

Report On Audit

WHA

**HOUSING AUTHORITY OF THE
TOWNSHIP OF WEEHAWKEN**

**For the Year Ended
December 31, 2022**

Housing Authority of the Township of Weehawken
Table of Contents

	<u>Page Number</u>
Independent Auditor's Report	1-4
Management's Discussion and Analysis	5-18
Financial Statements	
Statement of Net Position	19-20
Statement of Revenue, Expenses and Changes in Net Position	21
Statement of Cash Flows	22-23
Notes to Financial Statements	24-58
Required Supplementary Information	
Schedule of Changes in Total OPEB Liabilities and Ratios	59
Schedule of Proportionate Share of the Net Pension Liability Of the Public Employee Retirement System (PERS)	60-63
Supplementary Information	
Schedule of Expenditures of Federal Awards	64-65
Financial Data Schedule	66-70
Other Reports and Comments	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	71-72
Independent Auditors Report on Compliance for each Major Program and on Internal Control over Compliance Required by Uniform Guidance	73-75
Schedule of Findings and Questioned Cost	76
Independent Accountant's Report on Applying Agreed-upon Procedures – REAC	77-78

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Township of Weehawken
525 Gregory Ave
Weehawken, New Jersey 07086

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and business activities, of the Housing Authority of the Township of Weehawken, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Township of Weehawken basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and business activities of the Housing Authority of the Township of Weehawken as of December 31, 2022, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of the Township of Weehawken and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the Township of Weehawken's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the Township of Weehawken
- Housing Authority of the Township of Weehawken's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and OPEB and PERS supplemental information on pages 5 through 18 and pages 59-63 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the Township of Weehawken's basic financial statements. The accompanying supplemental information on pages 64-70 is presented for additional analysis and is not required part of the basic financial statements.

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

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

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the Schedule of Expenditures of Federal Awards, and the Financial Data Schedule, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2023, in our consideration of the Housing Authority of the Township of Weehawken's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the Township of Weehawken's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the Township of Weehawken's internal control over financial reporting and compliance.

Giampaolo & Associates

Lincroft, New Jersey

Date: July 28, 2023

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2022**

As Management of the Housing Authority of the Township of Weehawken (the Authority), present the following discussion and analysis which is supplementary information required by the Governmental Accounting Standards Board (GASB), and is intended to provide an easily readable explanation of the information provided in the attached financial statements. Management Discussion and Analysis is designed to focus on the current year activities, resulting changes, and current known facts. It is by necessity highly summarized, and to gain a thorough understanding of the Authority's financial position, the financial statements and footnotes should be viewed in their entirety beginning on page 19 of this report. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

FINANCIAL HIGHLIGHTS

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$2,240,541, an increase in the financial position of \$324,059 or 17% as compared to the prior year.

As noted above, the net position of the Authority was \$2,240,541 as of December 31, 2022. Of this amount, the unrestricted net position is negative (\$790,020) representing a decrease in the deficit of \$106,595 or 12% percent from the previous year. Additional information on the Authority's unrestricted net positions can be found in Note 22 of the financial statements, which is included in this report.

The Authority's net investment in capital assets decreased \$109,981 or 4% percent for an ending balance of \$2,467,487.

The restricted net position increased \$327,445 or 139% percent from the prior year for and ending balance of \$563,074. Additional information on the Authority's restricted net position can be found in Note 21 of the financial statements, which is included in this report.

The Authority's total cash, and cash equivalent on December 31, 2022, is \$1,643,717 representing an increase of \$315,056 or 24% percent from the prior year. Operating cash decreased by \$12,336 or 1% percent for an ending balance of \$1,042,796. Total restricted cash increased \$327,392 or 120% percent for an ending balance of \$600,921. The full detail of these amounts can be found in the Statement of Cash Flows on pages 22-23 of this report.

The Authority's total assets and deferred outflows are \$5,832,125 of which capital assets net book value is \$3,352,154; other assets is \$3,734, deferred outflows amount of \$618,902, leaving total current assets at \$1,857,335.

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2022**

FINANCIAL HIGHLIGHTS - CONTINUED

Total current assets increased from the previous year by \$77,781 or 4% percent. Operating cash decreased by \$12,336 or 1% percent from the prior year, restricted cash increased by \$327,392 or 120% percent, accounts receivables increased by \$64,358 or 47% percent, investments decreased by \$302,073 or 98% percent and prepaid expenses increased \$440 or 8% percent.

Capital assets reported a decrease in the net book value of the capital assets in the amount of \$132,386 or 4% percent. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$26,462, less the recording of depreciation expense in the amount of \$158,848. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 9 Fixed Assets.

Other assets increased \$3,734 or 100% percent. Right to use assets – 2 copiers increased by \$3,374 or 100% percent. Full detail of this account can be found in the Notes to the Financial Statements Section Note 10.

The Authority reported a decrease in the deferred outflows for the OPEB and pension cost in the amount of \$38,745 for an ending balance of \$618,902. The Authority also reported a decrease in the deferred inflows for the OPEB and pension cost in the amount of \$115,939 for an ending balance of \$838,879. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 11 Deferred Outflows/Inflows of Resources.

The Authority's total liabilities are reported at \$2,752,705, of which current liabilities are stated at \$118,495 and noncurrent liabilities are stated at \$2,634,210. Total liabilities decreased during the year as compared to the prior year in the amount of \$297,736, or 10% percent. Total current liabilities decreased during the year by \$177,280, leaving non-current liabilities for a decrease of \$120,456 as compared to the previous year.

Total current liabilities decreased from the previous year by \$117,280 or 60% percent. Accounts payable decreased by \$185,831, accrued liabilities increased by \$3,829, tenant security deposit payable decreased by \$53, unearned revenue increased \$411, lease payable increased \$3,555, and the current portion of mortgage payable increased \$809.

Total noncurrent liabilities decreased by \$120,456 or 4% percent. Long term obligations such as accrued compensated absences - long term with no offsetting assets, increased \$18,184 or 35% percent from the prior year for an ending balance of \$70,713, mortgage payable long-term decreased \$23,214 or 3% percent compared to the prior year.

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2022**

FINANCIAL HIGHLIGHTS - CONTINUED

The Authority's accrued pension and OPEB liability decreased \$115,426 or 6% percent for an ending balance of \$1,702,045. Additional information about the Authority's accrued pension as well as accrued OPEB liability on December 31, 2022, can be found in Notes 18-19 to the financial statements, which is included in this report.

The Authority had total operating revenue of \$4,621,983 as compared to \$4,669,478 from the prior year for a decrease of \$47,495 or 1% percent. The Authority had total operating expenses of \$4,454,376 as compared to \$4,379,884 from the previous year for an increase of \$74,492 or 2% percent, resulting in an excess of revenue from operations in the amount of \$167,607 as compared to a surplus from operations in the amount of \$289,594 for a decrease in revenue over expenses of \$121,987 or 42% percent from the previous year.

The Authority had capital outlays in the amount of \$26,462 for the fiscal year. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 9 Fixed Assets.

The Authority's Expenditures of Federal Awards amounted to \$3,765,167 for the year 2022 as compared to \$3,820,532 for the previous year 2021 for a decrease of \$55,365 or 1% percent.

USING THIS ANNUAL REPORT

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

1. Business Activities – RAD Program
2. Section 8 Housing Choice Voucher Program

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2022**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

This discussion and analysis are intended to serve as an introduction to the Housing Authority's basic financial statements. The basic financial statements are prepared on an entity wide basis and consist of:

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

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

The Authority's activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe, and sanitary housing to low income and special needs populations. The financial statements can be found on pages 19 through 23.

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

Statement of Revenue, Expenses and Changes in Net Position – This statement presents information showing how the Authority's net position increased or decreased during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash inflows and cash outflows in the future periods.

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2022**

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

Notes to the Financial Statements - Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Housing Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Housing Authority may face. The Notes to Financial Statements can be found in this Report beginning on page 24 through 58.

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

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Audits of States, Local Governments and Non-profit Organizations. The schedule of Expenditures of Federal Awards can be found on pages 64-65 of this report.

The Schedule of Expenditures of Federal Awards - Continued

- 1. Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), federal award is defined as federal financial assistance and federal cost reimbursement contracts that non-federal agencies receive directly or indirectly from federal agencies or pass-through entities. Federal financial assistance is defined as assistance that nonfederal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, direct appropriations and other assistance.

- 2. Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and the Uniform Guidance establish the levels of expenditures or expenses to be used in defining Type A and Type B Federal financial assistance programs. Type A programs for the Housing Authority of the Township of Weehawken are those which equal or exceeded \$750,000 in expenditures for the fiscal year ended December 31, 2022. Type B programs for the Housing Authority of the Township of Weehawken are those which are less than \$750,000 in expenditures for the fiscal year ended December 31, 2022.

