

Report On Audit

**HOUSING AUTHORITY OF THE
TOWN OF GUTTENBERG**

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

Housing Authority of the Town of Guttenberg
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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Town of Guttenberg
6900 Broadway
Guttenberg, New Jersey 07093

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and OPEB and PERS supplemental information on pages 5 through 17 and pages 58-62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the Town of Guttenberg's basic financial statements. The accompanying supplemental information on pages 63-73 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 Capital Fund cost certification is also not required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, Financial Data Schedule, and the Capital Fund cost certification 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.

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

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

Other Information

The financial statement of the Housing Authority of the Town of Guttenberg as of March 31, 2021, was audited by other auditors whose report dated October 8, 2021, expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2022, in our consideration of the Housing Authority of the Town of Guttenberg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the Town of Guttenberg's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the Town of Guttenberg's internal control over financial reporting and compliance.

Giampaolo & Associates

Lincroft, New Jersey

Date: October 21, 2022

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON MARCH 31, 2022**

As Management of the Housing Authority of the Town of Guttenberg (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 18 of this report. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

FINANCIAL HIGHLIGHTS

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$447,281 a decrease in the financial position of \$254,035 or 36% percent as compared to the prior year.

As noted above, the net position of the Authority was \$447,281 as of March 31, 2022. Of this amount, the unrestricted net position is a negative (\$3,716,648) representing a decrease in the deficit of \$91,264 or 2% percent from the previous year. Additional information on the Authority's unrestricted net positions can be found in Note 19 the financial statements, which is included in this report.

The Authority's reported net investment in capital assets decreased by \$361,353 or 8% percent for an ending balance of \$4,147,875.

The restricted net position increased \$16,054 from the previous year for an ending balance of \$16,054. Additional information on the Authority's restricted net position can be found in Note 18 to the financial statements, which is included in this report.

The Authority's total cash, and cash equivalent on March 31, 2022, is \$1,326,800 representing an increase of \$150,954 or 13% percent from the prior fiscal year. The full detail of this amount 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 \$6,798,595 of which capital assets net book value is \$4,147,875, deferred outflows in the amount of \$1,174,042, leaving total current assets at \$1,476,678. Total current assets increased from the previous year by \$193,260 or 15% percent. Operating cash increased by \$157,681, restricted deposits and funded reserves decreased by \$6,727, accounts receivables decreased by \$41,947, and prepaid expenses increased by \$84,253.

Capital assets reported a decrease in the net book value of the capital assets in the amount of \$361,353 or 8% percent. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$306,235 less the recording of depreciation expense in the amount of \$667,588. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON MARCH 31, 2022**

FINANCIAL HIGHLIGHTS - CONTINUED

The Authority reported an increase in the deferred outflows for the pension cost in the amount of \$596,581 or 103% percent for an ending balance of \$1,174,042. The Authority reported a decrease in the deferred inflows for the pension cost in the amount of \$157,776 for an ending balance of \$2,039,771. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 9 Deferred Outflows/Inflows of Resources.

The Authority's total liabilities are reported at \$4,311,543, of which current liabilities are stated at \$351,581 and noncurrent liabilities are stated at \$3,959,962. Total liabilities increased during the year as compared to the prior year in the amount of \$840,299, or 24% percent. Total current liabilities increased during the year by \$57,844, leaving non-current liabilities for an increase of \$782,455 as compared to the previous year.

As previously stated, total current liabilities increased from the previous year by \$57,844 or 20% percent. Accounts payable increased by \$76,984, accrued liabilities increased by \$9,356, tenant security deposits payable increased by \$4,513, and unearned revenue decreased by \$33,009.

Total noncurrent liabilities increased by \$782,455 or 25% percent. Long-term obligations such as noncurrent compensated absences with an ending balance of \$115,365, with no offsetting assets, increased \$15,975 from the previous year.

Accrued pension and OPEB liabilities increased by \$766,480 or 25% percent. Additional information on GASB 68 and #75 effect and the Authority's accrued pension as well as the accrued OPEB liability on March 31, 2022 can be found in Notes 15-16 to the financial statements, which is included in this report.

The Authority had total operating revenue of \$5,199,942 as compared to \$4,814,567 from the prior year for an increase of \$385,375 or 8% percent. The Authority had total operating expenses of \$5,762,127 as compared to \$5,392,469 from the previous year for an increase of \$369,658 or 7% percent, resulting in a deficiency of revenue from operations in the amount of \$562,185 for the current year as compared to excess expenses over revenue from operations in the amount of \$577,902 for a decrease in the deficit of \$15,717 or 3% percent from the previous year.

