, and taxes. Accrued expenses on June 30, 2022, consisted of the following:

	Primary Government
Compensated Absences - Current Portion	\$ 42,750
Accrued Wages / Payroll Taxes	60,008
Accrued Interest Payable	4,245
Total Accrued Liabilities	<u>\$ 107,003</u>

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

NOTE 16 – 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, 2022, as follows:

	<u>June-22</u>
Accumulated Sick Time	\$ 96,691
Accumulated Vacation Time	108,331
Accrued Payroll Taxes	<u>15,684</u>
Total	220,706
Compensated Absences - Current Portion	<u>(42,750)</u>
Total Compensated Absences - Noncurrent	<u><u>\$ 177,956</u></u>

NOTE 17 – 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. Subject to ASC 606, rental payments with acceptance provisions and future delivery commitments, wherein the Authority has not completed its obligations under the lease, are also offset against the associated accounts receivable since the requirements for revenue recognition have not been met. In subsequent periods, when the Authority has a legal claim to the resources, the liability for unearned revenue is removed from the Statement of Net Position and the revenue is recognized. The deferred revenue for June 30, 2022, consisted of the prepaid July 2022 tenant rents.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

NOTE 18 – LONG TERM DEBT

On June 30, 2022, the Authority primary government has three (3) notes payable and Maestro Community Development Corporation (Component Unit) has one (1) note payable on December 31, 2021. They consist of the following:

	Primary Government	Component Units
Note Payable - Current Portion	\$ 135,000	\$ 50,000
Note Payable - Non Current	970,000	100,000
Total Note Payable	<u>\$ 1,105,000</u>	<u>\$ 150,000</u>

On June 30, 2022, the Authority primary government had the following loans payable

Below is the change in long term debt for June 30, 2022:

	Balance June 30, 2021	Payment	Balance June 30, 2022
State Leveraging - CFP	\$ 635,000	\$ (135,000)	\$ 500,000
Seaview Housing Urban Renewal	220,000	-	220,000
Grant Court Housing Urban Renewal	385,000	-	385,000
Subtotal Primary Government	<u>1,240,000</u>	<u>(135,000)</u>	<u>1,105,000</u>
Maestro CDC - Component Unit	250,000	(100,000)	150,000
Total	<u>\$ 1,490,000</u>	<u>\$ (235,000)</u>	<u>\$ 1,255,000</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, 2022

NOTE 18 – 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, 2023	\$	135,000
June 30, 2025		145,000
June 30, 2026		145,000
June 30, 2027		75,000
Total Outstanding Balance	\$	<u>500,000</u>

The interest payable for November 1, 2022, is \$12,250.

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, 2021, the amount payable by the Corporation is \$150,000.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

NOTE 18 – LONG TERM DEBT - CONTINUED

The schedule of the future maturities and total debt service of the note payable as of December 31, 2021, is as follows:

December 31, 2022	\$	50,000
December 31, 2023		50,000
December 31, 2024		50,000
Total Outstanding Balance	\$	<u>150,000</u>

NOTE 19 – NON-CURRENT LIABILITY

A non-current liability is a long-term debt obligation that is due beyond 12 months or beyond the normal operating cycle of the Authority. It refers to any financial obligation or responsibility that the Authority is obligated to pay at a future date and is expected to last longer than one year. The noncurrent liability on June 30, 2022, consisted of the following:

	<u>June-22</u>
HCV- FSS Payable	\$ 105,219
NJHMFA - Unredeemed Bonds	<u>64,500</u>
Total NonCurrent Liabilities - Other	<u>\$ 169,719</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, 2022

NOTE 20 – ACCRUED PENSION AND OPEB LIABILITIES

The Authority as of June 30, 2022, reported accrued pension and OPEB liability amounts as follows:

	<u>June-22</u>
Accrued OPEB	\$ 8,015,123
Accrued Pension	2,825,691
Total OPEB and Pension Payable	<u>\$ 10,840,814</u>

These amounts arose due to adoption of GASB #75 in 2018 year as well as GASB #68 which was adopted in 2015 year. This note will discuss the liability associated with GASB #75, which is accrued other postemployment benefits. Note - 21 will discuss the effect of GASB #68 and the pension liability which arose from that.

OPEB Liability

The Authority as of June 30, 2022, reported a net OPEB liability in the amount of \$8,015,123 due to GASB #75. The component of the current year net OPEB liability of the Authority as of June 30, 2021, the last evaluation date, is as follows:

	<u>OPEB</u>
Employer OPEB Liability	\$ 8,037,508
Plan Net Position	(22,385)
Employer Net OPEB Liability	<u>\$ 8,015,123</u>

The Authority allocation percentage is 0.044529% as of June 30, 2021.

OPEB Liability – Plan Description and Benefits Provided

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

Benefits Provided: The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

NOTE 20 – OTHER POST EMPLOYMENT BENEFITS - CONTINUED

Benefits Provided -Continued

Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission.

Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who:

- 1) retired on a disability pension; or
- 2) retired with 25 or more years of 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, 2022, were \$8,015,123.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements
June 30, 2022

NOTE 20 – OTHER POST EMPLOYMENT BENEFITS- CONTINUED

Employees covered by benefits terms: On June 30, 2021 (the census date), the following employees were covered by the benefits terms:

Total Plan Members 47

Net OPEB Liability

The total OPEB liability as of June 30, 2021, latest report, was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. 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, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement, unless otherwise specified:

Inflation Rate = 2.16%
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-2021 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-2021 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-2021 scale.