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2022**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

The following summarizes the computation of Net Position between December 31, 2022, and December 31, 2021:

Computations of Net Position is as follows:

	<u>Year Ended</u>		Increase (Decrease)
	December-22	December-21	
Cash	\$ 1,643,717	\$ 1,328,661	\$ 315,056
Other Current Assets	213,618	450,893	(237,275)
Capital Assets - Net	3,354,154	3,484,540	(130,386)
Other Assets	3,734	-	3,734
Deferred Outflows	618,902	657,647	(38,745)
Total Assets	5,834,125	5,921,741	(87,616)
Less: Current Liabilities	(118,495)	(295,775)	177,280
Less: Non Current Liabilities	(2,634,210)	(2,754,666)	120,456
Less: Deferred Inflows	(838,879)	(954,818)	115,939
Net Position	<u>\$ 2,242,541</u>	<u>\$ 1,916,482</u>	<u>\$ 326,059</u>
Net Investment in Capital Assets	\$ 2,467,487	\$ 2,577,468	\$ (109,981)
Restricted	563,074	235,629	327,445
Unrestricted	(790,020)	(896,615)	106,595
Net Position	<u>\$ 2,240,541</u>	<u>\$ 1,916,482</u>	<u>\$ 324,059</u>

Cash increased by \$315,056 or 24% percent. Net cash provided by operating activities was \$98,197, net cash used by capital and related financing activities was \$92,026, and net cash provided by investing activities was \$308,885. The full detail of these amounts can be found in the Statement of Cash Flows on pages 22-23 of this audit report.

Other current assets decreased by \$237,275 or 53% percent. Accounts receivables increased by \$64,358 or 47% percent, investments decreased by \$302,073 or 98% percent and prepaid expenses increased \$440 or 8% percent

Capital assets reported a decrease in the net book value of the capital assets in the amount of \$132,386 or 4% percent. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$26,462, less the recording of depreciation expense in the amount of \$158,848. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 9 Fixed Assets.

Other assets increased \$3,734 or 100% percent. Right to use assets – 2 copiers increased by \$3,374 or 100% percent. Full detail of this account can be found in the Notes to the Financial Statements Section Note 10.

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2022**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority reported a decrease in the deferred outflows for the OPEB and pension cost in the amount of \$38,745 for an ending balance of \$618,902. The Authority also reported a decrease in the deferred inflows for the OPEB and pension cost in the amount of \$115,939 for an ending balance of \$838,879. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 11 Deferred Outflows/Inflows of Resources.

Total current liabilities decreased from the previous year by \$117,280 or 60% percent. Accounts payable decreased by \$185,831, accrued liabilities increased by \$3,829, tenant security deposit payable decreased by \$53, unearned revenue increased \$411, lease payable increased \$3,555, and the current portion of mortgage payable increased \$809.

Total noncurrent liabilities decreased by \$120,456 or 4% percent. Long term obligations such as accrued compensated absences - long term with no offsetting assets, increased \$18,184 or 35% percent from the prior year for an ending balance of \$70,713, mortgage payable long-term decreased \$23,214 or 3% percent compared to the prior year.

The Authority's accrued pension and OPEB liability decreased \$115,426 or 6% percent for an ending balance of \$1,702,045. Additional information about the Authority's accrued pension as well as accrued OPEB liability on December 31, 2022, can be found in Notes 18-19 to the financial statements, which is included in this report.

The Authority's reported net position of \$2,240,541 is made up of three categories. The net investment in capital assets in the amount of \$2,467,487 represents most of the total account balance. The net investment in capital assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending.

The schedule below reflects the activity in this account for the current year:

Balance December 31, 2021	\$	2,577,468
Fixed Asset Acquisitions		26,462
Depreciation Expense		(158,848)
Payment of Principal on Debt		22,405
Balance December 31, 2022	\$	2,467,487

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2022**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Housing Authority of the Township of Weehawken operating results for December 31, 2022, reported a decrease in the deficit unrestricted net position of \$106,595 or 12% percent for an ending balance of negative (\$790,020). A full detail of this account can be found in the Notes to the Financial Statements Section Note 22. The Authority reported a restricted net position in the amount of \$563,074, which increased \$327,445 or 139% percent compared to the prior year. A full detail of these accounts can be found in the Notes to the Financial Statements Section Note 21.

The following summarizes the changes in Net Position between December 31, 2022, and December 31, 2021:

Computation of Changes in Net Position are as follows:

	<u>Year Ended</u>		Increase (Decrease)
	December-22	December-21	
<u>Revenues</u>			
Tenant Revenues	\$ 849,064	\$ 827,385	\$ 21,679
HUD Subsidies	3,765,167	3,820,532	(55,365)
Other Revenues	7,752	21,561	(13,809)
Total Operating Income	<u>4,621,983</u>	<u>4,669,478</u>	<u>(47,495)</u>
<u>Expenses</u>			
Operating Expenses	4,295,528	4,224,158	71,370
Depreciation Expense	158,848	155,726	3,122
Total Operating Expenses	<u>4,454,376</u>	<u>4,379,884</u>	<u>74,492</u>
Operating Income before Non Operating Income	167,607	289,594	(121,987)
Investment Income	6,812	1,399	5,413
Change in Net Position	174,419	290,993	(116,574)
Net Position Prior Year	1,916,482	1,625,489	290,993
Prior Period Adjustment	149,640	-	149,640
Total Net Position	<u>\$ 2,240,541</u>	<u>\$ 1,916,482</u>	<u>\$ 324,059</u>

Approximately 81% percent of the Authority's total revenue was provided by HUD operating subsidy, while 18% percent resulted from tenant revenue. Charges for various services and fraud recovery provided for the remaining 1% percent of the total operating income.

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2022**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority operating expenses cover a range of expenses. The largest expense was for Housing Assistance Payments representing 76% percent of total operating expenses. Administrative expenses accounted for 10% percent, utilities expense accounted for 3% percent, maintenance expense accounted for 5% percent, insurance expense accounted for 1% percent, other operating expenses accounted for 2% percent, and depreciation accounted for the remaining 3% of the total operating expenses.

The Authority's operating revenue exceeded its operating expenses resulting in excess revenue from operations in the amount of \$167,607 as compared to excess revenue from operations of \$289,594 for the previous year. The key elements to the decrease in surplus from operations in comparison to the prior year are as follows:

- The Authority experienced an increase in Tenant Rental revenue in the amount of \$21,679 or 3% percent.
- The Authority experienced a decrease in HUD PHA Operating Grants in the amount of \$55,365 or 1% percent.
- Fraud recovery income decreased \$382 or 8% percent.
- Other revenue decreased \$13,427 or 79% percent.
- The Authority experienced an increase in the following expenses:
 - Utilities Expense increased \$10,175 or 9% percent.
 - Insurance expenses increased \$3,538 or 8% percent.
 - Other Operating Expenses increased \$5,681 or 8% percent.
 - Housing Assistance Payments increased \$88,354 or 3% percent.
 - Depreciation expense increased by \$3,122 or 2% percent.
- The Authority experienced a decrease in the following expenses:
 - Administrative Expenses decreased \$6,221 or 1% percent.
 - Tenant services expenses decreased \$241
 - Maintenance expenses decreased \$29,916 or 13% percent.

Total net cash provided by operating activities during the year was \$98,197 as compared to net cash provided by operating activities for the prior year in the amount of \$522,187. A full detail of this amount can be found on the Statement of Cash Flows on pages 22-23 of this report. Overall, the Authority reported a decrease in the deficit of unrestricted net position of \$106,595 for an ending balance of negative (\$790,020). Additional information on the Authority's unrestricted net position can be found in Note 22 to the financial statements, which is included in this report.