Total capital improvements contributions from HUD were in the amount of \$306,236 as compared to \$377,720 from the previous year for a decrease of \$71,484 or 19% percent. The Authority had capital outlays in the amount of \$306,235 for the fiscal year. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The Authority's Expenditures of Federal Awards amounted to \$3,801,298 for the fiscal year 2022 as compared to \$3,661,420 for the previous fiscal year 2021 for an increase of \$139,878 or 4% percent.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON MARCH 31, 2022**

USING THIS ANNUAL REPORT

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

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

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the 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

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 outflows 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.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON MARCH 31, 2022**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

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 57.

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 63-64 of this report.

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

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON MARCH 31, 2022**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

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 Town of Guttenberg are those which equal or exceeded \$750,000 in expenditures for the fiscal year ended March 31, 2022. Type B programs for the Housing Authority of the Town of Guttenberg are those which are less than \$750,000 in expenditures for the fiscal year ended March 31, 2022.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

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

	Year Ended		Increase (Decrease)
	March-22	March-21	
Cash	\$ 1,326,800	\$ 1,175,846	\$ 150,954
Other Current Assets	149,878	107,572	42,306
Capital Assets - Net	4,147,875	4,509,228	(361,353)
Deferred Outflows	1,174,042	577,461	596,581
Total Assets	<u>6,798,595</u>	<u>6,370,107</u>	428,488
Less: Current Liabilities	(351,581)	(293,737)	(57,844)
Less: Non Current Liabilities	(3,959,962)	(3,177,507)	(782,455)
Less: Deferred Inflows	(2,039,771)	(2,197,547)	157,776
Net Position	<u>\$ 447,281</u>	<u>\$ 701,316</u>	<u>\$ (254,035)</u>
Net Investment in Capital Assets	\$ 4,147,875	\$ 4,509,228	\$ (361,353)
Restricted Net Position	16,054	-	16,054
Unrestricted Net Position	(3,716,648)	(3,807,912)	91,264
Net Position	<u>\$ 447,281</u>	<u>\$ 701,316</u>	<u>\$ (254,035)</u>

Cash increased by \$150,954 or 13% percent. Net cash provided by operating activities was \$136,916, net cash provided by capital and related financing activities was \$8,024, and net cash provided by investing activities was \$6,014. 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 increased by \$42,306. Accounts receivables decreased by \$41,947 and prepaid expenses increased by \$84,253 during the fiscal year.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON MARCH 31, 2022**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

Capital assets reported a decrease in the net book value of the capital assets in the amount of \$361,353 or 8% percent. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$306,235, less the recording of depreciation expense in the amount of \$667,588. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The Authority reported an increase in the deferred outflows for the pension cost in the amount of \$596,581 for an ending balance of \$1,174,042. The Authority reported a decrease in the deferred inflows for the pension cost in the amount of \$157,776 for an ending balance of \$2,039,771.

Total current liabilities increased from the previous year by \$57,844 or 20% percent. Accounts payables increased by \$76,984, accrued liabilities increased by \$9,356, tenant security deposits payable increased by \$4,513, and unearned revenue decreased \$33,009.

Total noncurrent liabilities increased by \$782,455 or 25% percent. Long-term obligations such as noncurrent compensated absences with an ending balance of \$115,365, with no offsetting assets, increased \$15,975 from the previous year.

Accrued pension and OPEB liabilities increased by \$766,480 or 25% percent. Additional information on GASB 68 and #75 effect and the Authority's accrued pension as well as the accrued OPEB liability at March 31, 2022 can be found in Notes 15-16 to the financial statements, which is included in this report.

The Authority's reported net position of \$447,281 is made up of three categories. The net investment in capital assets in the amount of \$4,147,875 represents a majority of the total account balance. The net investment in capital assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending. The schedule below reflects the activity in this account for the current fiscal year:

Balance March 31, 2021	\$ 4,509,228
Fixed Asset Acquisitions	306,235
Depreciation Expense	<u>(667,588)</u>
Balance March 31, 2022	<u><u>\$ 4,147,875</u></u>

The Authority reported a decrease in the deficit of unrestricted position in the amount of \$91,264 or 2% percent resulting in an ending balance in the amount of negative (\$3,716,648). A full detail of this account can be found in the Notes to the Financial Statement Section Note – 19.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON MARCH 31, 2022**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority reported a restricted position in the amount of \$16,054 which increased \$16,054 or 100% percent compared to the prior fiscal year. A full detail of this account can be found in the Notes to the Financial Statements Section Note – 18.