Certain actuarial assumptions used in the June 30, 2021, 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, 2021 and July 1, 2014 to June 30, 2021, 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, 2022

NOTE 20 – 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, 2021, was 2.16%. 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 (1.16%) or one percentage point higher (3.16%) than the current discount rate:

	<u>Discount Rate Sensitivity</u>		
	1% Decrease	Current Rate	1% Increase
	1.16%	2.16%	3.16%
Total OPEB Liability	\$ 9,432,262	\$ 8,015,123	\$ 6,892,009

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	\$ 6,687,312	\$ 8,015,123	\$ 9,747,751

Change in Assumptions: Effective June 30, 2021.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

NOTE 20 – 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 2021.

Changes in Net OPEB Liability:

<u>Total OPEB Liability</u>	<u>2022</u>
Service Cost	\$ 376,749
Interest on Total OPEB liability	184,278
Expected Investment Return	(1,061)
Administrative Expenses	5,047
Current Period Deferred Inflows/Outflows of Resources	904
Changes in Assumptions or Other Inputs	(313,290)
Net Difference Between Projected and Actual Investments Earning on Pension Plan Investments	(1,021,474)
Benefit Payments	-
Change in Plan	-
Net Change in Total OPEB Liability	<u>(768,847)</u>
Total OPEB Liability, Beginning	<u>8,783,970</u>
Total OPEB Liability, Ending	<u>\$ 8,015,123</u>

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

NOTE 20 – OPEB LIABILITIES - CONTINUED

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

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

Year Ending June 30, 2022	\$ (478,577)
Year Ending June 30, 2023	(479,206)
Year Ending June 30, 2024	(479,782)
Year Ending June 30, 2025	(342,614)
Year Ending June 30, 2026	(57,596)
Therafter	80,807
Total	<u>\$ (1,756,968)</u>

NOTE 21 – ACCRUED PENSION LIABILITY

Net Pension Liability Information

The Authority as of June 30, 2022, reported a net pension liability in the amount of \$2,825,691 due to GASB #68. The component of the current year net pension liability of the Authority as of June 30, 2021, the last evaluation date, is as follows:

	<u>June-21</u>
Employer Total Pension Liability	\$ 9,626,783
Plan Net Position	<u>(6,801,092)</u>
Employer Net Pension Liability	<u>\$ 2,825,691</u>

The Authority allocation percentage is 0.0238525429% as of June 30, 2021.

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.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

NOTE 21 – ACCRUED PENSION LIABILITY - CONTINUED

Net Pension Liability Information

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The Authority participates in the State of New Jersey, Public Employees' Retirement System (PERS).

The following represents the membership tiers for PERS:

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

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012, and will be adjusted by the rate of return on the actuarial value of assets.

Allocation Percentage Methodology

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

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

NOTE 21 – ACCRUED PENSION LIABILITY – CONTINUED

Allocation Percentage Methodology

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, 2021, are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2021.

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 2021 the State's pension contribution was less than the actuarial determined amount.

Actuarial Assumptions

The total pension liability for June 30, 2021, measurement dates were determined by using an actuarial valuation as of July 1, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. 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 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

NOTE 21 – ACCRUED PENSION LIABILITY - CONTINUED

Actuarial Assumptions – Continued

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021, as summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

NOTE 21 – ACCRUED PENSION LIABILITY - CONTINUED

Discount Rate -continued

Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments 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:

	<u>1% Decrease</u> <u>(6.0%)</u>	<u>Current</u> <u>Discount</u> <u>(7.0%)</u>	<u>1% Increase</u> <u>(8.0%)</u>
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,944,519	\$ 2,825,691	\$ 791,590

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, 2022	\$ (666,740)
Year Ending June 30, 2023	(476,051)
Year Ending June 30, 2024	(324,585)
Year Ending June 30, 2025	(243,992)
Year Ending June 30, 2026	95
Total	\$ (1,711,273)

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 5.13, 5.16, 5.21, 5.63, 5.48 and 5.57 years for the 2021, 2020, 2019, 2018, 2017, and 2016 amounts, respectively.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

NOTE 21 – ACCRUED PENSION LIABILITY – CONTINUED

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, 2021, are as follows:

Service Cost	\$	165,257
Interest on the Total Pension Liability		649,415
Benefits Changes		-
Member Contributions		(134,451)
Administrative Expenses		2,351
Expected Investment Return Net of Investment Expenses		(354,294)
Pension Expense Related to Specific Liabilities of Individual Employers		(1,656)
Current Period Recognition (Amortization) of Deferred Outflows and Inflows of Resources:		
Difference Between Expected and Actual Experience		18,197
Changes of Assumptions		(492,950)
Differences Between Projected and Actual Investment Earnings on Pension Plan Investments		(235,087)
Total	\$	<u>(383,219)</u>

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements
June 30, 2022

NOTE 22 – 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, 2021	\$ 12,815,666	\$ 263,043
Fixed Asset Acquisitions	58,709	-
Restatement of Debt Amp#11, #12, #13	(929,331)	(150,000)
Payment of Principal on Debt	135,000	-
Depreciation Expense	(481,537)	-
Disposal of Fixed Asset	(2,479)	-
Balance June 30, 2022	<u>\$ 11,596,028</u>	<u>\$ 113,043</u>

NOTE 23 – RESTRICTED NET POSITION

The Authority restricted net position for the Authority primary government account balance on June 30, 2022, is \$1,781,360. The detail of the restricted reserve account balances is as follows:

	June-22
HCV- HAP Reserves	\$ 82,067
CFFP Bonds Proceeds	3,473
Seaview Sale Proceeds	1,695,697
COCC Program Reserves	123
Total Restricted Net Position	<u>\$ 1,781,360</u>

