

**HOUSING AUTHORITY OF THE
TOWN OF SECAUCUS
Secaucus, New Jersey**

**FINANCIAL STATEMENTS
For the Years Ended
March 31, 2021 and 2020**

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 Secaucus, New Jersey
 COMPARATIVE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

TABLE OF CONTENTS

	<u>PAGE</u>
Management's Discussion and Analysis	1-6
Independent Auditor's Report	7-8
 <u>FINANCIAL STATEMENTS</u>	
Comparative Statements of Net Position	9
Comparative Statements of Revenue, Expenses and Changes in Net Position	10
Comparative Statements of Cash Flows	11
 Notes to Financial Statements	 12-28
 <u>SUPPLEMENTAL INFORMATION</u>	
Schedule of Expenditures of Federal Awards	29
Statement and Certification of Completed Modernization Grants	30
Financial Data Schedule	31-35
Schedule of Proportionate Share of the Net Pension Liability of the Public Employees Retirement Systems (PERS)	36
Schedule of Authority Contributions to the Public Employees Retirement System (PERS)	37
Schedule of Changes in the Housing Authority's Total OPEB Liability and Related Ratios	38
Schedule of Authority Contributions to the Other Post-Employment Benefits Plan (OPEB)	39
 <u>OTHER REPORTS AND COMMENTS</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards	40-41
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	42-43
Status of Prior Audit Findings	44
Schedule of Findings and Questioned Costs	44

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2021

As management of the Housing Authority of the Town of Secaucus, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activity of the Authority for the fiscal year ended March 31, 2021. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities as of March 31, 2021 by \$5,550,001.
- As of the close of the current fiscal year, the Authority's Proprietary Funds reported a deficit in Unrestricted Net Position of \$1,520,411, a decrease in the deficit of \$496,987 from March 31, 2020.
- The Authority's cash and cash equivalents balance as of March 31, 2021 totaled \$4,893,620 representing an increase of \$918,678 from March 31, 2020.
- The Authority had intergovernmental revenue of \$4,130,812 in HUD operating grants pertaining to its housing choice voucher program for the year ended March 31, 2021.
- The Authority's capital outlays for the year totaled \$215,795. The change in Capital Assets is detailed in the section entitled Analysis of Capital Assets.

USING THE ANNUAL REPORT

Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. They consist of the Comparative Statements of Net Position, Comparative Statements of Revenue, Expenses and Changes in Net Position and the Comparative Statements of Cash Flows.

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

The Comparative Statements of Revenue, Expenses and Changes in Net Position present information showing how the Authority's net position changed during the most recent two fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. depreciation and earned but unused vacation leave).

The Comparative Statements of Cash Flows present information showing how the Authority's cash and cash equivalents position changed during the year. The statements classify cash receipts and cash payments as resulting from operating activities, capital and related financing activities and investing activities.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The Notes to Financial Statements can be found on pages 12 through 28 of this report.

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

March 31, 2021

Supplemental Information

The Schedule of Expenditures of Federal Awards (SEFA) is presented for purpose of additional analysis as required by Government Auditing Standards issued by the Comptroller General of the United States. The SEFA can be found on page 29 of this report. Additional supplemental information can be found on pages 30-38.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

Total Net Position increased by \$918,678. This increase is primarily due to the receipt of CARES Act grants of \$189,950 in the Housing Choice Voucher Program and an increase of \$154,718 in Restricted Net Position. The increase in Restricted Net Position represents housing assistance payment subsidies that were not used to pay housing assistance payments for eligible families. These funds are available to pay housing assistance payments in 2022 and subsequent years.

The Authority's operating revenues exceeded expenses of \$536,969, and investment income totaled \$39,184 for the fiscal year ended March 31, 2021.

Total cash including security deposits increased \$918,678 due primarily to increased government funding and rental revenues

Capital Assets (net of accumulated depreciation) decreased \$129,759 as capital asset acquisitions of \$215,795 were offset by \$345,554 of depreciation expense.

Accrued Pension and OPEB liability increased \$437,857 from March 31, 2020 to March 31, 2021. GASB 68 assets and liabilities related to pensions also reflect an increase in Deferred Outflow of Resources of \$403,664 and a decrease in Deferred Inflows of Resources of \$99,307. More information about OPEB and Pension liabilities can be found in Notes 12 and 13 respectively.

The following table summarizes the changes in Net Position between March 31, 2021 and 2020 for the Authority as a whole:

	<u>2021</u>	<u>2020</u>	<u>Variance</u>	<u>% Var</u>
Cash & Cash Equivalents	\$ 4,893,620	\$ 3,974,942	\$ 918,678	23.11%
Other Current Assets	34,110	68,204	(34,094)	-49.99%
Capital Assets	7,447,475	7,577,234	(129,759)	-1.71%
Deferred Outflow of Resources	632,591	228,987	403,604	176.26%
Total Assets	<u>13,007,796</u>	<u>11,849,367</u>	<u>1,158,429</u>	<u>9.78%</u>
Current Liabilities	729,971	441,498	288,473	65.34%
Long-term Debt	2,230,025	2,286,317	(56,292)	-2.46%
Other Noncurrent Liabilities	3,047,433	2,598,031	449,402	17.30%
Total Liabilities	<u>6,007,429</u>	<u>5,325,846</u>	<u>681,583</u>	<u>12.80%</u>
Deferred Inflow of Resources	1,450,366	1,549,673	(99,307)	-6.41%
Net Investment in Capital Assets	5,161,845	5,237,397	(75,552)	-1.44%
Restricted Net Position	1,908,567	1,753,849	154,718	8.82%
Unrestricted Net Position	(1,520,411)	(2,017,398)	496,987	-24.64%
Total Net Position	<u>\$ 5,550,001</u>	<u>\$ 4,973,848</u>	<u>\$ 576,153</u>	<u>-11.58%</u>

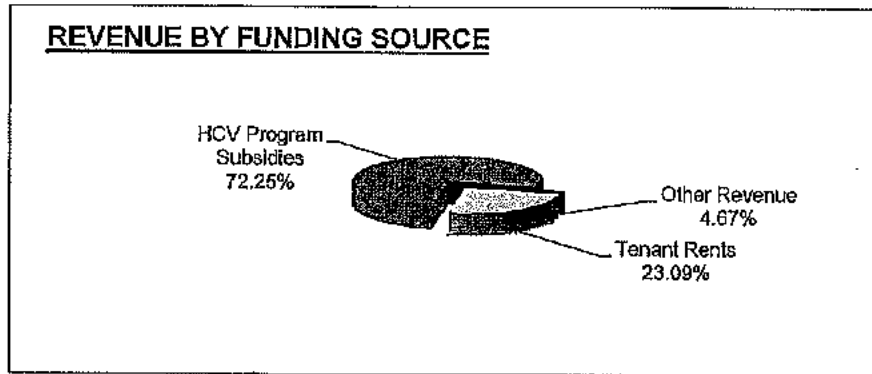
**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

March 31, 2021

Total operating revenue increased \$540,546 (10.44%), due primarily to the increase of \$528,528 (5.73%) in HUD Operating Grants within the Housing Choice Voucher Program. Total Unit Months Leased remained stable in 2021. The average HAP Payment increased from \$350 in 2020 to \$367 in 2021.

Total operating expenses increased \$350,733 (7.26%). Changes in the major expense categories are discussed below.

Operating Revenues generated by major category are detailed in the following chart:



The following table summarizes the changes in Operating Income between fiscal years 2020 and 2019 for the Authority as a whole:

	2021	2020	Variance	% Var
Rental Revenue	\$ 1,319,983	\$ 1,356,615	\$ (36,632)	-2.70%
HUD Operating Grants	4,130,812	3,602,284	528,528	14.67%
Other	266,757	218,107	48,650	22.31%
Total Operating Revenue	<u>5,717,552</u>	<u>5,177,006</u>	<u>540,546</u>	<u>10.44%</u>
Operating Expenses:				
Administrative	666,816	621,243	45,573	7.34%
Tenant Services	78,194	77,383	811	1.05%
Utilities	391,269	357,252	34,017	9.52%
Maintenance	821,492	810,048	11,444	1.41%
General Expenses, including interest	275,049	279,781	(4,732)	-1.69%
Housing Assistance Payments	2,602,209	2,295,929	306,280	13.34%
Depreciation	345,554	388,214	(42,660)	-10.99%
Total Operating Expenses	<u>5,180,583</u>	<u>4,829,850</u>	<u>350,733</u>	<u>7.26%</u>
Operating Income/(Loss)	536,969	347,156	189,813	54.68%
Non-operating Revenue (Expenses):				
Interest and Other	39,184	50,419	(11,235)	-22.28%
Net Income/(Loss)	576,153	397,575	178,578	44.92%
Beginning Net Position	4,973,848	3,986,544	987,304	24.77%
Prior Period Adjustment		589,729	(589,729)	100.00%
Ending Net Position	<u>\$ 5,550,001</u>	<u>\$ 4,973,848</u>	<u>\$ 1,185,882</u>	<u>23.44%</u>

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
March 31, 2021**

As previously discussed, the average monthly HAP payment increased by \$17 during the current fiscal year, a 5% increase. Housing Choice Voucher Program grant revenue increased from \$3,602,284 in 2020 to \$3,941,439 for the year ended March 31, 2021.