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

	<u>Year Ended</u>		Increase
	March-22	March-21	(Decrease)
<u>Revenues</u>			
Tenant Revenues	\$ 1,557,337	\$ 1,435,135	\$ 122,202
HUD Subsidies	3,495,062	3,283,700	211,362
Other Revenues	147,543	95,732	51,811
Total Operating Income	<u>5,199,942</u>	<u>4,814,567</u>	<u>385,375</u>
<u>Expenses</u>			
Operating Expenses	5,094,539	4,734,352	360,187
Depreciation Expense	667,588	658,117	9,471
Total Operating Expenses	<u>5,762,127</u>	<u>5,392,469</u>	<u>369,658</u>
Operating Income before Non Operating Expenses	(562,185)	(577,902)	15,717
Interest Income	6,014	13,763	(7,749)
Extraordinary Maintenance	(4,100)	-	(4,100)
HUD Capital Grants	306,236	377,720	(71,484)
Change in Net Position	(254,035)	(186,419)	(67,616)
Net Position Prior Year	701,316	887,735	(186,419)
Total Net Position	<u>\$ 447,281</u>	<u>\$ 701,316</u>	<u>\$ (254,035)</u>

Approximately 67% percent of the Authority's total revenue was provided by HUD operating subsidy, while 30% percent resulted from tenant revenue. Charges for various services and fraud recovery provided for the remaining 3% percent of the total operating income.

The Housing Authority of the Town of Guttenberg received capital fund improvement grant money during the year in the amount of \$306,236 as compared to \$377,720 for the previous year.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON MARCH 31, 2022**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority operating expenses cover a range of expenses. The largest expense was for Housing Assistance Payments representing 41% percent of total operating expenses. Administrative expenses accounted for 16% percent, utilities expense accounted for 12% percent, maintenance expense accounted for 12% percent, protective services accounted for less than 1% percent, other operating expenses accounted for 5% percent, tenant services accounted for less than 1% and depreciation accounted for the remaining 12% of the total operating expenses.

The Authority's operating expenses exceeded its operating revenue resulting in excess expenses over revenue from operations in the amount of \$562,185 as compared to excess expenses over revenue from operations of \$577,902 for the previous year. The key elements to the decrease in deficit in comparison to the prior year are as follows:

- The Authority's tenants dwelling rents increased \$122,202 or 9% percent.
- The Authority's operating grants received from HUD increased \$211,362 or 6% percent.
- The Authority reported an increase in other revenue in the amount of \$51,811 mainly due to an increase in the portability income from the Housing Choice Voucher program.
- The Authority experienced a decrease in the following expense accounts:
 - Protective services expense decreased \$47,772 or 98% percent
- The Authority experienced an increase in the following expense accounts:
 - Administrative expense increased \$118,284 or 14% percent.
 - Tenant Services expense increased \$23,560 or 103% percent.
 - Utilities expenses increased \$55,722 or 9% percent.
 - Maintenance expense increased \$62,329 or 9% percent.
 - Other operating expenses increased \$8,338 or 3% percent.
 - Housing Assistance Payments expense increased \$139,726 or 6% percent.
 - Depreciation expense increased \$9,471 or 1% percent.

Total net cash provided by operating activities during the year was \$136,916 as compared to cash provided of \$223,654 for the prior year. A full detail of this amount can be found on the Statement of Cash Flows on pages 21-22 of this report.

Overall, the Authority reported a decrease in the deficit in unrestricted net position of \$91,264 for an ending balance of negative \$(3,716,648). Additional information on the Authority's unrestricted net position can be found in Note 19 to the financial statements, which is included in this report.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON MARCH 31, 2022**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

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

	March-22	March-21	March-20	March-19
Significant Income				
Total Tenant Revenue	\$ 1,557,337	\$ 1,435,135	\$ 1,495,659	\$ 1,463,087
HUD Operating Grants	3,495,062	3,283,700	2,957,389	3,073,795
HUD Capital Grants	306,236	377,720	468,764	115,061
Investment Income	6,014	13,763	15,488	9,944
Other Income	147,543	95,732	90,755	140,179
Total	\$ 5,512,192	\$ 5,206,050	\$ 5,028,055	\$ 4,802,066
Payroll Expense				
Administrative Salaries	\$ 399,236	\$ 373,927	\$ 382,105	\$ 353,692
Utilities Labor	71,257	61,214	62,606	61,390
Maintenance Labor	290,527	256,623	250,425	245,560
Protective Service Labor	-	32,632	30,509	33,460
Employee Benefits Expense	392,038	420,827	458,432	290,650
Total Payroll Expense	\$ 1,153,058	\$ 1,145,223	\$ 1,184,077	\$ 984,752
Other Significant Expenses				
Other Administrative Expenses	\$ 337,450	\$ 356,109	\$ 299,530	\$ 280,815
Utilities Expense	687,661	538,153	497,332	525,653
Maintenance Materials Cost	115,619	137,769	106,417	211,993
Maintenance Contract Cost	181,246	202,806	127,346	97,022
Insurance Premiums	171,684	162,891	161,199	162,304
Housing Assistance Payments	2,394,588	2,254,862	2,117,205	2,188,066
Total	\$ 3,888,248	\$ 3,652,590	\$ 3,309,029	\$ 3,465,853
Total Operating Expenses	\$ 5,762,127	\$ 5,392,469	\$ 5,179,810	\$ 5,243,558
Total of Federal Awards	\$ 3,801,298	\$ 3,661,420	\$ 3,426,153	\$ 3,188,856