Housing Choice Voucher Program HUD Held Reserves Funds

Effective January 1, 2012, HUD was required to control the disbursement of funds in such a way that the Authority does not receive funds before they are needed, resulting in the re-establishment of HUD held program reserves to comply with the Treasury requirements. HUD held reserve is a holding account at the HUD level that maintains the excess of HAP funds that have been obligated (ABA) but undisbursed to the Authority. The excess HAP funds will remain obligated but not disbursed to the Authority. HUD will hold these funds until needed by the Authority. The amount of HUD held reserves for the Authority on June 30, 2022, was \$857,079.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

NOTE 24 – UNRESTRICTED NET POSITION

The Authority's primary government unrestricted net position account balance on June 30, 2022, is \$4,673,422. The detail of the account balance is as follows:

	PIH Program Reserves	HCV Program Reserve	Business Activities	COCC	Total
Balance June 30, 2021	\$ 12,881,498	\$ (2,176,556)	\$ 2,278,971	\$ (10,440,439)	\$ 2,543,474
Increase During the Year	1,161,543	82,741	-	-	1,244,284
Decrease During the Year	-	-	-	(423,674)	(423,674)
Prior Period Adjustments	101,426	(55,914)	-	1,263,826	1,309,338
Balance June 30, 2022	<u>\$ 14,144,467</u>	<u>\$ (2,149,729)</u>	<u>\$ 2,278,971</u>	<u>\$ (9,600,287)</u>	<u>\$ 4,673,422</u>

NOTE 25 – 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, 2022, 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 26 - 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, 2022, were \$1,817,488.

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, 2022, was in the amount of \$11,347,453.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

NOTE 27 - 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 \$13,625,409 to the Authority which represents approximately 84% percent of the Authority's total revenue for the year ended June 30, 2022.

NOTE 28 - CONTINGENCIES AND COMMITMENTS

Litigation – On June 30, 2022, 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 year ended June 30, 2022.

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.

Construction Commitments

On June 30, 2022, 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.

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Notes to Financial Statements

June 30, 2022

NOTE 29 – PRIOR PERIOD ADJUSTMENT

For year ending June 30, 2022

As of June 30, 2022, the Authority had several prior period adjustments in the amount of \$1,309,338. The Authority needed to adjust the OPEB – Pension payable from previous years in the amount of \$1,133,338. The Authority needed to adjust the compensated absences to the new updated policy in the amount of (\$46,417). The Authority needed to adjust prior years accrued expenses in the amount of \$49,825.

The Authority had a prior period adjustment in the implementation of GASB #87 Leases receivable and lease payable in the amount of \$172,592 for the opening balance of June 30, 2021.

Component Unit

As of December 31, 2020, the Maestro Community Development Corporation had a prior period adjustment for adjusting the accounts payable vendor in the amount of (\$13,187) for unrecorded liabilities.

NOTE 30 – 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.

The severity of the impact of COVID-19 on the Authority operations will depend on several factors, including, but limited to, the duration and severity of the pandemic and the extent and severity of the impact on the Authority's tenants, employees and vendors, all of which are uncertain and cannot be predicted. The Authority's future results could be adversely impacted by delays in rent collections. Management is unable to predict with absolute certainty the impact of COVID-19 on its financial conditions, results of operations or cash flows.

Events that occur after the statement of net assets date but before the financial statements were available to be issued, must be evaluated for recognition or disclosed. The effects of subsequent events provide evidence about conditions that existed after the statement of net assets date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority thru February 24, 2023, 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, 2022

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.

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	\$ 376,749	\$ 296,582	\$ 315,910	\$ 406,738	\$ 191,184
Interest on Total OPEB liability	184,278	243,474	301,459	346,763	408,554
Expected Investment Return	(1,061)	(3,736)	(5,349)	(4,261)	-
Administrative Expenses	5,047	4,852	4,492	3,721	-
Current Period Deferred					
Inflows/Outflows of Resources	904	506	(902)	(202,182)	
Changes in Assumptions or Other Inputs	(313,290)	(269,491)	(293,555)	(275,101)	-
Net Difference Between Projected and Actual Investments Earning on Pension Plan Investments	(1,021,474)	2,091,894	(1,012,147)	1,039	
Benefit Payments	-	-	-	-	(272,520)
Change in Plan	-	-	-	(5,303,187)	-
Net Change in Total OPEB Liability	(768,847)	2,364,081	(690,092)	(5,026,470)	327,218
Total OPEB Liability, Beginning	8,783,970	6,419,889	7,109,981	12,136,451	11,809,233
Total OPEB Liability, Ending	\$ 8,015,123	\$ 8,783,970	\$ 6,419,889	\$ 7,109,981	\$ 12,136,451

Covered, Employee Payroll \$ 2,396,775 \$ 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, 2022

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.

	2022	2021	2020	2019
Housing Authority's proportion of the net pension liability	0.0238525429%	0.0302057802%	0.0283303650%	0.0030198348%
Housing Authority's proportionate share of the net pension liability	\$ 2,825,691	\$ 4,925,773	\$ 5,104,702	\$ 5,945,904
Housing Authority's covered employee payroll	\$ 2,396,775	\$ 2,175,414	\$ 2,378,819	\$ 2,749,402
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	117.90%	226.43%	214.59%	216.26%
Plan fiduciary net position as a percentage of the total pension liability	70.65%	75.91%	43.42%	46.41%

**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, 2022

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.

	2018	2017	2016	2015
Housing Authority's proportion of the net pension liability	0.002261780%	0.011778890%	0.032305310%	0.027469190%
Housing Authority's proportionate share of the net pension liability	\$ 6,754,756	\$ 9,036,037	\$ 7,251,894	\$ 5,142,983
Housing Authority's covered employee payroll	\$ 2,714,386	\$ 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	248.85%	349.58%	275.01%	170.10%
Plan fiduciary net position as a percentage of the total pension liability	48.01%	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, 2022

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.