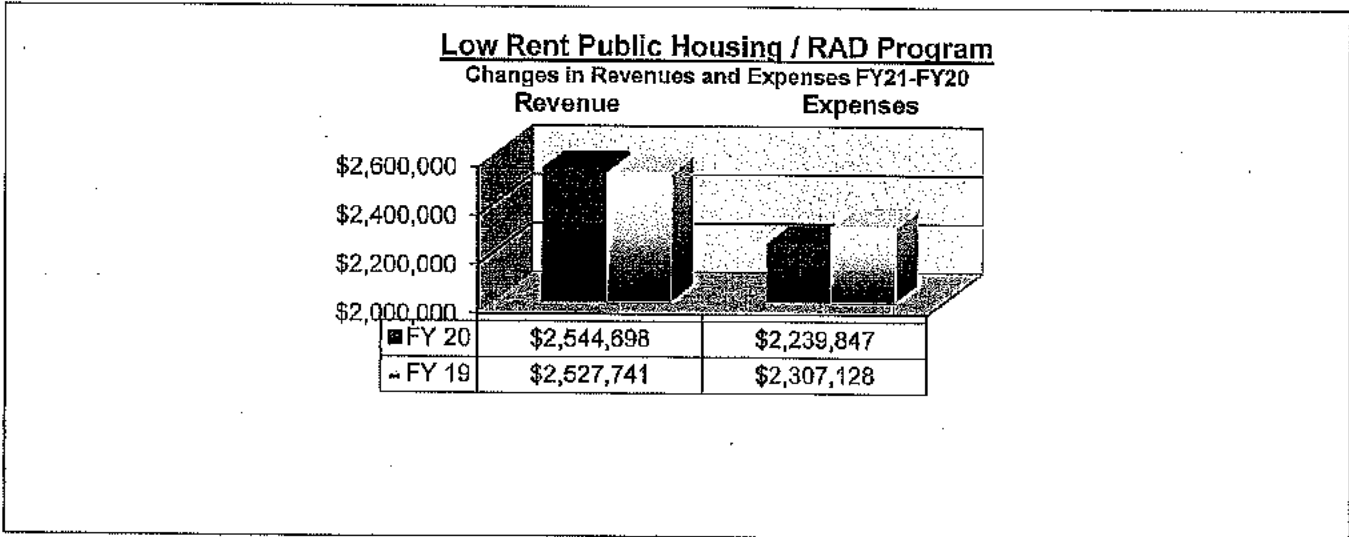
Other Revenues consist primarily of receipts for portability housing assistance payments, fees charged to other housing authorities for the performance of management services, charges to tenants for maintenance and other miscellaneous services; and the addition of cell phone antenna revenue. Other revenue increased by \$48,650, or 22.31%. The increase is due primarily to an increase in incoming portability cases.

Operating expenses increased 7.34% from 2020 to 2021. Administrative expenses totaled \$666,816 in 2021 vs. \$621,243 in 2020, an increase of \$45,573, or 7.34%. This increase is mainly attributed to an increase in employee benefit costs.

Utility Expenses increased by \$34,017, or 9.52% from the previous fiscal year mainly due to a \$40,000 increase in electricity costs.

Other expense categories were consistent with the general level of inflationary increase in the northern New Jersey area.

Changes in total income and expense attributable to the low rent public housing / RAD program are as follows:



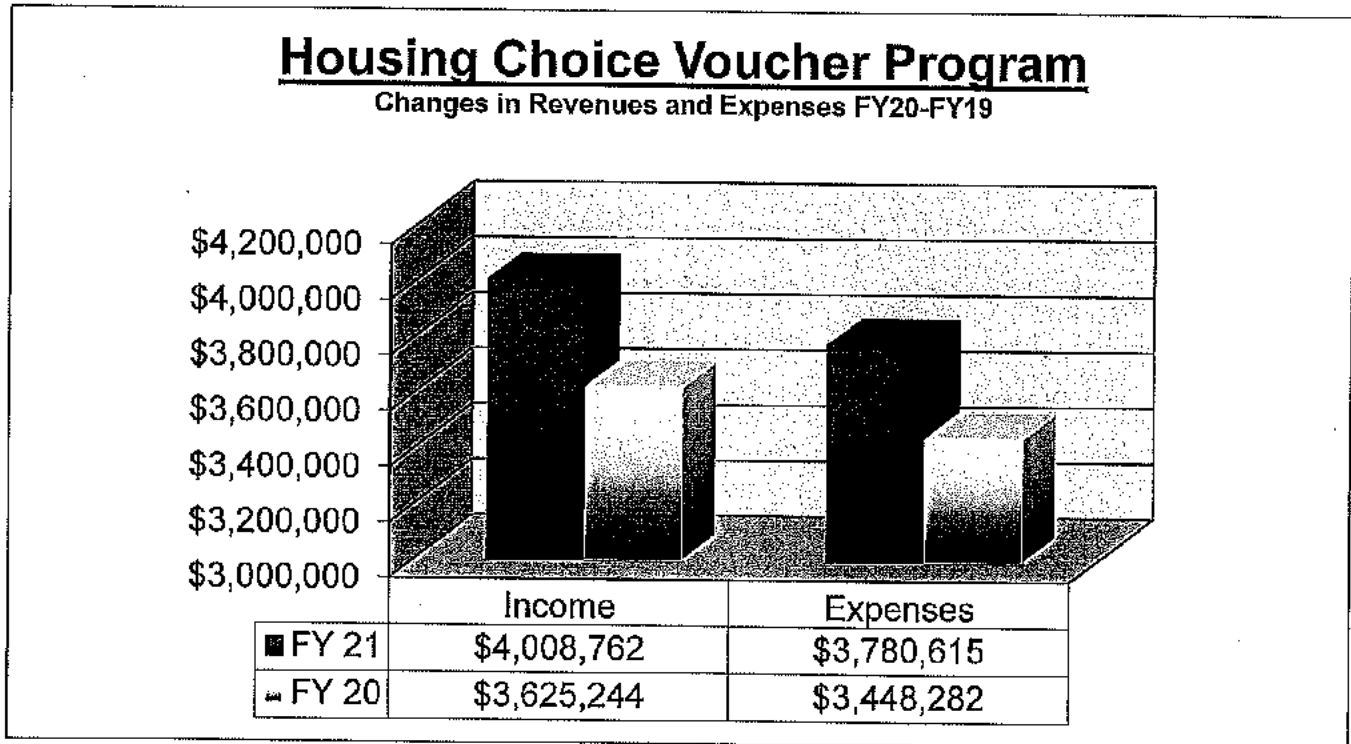
Note: Expense amounts include depreciation expense and exclude Capital fund revenue and expenses.

FYE 2021 LRP/RAD operating revenue increased by 0.67% compared to FYE 2020.

FYE 2021 LRP/RAD operating expenses decreased by 2.92% compared to FYE 2020.

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
March 31, 2021**

Changes in total income and expense attributable to the Housing Choice Voucher program are as follows:



HCV revenues increased \$383,518 primarily due to an increase in Operating Grants received. The amount of units leased in the program during the fiscal year remained stable.

Total HCV expenses increased \$332,333 or 9.6%. As previously noted, the average per unit Housing Assistance Payment (HAP) increased by \$17 per unit during the current fiscal year.

**HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

March 31, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

The following table summarizes the changes in capital assets from March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>	<u>Incr. / Decr.</u>	<u>% Change</u>
Land	\$ 620,838	\$ 620,838	\$ -	0.00%
Buildings & Improvements	23,669,449	23,632,635	36,814	0.16%
Equipment & Furniture	1,861,244	1,829,462	31,782	
Construction in Progress	142,392	-	142,392	0.00%
Total	<u>26,293,923</u>	<u>26,082,935</u>	<u>210,988</u>	<u>0.81%</u>
Accumulated Depreciation	<u>(18,846,448)</u>	<u>(18,505,701)</u>	<u>(340,747)</u>	<u>1.84%</u>
Net Capital Assets	<u>\$ 7,447,475</u>	<u>\$ 7,577,234</u>	<u>(129,759)</u>	<u>-1.71%</u>

As previously noted, the decrease in capital assets is due primarily to the expenditure of capital funds less the Authority's current year depreciation expense.