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 TOWN OF GUTTENBERG
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON MARCH 31, 2022**

THE HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG PROGRAMS

Public and Indian Housing Program:

Under the Public and Indian Housing Program, the Authority rents units that it owns to low-income households. This program is operated under an Annual Contributions Contract (ACC) with HUD. HUD's rent subsidy program provides housing assistance to low-income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts: (a) 30% of the family's adjusted monthly income, (b) 10% of the family's monthly income, or (c) the Housing Authority of the Town of Guttenberg flat rent amount.

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.

Public Housing Capital Fund Program:

The Public Housing Capital Fund was established under the Quality Housing & Work Responsibility Act of 1998 (QHWRA). Substantially all additions to land, structures and equipment are accomplished through these programs (included in the financial statements under PHA Owned Housing). These funds replace or materially upgrade deteriorated portions of existing Authority property. This fund is used for repairs, major replacements, upgrading and other non-routine maintenance work that needs to be done on the Authority's apartments to keep them clean, safe and in good condition.

PIH and Housing Choice Voucher CARES Act Program

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

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON MARCH 31, 2022**

BUDGETARY HIGHLIGHTS

For the year ended March 31, 2022, 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 also submits its annual operating and capital budgets to the State of New Jersey Department of Community Affairs in accordance with New Jersey statute. After the New Jersey Department of Community Affairs approves the budget, it is formally adopted by resolution of the Housing Authority's Board of Commissioners. Once adopted, the Board of Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenses.

Each fund's budget is prepared on a detailed line-item basis. Revenues are budgeted by source and expenditures are budgeted by expense classification within each revenue source.

NEW INITIATIVES

For the year 2022 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 69% percent of its revenue from the Department of Housing and Urban Development, (2021 was 70% percent), the Authority is constantly monitoring for any appropriation changes especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy.

The current administration of the Authority is determined to improve the financial results of the Authority's operations. The Authority has made steady progress in various phases of 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 Town of Guttenberg all the while being mindful of their responsibility to be good stewards of the public's tax dollars.

CAPITAL ASSETS AND DEBT ADMINISTRATION

1 – Capital Assets

The Authority's investment in capital assets as of March 31, 2022, was \$4,147,875 (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 investment in capital assets for the current year was \$361,353 or 8% percent. Major capital expenditures of \$306,235 were made during the fiscal year 2022.

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON MARCH 31, 2022**

CAPITAL ASSETS AND DEBT ADMINISTRATION – CONTINUED

Major capital assets events during the fiscal year included the following:

- Architectural & Engineering Fees
- Boiler Replacement
- Kitchen Upgrades

	March-22	March-21	Variance
Land	\$ 533,472	\$ 533,472	\$ -
Building	18,313,894	17,944,638	369,256
Furniture, Equipment - Dwelling	356,581	356,581	-
Furniture, Equipment - Administration	321,109	321,109	-
Leasehold Improvements	892,755	892,755	-
Construction in Process	605,194	668,215	(63,021)
Total Fixed Assets	21,023,005	20,716,770	306,235
Accumulated Depreciation	(16,875,130)	(16,207,542)	(667,588)
Net Book Value	\$ 4,147,875	\$ 4,509,228	\$ (361,353)

Additional information on the Authority's capital assets can be found in Note 8 to the financial statements, which is included in this report.

2 - Debt Administration

As of March 31, 2022, the Authority had no outstanding debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The capital budgets for the 2023 year will be submitted to HUD for approval and no major changes are expected. The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing property including administrative fees involved in the modernization.

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

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

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON MARCH 31, 2022**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES -CONTINUED

- Continued increases in health care insurance are expected to impact employee benefits cost over the next several years.
- Inflationary pressure on utility rates, supplies and other cost.
- Trends in the housing market which affect rental housing available for the Section 8 tenants, along with the amount of the rents charged by the private landlords, are expected to have a continued impact on Section 8 HAP payments.
- Even if HUD was fully funded for both the Operating and Capital Funds, it is unlikely that Congress would appropriate adequate funding. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Ruddys Andrade, Executive Director, Housing Authority of the Town of Guttenberg, 6900 Broadway, Guttenberg, New Jersey 07093, or call (201) 861-0900.