	2022	2021	2020	2019
Contractually required contribution	\$ 279,341	\$ 330,436	\$ 275,571	\$ 300,376
Contribution in relation to the contractually required contribution	(279,341)	(330,436)	(275,571)	(300,376)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 2,396,775	\$ 2,175,414	\$ 2,378,819	\$ 2,749,402
Contribution as a percentage of covered employee payroll	11.65%	15.19%	11.58%	10.93%

**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, 2022

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.

	2018	2017	2016	2015
Contractually required contribution	\$ 268,814	\$ 271,042	\$ 277,739	\$ 226,452
Contribution in relation to the contractually required contribution	(268,814)	(271,042)	(277,739)	(226,452)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 2,714,386	\$ 2,584,804	\$ 2,637,001	\$ 3,023,565
Contribution as a percentage of covered employee payroll	9.90%	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, 2022**

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	-	1,817,488	1,817,488	-
<u>PIH CARES ACT</u>					
NJ008-DC	14.PHC	-	43,441	43,441	-
Grant Total 14.850		-	1,860,929	1,860,929	-
<u>Section 8 Housing Choice Voucher Program</u>					
NJ39P008	14.871	-	11,347,453	11,347,453	-
<u>HCV CARES Act Funding</u>					
Grant Total 14.871	14.HCC	-	50,000	50,000	-
		-	11,397,453	11,397,453	-
<u>Public Housing Capital Fund Program</u>					
NJ39P008501	14.872	-	292,964	292,964	-
<u>Resident Opportunity & Supportive Services</u>					
ROSS191317	14.870	-	74,063	74,063	-
Total Expenditures of Federal Awards		\$ -	\$ 13,625,409	\$ 13,625,409	\$ -

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2022**

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, 2022. 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 \$1,105,000 as a loan balance outstanding on June 30, 2022. Note 18 presented on page 50-52 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, 2022.

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2022**

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 \$466,807 during the year ended June 30, 2022.

	CFDA #s	June-22 Expenditures
Seaview Housing Urban Renewal Associates	14.850	\$ 134,727
Garfield Court Urban Renewal Associates	14.850	32,290
Garfield Two Housing Urban Renewal LP	14.850	155,180
Gregory Urban Renewal Associates	14.850	45,159
Gregory Phase 2 Associates	14.850	21,636
Woodrow Wilson Housing Urban Renewal Associates II	14.850	37,317
Woodrow Wilson Housing Three	14.850	40,498
Total Pass-Thru		\$ 466,807

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
STATEMENT AND CERTIFICATION OF
ACTUAL CAPITAL FUND GRANT COST
AS OF JUNE 30, 2022**

	NJ39P008501-09		
	Approved Budget	Actual Cost	Overrun
Management Improvements	\$ 12,218	\$ 12,218	\$ -
Administration	6,399	6,399	-
Fees & Costs	4,160	4,160	-
Site Improvements	15,443	15,443	-
Dwelling Structures	65,958	65,958	-
Non-Dwelling Structures	124,966	124,966	-
Non-Dwelling Equipment	63,054	63,054	-
Debt Obligations	270,329	270,329	-
Total	\$ 562,527	\$ 562,527	\$ -
Funds Advanced	\$ 562,527		
Funds Expended	562,527		
Excess of Funds Advanced	\$ -		

1. The distribution of cost by project and account classification accompanying the Actual Capital Fund Cost Certificates submitted to HUD for approval were in agreement with the Authority's records.
2. All Capital Fund cost have been paid and all related liabilities have been discharged through payment.
3. The Capital Fund Program 501-09 was completed on July 18, 2017.
4. There were no budget overruns noted.

