

Report On Audit

**HOUSING AUTHORITY OF THE
TOWNSHIP OF WEEHAWKEN**

**For the Year Ended
December 31, 2020**

Housing Authority of the Township of Weehawken
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the Township of Weehawken (a governmental public corporation) in Hudson County, New Jersey, hereafter referred to as the Authority, which comprise the statement of net position as of December 31, 2020, and the related statement of revenue, expenses and changes in net position, statement of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing Authority of the Township of Weehawken preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the Township of Weehawken internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of the Township of Weehawken as of December 31, 2020, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and OPEB and PERS supplemental information budgetary comparison information on pages 4 through 17 and pages 57-61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the method of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements Housing Authority of the Township of Weehawken. The accompanying supplemental information on pages 62-71 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 was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards 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 reports dated September 24, 2021, on 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, 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 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.

Hymanson, Parnes & Giampaolo

Lincroft, New Jersey

Date: September 24, 2021

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2020**

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 17 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 \$1,625,489 an increase in the financial position of \$158,890 or 11% as compared to the prior year.

As noted above, the net position of the Authority was \$1,625,489 as of December 31, 2020. Of this amount, the unrestricted net position is negative (\$1,009,299) representing a decrease in the deficit of \$488,563 or 33% percent from the previous year. Additional information on the Authority's unrestricted net positions can be found in Note 21 the financial statements, which is included in this report.

The net investment in capital assets decreased \$12,777 or 1% percent for an ending balance of \$2,529,812.

The restricted net position decreased \$316,896 or 75% percent from the prior year for and ending balance of \$104,976. Additional information on the Authority's restricted net position can be found in Notes 20 to the financial statements, which is included in this report.

The Authority's cash, and cash equivalent on December 31, 2020, is \$1,292,046 representing an increase of \$249,678 or 24% percent from the prior year. Total restricted cash increased \$108,355 or 24% percent for an ending balance of \$565,287. The full detail of these amounts can be found in the Statement of Cash Flows on pages 21-22 of this report.

The Authority's total assets and deferred outflows are \$5,077,171 of which capital assets net book value is \$3,458,510; deferred outflows amount of \$150,820, which left total current assets at \$1,467,841.

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2020**

FINANCIAL HIGHLIGHTS - CONTINUED

Total current assets increased from the previous year by \$189,745 or 15% percent. Cash and cash equivalents increased by \$249,678 account's receivables decreased by \$55,049 and prepaid expenses decreased \$4,884.

Capital assets reported a decrease in the net book value of the capital assets in the amount of \$33,558 or 1% percent. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$109,837, less the recording of depreciation expense in the amount of \$143,395. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 9 Fixed Assets.

The Authority reported a decrease in the deferred outflows for the OPEB and pension cost in the amount of \$37,028 for an ending balance of \$150,820. The Authority also reported a decrease in the deferred inflows for the OPEB and pension cost in the amount of \$61,861 for an ending balance of \$954,333. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 10 Deferred Outflows/Inflows of Resources.

The Authority's total liabilities are reported at \$2,497,349, of which noncurrent liabilities are stated at \$2,253,723. Total liabilities increased during the year as compared to the prior year in the amount of \$22,130, or 1% percent. Total current liabilities increased during the year by \$90,640, leaving non-current liabilities for a decrease of \$68,510 as compared to the previous year.

Total current liabilities increased from the previous year by \$90,640 or 59% percent. Accounts payables decreased by \$28,715, accrued liabilities increased by \$448, tenant security deposit payable increased by \$408, unearned revenue increased \$117,655, and the current portion of mortgage payable increased \$844.

Total noncurrent liabilities decreased by \$68,510 or 3% percent. Long term obligations such as accrued compensated absences - long term with no offsetting assets, increased \$8,141 or 16% percent from the prior year for an ending balance of \$59,272, mortgage payable long-term decreased \$21,625 or 2% percent compared to the prior year.

Accrued pension and OPEB liability decreased \$55,026 or 4% percent for an ending balance of \$1,287,379. Additional information the Authority's accrued pension as well as accrued OPEB liability on December 31, 2020, can be found in Notes 17-18 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, 2020**

FINANCIAL HIGHLIGHTS - CONTINUED

The Authority had total operating revenue of \$4,347,606 as compared to \$3,757,021 from the prior year for an increase of \$590,585 or 16% percent. The Authority had total operating expenses of \$4,191,148 as compared to \$4,265,670 from the previous year for a decrease of \$74,522 or 2% percent, resulting in excess of revenue from operations in the amount of \$156,458 as compared to excess expenses from operations in the amount of \$508,649 for an increase in revenue over expenses of \$665,107 or 131% percent from the previous year.

The Authority had capital outlays in the amount of \$109,837 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 \$3,523,951 for the year 2020 as compared to \$2,918,395 for the previous year 2019 for an increase of \$605,556 or 21% 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.

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2020**

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

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

The Authority's activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe, and sanitary housing to low income and special needs populations. The financial statements can be found on pages 18 through 22.

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

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

Notes to the Financial Statements - Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Housing Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Housing Authority may face. The Notes to Financial Statements can be found in this Report beginning on page 23 through 56.

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2020**

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

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 62-63 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, 2020. 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, 2020.

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2020**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

The following summarizes the computation of Net Position between December 31, 2020, and December 31, 2019:

Computations of Net Position is as follows:

| | <u>Year Ended</u> | | Increase (Decrease) |
|----------------------------------|---------------------|---------------------|------------------------|
| | December-20 | December-19 | |
| Cash | \$ 1,292,046 | \$ 1,042,368 | \$ 249,678 |
| Other Current Assets | 175,795 | 235,728 | (59,933) |
| Capital Assets - Net | 3,458,510 | 3,492,068 | (33,558) |
| Deferred Outflows | 150,820 | 187,848 | (37,028) |
| Total Assets | 5,077,171 | 4,958,012 | 119,159 |
| Less: Current Liabilities | (243,626) | (152,986) | (90,640) |
| Less: Non Current Liabilities | (2,253,723) | (2,322,233) | 68,510 |
| Less: Deferred Inflows | (954,333) | (1,016,194) | 61,861 |
| Net Position | \$ 1,625,489 | \$ 1,466,599 | \$ 158,890 |
| | | | |
| Net Investment in Capital Assets | \$ 2,529,812 | \$ 2,542,589 | \$ (12,777) |
| Restricted | 104,976 | 421,872 | (316,896) |
| Unrestricted | (1,009,299) | (1,497,862) | 488,563 |
| Net Position | \$ 1,625,489 | \$ 1,466,599 | \$ 158,890 |

Cash increased by \$249,678 or 24% percent. Net cash provided by operating activities was \$457,723, net cash used by capital and related financing activities was \$210,477, and net cash provided by investing activities was \$2,432. The full detail of these amounts can be found in the Statement of Cash Flows on pages 21-22 of this audit report.

Other current assets decreased \$59,933. Account receivable decreased \$55,049 and prepaid expenses decreased \$4,884.

Capital assets reported a decrease in the net book value of the capital assets in the amount of \$33,558 or 1% percent. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$109,837, less the recording of depreciation expense in the amount of \$143,395.

The Authority reported a decrease in the deferred outflows for the OPEB and pension cost in the amount of \$37,028 for an ending balance of \$150,820. The Authority also reported a decrease in the deferred inflows for the OPEB and pension cost in the amount of \$61,861 for an ending balance of \$954,333.

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2020**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

Total current liabilities increased from the previous year by \$90,640 or 59% percent. Accounts payables decreased by \$28,715, accrued liabilities increased by \$448, tenant security deposit payable increased by \$408, unearned revenue increased \$117,655, and the current portion of mortgage payable increased \$844.

Total noncurrent liabilities decreased by \$68,510 or 3% percent. Long term obligations such as accrued compensated absences - long term with no offsetting assets, increased \$8,141 or 16% percent from the prior year for an ending balance of \$59,272, mortgage payable long-term decreased \$21,625 or 2% percent compared to the prior year.

Accrued pension and OPEB liability decreased \$55,026 or 4% percent for an ending balance of \$1,287,379. Additional information the Authority's accrued pension as well as the accrued OPEB liability on December 31, 2020, can be found in Notes 17-18 to the financial statements, which is included in this report.

The Authority's reported net position of \$1,625,489 is made up of three categories. The net investment in capital assets in the amount of \$2,529,812 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, 2019 | | \$ | 2,542,589 |
| Fixed Asset Acquisitions | | | 109,837 |
| Depreciation Expense | | | (143,395) |
| Payment of Principal on Debt | | | 20,781 |
| Balance December 31, 2020 | | | 2,529,812 |

The Housing Authority of the Township of Weehawken operating results for December 31, 2020, reported a decrease in the deficit unrestricted net position of \$488,563 or 33% percent for an ending balance of negative (\$1,009,299). A full detail of this account can be found in the Notes to the Financial Statements Section Note - 21. The Authority reported restricted net position in the amount of \$104,976 which decreased \$316,896 or 75% percent compared to the prior year. A full detail of these accounts can be found in the Notes to the Financial Statements Section Note - 20.