Debt:

During 2007, the Authority entered into a Capital Fund leveraging pool. The New Jersey Housing and Mortgage Finance Agency issued tax exempt, twenty year Capital Fund Program Revenue Bonds, secured by the future capital fund grants of participating housing authorities. The Authority's share of the funds from the bond pool amounted to \$1,360,000. As previously noted, the Housing Authority converted its public housing portfolio to RAD during the fiscal year ended March 31, 2017. In connection with that conversion, the Authority borrowed \$2,500,000 under a thirty year mortgage. The proceeds from that loan together with capital fund grants of \$217,714 and approximately of \$900,000 of operating reserves, were used to repay the outstanding bonds plus accrued interest totaling approx. \$943,000, provide escrow deposits for repairs and rehabilitation of approximately \$2,400,000 and pay debt issuance costs of approximately \$175,000. At March 31, 2021 and March 31, 2020 respectively, the outstanding balance of the mortgage debt was \$2,285,630 and \$2,339,837. The current portion of the mortgage was \$55,605 and \$53,250 at March 31, 2021 and March 31, 2020, respectively. The loan is payable in 360 monthly installments of \$11,120, including interest at 3.375% per annum, with the final payment due March 1, 2047.

As of March 31, 2021 the Authority had \$122,698 in non-current accrued compensated absences, \$1,202,499 in accrued pension liabilities and \$1,722,236 in accrued OPEB liabilities.

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 information should be addressed to the Executive Director, Housing Authority of the Town of Secaucus, 700 County Avenue, Secaucus, NJ 07094, or call (201) 867-2957.



Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Town of Secaucus
Secaucus, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the Town of Secaucus (the Authority), which comprise the Comparative Statements of Net Position as of March 31, 2021 and 2020 and the related Comparative Statements of Revenue, Expenses and Changes in Net Position and Cash Flows for the years then and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Town of Secaucus, as of March 31, 2021 and 2020, and the changes in net position, and its cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis presented on pages 1-6 and the Supplemental Schedules pertaining to the Public Employees Retirement System presented on pages 35-36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

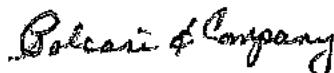
Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Housing Authority of the Town of Secaucus. The Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

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



POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
February 18, 2022

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 Secaucus, New Jersey
COMPARATIVE STATEMENTS OF NET POSITION
 At March 31, 2021 and 2020

	2021	2020
<u>ASSETS AND DEFERRED OUTFLOW OF RESOURCES</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents - Unrestricted	\$ 2,663,392	\$ 2,092,077
Cash and Cash Equivalents - Restricted	2,098,517	1,753,849
Cash - Tenant Security Deposits	131,711	129,016
Total Cash	4,893,620	3,974,942
Accounts Receivable	8,801	6,934
Accounts Receivable - HUD	-	37,534
Prepaid Expenses and Other Current Assets	25,309	23,736
Total Current Assets	4,927,730	4,043,146
<u>FIXED ASSETS</u>		
Land	620,838	620,838
Buildings and Improvements	23,669,449	23,632,635
Furniture, Equipment and Machinery	1,861,244	1,829,462
Construction in Progress	142,392	-
Total Fixed Assets	26,293,923	26,082,935
Less: Accumulated Depreciation	(18,846,448)	(18,505,701)
Net Fixed Assets	7,447,475	7,577,234
Deferred Outflow of Resources	632,591	228,987
Total Assets and Deferred Outflow of Resources	\$ 13,007,796	\$ 11,849,367
<u>LIABILITIES AND DEFERRED INFLOW OF RESOURCES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable:		
Vendors and Contractors	\$ 174,597	\$ 26,536
Accrued Payroll and Related Taxes	8,360	41,143
Security Deposits	131,711	129,016
Accounts Payable - HUD	5,300	5,300
Deferred Revenue	214,117	23,176
Current Portion of Long-Term Debt	55,605	53,520
Accrued Liabilities:		
Compensated Absences - Current Portion	12,688	12,350
Accrued Interest Payable	6,643	6,801
Other Accrued Liabilities	28,578	44,751
Payment in Lieu of Taxes	92,372	98,905
Total Current Liabilities	729,971	441,498
Long-Term Debt, Net of Current Portion	2,230,025	2,286,317
Accrued Compensated Absences - Noncurrent	122,698	111,153
Accrued Pension and OPEB Liabilities	2,924,735	2,486,878
Total Non-Current Liabilities	5,277,458	4,884,348
Deferred Inflow of Resources	1,450,366	1,549,673
Total Liabilities and Deferred Inflow of Resources	7,457,795	6,875,519
<u>NET POSITION</u>		
Net Investment in Capital Assets	5,161,845	5,237,397
Restricted	1,908,567	1,753,849
Unrestricted	(1,520,411)	(2,017,398)
Total Net Position	\$ 5,550,001	\$ 4,973,848

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 Secaucus, New Jersey
COMPARATIVE STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
 For the Years Ended March 31, 2021 and 2020

	<u>For the Year Ended</u>	
	<u>2021</u>	<u>2020</u>
<u>OPERATING REVENUES</u>		
Tenant Rental & Other Revenue	\$ 1,319,983	\$ 1,356,615
HUD Grants - Operating	4,130,812	3,602,284
Other	266,757	218,107
Total Operating Revenues	<u>5,717,552</u>	<u>5,177,006</u>
<u>OPERATING EXPENSES</u>		
Administration	666,816	621,243
Housing Assistance Payments	2,602,209	2,295,929
Tenant Services	78,194	77,383
Utilities	391,269	357,252
Ordinary Maintenance & Operations	821,492	810,048
General Expense	195,970	198,662
Depreciation and Amortization Expense	345,554	388,214
Interest Expense	79,079	81,119
Total Operating Expenses	<u>5,180,583</u>	<u>4,829,850</u>
EXCESS OF OPERATING REVENUE OVER EXPENSES	536,969	347,156
Non Operating Revenues/(Expenses):		
Interest Income	<u>39,184</u>	<u>50,419</u>
Increase/(Decrease) in Net Position	576,153	397,575
Beginning Net Position	4,973,848	3,986,544
Prior Period Adjustment	<u>-</u>	<u>589,729</u>
Ending Net Position	<u>\$ 5,550,001</u>	<u>\$ 4,973,848</u>

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS

Secaucus, New Jersey

COMPARATIVE STATEMENTS OF CASH FLOWS

For the Years Ended March 31, 2020 and 2019

	<u>For the Year Ended</u>	
	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash Received:		
From Tenants for Rental & Other Revenue	\$ 1,510,924	\$ 1,379,791
From Government Agencies for Operating Grants	4,168,346	3,564,750
From Other Operating Revenues	264,890	211,175
Cash Paid:		
To Employees for Operations	(865,854)	(800,423)
To Suppliers for Operations	(1,326,601)	(1,318,099)
To Landlords For Housing Assistance	(2,602,209)	(2,293,311)
Net Cash Provided by Operating Activities	<u>1,149,496</u>	<u>743,883</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisition of Property and Equipment	(215,795)	(299,995)
Repayments of Long-term Debt	(54,207)	(52,173)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(270,002)</u>	<u>(352,168)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase/Sale of Investments	-	206,361
Investment Income	39,184	50,419
Net Cash Provided by Investing Activities	<u>39,184</u>	<u>256,780</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	918,678	648,495
Cash and Equivalents at Beginning of Period	3,974,942	3,326,447
Cash and Equivalents at End of Period	<u>\$ 4,893,620</u>	<u>\$ 3,974,942</u>
Reconciliation of Operating Loss to Net Cash Used by Operations		
Operating Loss	\$ 536,969	\$ 347,156
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation	345,554	388,213
Other General Expenses	-	-
Deferred Outflow of Resources	(403,604)	117,838
Deferred Inflow of Resources	(99,307)	1,062,113
Decrease/(Increase) in Assets		
Accounts Receivable - HUD	37,534	(37,534)
Accounts Receivable - Misc.	(1,867)	(6,932)
Prepaid Expenses and Other Current Assets	(1,573)	52,457
Increase/(Decrease) in Liabilities		
Accounts Payable	148,061	(523)
Accrued Payroll and Related Taxes	(32,783)	13,786
Security Deposits	2,695	4,493
Compensated Absences	11,883	7,400
Accounts Payable - HUD	-	2,618
Deferred Revenue	190,941	23,176
Interest Payable	(158)	(151)
PILOT Payable	(6,533)	10,716
Other Accrued Liabilities	(16,173)	19,632
Accrued Pension and OPEB Liabilities	437,857	(1,260,575)
Net Cash Provided by Operating Activities	<u>\$ 1,149,496</u>	<u>\$ 743,883</u>
Supplemental Information:		
Cash Paid For Interest	<u>\$ 79,237</u>	<u>\$ 81,270</u>

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

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

1. **Organization and Activities** – The Housing Authority of The Town of Secaucus (the Authority) is a governmental, public corporation created under federal and state housing laws as defined by State statute (N.J., S.A. 4A: 12A-1, et. Seq., the "Housing Authority Act"). The Authority is governed by a board of seven members who serve five year terms. The governing board 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 the Town of Secaucus, New Jersey. Operating subsidies are provided to the Authority by the federal government. Rent subsidies are provided to eligible tenants under the Federal Housing Assistance Payments (Section 8) Program.