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

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2022

	Project Total	6.1 Component Unit - Discretely	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	14.HCC HCV CARES Act Funding	14.PHC Public Housing CARES Act	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$7,169,188	\$1,698,532	\$2,173,749	\$871,306			\$19,795	\$36,730	\$11,969,300		\$11,969,300
112 Cash - Restricted - Modernization and Development	\$2,402		\$1,695,697	\$82,067					\$1,780,166		\$1,780,166
113 Cash - Other Restricted	\$1,071			\$105,219				\$123	\$106,413		\$106,413
114 Cash - Tenant Security Deposits	\$25,303								\$25,303		\$25,303
115 Cash - Restricted for Payment of Current Liabilities											
100 Total Cash	\$7,197,964	\$1,698,532	\$3,869,446	\$1,058,592	\$0	\$0	\$19,795	\$36,853	\$13,881,182	\$0	\$13,881,182
121 Accounts Receivable - PHA Projects											
122 Accounts Receivable - HUD Other Projects	\$491,750				\$33,530				\$525,280		\$525,280
124 Accounts Receivable - Other Government											
125 Accounts Receivable - Miscellaneous	\$44,444			\$196				\$1,297,926	\$1,342,566		\$1,342,566
126 Accounts Receivable - Tenants	\$43,629							\$2,000	\$45,629		\$45,629
126.1 Allowance for Doubtful Accounts - Tenants	-\$2,869							\$0	-\$2,869		-\$2,869
126.2 Allowance for Doubtful Accounts - Other	\$0			\$0	\$0			-\$80,129	-\$80,129		-\$80,129
127 Notes, Loans, & Mortgages Receivable - Current											
128 Fraud Recovery	\$6,564			\$254,735					\$261,299		\$261,299
128.1 Allowance for Doubtful Accounts - Fraud	-\$3,282			-\$254,735					-\$258,017		-\$258,017
129 Accrued Interest Receivable											
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$580,236	\$0	\$0	\$196	\$33,530	\$0	\$0	\$1,219,797	\$1,833,759	\$0	\$1,833,759
131 Investments - Unrestricted											
132 Investments - Restricted											
135 Investments - Restricted for Payment of Current Liability											
142 Prepaid Expenses and Other Assets	\$37,818	\$3,730		\$20,580				\$34,709	\$66,837		\$66,837
143 Inventories	\$5,869								\$5,869		\$5,869
143.1 Allowance for Obsolete Inventories	-\$880								-\$880		-\$880
144 Inter Program Due From	\$24,246		\$76,774					\$33,530	\$134,550	-\$134,550	\$0
145 Assets Held for Sale											
150 Total Current Assets	\$7,845,253	\$1,702,262	\$3,946,220	\$1,079,968	\$33,530	\$0	\$19,795	\$1,324,889	\$15,951,317	-\$134,550	\$15,816,767
161 Land	\$2,786,000	\$263,043	\$2,590,000						\$5,639,043		\$5,639,043
162 Buildings	\$15,101,390		\$505,181						\$15,606,571		\$15,606,571
163 Furniture, Equipment & Machinery - Dwellings	\$1,079,474								\$1,079,474		\$1,079,474
164 Furniture, Equipment & Machinery - Administration	\$888,466			\$69,628				\$242,763	\$1,200,857		\$1,200,857
165 Leasehold Improvements											
166 Accumulated Depreciation	-\$10,758,872		-\$129,457	-\$69,628				-\$229,881	-\$11,187,838		-\$11,187,838
167 Construction in Progress	\$625,964								\$625,964		\$625,964
168 Infrastructure											
160 Total Capital Assets, Net of Accumulated Depreciation	\$9,722,422	\$263,043	\$2,965,724	\$0	\$0	\$0	\$0	\$12,882	\$12,964,071	\$0	\$12,964,071
171 Notes, Loans and 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	\$589,474								\$589,474		\$589,474
176 Investments in Joint Ventures	\$20,449,860	\$103,392	\$3,115,724	\$0	\$0	\$0	\$0	\$12,882	\$23,944,901	\$0	\$23,944,901
180 Total Non-Current Assets	\$486,178	\$366,435	\$3,115,724	\$0	\$0	\$0	\$0	\$1,628,709	\$2,584,857	\$0	\$2,584,857
200 Deferred Outflow of Resources				\$439,970							

Long Branch Housing Authority (NJ008)
LONG BRANCH, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2022

	Project Total	6.1 Component Unit - Discretely	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	14.HCC HCV CARES Act Funding	14.PHC Public Housing CARES Act	COCC	Subtotal	ELIM	Total
290 Total Assets and Deferred Outflow of Resources	\$28,791,291	\$2,068,697	\$7,061,944	\$1,519,338	\$33,530	\$0	\$19,795	\$2,966,480	\$42,461,075	-\$134,550	\$42,326,525
311 Bank Overdraft											
312 Accounts Payable <= 90 Days	\$79,778	\$34,429		\$16,447			\$19,795	\$1,688,451	\$1,838,900		\$1,838,900
313 Accounts Payable >90 Days Past Due											
321 Accrued Wage/Payroll Taxes Payable	\$18,444		\$5,705	\$12,103				\$29,461	\$60,008		\$60,008
322 Accrued Compensated Absences - Current Portion	\$17,327			\$15,031				\$4,687	\$42,750		\$42,750
324 Accrued Contingency Liability											
325 Accrued Interest Payable	\$4,245								\$4,245		\$4,245
331 Accounts Payable - HUD PHA Programs											
332 Account Payable - PHA Projects											
333 Accounts Payable - Other Government	\$186,234								\$186,234		\$186,234
341 Tenant Security Deposits	\$23,867								\$23,867		\$23,867
342 Unearned Revenue	\$1,447								\$1,447		\$1,447
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$135,000	\$50,000							\$185,000		\$185,000
344 Current Portion of Long-term Debt - Operating Borrowings											
345 Other Current Liabilities											
346 Accrued Liabilities - Other											
347 Inter Program - Due To	\$24,246	\$76,774			\$33,530				\$134,550	-\$134,550	\$0
348 Loan Liability - Current											
310 Total Current Liabilities	\$490,588	\$161,203	\$5,705	\$43,581	\$33,530	\$0	\$19,795	\$1,722,599	\$2,477,001	-\$134,550	\$2,342,451
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$970,000	\$100,000							\$1,070,000		\$1,070,000
352 Long-term Debt, Net of Current - Operating Borrowings											
353 Non-current Liabilities - Other	\$457,826		\$64,500	\$105,219					\$627,545		\$627,545
354 Accrued Compensated Absences - Non Current	\$22,592		\$51,347	\$14,885				\$89,132	\$177,956		\$177,956
355 Loan Liability - Non Current											
356 FASB 5 Liabilities											
357 Accrued Pension and OPEB Liabilities	\$2,582,001			\$1,977,746				\$6,281,067	\$10,840,814		\$10,840,814
350 Total Non-Current Liabilities	\$4,032,419	\$100,000	\$115,847	\$2,097,850	\$0	\$0	\$0	\$6,370,199	\$12,716,315	\$0	\$12,716,315
300 Total Liabilities	\$4,523,007	\$261,203	\$121,552	\$2,141,431	\$33,530	\$0	\$19,795	\$8,092,798	\$15,193,316	-\$134,550	\$15,058,766
400 Deferred Inflow of Resources	\$1,502,922			\$1,445,569				\$4,460,964	\$7,409,455		\$7,409,455
508.3 Nonspendable Fund Balance											
508.4 Net Investment in Capital Assets											
509.3 Restricted Fund Balance	\$8,617,422	\$113,043	\$2,965,724	\$0				\$12,882	\$11,709,071		\$11,709,071
510.3 Committed Fund Balance											
511.3 Assigned Fund Balance											
511.4 Restricted Net Position	\$3,473		\$1,695,697	\$82,067				\$123	\$1,781,360		\$1,781,360
512.3 Unassigned Fund Balance											
512.4 Unrestricted Net Position	\$14,144,467	\$1,694,451	\$2,278,971	-\$2,149,729	\$0	\$0	\$0	-\$9,600,287	\$6,367,873		\$6,367,873
513 Total Equity - Net Assets / Position	\$22,765,362	\$1,807,494	\$6,940,392	-\$2,067,662	\$0	\$0	\$0	-\$9,587,282	\$19,858,304	\$0	\$19,858,304
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$28,791,291	\$2,068,697	\$7,061,944	\$1,519,338	\$33,530	\$0	\$19,795	\$2,966,480	\$42,461,075	-\$134,550	\$42,326,525