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2020**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The following summarizes the changes in Net Position between December 31, 2020 and December 31, 2019:

Computation of Changes in Net Position are as follows:

| | <u>Year Ended</u> December-20 | <u>Year Ended</u> December-19 | Increase (Decrease) |
|---|----------------------------------|----------------------------------|------------------------|
| <u>Revenues</u> | | | |
| Tenant Revenues | \$ 805,874 | \$ 800,070 | \$ 5,804 |
| HUD Subsidies | 3,523,951 | 2,918,395 | 605,556 |
| Other Revenues | 17,781 | 38,556 | (20,775) |
| Total Operating Income | <u>4,347,606</u> | <u>3,757,021</u> | <u>590,585</u> |
| <u>Expenses</u> | | | |
| Operating Expenses | 4,047,753 | 4,125,693 | (77,940) |
| Depreciation Expense | 143,395 | 139,977 | 3,418 |
| Total Operating Expenses | <u>4,191,148</u> | <u>4,265,670</u> | <u>(74,522)</u> |
| Operating (Loss) before Non Operating Income | 156,458 | (508,649) | 665,107 |
| Investment Income | <u>2,432</u> | <u>8,007</u> | <u>(5,575)</u> |
| Change in Net Position | 158,890 | (500,642) | 659,532 |
| Net Position Prior Year | 1,466,599 | 2,427,957 | (961,358) |
| Prior Period Adjustment | - | (460,716) | 460,716 |
| Total Net Position | <u>\$ 1,625,489</u> | <u>\$ 1,466,599</u> | <u>\$ 158,890</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.

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 8% percent, utilities expense accounted for 3% percent, maintenance expense accounted for 5% percent, tenant services expense accounted for 2% percent, insurance accounted for 1% percent, other operating expenses accounted for 2% percent, and depreciation accounted for the remaining 3% of the total operating expenses.

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2020**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority's operating revenue exceeded its operating expenses resulting in excess revenue from operations in the amount of \$156,458 as compared to excess expenses from operations of \$508,649 for the previous year. The key elements to the increase in deficit in comparison to the prior year are as follow:

- The Authority experienced increases in Tenant Rental revenue in the amount of \$5,804.
- The Authority experienced increases in HUD PHA Operating Grants in the amount of \$605,556 or 21% percent. This was due to increased funding by HUD.
- Other revenue overall decreased \$2,349.
- The Authority experienced increases in the following expenses:
 - Tenant services expenses increased \$54,085 or 376% percent.
 - Maintenance expenses increased \$44,267 or 25% percent.
 - Housing assistance payments increased \$242,829 or 8% percent.
- The Authority experienced decreases in the following expenses:
 - Administrative Expenses decreased \$83,186 or 20% percent.
 - Utilities Expense decreased \$29,614 or 24% percent.
 - Other Operating Expenses decreased \$306,119 or 79% percent.

Total net cash provided by operating activities during the year was \$457,723 as compared to net cash used by operating activities during 2019 in the amount of \$414,826. A full detail of this amount can be found on the Statement of Cash Flows on pages 22-22 of this report.

Overall, the Authority reported a decrease in the deficit of unrestricted net position of \$488,563 for an ending balance of negative (\$1,009,299). Additional information on the Authority's unrestricted net position can be found in Note 21 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, 2020**

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, 2020:

| | December-20 | December-19 | December-18 | December-17 |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
| Significant Income | | | | |
| Total Tenant Revenue | \$ 805,874 | \$ 800,070 | \$ 784,669 | \$ 335,401 |
| HUD Operating Grants | 3,523,951 | 2,918,395 | 3,495,560 | 3,068,642 |
| Investment Income | 2,432 | 8,007 | 13,363 | 1,830 |
| Other Income | 17,781 | 38,556 | 304,835 | 105,125 |
| Total | \$ 4,350,038 | \$ 3,765,028 | \$ 4,598,427 | \$ 3,510,998 |
| Payroll Expense | | | | |
| Administrative Salaries | \$ 145,985 | \$ 163,480 | \$ 140,897 | \$ 159,981 |
| Maintenance Labor | 36,093 | 44,741 | 36,669 | 41,051 |
| Employee Benefits Expense | 93,364 | 113,237 | 74,592 | 200,971 |
| Total Payroll Expense | \$ 275,442 | \$ 321,458 | \$ 252,158 | \$ 402,003 |
| Other Significant Expenses | | | | |
| Other Administrative Expenses | \$ 178,439 | \$ 167,251 | \$ 108,263 | \$ 163,112 |
| Utilities Expense | 114,894 | 144,508 | 128,892 | 159,232 |
| Maintenance Supplies | 29,209 | 22,762 | 25,090 | 22,422 |
| Maintenance Contract Cost | 137,793 | 92,805 | 89,989 | 71,693 |
| Insurance Premiums | 42,680 | 42,932 | 38,387 | 41,688 |
| Housing Assistance Payments | 3,179,007 | 2,936,178 | 2,873,658 | 2,377,561 |
| Total | \$ 3,682,022 | \$ 3,406,436 | \$ 3,264,279 | \$ 2,835,708 |
| Total Operating Expenses | \$ 4,191,148 | \$ 4,265,670 | \$ 4,019,588 | \$ 3,613,936 |
| Total of Federal Awards | \$ 3,523,951 | \$ 2,918,395 | \$ 3,495,560 | \$ 3,068,642 |

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.

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2020**

THE AUTHORITY AS A WHOLE - CONTINUED

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.

**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.

Housing Choice Voucher CARES Act Program

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2020**

BUDGETARY HIGHLIGHTS

For the year ended December 31, 2020, individual program 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 2020 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, (2019 was 78% percent), the Authority is constantly monitoring for any appropriation changes especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy.

The current administration of the Authority is determined to improve the financial results of the Authority's operations. The Authority 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.

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2020**

CAPITAL ASSETS AND DEBT ADMINISTRATION

1 - Capital Assets

The Authority's investment in capital assets as of December 31, 2020, was \$3,458,510 (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 \$33,558 or 20%. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$109,837, less the recording of depreciation expense in the amount of \$143,395. Major capital assets events during the calendar year included the following:

- Elevator Upgrades
- A/C Units
- Ranges and Refrigerators

| | December-20 | December-19 | Increase (Decrease) |
|---------------------------------------|---------------------|---------------------|------------------------|
| Land | \$ 250,000 | \$ 250,000 | \$ - |
| Building | 6,337,226 | 6,337,226 | - |
| Furniture, Equipment - Dwelling | 666,527 | 632,350 | 34,177 |
| Furniture, Equipment - Administration | 129,511 | 129,511 | - |
| Construction in Process | 1,856,139 | 1,780,479 | 75,660 |
| Total Fixed Assets | <u>\$ 9,239,403</u> | <u>\$ 9,129,566</u> | <u>\$ 109,837</u> |
| Accumulated Depreciation | (5,780,893) | (5,637,498) | (143,395) |
| Net Book Value | <u>\$ 3,458,510</u> | <u>\$ 3,492,068</u> | <u>\$ (33,558)</u> |

2 - Debt Administration

The Authority as of December 31, 2020, had an outstanding loan balance with Lakeland Bank in the amount of \$928,698. 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, 2020, can be found in Note 16.

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2020**

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, 2021.

- State of New Jersey economy including the impact on tenant income. Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income. Tenant rental payments are based on tenant income.
- 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.