The Authority has not identified any entities which should be subject to evaluation for inclusion in the Authority's reporting entity. The Authority has concluded that it is excluded from the Town's reporting entity since the Town does not designate management, does not influence operations, does not have responsibility for fiscal matters and does not have a funding relationship with the Authority.

The combined financial statements include all accounts of the Authority. The Authority is the lowest level of government over which the Authority's Board of Commissioners and Executive Director exercise oversight responsibility. The federally funded programs administered by the Authority are detailed on the Financial Data Schedule and the Schedule of Expenditures of Federal Awards, both of which are included as Supplemental Information.

2. **Significant Accounting Policies**

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

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

Federal Grant Revenue –Section Eight Housing Choice Voucher Program subsidies received from HUD are recorded under the accrual method of accounting and are recognized in the period earned in accordance with applicable HUD guidelines. During the fiscal year ended March 31, 2018 the Authority converted its entire portfolio of public housing units from conventional public housing to HUD's Rental Assistance Demonstration (RAD). Under RAD, the Authority receives project-based voucher funding for each of its public housing units rather than performance operating funding subsidy and capital fund grants. Tenants continue to pay 30% of adjusted income as rent while HUD provides housing assistance payments for the difference between agreed upon HUD-established market rent and tenant paid rent for each unit.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies (Continued):

Previously, under the Section Eight Program, a year-end settlement was computed, and the over-funded or under-funded amount, if any, was considered to be an amount due to or from HUD. Currently, the Voucher Program is funded based on actual expenditures reported in the Voucher Management system (VMS). Over-funded amounts are retained by the Authority, but may only be used for Voucher Program activities and under-funded amounts must be funded from the Authority's operating reserves.

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

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

b. **Report Presentation** – The financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America applicable to governmental entities for Proprietary Fund Types. The Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" (Statement No. 34). The Authority also adopted the provisions of Statement No. 37 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" and Statement No. 38 "Certain Financial Statement Note Disclosures", which supplement Statement No. 34. GASB Statement No. 63 has superseded GASB Statement No. 34 and requires the classification of net position into three components – Net Investment in Capital Assets; Restricted Net Position and Unrestricted Net Position. These classifications are defined as follows:

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

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

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

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

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies (Continued):

Significant accounting policies are as follows:

- 1 – Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in banks, petty cash and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.
- 2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts.
- 3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight line basis. Interest costs necessary to place a Capital Asset in its intended location and condition are capitalized.
- 4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.
- 5 – The Authority is subsidized by the Federal Government. The Authority is not subject to Federal or State income taxes, nor is it required to file Federal and State income tax returns.
- 6 – Operating subsidies received from HUD are recorded as income when earned.
- 7 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.
- 8 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.
- 9 – Inventories in the Proprietary Fund consist of supplies and are recorded at the lower of first-in first-out, cost or market.
- 10 – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period.
- 11 – The Authority has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.
- 12 – The Authority does not have any infrastructure assets for its Proprietary Fund.
- 13 – Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which the transactions are executed.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2021

NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies (Continued):

14 – Long-lived assets to be held and used are tested for recoverability whenever events of changes in circumstances indicate that the carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset and long lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell. As of March 31, 2021 the Authority has not recognized any reduction in the carrying value of its fixed assets when considering AU 360.

c. Budgetary Policy and Control – The housing authority 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.

d. New Accounting Pronouncements – During the fiscal year ended March 31, 2018, the Authority was required to adopt GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which requires employers to recognize and measure their proportionate share of the total net OPEB liability and total OPEB expenses. GASB 75 replaces the requirements of Statement No. 45. Additional information regarding the adoption of GASB 75 can be found in Note 12 to these financial statements.

NOTE 2 – Cash and Cash Equivalents

The Authority maintains cash and cash equivalents in local banks. These funds are covered by the Governmental Unit Deposit Protection Act of the state of New Jersey, which requires the institutions to pool collateral for all of governmental deposits and have the collateral held by an approved custodian in the institution's name. Cash and Cash Equivalents (including tenant security deposits) of \$4,893,620 and \$3,974,942 at March 31, 2021 and 2020 respectively, consisted of the following:

	2021	2020
Checking Accounts	\$2,925,185	\$ 2,091,978
Petty Cash	100	100
Unrestricted Cash	<u>2,925,285</u>	<u>2,092,078</u>
Debt Service and Replacement Reserves		
Checking Accounts	1,836,624	1,753,848
Voucher Program HAP Reserves	-	-
Restricted Cash	<u>1,836,624</u>	<u>1,753,848</u>
Tenant Security Deposits	<u>131,711</u>	<u>129,016</u>
TOTAL CASH	<u>\$4,893,620</u>	<u>\$ 3,974,942</u>

The carrying amount of the Authority's cash and cash equivalents on deposit at banks as of March 31, 2021 was \$4,889,620 and the bank balances were \$5,045,739. Of the bank balances, \$623,638 was covered by FDIC insurance and \$4,422,101 was covered by a collateral pool maintained by the banks as required by New Jersey statutes. Cash and cash equivalents, except petty cash are held in the Authority's name.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 3 – Deferred Revenue

Deferred revenue of \$214,117 at March 31, 2021 consists of prepaid rooftop antenna rental revenue of \$22,948, prepaid rents of \$1,219 and unearned HCV CARES Act funding of \$189,950. Deferred revenue of \$23,176 at March 31, 2020 consists entirely of prepaid rooftop antenna rental revenue.

NOTE 4 - Fixed Assets

Fixed assets consist primarily of expenditures to acquire, construct, place in operation and improve the facilities of the Authority and are stated at cost, less accumulated depreciation. The following is a summary of the changes in general fixed assets for the fiscal year ended March 31, 2021 and 2020:

	Apr. 1, 2020	Additions	Disposals	Transfers/Other	Mar. 31, 2021
Land	\$ 620,838	\$ -	\$ -	\$ -	\$ 620,838
Buildings and Improvements	23,632,635	36,814	-	-	23,669,449
Dwelling Equipment	701,271	36,589	-	-	737,860
Furniture and Equipment	1,128,191	-	-	(4,808)	1,123,383
Construction in Progress	-	142,392	-	-	142,392
Total Fixed Assets	26,082,935	215,795	-	(4,808)	26,293,922
Accumulated Depreciation	(18,505,701)	(345,554)	-	4,808	(18,846,447)
Net Fixed Assets	\$ 7,577,234	\$ (129,759)	\$ -	\$ -	\$ 7,447,475

	Apr. 1, 2019	Additions	Disposals	Transfers/Other	Mar. 31, 2020
Land	\$ 620,838	\$ -	\$ -	\$ -	\$ 620,838
Buildings and Improvements	23,421,140	211,495	-	-	23,632,635
Dwelling Equipment	649,204	52,067	-	-	701,271
Furniture and Equipment	1,091,758	36,433	-	-	1,128,191
Construction in Progress	-	-	-	-	-
Total Fixed Assets	25,782,940	299,995	-	-	26,082,935
Accumulated Depreciation	(18,117,488)	(388,213)	-	-	(18,505,701)
Net Fixed Assets	\$ 7,665,452	\$ (88,218)	\$ -	\$ -	\$ 7,577,234

Depreciation expense for the fiscal years ended March 31, 2021 and 2020 amounted to \$345,554 and \$388,213, respectively.

Expenditures are capitalized when they meet the Authority's Capitalization policy. Under that policy, assets purchased or constructed at a cost not exceeding \$500 are expensed when incurred.

Depreciation of fixed assets is calculated using the straight-line method for reporting purposes at rates based upon the following estimated useful lives:

	Years
Buildings	40
Improvements	15
Furniture	5-10
Equipment	5-20
Vehicles	5
Computers	3

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 5 – Payment in Lieu of Taxes (PILOT)

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Town. Under the Cooperation Agreement, the Authority must pay the Town the lower of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal year ended March 31, 2021 and 2020, PILOT expense was accrued in the amount of \$92,372 and \$98,905, respectively.