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2022**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The following are financial highlights of significant items for a four-year period of time ending on December 31, 2022:

	December-22	December-21	December-20	December-19
Significant Income				
Total Tenant Revenue	\$ 849,064	\$ 827,385	\$ 805,874	\$ 800,070
HUD Operating Grants	3,765,167	3,820,532	3,523,951	2,918,395
Investment Income	6,812	4,534	2,432	8,007
Other Income	7,752	17,027	17,781	38,556
Total	\$ 4,628,795	\$ 4,669,478	\$ 4,350,038	\$ 3,765,028
Payroll Expense				
Administrative Salaries	\$ 209,818	\$ 140,812	\$ 145,985	\$ 163,480
Maintenance Labor	30,769	29,296	36,093	44,741
Employee Benefits Expense	66,163	236,584	93,364	113,237
Total Payroll Expense	\$ 306,750	\$ 406,692	\$ 275,442	\$ 321,458
Other Significant Expenses				
Other Administrative Expenses	\$ 176,134	\$ 205,710	\$ 178,439	\$ 167,251
Utilities Expense	128,992	118,817	114,894	144,508
Maintenance Supplies	45,042	37,747	29,209	22,762
Maintenance Contract Cost	109,979	105,758	137,793	92,805
Insurance Premiums	46,578	43,040	42,680	42,932
Housing Assistance Payments	3,405,938	3,317,584	3,179,007	2,936,178
Total	\$ 3,912,663	\$ 3,828,656	\$ 3,682,022	\$ 3,406,436
Total Operating Expenses	\$ 4,454,376	\$ 4,379,884	\$ 4,191,148	\$ 4,265,670
Total of Federal Awards	\$ 3,765,167	\$ 3,820,532	\$ 3,523,951	\$ 2,918,395

THE AUTHORITY AS A WHOLE

The Authority's revenues consist primarily of rents and subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. By far, the largest portion of the Authority's net position reflects its net investment in capital assets (e.g., land, buildings, equipment, and construction in progress). The Authority uses these capital assets to provide housing services to its tenants. Consequently, these assets are reported as "Net Investment in Capital Assets" and are not available for future spending. The unrestricted position of the Authority is available for future use to provide program services.

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2022**

**THE HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
PROGRAMS**

Section 8 Housing Choice Voucher Program:

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

Rental Assistance Demonstration Program: Business Activities

The Rental Assistance Demonstration Program ("RAD") was created in order to give public housing authorities ("PHA's") a powerful tool to preserve and improve public housing properties. RAD allows PHA's to leverage public and private debt and equity to reinvest in public housing stock. Public housing units move to a Section 8 platform with a long-term contract under which residents continue to pay 30% percent of their income towards rent.

BUDGETARY HIGHLIGHTS

For the year ended December 31, 2022, individual programs or grant budgets were prepared by the Authority and adopted by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

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

NEW INITIATIVES

For the year 2022 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 81% percent of its revenue from the Department of Housing and Urban Development, (2021 was 82% percent), the Authority is constantly monitoring for any appropriation changes especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy.

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2022**

NEW INITIATIVES - CONTINUED

The current administration of the Authority is determined to improve the financial results of the Authority's operations. The Authority converted all its Public and Indian Housing Program rental units into RAD subsidy units.

The Authority has made steady progress in various phases of our operations, all the while maintaining a strong occupancy percentage in the public housing units and a high utilization rate in Housing Assistance Programs. Interactions with the residents are a constant reminder of the need of the services.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

1 - Capital Assets

The Authority's investment in capital assets as of December 31, 2022, was \$3,352,154 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, equipment, and construction in progress. The total decrease during the year in the Authority's net investment in capital assets for the current calendar year was \$132,386 or 4%. The major factor that contributed to the decrease was the purchase of fixed assets in the amount of \$26,462, less the recording of depreciation expense in the amount of \$158,848. Major capital assets events during the calendar year included the following:

- New community room chairs and tables
- A/C Units
- Ranges and Refrigerators

	December-22	December-21	Increase (Decrease)
Land	\$ 250,000	\$ 250,000	\$ -
Building	6,505,800	6,505,800	-
Furniture, Equipment - Dwelling	696,293	678,174	18,119
Furniture, Equipment - Administration	159,149	150,806	8,343
Construction in Process	1,856,139	1,856,139	-
Total Fixed Assets	\$ 9,467,381	\$ 9,440,919	\$ 26,462
Accumulated Depreciation	(6,115,227)	(5,956,379)	(158,848)
Net Book Value	\$ 3,352,154	\$ 3,484,540	\$ (132,386)

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2022**

CAPITAL ASSETS AND DEBT ADMINISTRATION -CONTINUED

2 - Debt Administration

The Authority as of December 31, 2022, had an outstanding loan balance with Lakeland Bank in the amount of \$884,667. The Authority used these proceeds to fund the necessary reserve accounts due to the RAD conversion which took place. A full disclosure of loans payable on December 31, 2022, can be found in Note 17

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The following factors were considered in preparing the Authority's budget for the year ending December 31, 2023.

- State of New Jersey economy including the impact on tenant income. Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income. Tenant rental payments are based on tenant income.
- Inflationary pressure on utility rates, supplies and other cost.
- Continued increases in health care insurance are expected to impact employee benefits cost over the next several years.
- Trends in the housing market which affect rental housing available for the Section 8 tenants, along with the amount of the rents charged by the private landlords, are expected to have a continued impact on Section 8 HAP payments.

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2022**

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. James Barracato, Executive Director, Housing Authority of the Township of Weehawken, 525 Gregory Avenue, Weehawken, N.J. 07086, or call (201) 330-1808.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2022

	2022
Assets	
Current Assets:	
Cash and Cash Equivalents	
Operating	\$ 1,042,796
Restricted	600,921
Total cash and equivalents	1,643,717
Accounts Receivables, Net of Allowances	202,100
Investments	5,589
Prepaid Expenses	5,929
Total Current Assets	1,857,335
Noncurrent Assets	
Capital Assets	
Land	250,000
Building	6,505,800
Furniture, Equipment - Dwelling	696,293
Furniture, Equipment - Administration	159,149
Construction in Process	1,856,139
Total Capital Assets	9,467,381
Less: Accumulated Depreciation	(6,115,227)
Net Book Value	3,352,154
Other Assets	
Right to Use Assets	3,734
Total Other Assets	3,734
Total Assets	5,213,223
Deferred Outflow of Resources	
Total Deferred Outflows of Resources	618,902
Total Assets and Deferred Outflow of Resources	\$ 5,832,125

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2022

	2022
Liabilities	
Current Liabilities:	
Accounts Payable	\$ 33,253
Accrued Liabilities	20,112
Tenant Security Deposit Payable	37,847
Unearned Revenue	513
Lease Payable - Current Portion	3,555
Long Term Debt - Current Portion	23,215
Total Current Liabilities	118,495
Noncurrent Liabilities	
Note Payable - Long Term	861,452
Accrued Compensated Absences - Long-Term	70,713
Accrued Pension and OPEB Liabilities	1,702,045
Total Noncurrent Liabilities	2,634,210
Total Liabilities	2,752,705
Deferred Inflow of Resources	
Total Deferred Inflow of Resources	838,879
Net Position:	
Net Investment in Capital Assets	2,467,487
Restricted	563,074
Unrestricted	(790,020)
Total Net Position	2,240,541
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 5,832,125

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP WEEHAWKEN
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022**

	2022
Revenue:	
Tenant Rental Revenue	\$ 849,064
HUD PHA Operating Grants	3,765,167
Fraud Recovery Income	4,152
Other Revenue	3,600
Total Revenue	4,621,983
 Operating Expenses:	
Administrative Expense	437,423
Utilities Expense	128,992
Maintenance Expense	200,482
Insurance Expense	46,578
Other Operating Expenses	76,115
Housing Assistance Payments	3,405,938
Depreciations Expense	158,848
Total Operating Expenses	4,454,376
Excess Revenue From Operations	167,607
 Non Operating Income:	
Interest Income	6,812
Total Non Operating Income	6,812
Change in Net Position	174,419
Beginning Net Position	1,916,482
Prior Period Adjustments	149,640
Beginning Net Position, Restated	2,066,122
Ending Net Position	\$ 2,240,541

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
STATEMENT OF CASH FLOWS - 1
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022

	2022
Cash Flow From Operating Activities	
Receipts from Tenants	\$ 848,322
Receipts from Federal Grants	3,707,171
Receipts from Misc. Sources	7,752
Payments to Vendors and Suppliers	(752,360)
Payments for Housing Assistance Payments	(3,405,938)
Payments to Employees	(240,587)
Payment of Employee Benefits	(66,163)
Net Cash Provided by Operating Activities	98,197
Cash Flow From Capital and Related Financing Activities	
Acquisitions and Construction of Capital Assets	(26,462)
Principal Payments made on Mortgage	(22,405)
Change in Accrued Pension and OPEB Liabilities	(115,426)
Net Effect of Deferred Inflows and Outflows	(77,194)
Right to Use Assets - Copiers	(3,734)
Lease Payable	3,555
Prior Period Adjustment	149,640
Net Cash (Used) by and Related Financing Activities	(92,026)
Cash Flow From Investing Activities	
Interest Income	6,812
Sale of Investments	302,073
Net Cash Provided by From Investing Activities	308,885
Net Increase in Cash and Cash Equivalents	315,056
Beginning Cash	1,328,661
Ending Cash	\$ 1,643,717
<u>Reconciliation of Cash Balances:</u>	
Cash and Cash Equivalents - Unrestricted	\$ 1,042,796
Restricted Deposits	600,921
Total Ending Cash	\$ 1,643,717

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
STATEMENT OF CASH FLOWS - 2
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022

	2022
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities	
Excess Revenue from Operations	\$ 167,607
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:	
Depreciation Expense	158,848
(Increase) Decrease in:	
Accounts Receivables	(64,358)
Prepaid Expenses	(440)
Increase (Decrease) in:	
Accounts Payable	(185,831)
Accrued Liabilities	3,829
Unearned Revenue	411
Tenant Security Deposits	(53)
Compensated Absences - Non current	18,184
Net Cash Provided by Operating Activities	\$ 98,197
Supplemental Cash Flows Disclosures	
Interest Expense Paid During the Year	\$ 31,826
Lease Payments paid during the year	\$ 3,844

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

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

1. Organization - The Authority is a governmental, public corporation which was organized under the laws public corporation created under federal and state housing laws as defined by State statute (N.J., S.A. 40A:12A-1 et al the Housing Authority Act) for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the Township of Weehawken in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD).