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. Robert A. DiVincent, 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, 2020

| | 2020 |
|--|--------------|
| Assets | |
| Current Assets: | |
| Cash and Cash Equivalents | |
| Operating | \$ 726,759 |
| Restricted | 565,287 |
| Total cash and equivalents | 1,292,046 |
| Accounts Receivables, Net of Allowances | 175,795 |
| Total Current Assets | 1,467,841 |
| Noncurrent Assets | |
| Capital Assets | |
| Land | 250,000 |
| Building | 6,337,226 |
| Furniture, Equipment - Dwelling | 666,527 |
| Furniture, Equipment - Administration | 129,511 |
| Construction in Process | 1,856,139 |
| Total Capital Assets | 9,239,403 |
| Less: Accumulated Depreciation | (5,780,893) |
| Net Book Value | 3,458,510 |
| Total Assets | 4,926,351 |
| Deferred Outflow of Resources | |
| State of New Jersey Pension and OPEB | 150,820 |
| Total Assets and Deferred Outflow of Resources | \$ 5,077,171 |

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2020

2020

Liabilities

Current Liabilities:

| | |
|----------------------------------|----------------|
| Accounts Payable | \$ 51,262 |
| Accrued Liabilities | 17,601 |
| Tenant Security Deposit Payable | 35,468 |
| Unearned Revenue | 117,669 |
| Long Term Debt - Current Portion | 21,626 |
| Total Current Liabilities | <u>243,626</u> |

Noncurrent Liabilities

| | |
|--|------------------|
| Note Payable - Long Term | 907,072 |
| Accrued Compensated Absences - Long-Term | 59,272 |
| Accrued Pension and OPEB Liabilities | 1,287,379 |
| Total Noncurrent Liabilities | <u>2,253,723</u> |

| | |
|-------------------|------------------|
| Total Liabilities | <u>2,497,349</u> |
|-------------------|------------------|

Deferred Inflow of Resources

| | |
|--|----------------|
| State of New Jersey - Pension and OPEB | <u>954,333</u> |
|--|----------------|

Net Position:

| | |
|----------------------------------|--------------------|
| Net Investment in Capital Assets | 2,529,812 |
| Restricted | 104,976 |
| Unrestricted | <u>(1,009,299)</u> |

| | |
|--------------------|------------------|
| Total Net Position | <u>1,625,489</u> |
|--------------------|------------------|

| | |
|---|----------------------------|
| Total Liabilities, Deferred Inflow of Resources, and Net Position | <u><u>\$ 5,077,171</u></u> |
|---|----------------------------|

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, 2020**

| | 2020 |
|-----------------------------------|------------------|
| Revenue: | |
| Tenant Rental Revenue | \$ 805,874 |
| HUD PHA Operating Grants | 3,523,951 |
| Fraud Recovery Income | 11,749 |
| Other Revenue | 6,032 |
| Total Revenue | 4,347,606 |
| Operating Expenses: | |
| Administrative Expense | 336,438 |
| Tenant Services | 68,464 |
| Utilities Expense | 114,894 |
| Maintenance Expense | 223,929 |
| Insurance Expense | 42,680 |
| Other Operating Expenses | 82,341 |
| Housing Assistance Payments | 3,179,007 |
| Depreciations Expense | 143,395 |
| Total Operating Expenses | 4,191,148 |
| Excess Revenue From Operations | 156,458 |
| Non Operating Income: | |
| Interest Income | 2,432 |
| Change in Net Position | 158,890 |
| Beginning Net Position | 1,466,599 |
| Ending Net Position | \$ 1,625,489 |

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, 2020

| | 2020 |
|--|--------------|
| Cash Flow From Operating Activities | |
| Receipts from Tenants | \$ 804,862 |
| Receipts from Federal Grants | 3,569,568 |
| Receipts from Misc. Sources | 30,338 |
| Payments to Vendors and Suppliers | (444,788) |
| Payments for Housing Assistance Payments | (3,179,007) |
| Payments to Employees | (229,886) |
| Payment of Employee Benefits | (93,364) |
| Net Cash Provided by Operating Activities | 457,723 |
| Cash Flow From Capital and Related Financing Activities | |
| Acquisitions and Construction of Capital Assets | (109,837) |
| Principal Payments made on Mortgage | (20,781) |
| Change in Accrued Pension and OPEB Liabilities | (55,026) |
| Net Effect of Deferred Inflows and Outflows | (24,833) |
| Net Cash (Used) by and Related Financing Activities | (210,477) |
| Cash Flow From Investing Activities | |
| Interest Income | 2,432 |
| Net Cash Provided by From Investing Activities | 2,432 |
| Net Increase in Cash and Cash Equivalents | 249,678 |
| Beginning Cash, Cash Equivalents and Restricted Cash | 1,042,368 |
| Ending Cash, Cash Equivalents and Restricted Cash | \$ 1,292,046 |
| <u>Reconciliation of Cash Balances:</u> | |
| Cash and Cash Equivalents - Unrestricted | \$ 726,759 |
| Cash and Cash Equivalents - Restricted | 565,287 |
| Total Ending Cash | \$ 1,292,046 |

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, 2020

| | 2020 |
|--|------------|
| Reconciliation of Operating Income to Net Cash | |
| Provided by Operating Activities | |
| Excess Revenue from Operations | \$ 156,458 |
| Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities: | |
| Depreciation Expense | 143,395 |
| (Increase) Decrease in: | |
| Accounts Receivables | 55,049 |
| Prepaid Expenses | 4,884 |
| Increase (Decrease) in: | |
| Accounts Payable | (28,715) |
| Accrued Liabilities | 448 |
| Unearned Revenue | 117,655 |
| Tenant Security Deposits | 408 |
| Compensated Absences - Non current | 8,141 |
| Net Cash Provided by Operating Activities | \$ 457,723 |
| Supplemental Cash Flows Disclosures | |
| Interest Expense Paid During the Year | \$ 33,398 |

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

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.

Based on the following criteria, the Authority has not identified an entity which should be subject to evaluation for inclusion in the Authority's reporting entity. The criteria for including or excluding a component unit relationship as set forth in GASB's #61 *The financial Reporting Entity* and Financial Reporting Standards, include whether:

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

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

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, 2020

Basis of Accounting – Continued

The major sources of revenue are HUD operating subsidy, HAP portability payments, management fees and other revenue. Other revenue composed primarily of miscellaneous fees from the tenant and laundry income. The revenue is recorded as earned since it is measurable and available. The Authority 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 Authority's financial statements are prepared in accordance with GASB Statement No. 34 (as amended), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("Statement"). The Statement requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. The Statement also requires the Authority to include Management's Discussion and Analysis as part of Required Supplementary Information.

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

Financial Reporting Entity

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

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

Financial Reporting Entity - continued

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

- (a) the primary government which is the Authority,
- (b) organizations for which the primary government is financially accountable, and
- (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 14.

The decision to include a potential unit in the Authority's reporting entity is based on several criteria set forth in GASB Statement No. 61, including legal standing, fiscal dependency, and financial accountability.

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.

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

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

Other accounting policies - continued

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.

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, 2020

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 -Unearned Revenue and Revenue Recognition

Grant awards accounted for as exchange transactions are recorded as revenue when expenses have been incurred in compliance with grant restrictions. Amounts unspent are recorded in the statement of net position as unearned revenue.

15 Operating Revenue and Expenses

Operating revenue includes operating subsidies, tenants dwelling rents, HAP portability payments, management fees and all other revenue 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. 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.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

Other accounting policies - continued

16 Nonoperating Revenue and Expenses

The Authority's nonoperating revenue relates 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.

17-Impairment Losses

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

18- Recent Accounting Pronouncements

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

Budgetary and Policy Control –

The Authority submits its annual operating 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, 2020

Activities - The only programs or activities administered by the Authority were:

| Program | CFDA # | Project # | Units Authorized |
|---|--------|-----------|---------------------|
| <u>Section 8 Housing</u> | | | |
| Housing Choice Vouchers | 14.871 | NJ-77 | 449 |
| HCV CARES Act Program | 14.HCC | | |
| <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.

Housing Choice Voucher CARES Act Program

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

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, 2020

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 local market conditions but cannot exceed the monthly rental amount set annually by the New Jersey Mortgage and Finance Agency (NJHMFA). 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 regulatory agreement, the Authority RAD housing program may not increase rents charged to tenants without the New Jersey Mortgage and Finance Agency (NJHMFA) approval.

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 collectability of accounts receivable, the use, and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

NOTE 3 - PENSION PLAN

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. It is a cost sharing, multiple employers defined benefit pension plan. PERS was established in January 1955 under the provision of 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 2019 amounted to \$29,485.

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 18- Accrued Pension Liability.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

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, 2020, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

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-20</u> |
|---|-----------------------------------|
| Insured | \$ 555,635 |
| Collateralized held by pledging bank's trust department in the Authority's name | 736,411 |
| Total Cash and Cash Equivalents | <u><u>\$ 1,292,046</u></u> |

Investments

The Authority's investments on December 31, 2020, included the following:

| <u>Investments</u> | <u>Maturities</u> | <u>Fair Value</u> |
|----------------------|-------------------|-------------------|
| Money Market Account | Upon Demand | \$ 306,895 |

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-20</u> |
|----------------------------------|---------------------------------|
| Replacement Reserve Account | \$ 411,600 |
| Capital Repairs Reserve | 271 |
| Tenant Security Deposit | 35,863 |
| HCV CARES Act Reserves | 117,553 |
| Total Restricted Deposits | <u><u>\$ 565,287</u></u> |

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

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-20</u> |
|-------------------|--------------------|
| Beginning Balance | \$ 421,602 |
| Deposit Made | 52,605 |
| Interest Earned | 1,968 |
| Withdrawals Made | <u>(64,575)</u> |
| Ending Balance | <u>\$ 411,600</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-20</u> |
|-------------------|--------------------|
| Beginning Balance | \$ 270 |
| Deposit Made | - |
| Interest Earned | 1 |
| Withdrawals Made | - |
| Ending Balance | <u>\$ 271</u> |

Tenant Security Deposit Account

The Housing Authority of the Township of Weehawken has tenant security deposit restricted cash in the amount of \$35,863. 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 \$35,468 on December 31, 2020.