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG
STATEMENT OF NET POSITION - 1
AS MARCH 31, 2022

	2022
Assets	
Current Assets:	
Cash and Cash Equivalents	
Operating	\$ 1,201,927
Restricted	124,873
Total cash and equivalents	1,326,800
Accounts Receivables, Net of Allowances	8,576
Prepaid Expenses	141,302
Total Current Assets	1,476,678
Noncurrent Assets	
Capital Assets	
Land	533,472
Building	18,313,894
Furniture, Equipment - Dwelling	356,581
Furniture, Equipment - Administration	321,109
Leasehold Improvements	892,755
Construction in Process	605,194
Total Capital Assets	21,023,005
Less: Accumulated Depreciation	(16,875,130)
Net Book Value	4,147,875
Total Assets	5,624,553
Deferred Outflow of Resources	
State of New Jersey P.E.R.S. and OPEB	1,174,042
Total Assets and Deferred Outflow of Resources	\$ 6,798,595

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG
STATEMENT OF NET POSITION - 2
AS MARCH 31, 2022

	2022
Liabilities	
Current Liabilities:	
Accounts Payable	\$ 185,456
Accrued Liabilities	55,566
Tenant Security Deposit Payable	108,819
Unearned Revenue	1,740
Total Current Liabilities	351,581
Noncurrent Liabilities	
Accrued Compensated Absences - Long-Term	115,365
Accrued Other Post-Employment Benefits Liabilities	3,844,597
Total Noncurrent Liabilities	3,959,962
Total Liabilities	4,311,543
Deferred Inflow of Resources	
State of New Jersey P.E.R.S. and OPEB	2,039,771
Net Position:	
Net Investment in Capital Assets	4,147,875
Restricted	16,054
Unrestricted	(3,716,648)
Total Net Position	447,281
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 6,798,595

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE TWELVE MONTHS ENDED MARCH 31, 2022

	2022
Revenue:	
Tenant Rental Revenue	\$ 1,557,337
HUD PHA Operating Grants	3,495,062
Other Revenue	147,543
Total Revenue	5,199,942
Operating Expenses:	
Administrative Expense	957,554
Tenant Services	46,351
Utilities Expense	687,661
Maintenance Expense	722,262
Protective Services	1,146
Other Operating Expenses	284,977
Housing Assistance Payments	2,394,588
Depreciations Expense	667,588
Total Operating Expenses	5,762,127
Excess Expenses From Operations	(562,185)
Non Operating Income and Expenses:	
Investment Income	6,014
Extraordinary Maintenance	(4,100)
Excess Operating Expenses Before Capital Grant Contributions	(560,271)
Capital Grants	306,236
Change in Net Position	(254,035)
Beginning Net Position	701,316
Ending Net Position	\$ 447,281

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG
STATEMENT OF CASH FLOWS - 1
FOR THE TWELVE MONTHS ENDED MARCH 31, 2022

	2022
Cash Flow From Operating Activities	
Receipts from Tenants	\$ 1,558,789
Receipts from Federal Grants	3,518,765
Receipts from Misc. Sources	154,636
Payments to Vendors and Suppliers	(986,577)
Payments for Housing Assistance Payments	(2,394,588)
Payments to Employees	(780,970)
Payment of Employee Benefits	(392,038)
Payments for Utilities	(541,101)
Net Cash Provided by Operating Activities	136,916
 Cash Flow From Capital and Related Financing Activities	
Receipts from Capital Grants	306,236
Acquisitions and Construction of Capital Assets	(306,235)
Increase in Accrued Other Post-Employment Benefits Liabilities	766,480
Net Effect of Deferred Inflows and Outflows	(754,357)
Payment of Extraordinary Maintenance	(4,100)
Net Cash Provided by Capital and Related Financing Activities	8,024
 Cash Flow From Investing Activities	
Interest Income	6,014
Net Cash Provided by Investing Activities	6,014
 Net Increase in Cash and Cash Equivalents	150,954
 Beginning Cash, Cash Equivalents and Restricted Cash	1,175,846
 Ending Cash, Cash Equivalents and Restricted Cash	\$ 1,326,800
 <u>Reconciliation of Cash Balances:</u>	
Cash and Cash Equivalents - Unrestricted	\$ 1,201,927
Cash and Cash Equivalents - Restricted	124,873
Total Ending Cash	\$ 1,326,800

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG
STATEMENT OF CASH FLOWS - 2
FOR THE TWELVE MONTHS ENDED MARCH 31, 2022

	2022
Reconciliation of Operating Income to Net Cash	
(Used) by Operating Activities	
Excess of Expenses From Operations	\$ (562,185)
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:	
Depreciation Expense	667,588
(Increase) Decrease in:	
Accounts Receivables	41,947
Prepaid Expenses	(84,253)
Increase (Decrease) in:	
Accounts Payable	76,984
Accrued Liabilities	9,356
Unearned Revenue	(33,009)
Compensated Absences	15,975
Tenant Security Deposit	4,513
Net Cash Provided by Operating Activities	\$ 136,916

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

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

1. Organization - The Authority is a governmental, public corporation which was organized under the laws public corporation created under federal and state housing laws as defined by State statute (N.J., S.A. 4A: 12A-1, et. Seq. the Housing Authority Act) for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low- and moderate-income families residing in the Town of Guttenberg 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 Town of Guttenberg. 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 Guttenberg and Town 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 Town of Guttenberg reporting entity.