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

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

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

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

Based on the following criteria, the Authority has not identified any entities which should be subject to evaluation for inclusion in the Authority's reporting entity.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

2. Significant Accounting Policies

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

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

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

Basis of Accounting –

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

Basis of Accounting – Continued

The major sources of revenue for the Authority are various subsidies from the U.S. Department of Housing and Urban Development HAP subsidy, HAP portability payments, tenants dwelling rents and various charges to tenants and laundry income. The Authority recognizes short-term rental income from tenants who have signed a lease agreement for less than one year, in accordance with HUD guidelines. The Authority considers both rental income and subsidies to be exempt from compliance with ASC 606 as they are covered under current and future lease standards. However, tenant reimbursements for costs like utilities, which are based on consumption, are subject to ASC 606 and recognized as revenue when incurred. Additionally, the Authority also generates revenue from tenant charges and fees, laundry machine income and HAP portability payments all of which are considered integral to the primary operations and are recognized as revenue at the time they are received.

The Authority provides housing assistance payments to participating owners on behalf of eligible tenants. The Authority also provides provide decent, safe, and sanitary housing for extremely low and very low-income families. The revenue is recorded as earned since it is measurable and available.

Non-operating revenue and expenses consist of revenues and expenses that are related to financing and investing activities and result from non-exchange transactions or ancillary activities. Tenants dwelling rental charges are determined and billed monthly and are recognized as revenue when assessed because they are measurable and are collectible within the current period. The amounts not received by December 31, are accounts receivable and any amounts received for subsequent period are recorded as deferred revenue.

Report Presentation -

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In accordance with GASB Statement No. 34 (as amended), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("Statement"). The Statement requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. The Statement also requires the Authority to include Management's Discussion and Analysis as part of Required Supplementary Information.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

Report Presentation - Continued

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

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

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

Other accounting policies are as follows

1 – Cash and cash equivalents are stated at cost, which approximates market. The Authority considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts.

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

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

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

Other accounting policies - continued

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

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

9- Advertising cost is charged to expense when incurred.

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

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

12- Taxes

The Authority operates as defined by the Internal Revenue Code Section 115 and is exempt from income taxes under Section 115. Under federal, state, and local law, the Authority's program is exempt from income, property and excise taxes.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

Other accounting policies - continued

13 - Net Position

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

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

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

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

14 -Operating and non-operating revenues and expenses

The major sources of revenue for the Authority are various subsidies from the U.S. Department of Housing and Urban Development HAP subsidy, HAP portability payments, tenants dwelling rents and various charges to tenants and laundry income.

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

Non-Operating Revenue and Expenses

Authority's nonoperating revenues relate primarily to interest income. For reporting purposes, Nonoperating expenses are expenditures derived from transactions other than those associated with the Authority's primary housing operations and are reported as incurred.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

Other accounting policies - continued

15-Impairment Losses

The Authority reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including any estimated proceeds from the eventual disposition of the real estate. If the real estate is impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. No impairment losses were recognized in 2022.

16- Recent Accounting Pronouncements

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

Budgetary and Policy Control –

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

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements
December 31, 2022

Activities - The programs administered by the Authority were:

<u>Program</u>	<u>CFDA #</u>	<u>Project #</u>	<u>Units Authorized</u>
<u>Section 8 Housing</u>			
Housing Choice Vouchers	14.871	NJ-77	449
<u>Business Activities</u>			
Rental Assistance Demonstration Program (RAD)			99

Section 8 Housing Choice Vouchers Program

Under the Section 8 Housing Choice Voucher Program, the Authority administers contracts with independent landlords to provide housing to Section 8 tenants. The Authority subsidizes the tenant's rent through Housing Assistance Payment made to the landlord. This program is also administered under an Annual Contributions Contract (ACC) with HUD.

Business Activities Program -RAD

Under the Business Activities program the Authority has a non-profit, Weehawken Senior Housing Corporation, which was utilized for the transition of the public housing units to RAD units. The Authority converted its 99 Public and Indian Housing Program units to Rental Assistance Demonstration Program (RAD) Project Based Vouchers (PBV). The Rental Assistance Demonstration (RAD) was created in order to give public housing authorities (PHAs) a powerful tool to preserve and improve public housing properties. RAD allows public housing agencies to leverage public and private debt and equity in order to reinvest in the public housing stock. Public housing units move to a Section 8 platform with a long-term contract under which residents continue to pay 30% of their income towards the rent and they maintain the same basic rights as they possess in the public housing program.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

Revenue from Rental Contracts

The Authority RAD housing program recognizes rental revenue from tenant(s) who entered into a lease agreement (contract) for a unit in the development. The lease agreement allows the tenant use of the unit the expiration of the lease term or cancellation by the tenant or landlord due to cause. Lease terms are for one year, unless mutually agreed to by the landlord and the tenant (s) prior to move in. Tenant(s) have to be income qualified in accordance with income limitations before allowed to occupy unit the tenant(s) may also income qualify for a Housing Assistance Payment (HAP). HAP payments are used to subsidize the tenants(s) rental payment to allow them the ability to afford a unit in the development.

Tenant(s) lease payments, including the HAP payment, are due the first day of each month of the lease term. The monthly unit rental charge is determined based on the amount determined at the Rad conversion and increased annually by HUD published OCAF. Any tenant(s) rental payment not received by the fifth day of each month. Will be charged a late fee. HAP payments received directly from a sponsoring governmental agency are not subject to late fees. Any rental payment received in advance of the first day of the month are recognized as deferred revenue since the conditions for recognizing revenue will not occur until the end of the following month.

Rent Increases

Under the HAP Contract, the Authority RAD housing program may not increase rents charged to tenants more than the amount provided by the Section 8 regulations.

NOTE 2 – ESTIMATES

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectibility of accounts receivable, the use, and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates, particularly given that the COVID-19 pandemic continues to create financial uncertainty throughout the economy. The most significant estimates included in the preparation of the financial statements are allowance for doubtful accounts and estimated fixed asset lives.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 3 - PENSION PLAN

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

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

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0925.

On the web: <http://www.nj.gov/treasury/pensions/documents/financial/gasb/gasb68-pers18.pdf>

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employer's contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 7.5% of base wages. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2022 amounted to \$33,280.

Post Employment Retirement Benefits

The Authority provides post employment health care benefits and life insurance for its eligible retirees. Eligibility requires that employees be 55 years or older with various years of service.

Further information on the Pension Plan and its effects due to the adoption of GASB 68 can be found in Note 19- Accrued Pension Liability.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Authority's cash, cash equivalents are stated at cost, which approximates market. Cash, cash equivalents and investment include cash in banks, petty cash and a money market checking account and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. For the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase.

Concentration of Credit Risk

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment. HUD also requires that deposits be fully always collateralized. Acceptable collateralization includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority. These funds at various banks are collateral pledge under the New Jersey Government Code of the Banking Law.

Risk Disclosures

Collateral for Deposits

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

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. On December 31, 2022, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED

Credit Risk

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

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

<u>Depository Accounts</u>	<u>December-22</u>
Insured	\$ 563,717
Collateralized held by pledging bank's trust department in the Authority's name	1,085,589
Total Cash and Cash Equivalents and Investments	<u>\$ 1,649,306</u>

Investments

The Authority's investments on December 31, 2022, included the following:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
Money Market Account	Upon Demand	\$ 5,589

NOTE 5 – RESTRICTED DEPOSITS AND FUNDED RESERVES

Under the terms of the agreement with HUD RAD conversion, the Housing Authority of the Township of Weehawken is required to maintain certain escrow accounts and reserves.