HCV CARES Act Reserves

The restricted cash in the amount of \$117,553 was reported under the Housing Choice Voucher CARES Act Program for grant money received but not expend during the year and is reported as a reserve for future use.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

NOTE 6 - ACCOUNTS RECEIVABLE

Accounts Receivable on December 31, 2020, consisted of the following:

| | <u>December-20</u> |
|---------------------------------------|--------------------|
| Accounts Receivable - Tenants | \$ 3,160 |
| Less Allowance for Doubtful Accounts | - |
| Net Accounts Receivable - Tenants | <u>3,160</u> |
| | |
| Accounts Receivable - HUD | 40,045 |
| Accounts Receivable - Management Fees | \$ 132,590 |
| Total Accounts Receivable | <u>\$ 175,795</u> |

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

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, 2020, are detailed on the Financial Data Schedule of this report. Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

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, 2020, was \$143,395. 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 2020.

Below is a schedule of changes in fixed assets for the twelve months ended December 31, 2020:

| | <u>December-19</u> | <u>Additions</u> | <u>December-20</u> |
|---------------------------------------|--------------------|------------------|--------------------|
| Land | \$ 250,000 | \$ - | \$ 250,000 |
| Building | 6,337,226 | - | 6,337,226 |
| Furniture, Equipment - Dwelling | 632,350 | 34,177 | 666,527 |
| Furniture, Equipment - Administration | 129,511 | - | 129,511 |
| Construction in Process | 1,780,479 | 75,660 | 1,856,139 |
| Total Fixed Assets | 9,129,566 | 109,837 | 9,239,403 |
| Accumulated Depreciation | (5,637,498) | (143,395) | (5,780,893) |
| Net Book Value | \$ 3,492,068 | \$ (33,558) | \$ 3,458,510 |

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

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, 2020:

| | |
|---------------------------------------|----------------------------|
| | <u>December-20</u> |
| Land | \$ 250,000 |
| Building | 1,204,651 |
| Furniture, Equipment - Dwelling | 66,859 |
| Furniture, Equipment - Administration | 80,861 |
| Construction in Process | <u>1,856,139</u> |
| Net Book Value | <u><u>\$ 3,458,510</u></u> |

NOTE 10 - 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 17-18 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 | <u>OPEB</u> | <u>Pension</u> | <u>Total</u> |
|--|------------------|------------------|-------------------|
| Differences Between Expected and Actual Experiences | \$ - | \$ 8,003 | \$ 8,003 |
| Changes in Assumptions | - | 14,259 | 14,259 |
| Net Difference Between Projected and Actual Earning on Pension Plan Investments | 698 | 15,023 | 15,721 |
| Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | 62,803 | 50,035 | 112,838 |
| Total | <u>\$ 63,501</u> | <u>\$ 87,320</u> | <u>\$ 150,821</u> |

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES - CONTINUED

| Deferred Inflows of Resources | OPEB | Pension | Total |
|--|------------|------------|------------|
| Differences Between Expected and Actual Experiences | \$ 247,944 | \$ 1,554 | \$ 249,498 |
| Changes in Assumptions | 300,459 | 184,035 | 484,494 |
| Net Difference Between Projected and Actual Earning on Pension Plan Investments | - | - | - |
| Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | 99,869 | 120,472 | 220,341 |
| Total | \$ 648,272 | \$ 306,061 | \$ 954,333 |

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 \$8,003 and \$249,498.

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 \$14,259 and \$484,494.

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 \$15,721 and \$-0-.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES - CONTINUED

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, reflecting the average remaining service life of PERS 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 \$112,838 and \$220,341.

NOTE 11 – ACCOUNTS PAYABLE

The Authority reported accounts payable on its Statement of Net Position as of December 31, 2020. Accounts payable vendors are amount owed to creditors as a result of delivered goods and completed services. Accounts payable on December 31, 2020, was in the amount of \$51,262 which consisted of the following:

| | |
|-------------------------------------|--------------------|
| | <u>December-20</u> |
| Accounts Payable Vendors | \$ 15,598 |
| Accounts Payable - Other Government | 28,548 |
| Accounts Payable - PHA Programs | 7,116 |
| Total Accounts Payable | <u>\$ 51,262</u> |

NOTE 12 – 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, 2020, consist of the following:

| | |
|---------------------------|--------------------|
| | <u>December-20</u> |
| Balance Beginning of Year | \$ 8,944 |
| P.I.L.O.T. Accrued | 19,604 |
| Less Payments Made | - |
| Total P.I.L.O.T. Payable | <u>\$ 28,548</u> |

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements
December 31, 2020

NOTE 13 – 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, 2020, consist of the following:

| | |
|--|--------------------|
| | <u>December-20</u> |
| Compensated Absences - Current Portion | \$ 6,586 |
| Accrued Interest Payable | 2,799 |
| Accrued Liabilities - Utilities | 8,216 |
| Total Accrued Liabilities | <u>\$ 17,601</u> |

NOTE 14 – 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, 2020, the Authority has determined that the potential liability for accumulated vacation time, sick leave, and terminal pay to be as follows:

| | | | | |
|-------------|-----------|-------------|----|---------|
| Balance | | Balance | | Current |
| December-19 | Additions | December-20 | | Portion |
| \$ 56,810 | \$ 9,048 | \$ 65,858 | \$ | 6,586 |

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

NOTE 15 – UNEARNED REVENUE

The Authority reported unearned revenues on its Statement of Net Position. Unearned revenues arise when resources are received by the Authority before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Authority has a legal claim to the resources, the liability for unearned revenue is removed from the Statement of Net Position and the revenue is recognized. The unearned revenue account balance on December 31, 2020, is \$117,669 which consisted of prepaid rents in the amount of \$116 and unspent HCV CARES funds of \$117,553.

NOTE 16 – 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, 2020, is \$928,698.

| Balance December-19 | Payments | Balance December-20 | Current Portion |
|------------------------|-------------|------------------------|--------------------|
| \$ 949,479 | \$ (20,781) | \$ 928,698 | \$ 21,626 |

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

| Year | Principal |
|-----------|-------------------|
| 2021 | \$ 21,626 |
| 2022 | 22,406 |
| 2023 | 22,806 |
| 2024 | 23,215 |
| 2025 | 23,966 |
| Subtotal | 114,019 |
| Therafter | 814,679 |
| Total | <u>\$ 928,698</u> |

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

NOTE 17 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

The Authority as of December 31, 2020, reported accrued pension and OPEB liability amounts as follows:

| | |
|----------------------------------|---------------------|
| | <u>December-20</u> |
| Accrued OPEB Liability | \$ 847,849 |
| Accrued Pension Liability | <u>439,530</u> |
| Total OPEB and Pension Liability | <u>\$ 1,287,379</u> |

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 - 18 will discuss the effect of GASB #68 pension liability which arose from that.

OPEB Liability

The Authority as of December 31, 2020, reported a net OPEB liability in the amount of \$847,849 due to GASB #75. The component of the current year net OPEB liability of the Authority as of June 30, 2019, the last evaluation date, is as follows:

| | |
|-------------------------------|-------------------|
| | <u>June-19</u> |
| Employer Total OPEB Liability | \$ 864,947 |
| Plan Net Position | <u>(17,098)</u> |
| Employer Net OPEB Liability | <u>\$ 847,849</u> |

The Authority allocation percentage is 0.006303550% as of June 30, 2019.

OPEB Liability – Plan Description and Benefits Provided

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

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

NOTE 17 – OPEB LIABILITIES - CONTINUED

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.

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

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

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The total OPEB liability for the year ended June 30, 2019, were \$847,849.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

NOTE 17 – OPEB LIABILITIES - CONTINUED

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

| | |
|--------------------------------------|----------|
| Retired Employees Receiving Benefits | 5 |
| Actives Eligible for Benefits | 1 |
| Active Employees | 1 |
| Total Employees | <u>7</u> |

Net OPEB Liability

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

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

- Inflation Rate = 2.5%
- Salary Increases
 - Through 2026 = 2.00% to 6.00%
 - Thereafter = 3.00% to 7.00%

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

Certain actuarial assumptions used in the June 30, 2018, valuation 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, 2018, and July 1, 2014, to June 30, 2018, respectively.