NOTE 6 – Accrued Compensated Absences

Accrued compensated absences of \$135,386 and \$123,503 at March 31, 2021 and 2020, respectively, represent amounts of accumulated leave for which employees are entitled to receive payment in accordance with the Authority's Personnel Policy. Employees may carry over up to two weeks of vacation each year; any such vacation not taken in the second year shall be lost. Employees may be compensated for accrued vacation leave earned in the current year only in the event of retirement or termination of service. Employees may be compensated for sick leave at retirement at the rate of one day for every two days accumulated, payable at the salary rate earned at the time of separation.

NOTE 7 – Risk Management

The Authority is exposed to various risks of loss related to torts, theft, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. During the years ended March 31, 2021 and 2020, the Authority's risk management program, in order to deal with potential liabilities, consisted of various insurance policies for fire, general liability, crime, auto and public-officials errors and omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its Projects for the purpose of determining potential liability issues. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Settled claims relating to the commercial insurance have not exceeded the amount of insurance in any of the past three fiscal years.

NOTE 8 – Construction Commitments

At March 31, 2021 and 2020, the Authority's outstanding construction commitments pertained to capital improvements to be funded by restricted cash accounts that were established pursuant to the Authority's RAD conversion.

NOTE 9 – Economic Dependency

For the years ended March 31, 2021 and 2020, a substantial portion of the Authority's revenues were received from the United States Department of Housing and Urban Development, which are subject to availability of funds and Congressional approval, as well as the Authority's compliance with Federal rules and regulations.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2021

NOTE 10 – Restricted Net Position

Restricted Net Position at March 31, 2021 and 2020 consists of the following components:

	<u>2021</u>	<u>2020</u>
Capital and Replacement Reserves	1,836,624	1,753,849
Housing Assistance Payment Equity	71,943	-
	<u>\$ 1,908,567</u>	<u>\$ 1,753,849</u>

Capital and Replacement Reserves

In connection with the \$2,500,000 mortgage loan discussed in Note 11 to the financial statements, the Authority entered into a rehabilitation escrow agreement with the lender. Under the terms of that agreement, the Authority deposited \$2,500,000 of the loan proceeds into rehabilitation escrow accounts to be used for repairs of the Projects and also agreed to make deposits to a capital repairs escrow account. During the fiscal year ended March 31, 2021, interest income and additional escrow deposits of \$74,092 and \$8,682.73, respectively, were deposited to the accounts. No disbursements from the replacement reserve account were made for the year ended March 31, 2021. During the fiscal year ended March 31, 2020, additional escrow deposits of \$63,984 were made to the replacement reserve account, and \$26,780 of interest income was added to the account. No disbursements from the replacement reserve account were made for the year ended March 31, 2020.

Housing Assistance Payment Equity

Prior to January 1, 2005 excess funds advanced by HUD to the Authority for the payment of housing assistance payments were returned to HUD at the end of the Authority's fiscal year. In accordance with HUD's PIH Notice 2006-03, starting January 1, 2005 excess funds disbursed by HUD to the Authority for the payment of Housing Assistance Payments that are not so utilized are not returned to HUD, but become part of the undesignated fund balance and may only be used to assist additional families up to the number of units under contract. As of November 2007, HUD is reverting to treating these funds as restricted in order to comply with generally accepted accounting principles. HUD has indicated that any HAP amounts received by a PHA and not expended should be reported as restricted cash and restricted net position.

Administrative fees paid by HUD to the Authority in excess of administrative expenses are part of the undesignated fund balance and are considered to be "administrative fee reserves". Administrative fee reserves accumulated prior to January 1, 2005 are subject to all requirements applicable to administrative fee reserves including, but not limited to, 24 CFR982.155 – i.e. "other housing purposes permitted by state or local law". Excess administrative fees earned in 2005 and subsequent years must be used for activities related to the provision of tenant-based rental assistance authorized under Section 8 of the United States Housing Act of 1937, including related development activities.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 10 – Restricted Net Position (continued)

In accordance with HUD requirements, the Authority's restricted and unrestricted fund balance consists of the following components as of March 31, 2020 and 2019:

Administrative Fee Equity - included in Unrestricted Net Position			
Administrative Fee Reserves at March 31, 2020	\$ (135,950)		
Net Administrative Fee Reserves Expended	143,206		
Fraud Recoveries	<u>12,998</u>	\$	20,254
Housing Assistance Payment Reserves - included in Restricted Net Position			
Housing Assistance Payment Reserves at March 31, 2020	-		
Unexpended HAP Subsidy	58,946		
Fraud Recoveries	<u>12,997</u>		<u>71,943</u>
Total HCV Program Net Position at March 31, 2021		\$	<u>92,197</u>

Administrative Fee Equity - included in Unrestricted Net Position			
Administrative Fee Reserves at March 31, 2019	\$ (416,484)		
Net Administrative Fee Reserves Expended	274,389		
Fraud Recoveries	<u>6,145</u>	\$	(135,950)

Housing Assistance Payment Reserves - included in Restricted Net Position			
Housing Assistance Payment Reserves at March 31, 2019	21,010		
Unexpended HAP Subsidy	(27,155)		
Fraud Recoveries	<u>6,145</u>		<u>-</u>
Total HCV Program Net Position at March 31, 2020		\$	<u>(135,950)</u>

NOTE 11 – Long-Term Debt

In December 2016, the Authority borrowed \$2,500,000 from Bogota Savings Bank in connection with its Rental Assistance Demonstration (RAD) conversion. A portion of the proceeds were used to redeem the bonds outstanding in connection with its 2007 Capital Fund Leveraging Program. The loan is payable in 360 monthly installments of \$11,120, including interest at the bank's prime rate plus 25 basis points (0.250%), with the final payment due March 1, 2047. The interest rate will be reset on January 1, 2022 and January 1, 2027 to reflect the bank's prime rate existing at that time. However, the interest rate can be no lower than 3.375% and no higher than 6.00%. The interest rate of 3.375% is in effect through January 1, 2022.

In connection with the loan agreement, the Housing Authority's debt service coverage ratio must equal or exceed 1.2 annually. The debt service coverage ratio is defined as: Net Operating Income divided by Annual Debt Service Payments.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 11 – Debt Continued

The following schedule represents the required principal and interest payments during the next five years and thereafter.

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	56,076	77,368	133,444
2023	58,026	75,418	133,444
2024	59,844	73,600	133,444
2025	62,123	71,321	133,444
2026	64,282	69,162	133,444
2027-2031	356,329	310,893	667,222
2032-2036	422,627	244,595	667,222
2037-2041	501,572	165,650	667,222
2042-2046	595,064	72,158	667,222
Thereafter	109,687	2,280	111,967
Total	\$ 2,285,630	\$ 1,162,445	\$ 3,448,075

The Authority's long-term liabilities at March 31, 2021 and March 31, 2020 consisted of the following:

	<u>April 1, 2020</u>	<u>Additions</u>	<u>Payments</u>	<u>Withdrawals</u>	<u>Forfeitures</u>	<u>March 31, 2021</u>
Operating Loan	\$ 2,339,837	\$ -	\$ (54,207)	\$ -	\$ -	\$ 2,285,630
Compensated Absences	123,503	11,883	-	-	-	135,386
OPEB Liability	1,211,290	514,484	-	-	-	1,725,774
Pension Liability	1,275,588	-	(76,597)	-	-	1,198,991
	<u>\$ 4,950,218</u>	<u>\$ 526,367</u>	<u>\$ (130,804)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,345,781</u>
Less Current Portion of Operating Loan						(55,605)
Less Current Portion of Compensated Absences						(12,688)
Total Non Current Portion						<u>\$ 5,277,488</u>
	<u>April 1, 2019</u>	<u>Additions</u>	<u>Payments</u>	<u>Withdrawals</u>	<u>Forfeitures</u>	<u>March 31, 2020</u>
Operating Loan	\$ 2,392,010	\$ -	\$ (52,173)	\$ -	\$ -	\$ 2,339,837
Compensated Absences	116,103	7,400	-	-	-	123,503
OPEB Liability	2,931,191	(1,719,901)	-	-	-	1,211,290
Pension Liability	1,405,991	(61,542)	(68,861)	-	-	1,275,588
	<u>\$ 6,845,295</u>	<u>\$ (1,774,043)</u>	<u>\$ (121,034)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,950,218</u>
Less Current Portion of Operating Loan						(53,520)
Less Current Portion of Compensated Absences						(12,350)
Total Non Current Portion						<u>\$ 4,884,348</u>

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 12 – Other Post Employee Retirement Benefits (OPEB)

PLAN DESCRIPTION

The Authority administers a cost sharing multiple employer defined benefit postemployment health care benefit (OPEB) plan. The Authority was required to adopt a resolution to participate in the Plan. Coverage under the plan is available to employee spouses and benefits may continue to surviving spouses. For additional information about the plan, please refer to the State of New Jersey (the State), Division of Pension 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 drugs to retirees and their covered dependents of the Authority. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, the Authority elects to provide postretirement medical coverage to its employees and must file a resolution with the Division. Under Chapter 88, the Authority has elected to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows the Authority to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the Authority 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 negotiations agreement.