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

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

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

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

2. Significant Accounting Policies

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

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

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

Basis of Accounting –

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

The major sources of revenue are tenants dwelling rentals, HUD operating subsidy, and other revenue. Other revenue composed primarily of miscellaneous fees, portability income for the Housing Choice Voucher program, laundry income and resident's charges. The revenue is recorded as earned since it is measurable and available. The Authority provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe and sanitary housing for extremely low and very low-income families. Non-operating revenue and expenses consist of revenues and expenses that are related to financing and investing activities and result from non-exchange transactions or ancillary activities.

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

Basis of Accounting – Continued

HUD's rent subsidy program provides housing to low-income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts:

- (a) 30% of the family's adjusted monthly income,
- (b) 10% of the family's monthly income, or
- (c) Housing Authority of the Town of Guttenberg's flat rent amount.

Financial transactions are recorded and organized in accordance with the purpose of the transaction. Each program is an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. All material inter-program accounts and transactions are eliminated in the preparation of the basic financial statements. Because the Authority's activity is considered self-financing and does not rely on specific taxes or fines (i.e. property taxes, sales and use tax etc.) no activity will be maintained as governmental funds but will be recorded as proprietary funds under the Enterprise Fund

Report Presentation –

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

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

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

Other accounting policies are as follows:

- 1 – Cash and cash equivalents are stated at cost, which approximates market. The Authority considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.
- 2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts.
- 3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight line basis.
- 4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.
- 5 – Operating subsidies received from HUD are recorded as income when earned.
- 6 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.
- 7 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.
- 8 – The Authority does not have any infrastructure assets for its Enterprise Fund.
- 9 – Inter-fund receivable and payables arise from inter-fund transactions and are recorded by all funds in the period in which the transactions are executed.
- 10- Advertising cost is charged to expense when incurred.
- 11- When expenses are incurred where both restricted and unrestricted net positions are available the Authority will first use the restricted funds until they are exhausted and then the unrestricted net position will be used.
- 12- Costs related to environmental remediation are charged to expense. Other environmental costs are also charged to expense unless they increase the value of the property and/or provide future economic benefits, in which event they are capitalized. Liabilities are recognized when the expenditures are considered probable and can be reasonably estimated. Measurement of liabilities is based on currently enacted laws and regulations, existing technology, and undiscounted site-specific costs. Generally, such recognition coincides with the Authority's commitment to a formal plan of action.

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

Other accounting policies - Continued

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

14 - Taxes

The Authority operates as defined by the Internal Revenue Code Section 115 and is exempt from income taxes under Section 115.

Under federal, state, and local law, the Authority's program is exempt from income, property and excise taxes. However, the Authority is required to make payments in lieu of taxes (PILOT) for the low-income housing program in accordance with the provision of a Cooperation Agreement. Under the Cooperation Agreement, the Authority pay the municipality a 10% of its net shelter rent.

15 - Net Position

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

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

Other accounting policies - Continued

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."

16 - Operating and non-operating revenues and expenses

The major sources of revenue are tenants dwelling rentals, HUD operating subsidy, and other revenue. Other revenue composed primarily of miscellaneous fees, portability income for the Housing Choice Voucher program, laundry income and resident's charges.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Non-operating revenues and expense consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

17-Impairment Losses

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

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

Other accounting policies - Continued

18- Recent Accounting Pronouncements

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

Budgetary and Policy Control –

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

Activities - The programs administered by the Authority were:

<u>Program</u>	<u>CFDA #</u>	<u>Project #</u>	<u>Units Authorized</u>
<u>Public Housing</u>			
Public and Indian Housing Program	14.850	NJ36	249
Public Housing CARES Act	14.PHC		
Public Housing Capital Fund Program	14.872	NJ36	
<u>Section 8</u>			
Section 8 Housing Choice Vouchers	14.871	NJ36	198
HCV CARES Act Funding	14.HCC		

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

Activities - continued

Public and Indian Housing Program:

Under the Public and Indian Housing Program, the Authority rents units that it owns to low-income households. This program is operated under an Annual Contributions Contract (ACC) with HUD. HUD's rent subsidy program provides housing assistance to low-income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts: (a) 30% of the family's adjusted monthly income, (b) 10% of the family's monthly income, or (c) the Housing Authority of the Town of Guttenberg flat rent amount.