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

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

NOTE 17 – OPEB LIABILITIES - CONTINUED

Health Care Trend Assumptions

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

Discount Rate

The discount rate for June 30, 2019, was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

| | <u>Discount Rate Sensitivity</u> | | |
|----------------------|----------------------------------|-----------------------|----------------------|
| | 1% Decrease 2.50% | Current Rate 3.50% | 1% Increase 4.50% |
| Total OPEB Liability | \$ 980,329 | \$ 847,849 | \$ 740,191 |

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 | \$ 715,480 | \$ 847,849 | \$ 1,016,707 |

Change in Assumptions: Effective June 30, 2019.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

NOTE 17 – OPEB LIABILITIES - CONTINUED

Changes in Proportion

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

Changes in Net OPEB Liability:

| <u>Total OPEB Liability</u> | <u>2019</u> |
|--|------------------------------|
| Service Cost | \$ 41,721 |
| Interest on Total OPEB liability | 39,812 |
| Expected Investment Return | (706) |
| Administrative Expenses | 593 |
| Changes in Benefits Term | (119) |
| Current Period Deferred Inflows/Outflows of Resources | (38,769) |
| Changes in Assumptions or Other Inputs | (253,814) |
| Net Difference Between Projected and Actual Investments Earning on OPEB Plan Investments | 224 |
| Benefit Payments | - |
| Change in Plan | 460,716 |
| Net Change in Total OPEB Liability | <u>249,658</u> |
| Total OPEB Liability, Beginning | <u>598,191</u> |
| Total OPEB Liability, Ending | <u><u>\$ 847,849</u></u> |

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

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

| | |
|---------------------------|----------------------------|
| Year Ending June 30, 2020 | \$ (89,203) |
| Year Ending June 30, 2021 | (89,203) |
| Year Ending June 30, 2022 | (89,258) |
| Year Ending June 30, 2023 | (89,347) |
| Year Ending June 30, 2024 | (89,427) |
| Thereafter | (101,265) |
| Total | <u><u>\$ (547,703)</u></u> |

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

NOTE 18 – ACCRUED PENSION LIABILITY

Net Pension Liability Information

The Authority as of December 31, 2020, reported a net pension liability in the amount of \$439,530 due to GASB 68. The component of the current year net pension liability of the Authority as of June 30, 2020, the last evaluation date, is as follows:

| | <u>June-20</u> |
|----------------------------------|-------------------|
| Employer Total Pension Liability | \$ 1,062,824 |
| Plan Net Position | <u>(623,294)</u> |
| Employer Net Pension Liability | <u>\$ 439,530</u> |

The Authority allocation percentage is 0.002695280% as of June 30, 2020.

Plan Description

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

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

Net Pension Liability Information

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

The following represents the membership tiers for PERS:

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

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

NOTE 18 – ACCRUED PENSION LIABILITY - CONTINUED

Allocation Percentage Methodology

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer.

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

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

Net Pension Liability Information

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.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

NOTE 18 – ACCRUED PENSION LIABILITY – CONTINUED

Actuarial Assumptions

The total pension liability for June 30, 2020, measurement dates were determined by using an actuarial valuation as of July 1, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. The actuarial valuations used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the Pub-2010 Employee Preretirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females.

In addition, the tables provide for future improvements in mortality from the base year of 2010 using a generational approach based on the plan actuary's modified MP-2020 projection scale. Post-mortality rates were based on the Pub-2010 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2010 using a generational approach based on the plan actuary's modified MP-2020 projection scale. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2019, evaluation was based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2020. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities were higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% on June 30, 2020, is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

NOTE 18 – ACCRUED PENSION LIABILITY - CONTINUED

Actuarial Assumptions – Continued

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2020, as summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------------|-------------------|--|
| Risk Mitigation Strategies | 3.00% | 3.40% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Investment Grade Credit | 8.00% | 2.67% |
| High Yield | 2.00% | 5.95% |
| Private Credit | 8.00% | 7.59% |
| Real Assets | 3.00% | 9.73% |
| Real Estate | 8.00% | 9.56% |
| U.S. Equity | 27.00% | 7.71% |
| Non-U.S. Developed Markets Equity | 13.50% | 8.57% |
| Emerging Markets Equity | 5.00% | 10.23% |
| Private Equity | 13.00% | 11.42% |
| | <u>100%</u> | |

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

NOTE 18 – ACCRUED PENSION LIABILITY - CONTINUED

Discount Rate -Continued

The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2057.

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the current-period net pension liability of the employers calculated using the current-period discount rate assumption of 7.00% 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 (6.00% percent) or 1 percentage-point higher (8.00% percent) than the current assumption (in thousands). Sensitivity of the Authority's proportionate share of the Net Pension Liability due to change in the Discount Rate:

| | 1% Decrease (6.0%) | Current Discount (7.0%) | 1% Increase (8.0%) |
|---|-----------------------|-------------------------------|-----------------------|
| Authority's Proportionate Share of the Net Pension Liability (Asset) | \$ 620,500 | \$ 439,530 | \$ 349,332 |

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

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

| | |
|---------------------------|---------------------|
| Year Ending June 30, 2021 | \$ (93,230) |
| Year Ending June 30, 2022 | (86,842) |
| Year Ending June 30, 2023 | (49,875) |
| Year Ending June 30, 2024 | (19,975) |
| Year Ending June 30, 2025 | (3,938) |
| Total | <u>\$ (253,860)</u> |

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for the 2020, 2019, 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

NOTE 18 – 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, 2020, are as follows:

| | | |
|---|----|---------------|
| Service Cost | \$ | 34,987 |
| Interest on the Total Pension Liability | | 118,825 |
| Benefits Charges | | (737) |
| Member Contributions | | (24,498) |
| Administrative Expenses | | 522 |
| Expected Investment Return Net of Investment Expenses | | (52,565) |
| Pension Expense Related to Specific Liabilities of Individual Employers | | (50) |
| Current Period Recognition (Amortization) of Deferred Outflows and Inflows of Resources: | | |
| Difference Between Expected and Actual Experience | | 11,128 |
| Changes of Assumptions | | (63,925) |
| Differences Between Projected and Actual Investment Earnings on Pension Plan Investments | | 11,920 |
| Total | \$ | <u>35,606</u> |

NOTE 19 – 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, 2019 | \$ | 2,542,589 |
| Fixed Asset Acquisitions | | 109,837 |
| Depreciation Expense | | (143,395) |
| Payment of Principal on Debt | | 20,781 |
| Balance December 31, 2020 | \$ | <u>2,529,812</u> |

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

NOTE 20 – RESTRICTED NET POSITIONS

The Authority restricted net position account balance on December 31, 2020, is \$104,976 which consisted of the following activity:

| | <u>Business Activity Reserves</u> | |
|---------------------------|---------------------------------------|------------------|
| Balance December 31, 2019 | \$ | 421,872 |
| Decrease During the Year | | <u>(316,896)</u> |
| Balance December 31, 2020 | \$ | <u>104,976</u> |

In connection with the Lakeland Bank loan (Note 16), 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, 2020, was \$222,025.

NOTE 21 – UNRESTRICTED NET POSITION

The Authority's unrestricted net position account balance on December 31, 2020, is (\$1,009,299). The detail of the account balance is as follows:

| | HCV ADM Reserves | Business Activity Reserves | Total |
|---------------------------|---------------------|-------------------------------|----------------|
| Balance December 31, 2019 | \$ (68,175) | \$ (1,429,687) | \$ (1,497,862) |
| Increase During the Year | 132,782 | 355,781 | 488,563 |
| Balance December 31, 2020 | \$ 64,607 | \$ (1,073,906) | \$ (1,009,299) |

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

NOTE 22 - 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, 2020, were in the amount of \$3,501,748.

NOTE 23 - 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 \$3,523,951 to the Authority which represents approximately 81% percent of the Authority's total revenue for the year ended December 31, 2020.

NOTE 24 - CONTINGENCIES AND COMMITMENTS

Litigation – On December 31, 2020, the Authority was not involved in any threatened litigation.

Contingencies

The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years. There were no such examinations for the years ended December 31, 2020.

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.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Notes to Financial Statements

December 31, 2020

NOTE 24 – CONTINGENCIES AND COMMITMENTS

Unemployment Insurance

The Authority provides unemployment insurance through direct billings from the New Jersey Unemployment Insurance Fund. For the year ended December 31, 2020, the Authority paid no benefits from the unemployment reserve. On December 31, 2020, the Authority did not recognize a liability for unpaid, unasserted claims, if any, as these would be deemed immaterial.

National Health Emergency

The United States is presently during a national health emergency related to the COVID-19 virus (coronavirus). The overall consequences of coronavirus on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. On March 27, 2020, the President of the United States signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act into law to provide additional funding to Public Housing Authority's to prevent, prepare for and respond to coronavirus, including to maintain normal operations during the period the program was impacted. During the year ended December 31, 2020, the Authority received a \$139,756 in total CARES Act funding of which \$117,553 was unspent. The overall impact of this situation on the Authority and its future results and financial position is not presently determinable.