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

BASIS OF PRESENTATION

GASB Statement No. 75 requires the Authority to recognize its proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense.

EMPLOYEES COVERED UNDER THE PLAN

At the census date in the most recent plan valuation report, the following employees were covered under the plan:

Inactive Employees or Beneficiaries Receiving Benefits	2
Active employees	8
Total Employees included in Plan	<u>10</u>

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2021

NOTE 12 – Other Post Employee Retirement Benefits (OPEB) (Continued)

NET OPEB LIABILITY

The Authority's total other postemployment benefit ("OPEB") liability of \$1,722,336 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date. The components of the net OPEB liability are as of June 30, 2020 are as follows:

Total OPEB Liability	\$	1,738,158
Plan Fiduciary Net Position		15,822
Net OPEB Liability	\$	<u>1,722,336</u>
Plan Fiduciary Net Position as a Percentage of the Total OEPB Liability		0.91%

The total OPEB liability as of June 30, 2020 was determined by actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate		2.50%
Salary Increases (Based on years of service within the respective plan) Public Employees Retirement System (PERS) Initial Fiscal Year Applied		
Rate Through 2026		2.00% to 6.00%
Rate Thereafter		3.00% to 7.00%

Mortality: Pub-2010 General classification headcount weighted mortality with fully generation al mortality improvement projections from the central year using Scale MP-2020

HEALTH CARE TREND ASSUMPTIONS

For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term trend rate after eight years.

Actuarial assumptions used in the July 1, 2019 valuation were based on the results of the PERS experience studies prepared for July 1, 2014 to June 30, 2019. 100% of active members are considered to participate in the Plan upon retirement.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 12 – Other Post Employee Retirement Benefits (OPEB) (Continued)

DISCOUNT RATE

The discount rate for June 2020 was 2.21%. This represents the municipal bond return rate as chosen by the State of New Jersey. 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 NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the collective net OPEB liability of the Authority as of June 30, 2020, calculating the discount rate as disclosed above as well as what the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates.

	1% Decrease	Discount Rate	1% Increase
	<u>1.21%</u>	<u>2.21%</u>	<u>3.21%</u>
Total OPEB Liability	\$ 2,036,166	\$ 1,722,336	\$ 1,473,912

SENSITIVITY TO NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE TREND RATE

The following presents the total OPEB liability of the Authority as of June 30, 2020 calculated using the healthcare trend rate as disclosed above as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
Total OPEB Liability	\$ 1,022,179	\$ 1,211,290	\$ 1,452,532

June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Changes of Assumptions	\$ 257,607	\$ 383,021
Changes in Proportion	145,387	231,764
Differences between expected and actual experience	45,365	320,731
Net differences between projected and actual investment earnings on OPEB plan investments	1,094	-
TOTAL	<u>\$ 449,453</u>	<u>\$ 935,516</u>

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 12 – Other Post Employee Retirement Benefits (OPEB) (Continued)

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

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

The components of OPEB benefit (expense) for the year ending June 30, 2020 are as follows:

Service Cost	\$	58,153
Interest on total OPEB liability		47,740
Expected investment return		(732)
Administrative expense		951
Changes of benefit terms		99
Current period recognition (amortization) of deferred inflows/outflows of resources:		
Differences between expected and actual experience		(52,841)
Changes of assumptions		(40,178)
Differences between expected and actual investment earnings on OPEB plan investments		435
TOTAL OPEB BENEFIT	<u>\$</u>	<u>13,627</u>

NOTE 13 – Pension Plan

General Information about the Pension Plan

Plan Description - The Authority participates in the New Jersey Public Employees Retirement System (PERS) which is sponsored and administered by the New Jersey Division of Pensions and Benefits. PERS is a cost-sharing, multiple-employer defined benefits pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). PERS issues a publicly available report that can be obtained at the following website: www.state.nj.us/treasury/pensions/financial-reports.shtml

Benefits Provided - 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.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 13 – Pension (Continued)

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and to tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached service retirement age for the respective tier.

Contributions - The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for the noncontributory group benefits is based on actual claims paid. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

The housing authority's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 9, 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. The 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.

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

At the June 30, 2020 and June 30, 2019 measurement dates, the Authority reported \$1,198,991 and \$1,275,588, respectively, for its proportionate share of the net pension liability. The Authority's portion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's allocation percentages as of June 30, 2020 and June 30, 2019 were 0.00735% and 0.00708% respectively.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2021

NOTE 13 – Pension (Continued)

The components of the Authority's net pension liability as of June 30, 2020 and 2019, the most recent evaluation dates, are as follows:

	<u>2020</u>	<u>2019</u>
Total Pension Liability	\$ 2,889,845	\$ 2,928,443
Less: Plan Fiduciary Net Position	<u>(1,690,854)</u>	<u>(1,652,855)</u>
Net Pension Liability	<u>\$ 1,198,991</u>	<u>\$ 1,275,588</u>

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Actuarial Assumptions - The total pension liability for the June 30, 2019 measurement date was determined by an actuarial evaluation as of July 1, 2018, which was rolled forward to June 30, 2019. That actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.00% - 6.00%
Through 2026	based on years of service
Thereafter	3.00% - 7.00%
	based on years of service
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 bases year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

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

In accordance with State statute, the long term expected rate of return on plan investments (7% at June 30, 2020 and 2019) 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.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 13 – Pension (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target allocation as of June 30, 2019 are summarized in the following table:

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00% and 6.28% as of June 30, 2020 and 2019, respectively. 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 non-employer contributing entities will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate - The following presents the net pension liability of the Authority as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	At 1% Decrease	At June 30 Discount Rate	At 1% Increase
2020 \$	1,521,198	\$ 1,198,991	\$ 943,018
2019 \$	1,622,483	\$ 1,275,588	\$ 999,630

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 13 – Pension (Continued)

For the years ended March 31, 2021 and 2020, the Authority recognized pension expense of \$80,432 and \$68,861, respectively.

At March 31, 2021 and 2020, the Authority reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	2021 Deferred Outflows of Resources	2021 Deferred Inflows of Resources	2020 Deferred Outflows of Resources	2020 Deferred Inflows of Resources
Changes of assumptions	\$ 38,897	\$ 502,029	\$ 127,372	\$ 442,752
Differences between expected and actual experience	21,832	4,240	22,895	5,635
Net differences between projected and actual earnings on plan investments	40,982	-	-	20,136
Changes in proportion	81,427	8,581	56,339	18,604
Authority's contributions subsequent to the measurement date	-	-	-	-
TOTAL	<u>\$ 183,138</u>	<u>\$ 514,850</u>	<u>\$ 206,606</u>	<u>\$ 487,127</u>

The amounts reported as deferred outflows and inflows resources (excluding employer specific amounts) relate to pensions will be recognized in pension expense as shown in the below chart. The 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) over the average of the expected remaining service lives which is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for the 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Year ended June 30:	
2021	\$ (150,451)
2022	(137,166)
2023	(78,387)
2024	(31,698)
2025	(6,856)
Total	<u>\$ (404,558)</u>

Note 14 – Prior Period Adjustments

Pension and OPEB Liabilities recorded at March 31, 2020 are based on an actuarial study performed for the state of New Jersey Public Employee's Retirement System and the State of New Jersey Health Benefits Program. As a result, a prior period adjustment of \$589,729 was recorded to increase pension liability at March 31, 2019.