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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.

PIH and Housing Choice Voucher CARES Act Programs

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

The Authority operates several laundry rooms and the proceeds from the laundry machines are recorded in this account.

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

Revenue from Rental Contracts

The Authority 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 lease agreement has similar terms; therefore, all lease contract revenue has been aggregated in the caption rental income in the statement of income. The lease contract revenue is recognized at the end of each month when the performance obligation of providing a unit is complete. The performance obligation each month also includes applicable maintenance services provided to maintain the tenant(s) unit and the buildings(s). Since the performance of these services are completed simultaneously each month, they are treated as performance obligation.

Tenant(s) lease payments are due the first day of each month of the lease term. The monthly unit rental charge is determined based on HUD calculation. Any tenant(s) rental payment not received by the fifth day of each month will be charged a late fee. 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.

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

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

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 2 - ESTIMATES

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectibility of accounts receivable, the use, and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

NOTE 3 - PENSION PLAN

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

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

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0925. On the web:
<http://www.state.nj.us/treasury/pensions/pdf/financial/2014divisioncombined.pdf>

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employer's contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 7.50% of base wages.

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 3 - PENSION PLAN

Funding Policy -continued

The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, and the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2022 amounted to \$74,446.

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 16- Accrued Pension Liability.

NOTE 4 - CASH, CASH EQUIVALENTS

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

Concentration of Credit Risk

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

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 4 – CASH EQUIVALENTS AND RESTRICTED CASH – CONTINUED

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 March 31, 2022, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

Credit Risk

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

The Authority's checking accounts 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>March-22</u>
Insured	\$ 500,200
Collateralized held by pledging bank's trust department in the Authority's name	826,600
Total Cash, Cash Equivalents	<u>\$ 1,326,800</u>

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 4 – CASH EQUIVALENTS AND RESTRICTED CASH – CONTINUED

Restricted Cash

The Authority has restricted cash on March 31, 2022, which consists of the following:

	<u>March-22</u>
Tenant Security Deposits	\$ 108,819
HCV HAP Reserves	16,054
Total Restricted Cash	<u>\$ 124,873</u>

The Authority has restricted cash on March 31, 2022, in the amount of \$108,819. The amount is held as security deposits for the tenants an interest-bearing account.

The restricted cash in the amount of \$16,054 for 2022 was reported under the Housing Voucher Program as a HAP reserve for future use. In accordance with HUD's PIH Notice 2007-03, the reserve fund balance may only be used to assist additional families up to the number of units under contract.

Investments

The Authority's investments included in the total cash amount above on March 31, 2022, included the following:

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
Money Market Account	Upon Demand	\$ 263,706
Savings Account	Upon Demand	28,741
Total		<u>\$ 292,447</u>

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 5 - ACCOUNTS RECEIVABLE

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

	<u>March-22</u>
Tenants Accounts Receivable	\$ 27,376
Less: Allowance for Doubtful Accounts	<u>(26,540)</u>
Net Accounts Receivables - Tenants	<u>836</u>
Fraud Tenants Accounts Receivable	13,271
Less: Allowance for Doubtful Accounts	<u>(5,531)</u>
Net Accounts Receivables - Tenants Fraud	<u>7,740</u>
Net Accounts Receivables	<u>\$ 8,576</u>

Tenants' rents are due the first of each month. Management considers rents outstanding after the 5th day of the month as past due. The Housing Authority of the Town of Guttenberg 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 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 6 - PREPAID EXPENSES

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. All purchases of insurance premiums are written off on a monthly basis. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed. Prepaid expenses on March 31, 2022, were in the amount of \$141,302 which consisted of the following:

	<u>March-22</u>
Prepaid Insurance Premiums	\$ 133,504
Prepaid Software Cost	<u>7,798</u>
Total Prepaid Expenses	<u>\$ 141,302</u>

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 7 – INTERFUND ACTIVITY

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

NOTE 8 - FIXED ASSETS

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

Donated fixed assets are stated at their fair value on the date donated.

Depreciation Expense

Depreciation expense for March 31, 2022, was \$667,588. 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

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

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 8 - FIXED ASSETS -CONTINUED

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

	March-21	Additions	Transfer	March-22
Land	\$ 533,472	\$ -	\$ -	\$ 533,472
Building	17,944,638	-	369,256	18,313,894
Furniture, Equipment - Dwelling	356,581	-	-	356,581
Furniture, Equipment - Administration	321,109	-	-	321,109
Leasehold Improvements	892,755	-	-	892,755
Construction in Process	668,215	306,235	(369,256)	605,194
Total Fixed Assets	20,716,770	306,235	-	21,023,005
Accumulated Depreciation	(16,207,542)	(667,588)	-	(16,875,130)
Net Book Value	\$ 4,509,228	\$ (361,353)	\$ -	\$ 4,147,875