NOTE 25 – SUBSEQUENT EVENTS

Coronavirus Pandemic:

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Authority's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the tenant's ability to pay the required monthly rent. Operating functions that may be changed include intake, recertification's and maintenance. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of tenants to continue making rental payments as a result of job loss or other pandemic related issues. The future effects of these issues are unknown.

Events that occur after the statement of net position date but before the financial statements were available to be issued, must be evaluated for recognition, or disclosed. The effects of subsequent events that provide evidence about conditions that existed after the statement of net assets date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority thru September 24, 2021; the date which the financial statements were available for issue and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Required Supplementary Information

December 31, 2020

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

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

| <u>Total OPEB Liability</u> | <u>2018</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Service Cost | \$ 4,214 | \$ 41,721 |
| Interest on Total OPEB liability | 22,403 | 39,812 |
| Expected Investment Return | - | (706) |
| Administrative Expenses | - | 593 |
| Changes in Benefits Term | - | (119) |
| Inflows/Outflows of Resources | - | (38,769) |
| Inputs | - | (253,814) |
| Net Difference Between Projected and Actual Investments Earning on OPEB | - | - |
| Plan Investments | 224 | - |
| Benefit Payments | (35,959) | 460,716 |
| Change in Plan | - | - |
| Net Change in Total OPEB Liability | (9,342) | 249,658 |
| Total OPEB Liability, Beginning | 607,533 | 598,191 |
| Total OPEB Liability, Ending | <u>\$ 598,191</u> | <u>\$ 847,849</u> |
| Covered, Employee Payroll | \$ 177,566 | \$ 195,274 |
| Total OPEB Liability as a percentage of covered employee payroll | 336.88% | 434.18% |

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, 2020

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

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

| | 2020 | 2019 | 2018 | 2017 |
|--|--------------|--------------|-------------|-------------|
| Housing Authority's proportion of the net pension liability | 0.002695280% | 0.002744716% | 0.00238620% | 0.00321235% |
| Housing Authority's proportionate share of the net pension liability | \$ 439,530 | \$ 494,556 | \$ 469,831 | \$ 747,784 |
| Housing Authority's covered employee payroll | \$ 229,885 | \$ 195,274 | \$ 177,566 | \$ 201,032 |
| Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 191.20% | 253.26% | 264.60% | 371.97% |
| Plan fiduciary net position as a percentage of the total pension liability | 41.35% | 43.43% | 53.60% | 48.01% |

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Required Supplementary Information

December 31, 2020

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

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

| | 2016 | 2015 | 2014 |
|--|-------------|-------------|-------------|
| Housing Authority's proportion of the net pension liability | 0.00323170% | 0.00437881% | 0.00436774% |
| Housing Authority's proportionate share of the net pension liability | \$ 957,138 | \$ 982,955 | \$ 817,760 |
| Housing Authority's covered employee payroll | \$ 213,904 | \$ 245,373 | \$ 245,061 |
| Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 447.46% | 400.60% | 333.70% |
| Plan fiduciary net position as a percentage of the total pension liability | 59.86% | 52.07% | 52.08% |

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

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Required Supplementary Information
December 31, 2020

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

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

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$ 29,485 | \$ 26,698 | \$ 23,735 | \$ 29,759 |
| Contribution in relation to the contractually required contribution | (29,485) | (26,698) | (23,735) | (29,759) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Authority's covered payroll | \$ 229,885 | \$ 195,274 | \$ 177,566 | \$ 201,032 |
| Contribution as a percentage of covered employee payroll | 12.83% | 13.67% | 13.37% | 14.80% |

**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, 2020

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

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

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|
| Contractually required contribution | \$ 28,710 | \$ 37,646 | \$ 36,007 |
| Contribution in relation to the contractually required contribution | (28,710) | (37,646) | (36,007) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Authority's covered payroll | \$ 213,904 | \$ 245,373 | \$ 245,061 |
| Contribution as a percentage of covered employee payroll | 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 WEEHAWKEN
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2020**

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

| | <u>CFDA #'s</u> | <u>Beginning Balance</u> | <u>Revenue Recognized</u> | <u>Fiscal Year Expenditures</u> | <u>Ending Balance</u> |
|---|-----------------|------------------------------|-------------------------------|-------------------------------------|---------------------------|
| <u>Section 8 Housing Choice Voucher Program</u> | | | | | |
| NJ39PO77 | 14.871 | - | 3,501,748 | 3,501,748 | - |
| HCV CARES Act Funding | 14.HCC | - | 22,203 | 22,203 | - |
| Grant Total 14.871 | | - | <u>3,523,951</u> | <u>3,523,951</u> | - |
| Total Expenditures of Federal Awards | | <u>\$ -</u> | <u>\$ 3,523,951</u> | <u>\$ 3,523,951</u> | <u>\$ -</u> |

**HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2020**

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, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Housing Authority of the 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:

Housing Authority of the Township of Weehawken has mortgage payable in the amount of \$928,698 outstanding on December 31, 2020. See Note 16 on pages 42 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, 2020.

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: 12/31/2020

| | Project Total | 1 Business Activities | Housing Choice Vouchers | 14.HCC HCV CARES Act Funding | Subtotal | Total |
|--|---------------|-----------------------|-------------------------|------------------------------|-------------|-------------|
| 111 Cash - Unrestricted | | \$110,082 | \$616,677 | | \$726,759 | \$726,759 |
| 112 Cash - Restricted - Modernization and Development | | | | | | |
| 113 Cash - Other Restricted | | \$104,976 | | \$117,553 | \$222,529 | \$222,529 |
| 114 Cash - Tenant Security Deposits | | \$35,863 | | | \$35,863 | \$35,863 |
| 115 Cash - Restricted for Payment of Current Liabilities | | | | | | |
| 100 Total Cash | \$0 | \$250,921 | \$616,677 | \$117,553 | \$985,151 | \$985,151 |
| 121 Accounts Receivable - PHA Projects | | | | | | |
| 122 Accounts Receivable - HUD Other Projects | | | \$40,045 | | \$40,045 | \$40,045 |
| 124 Accounts Receivable - Other Government | | | | | | |
| 125 Accounts Receivable - Miscellaneous | | \$114,266 | \$18,324 | | \$132,590 | \$132,590 |
| 126 Accounts Receivable - Tenants | | \$3,160 | | | \$3,160 | \$3,160 |
| 126.1 Allowance for Doubtful Accounts - Tenants | | \$0 | | | \$0 | \$0 |
| 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 | | | | | | |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$0 | \$117,426 | \$58,369 | \$0 | \$175,795 | \$175,795 |
| 131 Investments - Unrestricted | | | | | | |
| 132 Investments - Restricted | | \$306,895 | | | \$306,895 | \$306,895 |
| 135 Investments - Restricted for Payment of Current Liability | | | | | | |
| 142 Prepaid Expenses and Other Assets | | | | | | |
| 143 Inventories | | | | | | |
| 143.1 Allowance for Obsolete Inventories | | | | | | |
| 144 Inter Program Due From | | | | | | |
| 145 Assets Held for Sale | | | | | | |
| 150 Total Current Assets | \$0 | \$675,242 | \$675,046 | \$117,553 | \$1,467,841 | \$1,467,841 |
| 161 Land | | \$250,000 | | | \$250,000 | \$250,000 |