Long Branch Housing Authority (NJ008)
LONG BRANCH, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	6.1 Component Unit - Discretely	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	14.HCC HCV CARES Act Funding	14.PHC Public Housing CARES Act	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$892,398								\$892,398		\$892,398
70400 Tenant Revenue - Other	\$18,167							\$5,350	\$23,517		\$23,517
70500 Total Tenant Revenue	\$910,565	\$0	\$0	\$0	\$0	\$0	\$0	\$5,350	\$915,915	\$0	\$915,915
70600 HUD PHA Operating Grants	\$1,975,452			\$11,347,453	\$74,063	\$50,000	\$43,441		\$13,490,409		\$13,490,409
70610 Capital Grants	\$135,000								\$135,000		\$135,000
70710 Management Fee								\$366,626	\$366,626	-\$366,626	\$0
70720 Asset Management Fee								\$26,040	\$26,040	-\$26,040	\$0
70730 Book Keeping Fee								\$88,980	\$88,980	-\$88,980	\$0
70740 Front Line Service Fee											
70750 Other Fees								\$374,303	\$374,303		\$374,303
70700 Total Fee Revenue								\$855,949	\$855,949	-\$481,646	\$374,303
70800 Other Government Grants											
71100 Investment Income - Unrestricted								\$6,125	\$6,125		\$6,125
71200 Mortgage Interest Income											
71300 Proceeds from Disposition of Assets Held for Sale											
71310 Cost of Sale of Assets											
71400 Fraud Recovery				\$33,458					\$33,458		\$33,458
71500 Other Revenue	\$167,996	\$545,269	\$1,091,808	\$2,108				\$11,864	\$1,819,045		\$1,819,045
71600 Gain or Loss on Sale of Capital Assets											
72000 Investment Income - Restricted											
70000 Total Revenue	\$3,189,014	\$545,269	\$1,091,808	\$11,383,019	\$74,063	\$50,000	\$43,441	\$879,288	\$17,255,902	-\$481,646	\$16,774,256
91100 Administrative Salaries	\$205,898	\$30,274	\$197,135	\$279,893	\$41,276	\$35,000		\$742,411	\$1,531,887		\$1,531,887
91200 Auditing Fees	\$9,407			\$7,039					\$16,446		\$16,446
91300 Management Fee	\$184,766			\$181,859					\$366,625	-\$366,625	\$0
91310 Book-keeping Fee	\$18,375			\$70,605					\$88,980	-\$88,980	\$0
91400 Advertising and Marketing	\$45								\$45		\$45
91500 Employee Benefit Contributions - Administrative	\$133,491	\$19,679	\$128,139	\$188,610	\$26,828	\$15,000		\$124,874	\$636,621		\$636,621
91600 Office Expenses	\$8,329	\$3,981		\$9,365	\$1,730			\$75,890	\$99,295		\$99,295
91700 Legal Expense	\$10,067			\$7,380				\$54,787	\$72,234		\$72,234
91800 Travel	\$3,610							\$15,014	\$18,624		\$18,624
91810 Allocated Overhead											
91900 Other	\$29,974			\$21,107	\$4,229			\$93,194	\$148,504		\$148,504
91000 Total Operating - Administrative	\$603,962	\$53,934	\$325,274	\$785,858	\$74,063	\$50,000	\$0	\$1,106,170	\$2,979,261	-\$455,605	\$2,523,656
92000 Asset Management Fee	\$26,040								\$26,040	-\$26,040	\$0
92100 Tenant Services - Salaries	\$30,419		\$69,905						\$100,324		\$100,324
92200 Relocation Costs											
92300 Employee Benefit Contributions - Tenant Services	\$19,678		\$45,438						\$65,116		\$65,116
92400 Tenant Services - Other	\$10,987								\$10,987		\$10,987
92500 Total Tenant Services	\$61,084	\$0	\$115,343	\$0	\$0	\$0	\$0	\$0	\$176,427	\$0	\$176,427
93100 Water	\$55,163								\$55,163		\$55,163
93200 Electricity	\$143,376								\$143,376		\$143,376
93300 Gas	\$206,075								\$206,075		\$206,075
93400 Fuel											
93500 Labor											
93600 Sewer	\$71,400	\$345						\$19,136	\$90,881		\$90,881