	<u>December-22</u>
Replacement Reserve Account	\$ 563,074
Capital Repairs Reserve	-
Tenant Security Deposit	37,847
Total Restricted Deposits	<u>\$ 600,921</u>

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 5 – RESTRICTED DEPOSITS AND FUNDED RESERVES -CONTINUED

Reserve for Repair and Replacement

The Housing Authority of the Township of Weehawken is required to fund this reserve out of current operations. It is a restricted cash account to ensure that funds are available to cover the future cost of major repairs and improvements.

	<u>December-22</u>
Beginning Balance	\$ 180,063
Deposit Made	377,074
Interest Earned	5,664
Transfer in	273
Withdrawals Made	-
Ending Balance	<u>\$ 563,074</u>

Capital Repairs Reserve

The Housing Authority of the Township of Weehawken is required to fund this reserve at the time of the RAD conversion for required capital repairs. It is a restricted cash account to ensure that funds are available to cover require repairs.

	<u>December-22</u>
Beginning Balance	\$ 272
Deposit Made	-
Interest Earned	1
Transfer Out	(273)
Ending Balance	<u>\$ -</u>

Tenant Security Deposit Account

The Housing Authority of the Township of Weehawken has tenant security deposit restricted cash. This amount is held as security deposits for the tenants in an interest-bearing account at Lakeland Bank. Upon termination of a lease agreement, any remaining funds are returned to the tenant. Security deposit cash and the related liability to tenants are \$37,847 on December 31, 2022.

HCV HAP Equity Reserves

The restricted cash in the amount of \$-0- for 2022 was reported under the Housing Voucher Program as a HAP reserve for future use. In accordance with HUD's PIH Notice 2007-03, the reserve fund balance may only be used to assist additional families up to the number of units under contract.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 6 - ACCOUNTS RECEIVABLE

Accounts Receivable on December 31, 2022, consisted of the following:

	<u>December-22</u>
Accounts Receivable - Tenants	\$ 10,237
Less Allowance for Doubtful Accounts	<u>(9,631)</u>
Net Accounts Receivable - Tenants	606
Account Receivable - HUD HCV Program	57,996
Accounts Receivable - Business Activities Fees	125,174
Accrued Interest Receivable	<u>18,324</u>
Total Accounts Receivable	<u>\$ 202,100</u>

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

NOTE 7 - PREPAID EXPENSES

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. All purchases of insurance premiums are written off on a monthly basis. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed. Inventory of supplies is recorded at the lower of cost (determined by using the "first-in-first-out" method) or market.

NOTE 8 - INTERFUND ACTIVITY

Interfund activity is reported as short-term loans, services provided during operations, reimbursements, or transfers. Short term loans are reported as interfund short term receivables and payable as appropriate. The amounts between the various programs administered by the Authority on December 31, 2022, are detailed on the Financial Data Schedule of this report. Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 9 - FIXED ASSETS

Fixed assets consist primarily of expenditures to acquire, construct, place in operations, and improve the facilities of the Authority and are stated at cost as determined by an appraisal. Expenditures for repairs, maintenance and minor renewals are charged against income in the year they are incurred. Major renewals and betterment are capitalized. Expenditures are capitalized when they meet the Capitalization Policy requirements. Under the policy, assets purchased or constructed at a cost not exceeding \$1,000 are expensed when incurred.

Depreciation Expense

Depreciation expense for December 31, 2022, was \$158,848. Property and equipment are stated at cost. Donated fixed assets are stated at their fair value on the date donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

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

Housing Authority of the Township of Weehawken reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. No impairment losses were recognized in 2022.

Below is a schedule of changes in fixed assets for the twelve months ended December 31, 2022:

	December-21	Additions	Transfer	December-22
Land	\$ 250,000	\$ -	\$ -	\$ 250,000
Building	6,505,800	-	-	6,505,800
Furniture, Equipment - Dwelling	678,174	26,462	(8,343)	696,293
Furniture, Equipment - Administration	150,806	-	8,343	159,149
Construction in Process	1,856,139	-	-	1,856,139
Total Fixed Assets	9,440,919	26,462	-	9,467,381
Accumulated Depreciation	(5,956,379)	(158,848)	-	(6,115,227)
Net Book Value	\$ 3,484,540	\$ (132,386)	\$ -	\$ 3,352,154

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 9 - FIXED ASSETS - CONTINUED

Below is a schedule of the net book value of the fixed assets for the Authority as of December 31, 2022:

	<u>December-22</u>
Land	\$ 250,000
Building	1,079,508
Furniture, Equipment - Dwelling	79,569
Furniture, Equipment - Administration	86,938
Construction in Process	1,856,139
Net Book Value	\$ 3,352,154

NOTE 10 – RIGHT TO USE ASSETS

In January 2021, the Authority entered into a lease with a copy company to lease 2 copiers. The agreement requires 36 monthly payments of \$325. The Authority has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The discount rate used was 1%. The right to use assets are amortized on a straight-line basis over the life of the related lease. The amount of amortization expense for December 31, 2022 was \$3,735.

Initial Copiers Present Value	\$	11,203
Less Accumulated Depreciation		(7,469)
Net Right to Use Asset	\$	3,734

Future minimum lease payments under operating leases as of December 31, 2022, are as follows

	December-23	\$	3,555
Total Lease Payable	\$		3,555

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

The OPEB and Pension Liability discussed in Note 18-19 resulted in the Authority incurring deferred outflows and inflows. The difference between expected and actual experience regarding economic and demographic factors, when the actuary calculated the net OPEB and pension liability, is amortized over a five-year closed period for OPEB and PERS, reflecting the average remaining service life of members (active and inactive members), respectively. The first year of amortization is recognized as OPEB and pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The Authority's deferred outflows and inflows are as follows:

Deferred Outflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ 26,786	\$ 3,669	\$ 30,455
Changes in Assumptions	171,724	1,575	173,299
Net Difference Between Projected and Actual Earning on Pension Plan Investments	571	21,038	21,609
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	274,926	118,613	393,539
Total	<u>\$ 474,007</u>	<u>\$ 144,895</u>	<u>\$ 618,902</u>

Deferred Inflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ 249,749	\$ 3,235	\$ 252,984
Changes in Assumptions	211,009	76,113	287,122
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	-	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	273,264	25,509	298,773
Total	<u>\$ 734,022</u>	<u>\$ 104,857</u>	<u>\$ 838,879</u>

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 11 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES - CONTINUED

Difference in Expected and Actual Experience

The difference between expected and actual experience regarding economic and demographic factors is amortized over a five-year closed period reflecting the average remaining service life of the plan members (active and inactive), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$30,455 and \$252,984.

Changes in Assumptions

The change in assumptions about future economic or demographic factors or other inputs is amortized over a five-year closed period, reflecting the average remaining service life of the plan members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$173,299 and \$287,122.

Net Difference between Projected and Actual Investments Earnings on Pension Plan Investments

The difference between the System's expected rate of return of and the actual investment earnings on pension plan investments is amortized over a five-year closed period in accordance with GASB 68. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$21,609 and \$-0-.

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

The change in employer proportionate share is the amount of difference between the employer proportionate shares of net pension liability in the prior year compared to the current year. The difference between employer contributions and proportionate share of contributions is the difference between the total amount of employer contributions and the amount of the proportionate share of employer contributions. The change in proportionate share and the difference between employer contributions and proportionate share of contributions is amortized over a six-year closed period for PERS and OPEB, reflecting the average remaining service life of PERS-OPEB members (active and inactive members), respectively. The changes in proportion and differences between employer contributions and proportionate share of contributions for the fiscal year are \$393,539 and \$298,773.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 12 - ACCOUNTS PAYABLE

Accounts payable is a liability account that represents the amount owed by the Authority to its creditors for goods or services received but not yet paid for. When the Authority receives goods or services on credit, it incurs a liability to pay the vendor or supplier in the future. This liability is recorded as an accounts payable on the Authority's financial statements, specifically on the Statement of Net Position under the category of current liabilities. Accounts payable is an important aspect of a company's financial management, as it represents its short-term obligations to its vendors and suppliers. Accounts payable on December 31, 2022, consist of the following:

	<u>December-22</u>
Accounts Payable Vendors	\$ 4,683
Accounts Payable - P.I.O.L.T.	19,075
Accounts Payable - Other Authorities	9,495
Total Accounts Payable	<u>\$ 33,253</u>

NOTE 13 - ACCOUNTS PAYABLE - OTHER GOVERNMENT (PILOT PAYABLE)

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 Business Activities Program in accordance with the provisions of its Cooperation Agreement with the Township of Weehawken. Under the Cooperation Agreements, the Authority pay the municipality a 10% of its net shelter rent. PILOT payable on December 31, 2022, consist of the following:

	<u>December-22</u>
Balance Beginning of Year	\$ 18,199
P.I.L.O.T. Accrued	19,074
Less Payments Made	(18,198)
Total P.I.L.O.T. Payable	<u>\$ 19,075</u>

NOTE 14 - ACCRUED EXPENSES

The Authority reported accrued expenses on its Statement of Net Position. Accrued expenses are liabilities incurred on or before December 31. Accrued liabilities on December 31, 2022, consist of the following:

	<u>December-22</u>
Compensated Absences - Current Portion	\$ 7,856
Accrued Interest Payable	2,666
Accrued Liabilities - Utilities	9,590
Total Accrued Liabilities	<u>\$ 20,112</u>

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 15 – ACCRUED COMPENSATED ABSENCES

Compensated absences are those for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the Authority will be accounted for in the period in which such services were rendered.