Note 15 – Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated subsequent events through February 18, 2022 the date on which the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
Secaucus, New Jersey
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended March 31, 2021

	<u>Funds Expended</u>
DIRECT FEDERAL AWARDS	
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT	
Housing Choice Voucher CARES Act Funding (CFDA # 14.HCC)	\$ 189,373
Housing Choice Voucher Program (CFDA #14.871)	<u>3,941,439</u>
Total Federal Awards	<u>\$ 4,130,812</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 Secaucus, New Jersey
STATEMENT AND CERTIFICATION OF COMPLETED MODERNIZATION GRANTS
 As of March 31, 2021

	<u>NJ39P08350114</u> <u>CFP 2014</u>	<u>TOTAL</u>
Funds Approved	\$ 260,916	\$ 260,916
Funds Expended	<u>260,916</u>	<u>260,916</u>
Excess/(Deficiency) Approved	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 260,916	\$ 260,916
Funds Expended	<u>260,916</u>	<u>260,916</u>
Excess/(Deficiency) of Advances	<u>\$ -</u>	<u>\$ -</u>

NOTES TO STATEMENT AND CERTIFICATION OF COMPLETED MODERNIZATION GRANTS

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

Secaucus Housing Authority (NJ083)

SECAUCUS, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2021

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted		\$2,008,251	\$855,141		\$2,863,392		\$2,863,392
112 Cash - Restricted - Modernization and Development				\$189,950	\$189,950		\$189,950
113 Cash - Other Restricted		\$1,835,824	\$71,943		\$1,907,767		\$1,907,767
114 Cash - Tenant Security Deposits		\$131,711			\$131,711		\$131,711
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	\$0	\$3,975,826	\$727,084	\$189,950	\$4,893,820		\$4,893,820
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects							
124 Accounts Receivable - Other Government							
125 Accounts Receivable - Miscellaneous		\$5,325			\$5,325		\$5,325
126 Accounts Receivable - Tenants		\$3,895			\$3,895		\$3,895
126.1 Allowance for Doubtful Accounts - Tenants		-\$1,219			-\$1,219		-\$1,219
126.2 Allowance for Doubtful Accounts - Other		\$0			\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current							
128 Fraud Recovery							
128.1 Allowance for Doubtful Accounts - Fraud							
129 Accrued Interest Receivable							
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$8,801	\$0	\$0	\$8,801		\$8,801
131 Investments - Unrestricted							
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets		\$23,652	\$1,757		\$25,399		\$25,399
143 Inventories							
143.1 Allowance for Obsolete Inventories							
144 Inter Program Due From		\$0			\$0		\$0
145 Assets Held for Sale							
150 Total Current Assets	\$0	\$4,008,939	\$728,841	\$189,950	\$4,927,730		\$4,927,730
161 Land		\$620,838			\$620,838		\$620,838
162 Buildings		\$23,344,583			\$23,344,583		\$23,344,583
163 Furniture, Equipment & Machinery - Dwellings		\$737,861			\$737,861		\$737,861
164 Furniture, Equipment & Machinery - Administration		\$1,123,383			\$1,123,383		\$1,123,383
165 Leasehold Improvements		\$324,868			\$324,868		\$324,868
166 Accumulated Depreciation		-\$18,846,448			-\$18,846,448		-\$18,846,448
167 Construction In Progress		\$142,392			\$142,392		\$142,392
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$7,447,475	\$0	\$0	\$7,447,475		\$7,447,475
171 Notes, Loans and Mortgages Receivable - Non-Current							
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due							
173 Grants Receivable - Non Current							
174 Other Assets							
175 Investments in Joint Ventures							
180 Total Non-Current Assets	\$0	\$7,447,475	\$0	\$0	\$7,447,475		\$7,447,475
200 Deferred Outflow of Resources		\$541,781	\$80,810		\$632,591		\$632,591
280 Total Assets and Deferred Outflow of Resources	\$0	\$11,998,195	\$819,651	\$189,950	\$13,007,796		\$13,007,796
311 Bank Overdraft							
312 Accounts Payable <= 90 Days		\$169,757			\$169,757		\$169,757
313 Accounts Payable >90 Days Past Due							
321 Accrued Wage/Payroll Taxes Payable		\$5,110	\$2,260		\$8,380		\$8,380
322 Accrued Compensated Absences - Current Portion		\$8,497	\$4,181		\$12,688		\$12,688
324 Accrued Contingency Liability							
325 Accrued Interest Payable		\$5,843			\$5,843		\$5,843
331 Accounts Payable - HUD PHA Programs			\$5,300		\$5,300		\$5,300
332 Accounts Payable - PHA Projects			\$4,840		\$4,840		\$4,840
333 Accounts Payable - Other Government		\$82,372			\$82,372		\$82,372
341 Tenant Security Deposits		\$131,711			\$131,711		\$131,711
342 Unearned Revenue		\$24,167		\$189,950	\$214,117		\$214,117
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue							

Secaucus Housing Authority (NJ083)

SECAUCUS, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2021

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	EJIM	Total
344 Current Portion of Long-term Debt - Operating Borrowings		\$55,605			\$55,605		\$55,605
345 Other Current Liabilities							
346 Accrued Liabilities - Other		\$28,578			\$28,578		\$28,578
347 Inter Program - Due To							
348 Loan Liability - Current		\$0			\$0		\$0
310 Total Current Liabilities	\$0	\$83,440	\$18,581	\$189,950	\$729,971		\$729,971
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$2,230,028			\$2,230,028		\$2,230,028
352 Long-term Debt, Net of Current - Operating Borrowings							
353 Non-current Liabilities - Other							
354 Accrued Compensated Absences - Non Current		\$84,988	\$87,715		\$122,698		\$122,698
355 Loan Liability - Non Current							
356 FASB 5 Liabilities							
357 Accrued Pension and OPEB Liabilities		\$2,478,284	\$418,451		\$2,924,735		\$2,924,735
350 Total Non-Current Liabilities	\$0	\$4,791,292	\$486,166	\$0	\$5,277,458		\$5,277,458
300 Total Liabilities	\$0	\$5,314,732	\$502,747	\$189,950	\$6,007,429		\$6,007,429
400 Deferred Inflow of Resources		\$1,231,888	\$218,678		\$1,450,566		\$1,450,566
508.4 Net Investment in Capital Assets		\$5,181,845			\$5,181,845		\$5,181,845
511.4 Restricted Net Position		\$1,898,624	\$71,843		\$1,909,597		\$1,909,597
512.4 Unrestricted Net Position	\$0	-\$1,546,699	\$28,288	\$0	-\$1,520,411		-\$1,520,411
513 Total Equity - Net Assets / Position	\$0	\$5,451,770	\$98,231	\$0	\$5,550,001		\$5,550,001
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$11,988,195	\$618,651	\$189,950	\$13,007,796		\$13,007,796

Secaucus Housing Authority (NJ083)
SECAUCUS, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2021

	Project Total	1 Business Activities	14,871 Housing Choice Vouchers	14, HCC HCV CARES Act Funding	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		\$2,306,080			\$2,306,080	-\$988,097	\$1,319,983
70400 Tenant Revenue - Other							
70500 Total Tenant Revenue	\$0	\$2,306,080	\$0	\$0	\$2,306,080	-\$988,097	\$1,319,983
70800 HUD PHA Operating Grants			\$3,941,439	\$189,379	\$4,130,812		\$4,130,812
70510 Capital Grants							
70710 Management Fee							
70720 Asset Management Fee							
70730 Book Keeping Fee							
70740 Front Line Service Fee							
70750 Other Fees							
70700 Total Fee Revenue					\$0	\$0	\$0
70800 Other Government Grants							
71100 Investment Income - Unrestricted		\$11,270	\$10,406		\$21,676		\$21,676
71200 Mortgage Interest Income							
71300 Proceeds from Disposition of Assets Held for Sale							
71310 Cost of Sale of Assets							
71400 Fraud Recovery		\$12,626	\$26,985		\$39,621		\$39,621
71500 Other Revenue		\$197,218	\$30,920		\$228,138		\$228,138
71600 Gain or Loss on Sale of Capital Assets							
72000 Investment Income - Restricted		\$17,506			\$17,506		\$17,506
70000 Total Revenue	\$0	\$2,544,888	\$4,008,762	\$189,379	\$6,742,833	-\$988,097	\$5,756,735
91100 Administrative Salaries		\$201,840	\$175,888		\$377,728		\$377,728
91200 Auditing Fees		\$5,450	\$5,450		\$12,900		\$12,900
91300 Management Fee		\$0	\$0		\$0		\$0
91310 Book-keeping Fee							
91400 Advertising and Marketing							
91500 Employee Benefit contributions - Administrative		\$67,879	\$39,551		\$97,430		\$97,430
91600 Office Expenses		\$88,898	\$53,080		\$142,078		\$142,078
91700 Legal Expense		\$14,250	\$14,250		\$28,500		\$28,500
91800 Travel		\$7,420	\$560		\$7,980		\$7,980
91810 Allocated Overhead							
91900 Other							
91000 Total Operating - Administrative	\$0	\$377,037	\$289,779	\$0	\$666,816	\$0	\$666,816
92000 Asset Management Fee							
92100 Tenant Services - Salaries		\$18,929	\$34,089	\$9,082	\$62,099		\$62,099
92200 Relocation Costs							
92300 Employee Benefit Contributions - Tenant Services		\$3,813	\$2,583	\$905	\$10,101		\$10,101
92400 Tenant Services - Other		\$318		\$2,706	\$3,024		\$3,024
92500 Total Tenant Services	\$0	\$28,960	\$36,671	\$12,693	\$78,184	\$0	\$78,184
93100 Water		\$65,298			\$65,298		\$65,298
93200 Electricity		\$215,188			\$215,188		\$215,188
93300 Gas		\$21,603			\$21,603		\$21,603
93400 Fuel							
93500 Labor		\$45,500			\$45,500		\$45,500
93600 Sewer		\$25,539			\$25,539		\$25,539
93700 Employee Benefit Contributions - Utilities		\$18,141			\$18,141		\$18,141
93800 Other Utilities Expense							
93000 Total Utilities	\$0	\$391,269	\$0	\$0	\$391,269	\$0	\$391,269
94100 Ordinary Maintenance and Operations - Labor		\$294,503			\$294,503		\$294,503
94200 Ordinary Maintenance and Operations - Materials and Other		\$75,328			\$75,328		\$75,328
94300 Ordinary Maintenance and Operations Contracts		\$370,566			\$370,566		\$370,566
94500 Employee Benefit Contributions - Ordinary Maintenance		\$81,095			\$81,095		\$81,095
94000 Total Maintenance	\$0	\$821,492	\$0	\$0	\$821,492	\$0	\$821,492
95100 Protective Services - Labor							
95200 Protective Services - Other Contract Costs							
95300 Protective Services - Other							
95500 Employee Benefit Contributions - Protective Services							
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance		\$33,282			\$33,282		\$33,282