Long Branch Housing Authority (NJ008)
LONG BRANCH, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	6.1	14.871	14.870	14. HCC HCV CARES Act Funding	14. PHC Public Housing CARES Act	COCC	Subtotal	ELIM	Total	
	Component Unit - Discretely	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	14. HCC HCV CARES Act Funding	14. PHC Public Housing CARES Act	COCC	Subtotal	ELIM	Total
93700 Employee Benefit Contributions - Utilities										
93800 Other Utilities Expense										
93000 Total Utilities	\$345	\$0	\$0	\$0	\$0	\$0	\$19,136	\$495,495	\$0	\$495,495
94100 Ordinary Maintenance and Operations - Labor										
94200 Ordinary Maintenance and Operations - Materials and Other	\$1,121	\$361,714	\$2,267				\$37,021	\$630,661		\$630,661
94300 Ordinary Maintenance and Operations Contracts	\$870		\$2,868				\$10,871	\$107,290		\$107,290
94500 Employee Benefit Contributions - Ordinary Maintenance		\$235,114					\$9,386	\$295,807		\$295,807
94000 Total Maintenance	\$1,991	\$596,828	\$5,135	\$0	\$0	\$0	\$14,530	\$399,236	\$0	\$399,236
95100 Protective Services - Labor										
95200 Protective Services - Other Contract Costs		\$32,946								
95300 Protective Services - Other					\$17,966			\$133,805		\$133,805
95500 Employee Benefit Contributions - Protective Services		\$21,417						\$25,411		\$25,411
95000 Total Protective Services	\$0	\$54,363	\$0	\$0	\$0	\$0	\$0	\$39,234	\$0	\$39,234
96110 Property Insurance								\$48,166		\$48,166
96120 Liability Insurance								\$246,616	\$0	\$246,616
96130 Workmen's Compensation										
96140 All Other Insurance	\$5,728	\$0	\$47,948				\$18,944	\$209,510		\$209,510
96100 Total Insurance Premiums	\$5,728	\$0	\$47,948	\$0	\$0	\$0	\$18,944	\$209,510	\$0	\$209,510
96200 Other General Expenses	\$5,466		\$24,540				\$19,274	\$533,710		\$533,710
96210 Compensated Absences										
96300 Payments in Lieu of Taxes								\$43,339		\$43,339
96400 Bad debt - Tenant Rents								\$176		\$176
96500 Bad debt - Mortgages								\$277		\$277
96600 Bad debt - Other								\$63,243		\$63,243
96800 Severance Expense										
96000 Total Other General Expenses	\$5,466	\$0	\$24,540	\$0	\$25,475	\$0	\$82,517	\$640,745	\$0	\$640,745
96710 Interest of Mortgage (or Bonds) Payable										
96720 Interest on Notes Payable (Short and Long Term)								\$27,588		\$27,588
96730 Amortization of Bond Issue Costs										
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$27,588	\$0	\$27,588
96900 Total Operating Expenses	\$67,464	\$1,091,808	\$843,481	\$74,063	\$50,000	\$43,441	\$1,298,575	\$6,234,676	-\$481,645	\$5,753,031
97000 Excess of Operating Revenue over Operating Expenses	\$477,805	\$0	\$10,539,538	\$0	\$0	\$0	-\$419,287	\$11,021,226	-\$1	\$11,021,225
97100 Extraordinary Maintenance								\$3,990		\$3,990
97200 Casualty Losses - Non-capitalized										
97300 Housing Assistance Payments			\$10,378,180					\$10,378,180		\$10,378,180
97350 HAP Portability-In			\$1,911					\$1,911		\$1,911
97400 Depreciation Expense								\$481,537		\$481,537
97500 Fraud Losses										
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: 06/30/2022

	Project Total	6.1 Component Unit - Discretely	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and	14.HCC HCV CARES Act Funding	14.PHC Public Housing CARES Act	COCC	Subtotal	ELIM	Total
97800 Dwelling Units Rent Expense											
90000 Total Expenses	\$3,235,710	\$67,464	\$1,091,808	\$11,223,572	\$74,063	\$50,000	\$43,441	\$1,314,236	\$17,100,294	-\$481,645	\$16,618,649
10010 Operating Transfer In											
10020 Operating Transfer Out											
10030 Operating Transfers from/to Primary Government											
10040 Operating Transfers from/to Component Unit											
10050 Proceeds from Notes, Loans and Bonds											
10060 Proceeds from Property Sales											
10070 Extraordinary Items, Net Gain/Loss											
10080 Special Items (Net Gain/Loss)											
10091 Inter Project Excess Cash Transfer In											
10092 Inter Project Excess Cash Transfer Out											
10093 Transfers between Program and Project - In											
10094 Transfers between Project and Program - Out											
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$46,696	\$477,805	\$0	\$159,447	\$0	\$0	\$0	-\$434,948	\$155,608	-\$1	\$155,607
11020 Required Annual Debt Principal Payments	\$135,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$135,000		\$135,000
11030 Beginning Equity	\$22,710,632	\$1,342,876	\$6,940,392	-\$2,171,195	\$0	\$0	\$0	-\$10,416,159	\$18,406,546		\$18,406,546
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$101,426	-\$13,187		-\$55,914				\$1,263,825	\$1,296,150		\$1,296,150
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				-\$2,149,729					-\$2,149,729		-\$2,149,729
11180 Housing Assistance Payments Equity				\$82,067					\$82,067		\$82,067
11190 Unit Months Available	5368	0	0	10812	0	0	0	0	16200		16200
11210 Number of Unit Months Leased	5172	0	0	9414	0	0	0	0	14586		14586
11270 Excess Cash	\$7,132,027								\$7,132,027		\$7,132,027
11610 Land Purchases	\$0							\$0	\$0		\$0
11620 Building Purchases	\$0							\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0							\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$40,928							\$0	\$40,928		\$40,928
11650 Leasehold Improvements Purchases	\$0							\$0	\$0		\$0
11660 Infrastructure Purchases	\$0							\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$83,292							\$0	\$83,292		\$83,292
13901 Replacement Housing Factor Funds	\$0							\$0	\$0		\$0