An employee may not carry over unused vacation days in which the vacation days are earned. When an employee’s employment terminated, the employee will be entitled to receive payment for any unused accumulated vacation time earned within the previous 12-month time period.

Unused sick leave may be carried to future periods and used in the event of extended illness. In the event of voluntary resignation of employment, an employee shall be entitled to be paid for half (1/2) of unused sick time, not to exceed \$15,000.

For December 31, 2022, the Authority has determined that the potential liability for accumulated vacation time, sick leave, and terminal pay to be as follows:

Balance December-21	Additions	Payment	Balance December-22	Current Portion
\$ 58,367	\$ 20,202	\$ -	\$ 78,569	\$ 7,856

NOTE 16 – UNEARNED REVENUE

Unearned revenues arise when resources are received by the Authority before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. Subject to ASC 606, rental payments with acceptance provisions and future delivery commitments, wherein the Authority has not completed its obligations under the lease, are also offset against the associated accounts receivable since the requirements for revenue recognition have not been met. In subsequent periods, when the Authority has a legal claim to the resources, the liability for unearned revenue is removed from the Statement of Net Position and the revenue is recognized. The unearned revenue account balance on December 31, 2022, is \$513 which consisted of prepaid rents.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 17 – LONG TERM DEBT – MORTGAGE PAYABLE

Weehawken Housing Authority, due to the RAD conversion that took place during 2017, issued tax-exempt bond privately placed with Lakeland Bank. Collateral for these bonds would be the Authority’s properties. The proceeds of these bonds are to be used to finance capital improvements subject to the RAD program and related reserves, as well as refunding existing debt.

The commercial mortgage with Lakeland Bank was in the amount of \$1,000,000 as of April of 2017. The commercial mortgage has fixed interest rate of 3.5%, for the first ten years, and a 20-year life where the final payment is due by May 1, 2037. The payment schedule was based on a 30-year table requiring monthly payments of \$4,519.28 where the final payment for May 2037 will be a balloon payment. The balance of this note on December 31, 2022, is \$884,667.

Balance December-21	Payments	Balance December-22	Current Portion
\$ 907,072	\$ (22,405)	\$ 884,667	\$ 23,215

The annual debt service requirements to maturity, including principal are as follows:

Year	Principal
2023	\$ 23,215
2024	23,966
2025	24,916
2026	25,815
2027	27,635
Subtotal	125,547
Thereafter	759,120
Total	<u>\$ 884,667</u>

NOTE 18 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

The Authority as of December 31, 2022, reported accrued pension and OPEB liability amounts as follows:

Accrued OPEB Liability	<u>\$ 1,193,745</u>
Accrued Pension Liability	508,300
Total OPEB and Pension Liability	<u>\$ 1,702,045</u>

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 18 - OPEB LIABILITIES - CONTINUED

These amounts arose due to adoption of GASB #75 (OPEB) in 2018 year as well as GASB #68 (Pension) which was adopted in 2014 year. This note will discuss the liability associated with GASB #75, which is accrued other postemployment benefits. Note - 19 will discuss the effect of GASB #68 pension liability which arose from that.

OPEB Liability

The Authority as of December 31, 2022, reported a net OPEB liability in the amount of \$1,193,745 due to GASB #75. The component of the current year net OPEB liability of the Authority as of June 30, 2021, the last evaluation date, is as follows:

	<u>June-21</u>
Employer Total OPEB Liability	\$ 1,197,080
Plan Net Position	<u>(3,335)</u>
Employer Net OPEB Liability	<u>\$ 1,193,745</u>

The Authority allocation percentage is 0.007678% as of June 30, 2021.

OPEB Liability – Plan Description and Benefits Provided

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 18 – OTHER POST EMPLOYMENT BENEFITS - CONTINUED

OPEB Liability – Plan Description and Benefits Provided -Continued

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

- 1) retired on a disability pension; or
- 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or
- 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or
- 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiation's agreement.

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The total OPEB liability for the year ended December 31, 2022, were \$1,193,745.

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

Plan Members

7

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 18 – OTHER POST EMPLOYMENT BENEFITS - CONTINUED

Net OPEB Liability

The total OPEB liability as of June 30, 2021, latest report, was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Actuarial Assumptions: The total OPEB Liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement, unless otherwise specified:

Inflation Rate = 2.16%

Salary Increases

Through 2026 = 2.00% to 6.00%

Thereafter = 3.00% to 7.00%

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2021 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2021 scale.

Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2021 scale.

Certain actuarial assumptions used in the June 30, 2021, valuation was based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2013 to June 30, 2021 and July 1, 2014 to June 30, 2021, respectively.

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

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% long-term trend rate after eight years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 18 – OPEB LIABILITIES - CONTINUED

Discount Rate

The discount rate for June 30, 2021, was 2.16%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the OPEB Liability to changes in the discount rate: The following presents the total OPEB liability of the Authority, as well as what the Authority’s OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

	<u>Discount Rate Sensitivity</u>		
	1% Decrease	Current Rate	1% Increase
	1.16%	2.16%	3.16%
Total OPEB Liability	\$ 1,404,809	\$ 1,193,745	\$ 1,026,473

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

	<u>Healthcare Cost Inflation Rate Sensitivity</u>		
	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 995,986	\$ 1,193,745	\$ 1,451,797

Change in Assumptions: Effective June 30, 2021.

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.05, 8.14 and 8.04 year for the 2021.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 18 – OPEB LIABILITIES - CONTINUED

Changes in Net OPEB Liability:

<u>Total OPEB Liability</u>	<u>2021</u>
Service Cost	\$ 56,112
Interest on Total OPEB liability	27,446
Expected Investment Return	(158)
Administrative Expenses	752
Changes in Benefits Term	135
Inflows/Outflows of Resources	(46,660)
Inputs	(24,889)
Net Difference Between Projected and Actual Investments Earning on OPEB Plan Investments	(196,934)
Benefit Payments	
Change in Plan	-
Net Change in Total OPEB Liability	<u>(184,196)</u>
Total OPEB Liability, Beginning	<u>1,377,941</u>
Total OPEB Liability, Ending	<u>\$ 1,193,745</u>
Covered, Employee Payroll	\$ 170,108
Total OPEB Liability as a percentage of covered employee payroll	701.76%

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

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

Year Ending June 30, 2022	\$ (71,278)
Year Ending June 30, 2023	(71,371)
Year Ending June 30, 2024	(71,457)
Year Ending June 30, 2025	(51,028)
Year Ending June 30, 2026	(8,578)
Therafter	12,035
Total	<u>\$ (261,677)</u>

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 19 – ACCRUED PENSION LIABILITY

Net Pension Liability Information

The Authority as of December 31, 2022, reported a net pension liability in the amount of \$508,300 due to GASB 68. The component of the current year net pension liability of the Authority as of June 30, 2022, the last evaluation date, is as follows:

	<u>June-22</u>
Employer Total Pension Liability	\$ 1,359,371
Plan Net Position	<u>(851,071)</u>
Employer Net Pension Liability	<u>\$ 508,300</u>

The Authority allocation percentage is 0.003368151% as of June 30, 2022.

Plan Description

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.gov/treasury/pensions/financial-reports.shtml.

Net Pension Liability Information

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

The following represents the membership tiers for PERS:

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

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 19 – ACCRUED PENSION LIABILITY – CONTINUED

Net Pension Liability Information -Continued

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

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

Allocation Percentage Methodology

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of June 30, 2022, are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2022.