Secaucus Housing Authority (NJ083)
SECAUCUS, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2021

	Project Total	1 Business Activities	14.87% Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
99120 Liability Insurance		\$16,641			\$16,641		\$16,641
99130 Workmen's Compensation		\$16,641	\$5,184		\$21,825		\$21,825
99140 All Other Insurance							
99100 Total Insurance Premiums	\$0	\$33,282	\$5,184	\$0	\$38,466	\$0	\$38,466
99200 Other General Expenses			\$8,398		\$8,398		\$8,398
99210 Compensated Absences			\$22,955		\$22,955		\$22,955
99300 Payments in Lieu of Taxes		\$92,871			\$92,871		\$92,871
99400 Bad debt - Tenant Rents							
99500 Bad debt - Mortgages							
99600 Bad debt - Other							
99800 Severance Expense							
99900 Total Other General Expenses	\$0	\$92,871	\$31,351	\$0	\$124,222	\$0	\$124,222
99710 Interest of Mortgage (or Bonds) Payable		\$79,079			\$79,079		\$79,079
99720 Interest on Notes Payable (Short and Long Term)							
99730 Amortization of Bond Issue Costs							
99700 Total Interest Expense and Amortization Cost	\$0	\$79,079	\$0	\$0	\$79,079	\$0	\$79,079
99800 Total Operating Expenses	\$0	\$1,257,172	\$362,985	\$12,683	\$2,232,820	\$0	\$2,232,820
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$687,526	\$3,645,777	\$176,710	\$4,510,013	-\$986,097	\$3,523,916
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized							
97300 Housing Assistance Payments			\$3,382,092	\$176,710	\$3,558,802	-\$986,097	\$2,572,705
97350 HAP Portability-In			\$29,504		\$29,504		\$29,504
97400 Depreciation Expense		\$345,554			\$345,554		\$345,554
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							
99000 Total Expenses	\$0	\$2,202,726	\$3,774,581	\$189,373	\$6,166,680	-\$986,097	\$5,180,583
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							
10080 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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$341,872	\$234,181	\$0	\$576,053	\$0	\$576,053
11020 Required Annual Debt Principal Payments	\$0	\$53,520	\$0	\$0	\$53,520	\$0	\$53,520
11030 Beginning Equity	\$0	\$5,109,798	-\$188,550	\$0	\$4,921,248	\$0	\$4,921,248
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors					\$0	\$0	\$0
11050 Changes in Compensated Absence Balance							
11080 Changes in Contingent Liability Balance							
11070 Changes in Unrecognized Pension Transfers Liability							
11080 Changes in Special Term/Severance Benefits Liability							
11080 Changes in Allowance for Doubtful Accounts - Dwelling Rents							
11100 Changes in Allowance for Doubtful Accounts - Other							
11170 Administrative Fee Equity			\$28,288		\$28,288		\$28,288
11180 Housing Assistance Payments Equity			\$71,843		\$71,843		\$71,843
11190 Unit Months Available	0	3390	9540	0	12840	0	12840
11210 Number of Unit Months Leased	0	3281	9215	0	12496	0	12496
11270 Excess Cash	\$0				\$0		\$0
11610 Land Purchases	\$0				\$0		\$0
11620 Building Purchases	\$0				\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0				\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0				\$0		\$0

Secaucus Housing Authority (NJ083)
 SECAUCUS, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2021

	Project Total	1 Business Activities	14,871 Housing Choice Vouchers	14, HCC HCV CARES Act Funding	Subtotal	ELIM	Total
11650 Leasehold Improvements Purchases	\$0				\$0		\$0
11660 Infrastructure Purchases	\$0				\$0		\$0
13510 CFFP Debt Service Payments	\$0				\$0		\$0
13501 Replacement Housing Factor Funds	\$0				\$0		\$0

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 Schedule of Proportionate Share of the Net Pension Liability
 of the Public Employees Retirement System (PERS)
 For the Year Ended March 31, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Housing Authority's Proportion of the Net Pension Liability	0.73500%	0.00708%	0.00714%	0.00693%	0.68200%
Housing Authority's Proportionate Share of the Net Pension Liability	\$1,198,991	\$1,275,588	\$1,405,990	\$1,613,720	\$2,020,058
Housing Authority's Covered Employee Payroll	\$ 734,400	\$ 740,985	\$ 706,286	\$ 672,161	\$ 626,134
Housing Authority's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Employee Payroll	163.26%	172.15%	199.07%	240.08%	322.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.51%	56.27%	53.60%	48.10%	40.14%

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 the data becomes available.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 Schedule of Authority Contributions to the
 Public Employees Retirement System (PERS)
 For The Year Ended March 31, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 80,432	\$ 68,861	\$ 71,028	\$ 64,220	\$ 60,593
Contribution in Relation to the Contractually Required Contribution	\$ (80,432)	\$ (68,861)	\$ (71,028)	\$ (64,220)	\$ (60,593)
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	\$ 734,400	\$ 706,286	\$ 706,286	\$ 706,286	\$ 626,134
Contribution as a Percentage of Covered Employee Payroll	10.95%	9.75%	10.06%	9.09%	9.68%

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 the data becomes available.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 Schedule of Changes in the Housing Authority's
 Total OPEB Liability and Related Ratios
 For the Year Ended March 31, 2021

<u>Total OPEB Liability</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Housing Authority's Proportion of the Net OPEB Liability	0.00960%	0.00894%	0.96560%
Housing Authority's Proportionate Share of the Net OPEB Liability	\$ 1,722,336	\$ 1,211,290	\$ 1,512,769
Housing Authority's Covered Employee Payroll	734,400	740,985	706,286
Housing Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Its Covered Employee Payroll	235%	163%	214%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%	1.98%	1.97%

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 the data becomes available.

HOUSING AUTHORITY OF THE TOWN OF SECAUCUS
 Schedule of Authority Contributions to the
 Other Post-Employment Benefits Plan (OPEB)
 For the Year Ended March 31, 2021

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 180,445	\$ 175,404	\$ 170,142
Contribution in Relation to the Contractually Required Contribution	<u>\$(175,404)</u>	<u>\$(175,404)</u>	<u>(170,142)</u>
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	734,400	740,985	706,286
Contribution as a Percentage of Covered Employee Payroll	24.57%	23.67%	24.09%

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 the data becomes available.



Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners
Housing Authority of the Town of Secaucus
Secaucus, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Controller General of the United States, the financial statements of the Housing Authority of the Town of Secaucus as of and for the year ended March 31, 2021 and have issued our report thereon dated February 18, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control over financial reporting 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, as defined above. However, material weakness may exist that have not been identified.

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

(Continued)

Compliance and Other Matters

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

Purpose of This Report

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

Polcari & Company

POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
February 18, 2022



Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners
Housing Authority of the Town of Secaucus
Secaucus, New Jersey

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the Town of Secaucus's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the entity's major federal programs for the year ended March 31, 2021. The Housing Authority of the Town of Secaucus's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Housing Authority of the Town of Secaucus's major federal programs based on our audits of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Housing Authority of the Town of Secaucus's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Opinion on Each Major Federal Program

In our opinion, Housing Authority of the Town of Secaucus 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 March 31, 2021.

Report on Internal Control Over Compliance

Management of the Housing Authority of the Town of Secaucus is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of the Town of Secaucus's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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.

Polcari & Company

POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
February 18, 2022