Weehawken Housing Authority (NJ077)
 WEEHAWKEN, NJ
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

| | Project Total | 1 Business Activities | Housing Choice Vouchers | 14.HCC HCV CARES Act Funding | Subtotal | Total |
|---|---------------|-----------------------|-------------------------|------------------------------|--------------|--------------|
| 162 Buildings | | \$6,337,226 | 14,871 | | \$6,337,226 | \$6,337,226 |
| 163 Furniture, Equipment & Machinery - Dwellings | | \$666,527 | | | \$666,527 | \$666,527 |
| 164 Furniture, Equipment & Machinery - Administration | | \$129,511 | | | \$129,511 | \$129,511 |
| 165 Leasehold Improvements | | | | | | |
| 166 Accumulated Depreciation | | -\$5,780,893 | | | -\$5,780,893 | -\$5,780,893 |
| 167 Construction in Progress | | \$1,856,139 | | | \$1,856,139 | \$1,856,139 |
| 168 Infrastructure | | | | | | |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$0 | \$3,458,510 | \$0 | \$0 | \$3,458,510 | \$3,458,510 |
| 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 | | | | | | |
| 176 Investments in Joint Ventures | | | | | | |
| 180 Total Non-Current Assets | \$0 | \$3,458,510 | \$0 | \$0 | \$3,458,510 | \$3,458,510 |
| 200 Deferred Outflow of Resources | | \$96,554 | \$54,266 | | \$150,820 | \$150,820 |
| 290 Total Assets and Deferred Outflow of Resources | \$0 | \$4,230,306 | \$729,312 | \$117,553 | \$5,077,171 | \$5,077,171 |
| 311 Bank Overdraft | | | | | | |
| 312 Accounts Payable <= 90 Days | | \$15,598 | | | \$15,598 | \$15,598 |
| 313 Accounts Payable >90 Days Past Due | | | | | | |
| 321 Accrued Wage/Payroll Taxes Payable | | | | | | |
| 322 Accrued Compensated Absences - Current Portion | | \$5,116 | \$1,470 | | \$6,586 | \$6,586 |
| 324 Accrued Contingency Liability | | | | | | |
| 325 Accrued Interest Payable | | \$2,799 | | | \$2,799 | \$2,799 |
| 331 Accounts Payable - HUD PHA Programs | | | | | | |
| 332 Account Payable - PHA Projects | | | \$7,116 | | \$7,116 | \$7,116 |
| 333 Accounts Payable - Other Government | | \$28,548 | | | \$28,548 | \$28,548 |
| 341 Tenant Security Deposits | | \$35,468 | | | \$35,468 | \$35,468 |

Weehawken Housing Authority (NJ077)
 WEEHAWKEN, NJ
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2020

| | Project Total | 1 Business Activities | Housing Choice Vouchers | 14.HCC HCV CARES Act Funding | Subtotal | Total |
|---|---------------|-----------------------|-------------------------|------------------------------|--------------|--------------|
| 342 Unearned Revenue | | \$116 | 14,871 | \$117,553 | \$117,669 | \$117,669 |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue | | \$21,626 | | | \$21,626 | \$21,626 |
| 344 Current Portion of Long-term Debt - Operating Borrowings | | | | | | |
| 345 Other Current Liabilities | | | | | | |
| 346 Accrued Liabilities - Other | | \$8,216 | | | \$8,216 | \$8,216 |
| 347 Inter Program - Due To | | | | | | |
| 348 Loan Liability - Current | | | | | | |
| 310 Total Current Liabilities | \$0 | \$117,487 | \$8,586 | \$117,553 | \$243,626 | \$243,626 |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | | \$907,072 | | | \$907,072 | \$907,072 |
| 352 Long-term Debt, Net of Current - Operating Borrowings | | | | | | |
| 353 Non-current Liabilities - Other | | | | | | |
| 354 Accrued Compensated Absences - Non Current | | \$46,042 | \$13,230 | | \$59,272 | \$59,272 |
| 355 Loan Liability - Non Current | | | | | | |
| 356 FASB 5 Liabilities | | | | | | |
| 357 Accrued Pension and OPEB Liabilities | | \$984,321 | \$303,058 | | \$1,287,379 | \$1,287,379 |
| 350 Total Non-Current Liabilities | \$0 | \$1,937,435 | \$316,288 | \$0 | \$2,253,723 | \$2,253,723 |
| 300 Total Liabilities | \$0 | \$2,054,922 | \$324,874 | \$117,553 | \$2,497,349 | \$2,497,349 |
| 400 Deferred Inflow of Resources | | \$614,502 | \$339,831 | | \$954,333 | \$954,333 |
| 508.4 Net Investment in Capital Assets | | \$2,529,812 | | | \$2,529,812 | \$2,529,812 |
| 511.4 Restricted Net Position | | \$104,976 | | | \$104,976 | \$104,976 |
| 512.4 Unrestricted Net Position | \$0 | -\$1,073,906 | \$64,607 | \$0 | -\$1,009,299 | -\$1,009,299 |
| 513 Total Equity - Net Assets / Position | \$0 | \$1,560,882 | \$64,607 | \$0 | \$1,625,489 | \$1,625,489 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | \$0 | \$4,230,306 | \$729,312 | \$117,553 | \$5,077,171 | \$5,077,171 |

Weehawken Housing Authority (NJ077)
WEEHAWKEN, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

| | Project Total | 1 Business Activities | Housing Choice Vouchers | 14.HCC HCV CARES Act Funding | Subtotal | Total |
|---|---------------|-----------------------|-------------------------|------------------------------|-------------|-------------|
| 70300 Net Tenant Rental Revenue | | \$805,874 | 14,871 | | \$805,874 | \$805,874 |
| 70400 Tenant Revenue - Other | | | | | | |
| 70500 Total Tenant Revenue | \$0 | \$805,874 | \$0 | \$0 | \$805,874 | \$805,874 |
| 70600 HUD PHA Operating Grants | | | | | | |
| 70610 Capital Grants | | | \$3,501,748 | \$22,203 | \$3,523,951 | \$3,523,951 |
| 70710 Management Fee | | | | | | |
| 70720 Asset Management Fee | | | | | | |
| 70730 Book Keeping Fee | | | | | | |
| 70740 Front Line Service Fee | | | | | | |
| 70750 Other Fees | | | | | | |
| 70700 Total Fee Revenue | | | | | | |
| 70800 Other Government Grants | | | | | | |
| 71100 Investment Income - Unrestricted | | \$1,034 | | | \$1,034 | \$1,034 |
| 71200 Mortgage Interest Income | | | | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | | | |
| 71310 Cost of Sale of Assets | | | | | | |
| 71400 Fraud Recovery | | \$50 | \$11,699 | | \$11,749 | \$11,749 |
| 71500 Other Revenue | | \$6,032 | | | \$6,032 | \$6,032 |
| 71600 Gain or Loss on Sale of Capital Assets | | | | | | |
| 72000 Investment Income - Restricted | | \$1,398 | | | \$1,398 | \$1,398 |
| 70000 Total Revenue | \$0 | \$814,388 | \$3,513,447 | \$22,203 | \$4,350,038 | \$4,350,038 |
| 91100 Administrative Salaries | | \$38,116 | \$107,869 | | \$145,985 | \$145,985 |
| 91200 Auditing Fees | | \$6,806 | \$6,806 | | \$13,612 | \$13,612 |
| 91300 Management Fee | | | | | | |
| 91310 Book-keeping Fee | | | | | | |
| 91400 Advertising and Marketing | | | | | | |
| 91500 Employee Benefit contributions - Administrative | | \$21,447 | \$30,427 | | \$51,874 | \$51,874 |
| 91600 Office Expenses | | \$86,666 | \$23,556 | \$3,955 | \$114,177 | \$114,177 |

Weehawken Housing Authority (NJ077)
 WEEHAWKEN, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

| | Project Total | 1 Business Activities | Housing Choice Vouchers | 14.HCC HCV CARES Act Funding | Subtotal | Total |
|---|---------------|-----------------------|-------------------------|------------------------------|-----------|-----------|
| 91700 Legal Expense | | \$5,395 | 14,871 | | \$10,790 | \$10,790 |
| 91800 Travel | | | \$5,395 | | | |
| 91810 Allocated Overhead | | | | | | |
| 91900 Other | | | | | | |
| 91000 Total Operating - Administrative | \$0 | \$158,430 | \$174,053 | \$3,955 | \$336,438 | \$336,438 |
| 92000 Asset Management Fee | | | | | | |
| 92100 Tenant Services - Salaries | | \$31,220 | | \$16,588 | \$47,808 | \$47,808 |
| 92200 Relocation Costs | | | | | | |
| 92300 Employee Benefit Contributions - Tenant Services | | \$18,996 | | \$1,660 | \$20,656 | \$20,656 |
| 92400 Tenant Services - Other | | | | | | |
| 92500 Total Tenant Services | \$0 | \$50,216 | \$0 | \$18,248 | \$68,464 | \$68,464 |
| 93100 Water | | | | | | |
| 93200 Electricity | | \$22,695 | | | \$22,695 | \$22,695 |
| 93300 Gas | | \$66,147 | | | \$66,147 | \$66,147 |
| 93400 Fuel | | | | | | |
| 93500 Labor | | | | | | |
| 93600 Sewer | | \$26,030 | | | \$26,030 | \$26,030 |
| 93700 Employee Benefit Contributions - Utilities | | | | | | |
| 93800 Other Utilities Expense | | \$22 | | | \$22 | \$22 |
| 93000 Total Utilities | \$0 | \$114,894 | \$0 | \$0 | \$114,894 | \$114,894 |
| 94100 Ordinary Maintenance and Operations - Labor | | \$36,093 | | | \$36,093 | \$36,093 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | | \$29,209 | | | \$29,209 | \$29,209 |
| 94300 Ordinary Maintenance and Operations Contracts | | \$137,793 | | | \$137,793 | \$137,793 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | | \$20,834 | | | \$20,834 | \$20,834 |
| 94000 Total Maintenance | \$0 | \$223,929 | \$0 | \$0 | \$223,929 | \$223,929 |
| 95100 Protective Services - Labor | | | | | | |