The contribution for PERS is set by NJSA 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which include the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022 the State's pension contribution was less than the actuarial determined amount.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 19 – ACCRUED PENSION LIABILITY - CONTINUED

Actuarial Assumptions

The total pension liability for June 30, 2022, measurement dates were determined by using an actuarial valuation as of July 1, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The actuarial valuations used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2022.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2022. In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) 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 TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 19 – ACCRUED PENSION LIABILITY – CONTINUED

Actuarial Assumptions -continued

Best estimates of arithmetic rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2022, as summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	4.00%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
High Yield	4.00%	4.95%
Private Credit	7.00%	8.10%
Real Assets	8.00%	11.19%
Real Estate	3.00%	7.60%
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

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

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 19 – ACCRUED PENSION LIABILITY – CONTINUED

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the current-period net pension liability of the employers calculated using the current-period discount rate assumption of 7.0% percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.0% percent) or 1 percentage-point higher (8.0% percent) than the current assumption (in thousands). Sensitivity of the Authority’s proportionate share of the Net Pension Liability due to change in the Discount Rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
	<hr/>		
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 649,160	\$ 508,300	\$ 279,446

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

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

Year Ending June 30, 2023	\$ (94,149)
Year Ending June 30, 2024	(67,222)
Year Ending June 30, 2025	(45,834)
Year Ending June 30, 2026	(34,453)
Year Ending June 30, 2027	13
Total	<hr/> <hr/> \$ (241,645)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.13, 5.16, 5.21, 5.63, 5.48 and 5.57 years for the 2021, 2020, 2019, 2018, 2017, and 2016 amounts, respectively.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 19 - ACCRUED PENSION LIABILITY - CONTINUED

Pension Expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the plan fiscal year ending June 30, 2022, are as follows:

Service Cost	\$	23,335
Interest on the Total Pension Liability		91,702
Benefits Charges		-
Member Contributions		(18,985)
Administrative Expenses		332
Expected Investment Return Net of Investment Expenses		(50,029)
Pension Expense Related to Specific Liabilities of Individual Employers		(234)
Current Period Recognition (Amortization) of Deferred Outflows and Inflows of Resources:		
Difference Between Expected and Actual Experience		2,570
Changes of Assumptions		(69,608)
Differences Between Projected and Actual Investment Earnings on Pension Plan Investments		(33,196)
Total	\$	<u>(54,113)</u>

NOTE 20 - NET INVESTMENT IN CAPITAL ASSETS

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

Balance December 31, 2021	\$	2,577,468
Fixed Asset Acquisitions		26,462
Depreciation Expense		(158,848)
Payment of Principal on Debt		22,405
Balance December 31, 2022	\$	<u>2,467,487</u>

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 21 – RESTRICTED NET POSITIONS

The Authority restricted net position account balance on December 31, 2022, is \$563,074 which consisted of Replacement Reserve Account.

In connection with the Lakeland Bank loan (Note 17), the RAD units of the Authority are required to maintain certain replacement and capital repairs escrow accounts. In accordance with the bank loan, the restricted deposited and funded reserves are held by Lakeland Bank.

Housing Choice Voucher Program HUD Held Reserves Funds

Effective January 1, 2012, HUD was required to control the disbursement of funds in such a way that the Authority does not receive funds before they are needed, resulting in the re-establishment of HUD held program reserves to comply with the Treasury requirements. HUD held reserve is a holding account at the HUD level that maintains the excess of HAP funds that have been obligated (ABA) but undisbursed to the Authority. The excess HAP funds will remain obligated but not disbursed to the Authority. HUD will hold these funds until needed by the Authority. The amount of HUD held reserves for the Authority on December 31, 2022, was \$622,489.

NOTE 22 – UNRESTRICTED NET POSITION

The Authority’s unrestricted net position account balance on December 31, 2022, is (\$790,020). The detail of the account balance is as follows:

	HCV ADM Reserves	Business Activity Reserves	Total
Balance December 31, 2021	\$ 127,042	\$ (1,023,657)	\$ (896,615)
Increase During the Year	166,621	-	166,621
Decrease for the Year	-	(60,026)	(60,026)
Balance December 31, 2022	\$ 293,663	\$ (1,083,683)	\$ (790,020)

NOTE 23 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES

Annual Contributions Contracts for the Section 8 Housing Choice Voucher Program to provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low-income families. The programs provide for such payment with respect to existing housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by the participating family and related administrative expense. HUD contributions for the Housing Choice Voucher for December 31, 2022, were in the amount of \$3,765,167.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 24 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

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

Total financial support by HUD was \$3,765,167 to the Authority which represents approximately 81% percent of the Authority's total revenue for the year ended December 31, 2022.

NOTE 25 - CONTINGENCIES AND COMMITMENTS

Litigation - On December 31, 2022, the Authority was not involved in any threatened litigation.

Contingencies

The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years. There were no such examinations for the year ended December 31, 2022.

Other Insurance

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

NOTE 26 - PRIOR PERIOD ADJUSTMENT

For year ending December 31, 2022

As of December 31, 2022, the Authority had a prior period adjustment in the amount of \$149,640 while recording the opening OPEB and Pension Liability as of January 1, 2022, for the change in the discount rate from the prior year.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2022

NOTE 27 – SUBSEQUENT EVENTS

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic.

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

Events that occur after the statement of net assets date but before the financial statements were available to be issued, must be evaluated for recognition or disclosed. The effects of subsequent events provide evidence about conditions that existed after the statement of net assets date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority thru July 28, 2023, the date which the financial statements were available for issue and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Required Supplementary Information
December 31, 2022

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

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

<u>Total OPEB Liability</u>	2021	2020	2019	2018
Service Cost	\$ 56,112	\$ 46,525	\$ 41,721	\$ 4,214
Interest on Total OPEB liability	27,446	38,194	39,812	22,403
Expected Investment Return	(158)	(586)	(706)	-
Administrative Expenses	752	761	593	-
Changes in Benefits Term	135	79	(119)	-
Inflows/Outflows of Resources	(46,660)	(42,275)	(38,769)	-
Inputs	(24,889)	487,046	(253,814)	-
Net Difference Between Projected and Actual Investments Earning on OPEB	(196,934)	348	224	-
Plan Investments	-	-	-	(35,959)
Benefit Payments	-	-	460,716	-
Change in Plan	-	-	460,716	-
Net Change in Total OPEB Liability	(184,196)	530,092	249,658	(9,342)
Total OPEB Liability, Beginning	1,377,941	847,849	598,191	607,533
Total OPEB Liability, Ending	\$ 1,193,745	\$ 1,377,941	\$ 847,849	\$ 598,191
Covered, Employee Payroll	\$ 170,108	\$ 229,885	\$ 195,274	\$ 177,566
Total OPEB Liability as a percentage of covered employee payroll	701.76%	599.40%	434.18%	336.88%

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

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Required Supplementary Information
December 31, 2022

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

GASB #68 requires supplementary information which includes the Authority's share of the net pension liability along with related ratios as listed below. The schedule below displays the Authority's proportionate share of Net Pension Liability.

	2022	2021	2020	2019
Housing Authority's proportion of the net pension liability	0.003368151%	0.002841733%	0.002695280%	0.002744716%
Housing Authority's proportionate share of the net pension liability	\$ 508,300	\$ 336,646	\$ 439,530	\$ 494,556
Housing Authority's covered employee payroll	\$ 240,587	\$ 170,108	\$ 229,885	\$ 195,274
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	211.27%	197.90%	191.20%	253.26%
Plan fiduciary net position as a percentage of the total pension liability	37.39%	24.08%	41.35%	43.43%

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Required Supplementary Information
December 31, 2022

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

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

	2018	2017	2016	2015	2014
Housing Authority's proportion of the net pension liability	0.00238620%	0.00321235%	0.00323170%	0.00437881%	0.00436774%
Housing Authority's proportionate share of the net pension liability	\$ 469,831	\$ 747,784	\$ 957,138	\$ 982,955	\$ 817,760
Housing Authority's covered employee payroll	\$ 177,566	\$ 201,032	\$ 213,904	\$ 245,373	\$ 245,061
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	264.60%	371.97%	447.46%	400.60%	333.70%
Plan fiduciary net position as a percentage of the total pension liability	53.60%	48.01%	59.86%	52.07%	52.08%

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

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Required Supplementary Information
December 31, 2022

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 33,280	\$ 33,280	\$ 29,485	\$ 26,698
Contribution in relation to the contractually required contribution	(33,280)	(33,280)	(29,485)	(26,698)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 240,587	\$ 170,108	\$ 229,885	\$ 195,274
Contribution as a percentage of covered employee payroll	13.83%	19.56%	12.83%	13.67%

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Required Supplementary Information
December 31, 2022

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

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

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 23,735	\$ 29,759	\$ 28,710	\$ 37,646	\$ 36,007
Contribution in relation to the contractually required contribution	(23,735)	(29,759)	(28,710)	(37,646)	(36,007)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 177,566	\$ 201,032	\$ 213,904	\$ 245,373	\$ 245,061
Contribution as a percentage of covered employee payroll	13.37%	14.80%	13.42%	15.34%	14.69%

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEHAWKEN
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022**

Programs funded by:

U.S. Department of Housing and Urban Development

CFDA #'s	Beginning Balance	Revenue Recognized	Fiscal Year Expenditures	Ending Balance
<u>Section 8 Housing Choice Voucher Program</u>	-	3,765,167	3,765,167	-
NJ39PO77	-	3,765,167	3,765,167	-
Grant Total 14.871				
Total Expenditures of Federal Awards	\$ -	\$ 3,765,167	\$ 3,765,167	\$ -

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022**

Note 1. Presentation:

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Housing Authority of the Township of Weehawken is under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Housing Authority of the Township of Weehawken, it is not intended to and does not present the financial position, change in net position, or cash flows of the Housing Authority of the Township of Weehawken.