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
DISCRETELY PRESENTED COMPONENT UNITS
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2022**

	December 31, 2021		
	MAESTRO COMMUNITY DEVELOPMENT CORP.	SHOREPOINT CORPORATIONS	TOTAL
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 1,651,690	\$ 46,842	\$ 1,698,532
Prepaid Expenses	1,590	2,140	3,730
Total Current Assets	1,653,280	48,982	1,702,262
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	103,392	-	103,392
Total Assets	2,019,715	48,982	2,068,697
Liabilities			
Current Liabilities:			
Accounts Payable	\$ 50,353	\$ 60,850	\$ 111,203
Note Payable - Current Portion	50,000	-	50,000
Total Current Liabilities	100,353	60,850	161,203
Noncurrent Liabilities:			
Note Payable	100,000	-	100,000
Total Liabilities	200,353	60,850	261,203
Net Position:			
Net Investment in Capital Assets	113,043	-	113,043
Unrestricted	1,706,319	(11,868)	1,694,451
Total Net Position	1,819,362	(11,868)	1,807,494
Total Liabilities and Net position	\$ 2,019,715	\$ 48,982	\$ 2,068,697

**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, 2022**

	December 31, 2021		
	MAESTRO COMMUNITY DEVELOPMENT CORP.	SHOREPOINT CORPORATIONS	TOTAL
<u>Revenue:</u>			
Program Revenue	\$ 522,033	\$ 23,236	\$ 545,269
<u>Expenses:</u>			
Operating Expenses:			
Administrative Expense	39,396	14,538	53,934
Utilities Expense	345	-	345
Maintenance Expense	-	1,991	1,991
Other Operating Expenses	7,697	3,497	11,194
Total Operating Expenses	47,438	20,026	67,464
Change in Net Position	474,595	3,210	477,805
Beginning Net Position	1,357,954	(15,078)	1,342,876
Prior Period Adjustments	(13,187)	-	(13,187)
Beginning Net Position, Restated	1,344,767	(15,078)	1,329,689
Ending Net Position	\$ 1,819,362	\$ (11,868)	\$ 1,807,494

**HOUSING AUTHORITY OF THE CITY OF LONG BRANCH
DISCRETELY PRESENTED COMPONENT UNITS
STATEMENTS OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2022**

	December 31, 2021		
	MAESTRO COMMUNITY DEVELOPMENT CORP.	SHOREPOINT CORPORATIONS	TOTAL
Cash Flow From Operating Activities			
Receipts from Other Revenue	\$ 522,458	\$ 23,236	\$ 545,694
Payments to Vendors and Suppliers	(87,554)	(22,759)	(110,313)
Payment of Utilities Cost	(345)	-	(345)
Net Cash Provided by Operating Activities	<u>434,559</u>	<u>477</u>	<u>435,036</u>
Cash Flow From Capital and Related Financing Activities			
Payment of Note	(100,000)	-	(100,000)
Net Cash Used by Related Financing Activities	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
Cash Flow From Investing Activities			
Income from Investment in Limited Partnership	46	-	46
Net Cash Provided by Investing Activities	<u>46</u>	<u>-</u>	<u>46</u>
Net Increase in Cash and Cash Equivalents	334,605	477	335,082
Beginning Cash	<u>1,317,085</u>	<u>46,365</u>	<u>1,363,450</u>
Ending Cash	<u>\$ 1,651,690</u>	<u>\$ 46,842</u>	<u>\$ 1,698,532</u>
Reconciliation of Operating Income to Net Cash			
Provided by Operating Activities			
Excess of Revenue Over Expenses	\$ 474,595	\$ 3,210	\$ 477,805
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:			
Depreciation Expense	-	-	-
(Increase) Decrease in:			
Accounts Receivables	425		425
Prepaid Expenses	111	3,497	3,608
Increase (Decrease) in:			
Accounts Payable	(27,385)	(6,230)	(33,615)
Prior Period Adjustment	(13,187)	-	(13,187)
Net Cash Provided By Operating Activities	<u>\$ 434,559</u>	<u>\$ 477</u>	<u>\$ 435,036</u>

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

Board of Commissioners
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 governmental activities, business activities and the discretely present component units of Housing Authority of the City of Long Branch, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Housing Authority of the City of Long Branch's basic financial statements, and have issued our report thereon dated February 24, 2023.

Report on 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's internal control over financial reporting (internal control) as a basis for designing 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 the Housing Authority of the City of Long Branch's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Long Branch's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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: February 24, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND 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

Opinion on Each Major Federal Program

We have audited the Housing Authority of the City of Long Branch's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Long Branch's major federal programs for the year ended June 30, 2022. Housing Authority of the City of Long Branch's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Housing Authority of the City of Long Branch and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Housing Authority of the City of Long Branch's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Housing Authority of the City of Long Branch's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Housing Authority of the City of Long Branch's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Housing Authority of the City of Long Branch's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Authority of the City of Long Branch's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Housing Authority of the City of Long Branch's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Housing Authority of the City of Long Branch's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Opinion on Each Major Federal Program

In our opinion, the 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, 2022.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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: February 24, 2023

HOUSING AUTHORITY OF THE CITY OF LONG BRANCH

Schedule of Findings and Questioned Cost

Year Ended June 30, 2022

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
14.850	Public and Indian Housing Program	\$ 1,860,929
14.871	Section 8 Housing Choice Vouchers	\$11,397,453
14.872	Public Housing Capital Fund Program	\$ 292,964

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, 2022. 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, 2022. 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 CFDAs, 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
February 24, 2023