Weehawken Housing Authority (NJ077)
WEEHAWKEN, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 12/31/2020

| | Project Total | 1 Business Activities | 14.HCC Housing Choice Vouchers | 14.HCC HCV CARES Act Funding | Subtotal | Total |
|--|---------------|-----------------------|--------------------------------|------------------------------|-------------|-------------|
| 95200 Protective Services - Other Contract Costs | | | | | | |
| 95300 Protective Services - Other | | | | | | |
| 95500 Employee Benefit Contributions - Protective Services | | | | | | |
| 95000 Total Protective Services | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96110 Property Insurance | | \$19,738 | | | \$19,738 | \$19,738 |
| 96120 Liability Insurance | | \$9,869 | | | \$9,869 | \$9,869 |
| 96130 Workmen's Compensation | | \$9,869 | \$3,204 | | \$13,073 | \$13,073 |
| 96140 All Other Insurance | | | | | | |
| 96100 Total Insurance Premiums | \$0 | \$39,476 | \$3,204 | \$0 | \$42,680 | \$42,680 |
| 96200 Other General Expenses | | | | | | |
| 96210 Compensated Absences | | \$3,132 | \$18,488 | | \$18,488 | \$18,488 |
| 96300 Payments in Lieu of Taxes | | \$19,493 | \$5,913 | | \$9,045 | \$9,045 |
| 96400 Bad debt - Tenant Rents | | \$1,980 | | | \$19,493 | \$19,493 |
| 96500 Bad debt - Mortgages | | | | | \$1,980 | \$1,980 |
| 96600 Bad debt - Other | | | | | | |
| 96800 Severance Expense | | | | | | |
| 96000 Total Other General Expenses | \$0 | \$24,605 | \$24,401 | \$0 | \$49,006 | \$49,006 |
| 96710 Interest of Mortgage (or Bonds) Payable | | \$33,335 | | | \$33,335 | \$33,335 |
| 96720 Interest on Notes Payable (Short and Long Term) | | | | | | |
| 96730 Amortization of Bond Issue Costs | | | | | | |
| 96700 Total Interest Expense and Amortization Cost | \$0 | \$33,335 | \$0 | \$0 | \$33,335 | \$33,335 |
| 96900 Total Operating Expenses | \$0 | \$644,885 | \$201,658 | \$22,203 | \$868,746 | \$868,746 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$0 | \$169,503 | \$3,311,789 | \$0 | \$3,481,292 | \$3,481,292 |
| 97100 Extraordinary Maintenance | | | | | | |
| 97200 Casualty Losses - Non-capitalized | | | | | | |

Weehawken Housing Authority (NJ077)
 WEEHAWKEN, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

| | Project Total | 1 Business Activities | Housing Choice Vouchers | 14.HCC HCV CARES Act Funding | Subtotal | Total |
|---|---------------|-----------------------|-------------------------|------------------------------|-------------|-------------|
| 97300 Housing Assistance Payments | | | 14,871 | | | |
| 97350 HAP Portability-In | | | \$3,179,007 | | \$3,179,007 | \$3,179,007 |
| 97400 Depreciation Expense | | \$143,395 | | | \$143,395 | \$143,395 |
| 97500 Fraud Losses | | | | | | |
| 97600 Capital Outlays - Governmental Funds | | | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | | | |
| 97800 Dwelling Units Rent Expense | | | | | | |
| 90000 Total Expenses | \$0 | \$788,280 | \$3,380,665 | \$22,203 | \$4,191,148 | \$4,191,148 |
| 10010 Operating Transfer In | | | | | | |
| 10020 Operating transfer Out | | | | | | |
| 10030 Operating Transfers from/to Primary Government | | | | | | |
| 10040 Operating Transfers from/to Component Unit | | | | | | |
| 10050 Proceeds from Notes, Loans and Bonds | | | | | | |
| 10060 Proceeds from Property Sales | | | | | | |
| 10070 Extraordinary Items, Net Gain/Loss | | | | | | |
| 10080 Special Items (Net Gain/Loss) | | | | | | |
| 10091 Inter Project Excess Cash Transfer In | | | | | | |
| 10092 Inter Project Excess Cash Transfer Out | | | | | | |
| 10093 Transfers between Program and Project - In | | | | | | |
| 10094 Transfers between Project and Program - Out | | | | | | |
| 10100 Total Other financing Sources (Uses) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) | \$0 | \$26,108 | \$132,782 | \$0 | \$158,890 | \$158,890 |
| Total Expenses | | | | | | |
| 11020 Required Annual Debt Principal Payments | \$0 | \$20,782 | \$0 | \$0 | \$20,782 | \$20,782 |
| 11030 Beginning Equity | \$0 | \$1,534,774 | -\$68,175 | \$0 | \$1,466,599 | \$1,466,599 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | | | | | | |
| 11050 Changes in Compensated Absence Balance | | | | | | |
| 11060 Changes in Contingent Liability Balance | | | | | | |

Weehawken Housing Authority (NJ077)
 WEEHAWKEN, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

| | Project Total | 1 Business Activities | Housing Choice Vouchers | 14.HCC HCV CARES Act Funding | Subtotal | Total |
|---|---------------|-----------------------|-------------------------|------------------------------|----------|----------|
| 11070 Changes in Unrecognized Pension Transition Liability | | | 14,871 | | | |
| 11080 Changes in Special Term/Severance Benefits Liability | | | | | | |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents | | | | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | | | | |
| 11170 Administrative Fee Equity | | | \$64,607 | | \$64,607 | \$64,607 |
| 11180 Housing Assistance Payments Equity | | | \$0 | | \$0 | \$0 |
| 11190 Unit Months Available | 0 | 1199 | 4528 | 0 | 5727 | 5727 |
| 11210 Number of Unit Months Leased | 0 | 1133 | 4191 | 0 | 5324 | 5324 |
| 11270 Excess Cash | \$0 | | | | \$0 | \$0 |
| 11610 Land Purchases | \$0 | | | | \$0 | \$0 |
| 11620 Building Purchases | \$0 | | | | \$0 | \$0 |
| 11630 Furniture & Equipment - Dwelling Purchases | \$0 | | | | \$0 | \$0 |
| 11640 Furniture & Equipment - Administrative Purchases | \$0 | | | | \$0 | \$0 |
| 11650 Leasehold Improvements Purchases | \$0 | | | | \$0 | \$0 |
| 11660 Infrastructure Purchases | \$0 | | | | \$0 | \$0 |
| 13510 CFFP Debt Service Payments | \$0 | | | | \$0 | \$0 |
| 13901 Replacement Housing Factor Funds | \$0 | | | | \$0 | \$0 |



Hymanson, Parnes & Giampaolo
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Lincroft, NJ 07738

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

Board of Commissioners
Housing Authority of the 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 Housing Authority of the Township of Weehawken as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Housing Authority of the Township of Weehawken basic financial statements, and have issued our report thereon dated September 24, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Hymanson, Parnes & Giampaolo

Lincroft, New Jersey

Date: September 24, 2021



Hymanson, Parnes & Giampaolo

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

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

Report on Compliance for Each Major Federal Program

We have audited Housing Authority of the Township of Weehawken compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Housing Authority of the Township of Weehawken major federal programs for the year ended December 31, 2020. Housing Authority of the Township of Weehawken major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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, 2020.

Report on Internal Control Over Compliance

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

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

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

Purpose of This Report

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

Hymanson, Parnes & Giampaolo

Lincroft, New Jersey

Date: September 24, 2021

HOUSING AUTHORITY OF THE TOWNSHIP OF WEEHAWKEN

Schedule of Findings and Questioned Cost

Year Ended December 31, 2020

Prior Audit Findings

None reported

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

Material Weakness (es) Identified? _____ yes X no

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

Noncompliance Material to Financial Statements Noted? _____ yes X no

Federal Awards

Internal Control over Major Programs:

Material Weakness (es) Identified? _____ yes X no

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

Type of audit report issued on compliance for major programs:

Unmodified

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

Identification of Major Programs

| CFDA# | Name of Federal Program | Amount |
|--------|-----------------------------------|--------------|
| 14.871 | Section 8 Housing Choice Vouchers | \$ 3,523,951 |

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

Auditee qualified as a low-risk auditee X yes _____ no

FINDINGS – FINANCIAL STATEMENT AUDIT

None reported

FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAM AUDIT

None reported



Hymanson, Parnes & Giampaolo

Certified Public Accountants

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 Lincroft, NJ 07738

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, 2020. 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, 2020. 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.

Hymanson, Parnes & Giampaolo

Lincroft, New Jersey

September 24, 2021