Note 2. Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

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

Note 4. Loans Outstanding:

The Housing Authority of the Township of Weehawken has mortgage payable in the amount of \$884,667 outstanding on December 31, 2022. See Note 17 on pages 44 of this report for full detail.

Note 5. Non- Cash Federal Assistance:

The Authority did not receive any non-cash Federal assistance for the year ended December 31, 2022.

Note 6. Sub recipients:

Of the federal expenditures presented in the schedule above, the Housing Authority of the Township of Weehawken did not provide federal awards to any sub recipients.

Weehawken Housing Authority (NJ077)

WEEHAWKEN, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

	Project Total	1 Business Activities	14,871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted		\$351,549	\$691,247	\$1,042,796	\$1,042,796
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted		\$563,074		\$563,074	\$563,074
114 Cash - Tenant Security Deposits		\$37,847		\$37,847	\$37,847
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$0	\$952,470	\$691,247	\$1,643,717	\$1,643,717
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects			\$57,996	\$57,996	\$57,996
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous		\$125,174		\$125,174	\$125,174
126 Accounts Receivable - Tenants		\$10,237		\$10,237	\$10,237
126.1 Allowance for Doubtful Accounts - Tenants		-\$9,631		-\$9,631	-\$9,631
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable			\$18,324	\$18,324	\$18,324
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$125,780	\$76,320	\$202,100	\$202,100
131 Investments - Unrestricted		\$5,589		\$5,589	\$5,589
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets		\$5,929		\$5,929	\$5,929
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$0	\$1,089,768	\$767,567	\$1,857,335	\$1,857,335
161 Land		\$250,000		\$250,000	\$250,000
162 Buildings		\$6,505,800		\$6,505,800	\$6,505,800
163 Furniture, Equipment & Machinery - Dwellings		\$696,293		\$696,293	\$696,293
164 Furniture, Equipment & Machinery - Administration		\$139,388	\$19,761	\$159,149	\$159,149
165 Leasehold Improvements					
166 Accumulated Depreciation		-\$6,095,466	-\$19,761	-\$6,115,227	-\$6,115,227
167 Construction in Progress		\$1,856,139		\$1,856,139	\$1,856,139
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$3,352,154	\$0	\$3,352,154	\$3,352,154
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		\$3,734		\$3,734	\$3,734
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$0	\$3,355,888	\$0	\$3,355,888	\$3,355,888
200 Deferred Outflow of Resources		\$532,420	\$86,482	\$618,902	\$618,902
290 Total Assets and Deferred Outflow of Resources	\$0	\$4,978,076	\$854,049	\$5,832,125	\$5,832,125
311 Bank Overdraft					
312 Accounts Payable <= 90 Days		\$4,683		\$4,683	\$4,683
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable					
322 Accrued Compensated Absences - Current Portion		\$5,574	\$2,282	\$7,856	\$7,856
324 Accrued Contingency Liability					
325 Accrued Interest Payable		\$2,666		\$2,666	\$2,666

Weehawken Housing Authority (NJ077)

WEEHAWKEN, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

	Project Total	1 Business Activities	14,871 Housing Choice Vouchers	Subtotal	Total
94000 Total Maintenance	\$0	\$200,482	\$0	\$200,482	\$200,482
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
96110 Property Insurance		\$22,471		\$22,471	\$22,471
96120 Liability Insurance		\$11,236		\$11,236	\$11,236
96130 Workmen's Compensation		\$11,236	\$1,635	\$12,871	\$12,871
96140 All Other Insurance					
96100 Total insurance Premiums	\$0	\$44,943	\$1,635	\$46,578	\$46,578
96200 Other General Expenses			\$4,633	\$4,633	\$4,633
96210 Compensated Absences		\$16,220	\$3,985	\$20,205	\$20,205
96300 Payments in Lieu of Taxes		\$19,074		\$19,074	\$19,074
96400 Bad debt - Tenant Rents		\$445		\$445	\$445
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$0	\$35,739	\$8,618	\$44,357	\$44,357
96710 Interest of Mortgage (or Bonds) Payable		\$31,758		\$31,758	\$31,758
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$31,758	\$0	\$31,758	\$31,758
96900 Total Operating Expenses	\$0	\$637,533	\$252,057	\$889,590	\$889,590
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$221,940	\$3,517,265	\$3,739,205	\$3,739,205
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments			\$3,405,938	\$3,405,938	\$3,405,938
97350 HAP Portability-In					
97400 Depreciation Expense		\$158,848		\$158,848	\$158,848
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$0	\$796,381	\$3,657,995	\$4,454,376	\$4,454,376
10010 Operating Transfer In					
10020 Operating transfer Out					
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$63,092	\$111,327	\$174,419	\$174,419

Weehawken Housing Authority (NJ077)
 WEEHAWKEN, NJ
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

	Project Total	1 Business Activities	14,871 Housing Choice Vouchers	Subtotal	Total
94000 Total Maintenance	\$0	\$200,482	\$0	\$200,482	\$200,482
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
96110 Property Insurance					
96120 Liability Insurance		\$22,471		\$22,471	\$22,471
96130 Workmen's Compensation		\$11,236		\$11,236	\$11,236
96140 All Other Insurance		\$11,236	\$1,635	\$12,871	\$12,871
96100 Total insurance Premiums	\$0	\$44,943	\$1,635	\$46,578	\$46,578
96200 Other General Expenses					
96210 Compensated Absences			\$4,633	\$4,633	\$4,633
96300 Payments in Lieu of Taxes		\$16,220	\$3,985	\$20,205	\$20,205
96400 Bad debt - Tenant Rents		\$19,074		\$19,074	\$19,074
96500 Bad debt - Mortgages		\$445		\$445	\$445
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$0	\$35,739	\$8,618	\$44,357	\$44,357
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)		\$31,758		\$31,758	\$31,758
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$31,758	\$0	\$31,758	\$31,758
96900 Total Operating Expenses	\$0	\$637,533	\$252,057	\$889,590	\$889,590
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$221,940	\$3,517,265	\$3,739,205	\$3,739,205
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments					
97350 HAP Portability-In			\$3,405,938	\$3,405,938	\$3,405,938
97400 Depreciation Expense					
97500 Fraud Losses		\$158,848		\$158,848	\$158,848
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$0	\$796,381	\$3,657,995	\$4,454,376	\$4,454,376
10010 Operating Transfer In					
10020 Operating transfer Out					
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$63,092	\$111,327	\$174,419	\$174,419

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

Board of Commissioners
Housing Authority of the Township of Weehawken
525 Gregory Ave
Weehawken, New Jersey 07086

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and business activities of Housing Authority of the Township of Weehawken, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Housing Authority of the Township of Weehawken's basic financial statements, and have issued our report thereon dated July 28, 2023.

Report on Internal Control over Financial Reporting

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

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

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Housing Authority of the Township of Weehawken’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Giampaolo & Associates

Lincroft, New Jersey

Date: July 28, 2023

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

Board of Commissioners
Housing Authority of the Township of Weehawken
525 Gregory Ave
Weehawken, New Jersey 07086

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

We have audited Housing Authority of the Township of Weehawken's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Housing Authority of the Township of Weehawken's major federal programs for the year ended December 31, 2022. Housing Authority of the Township of Weehawken's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Housing Authority of the Township of Weehawken 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 December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Housing Authority of the Township of Weehawken's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Housing Authority of the Township of Weehawken's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Housing Authority of the Township of Weehawken's internal control over compliance. Accordingly, no such opinion is expressed.

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

Opinion on Each Major Federal Program

In our opinion, Housing Authority of the Township of Weehawken 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 December 31, 2022.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

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

Giampaolo & Associates

Lincroft, New Jersey

Date: July 28, 2023

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Housing Authority of the Township of Weehawken
525 Gregory Ave
Weehawken, New Jersey 07086

We have performed the procedures enumerated below on whether the electronic submission of certain information agrees with the hard copy documents within the reporting package for the year ended December 31, 2022. The U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC) is responsible for the Uniform Financial Reporting Standards (UFRS) procedures.

Housing Authority of the Township of Weehawken has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with the REAC's UFRS requirements for the submission of the PHA financial data for the year ended December 31, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

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

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

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

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

Giampaolo & Associates

Lincroft, New Jersey

Date: July 28, 2023