Below is a schedule of the net book value of the fixed assets for the Housing Authority of the Town of Guttenberg as of March 31, 2022:

	March-22
Land	\$ 533,472
Building	2,868,031
Furniture, Equipment - Dwelling	-
Furniture, Equipment - Administration	45,152
Leasehold Improvements	96,026
Construction in Process	605,194
Net Book Value	\$ 4,147,875

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements
March 31, 2022

NOTE 9 – 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 15-16 resulted in the Authority incurring deferred outflows and inflows. The difference between expected and actual experience with regard to economic and demographic factors, when the actuary calculated the net OPEB and pension liability, is amortized over a five-year closed period for OPEB and PERS, reflecting the average remaining service life of members (active and inactive members), respectively. The first year of amortization is recognized as OPEB and pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The Authority’s deferred outflows and inflows are as follows:

Deferred Outflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ 68,045	\$ 22,964	\$ 91,009
Changes in Assumptions	386,398	40,914	427,312
Net Difference Between Projected and Actual Earning on Pension Plan Investments	1,641	43,108	44,749
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	352,521	258,451	610,972
Total	\$ 808,605	\$ 365,437	\$ 1,174,042

Deferred Inflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ 481,080	\$ 4,460	\$ 485,540
Changes in Assumptions	574,512	528,069	1,102,581
Net Difference Between Projected and Actual Earning on Pension Plan Investments	160,087	291,563	451,650
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	-	-
Total	\$ 1,215,679	\$ 824,092	\$ 2,039,771

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED

Difference in Expected and Actual Experience

The difference between expected and actual experience with regard to economic and demographic factors is amortized over a five-year closed period reflecting the average remaining service life of the plan members (active and inactive), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$91,009 and \$485,540.

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 \$427,312 and \$1,102,581.

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

The difference between the System's expected rate of return of and the actual investment earnings on pension plan investments is amortized over a five-year closed period in accordance with GASB 68 and #75. The first year of amortization is recognized as OPEB and 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 \$44,749 and \$451,650.

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 OPEB and PERS, reflecting the average remaining service life of OPEB and 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 \$610,972 and \$-0-.

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 10 – ACCOUNTS PAYABLE

The Authority reported accounts payable on its Statement of Net Position as of March 31, 2022. Accounts payable vendors are amounts owed to creditors as a result of delivered goods and completed services. The Authority accounts payable on March 31, 2022, in the amount of \$185,456 consisted of the following:

	<u>March-22</u>
Accounts Payable Vendors	\$ 15,781
Accounts Payable - P.I.L.O.T.	166,162
Accounts Payable HUD	3,513
Total Accounts Payable	<u>\$ 185,456</u>

NOTE 11 – 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 PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Town of Guttenberg. Under the Cooperation Agreements, the Authority must pay the municipality 10% of its net shelter rent. The total amount of PILOT payable on March 31, 2022, consisted of the following:

	<u>March-22</u>
Balance Beginning of Year	\$ 80,319
P.I.L.O.T. Accrued	85,843
Less: Payments Made	-
Total P.I.L.O.T. Payable	<u>\$ 166,162</u>

NOTE 12 – ACCRUED EXPENSES

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

	<u>March-22</u>
Compensated Absences - Current Portion	\$ 12,819
Accrued Utilities	42,747
Total Accrued Liabilities	<u>\$ 55,566</u>

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 13 – ACCRUED COMPENSATED ABSENCES

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

Unused sick leave may be carried to future periods without limitations and used in the event of extended illness. In the event of retirement, an employee is compensated for one-half of his unused sick days at the present daily compensation rate or six months of salary, whichever is less. Generally, unused vacation may be carried over to the next year and then must be used. In the event of separation from the Authority, the employee is eligible for compensation of up to one year plus any time earned in the year of separation.

The Authority has determined that the potential liability for accumulated vacation and sick time is as follows:

Balance March-21	Payments	Increase	Balance March-22	Current Portion
\$ 110,433	\$ (11,950)	\$ 29,701	\$ 128,184	\$ 12,819

NOTE 14 – 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 amount for March 31, 2022, was \$1,740 which consisted of April 2022 rents.

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements
March 31, 2022

NOTE 15 – ACCRUED PENSION AND OPEB LIABILITIES

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

	<u>March-22</u>
Accrued OPEB Liability	\$ 2,583,415
Accrued Pension Liability	<u>1,261,182</u>
Total OPEB and Pension Liability	<u>\$ 3,844,597</u>

These amounts arose due to adoption of GASB #75 (OPEB) in 2019 year as well as GASB #68 (Pension) which was adopted in 2015 year. This note will discuss the liability associated with GASB #75, which is accrued other postemployment benefits. Note - 16 will discuss the effect of GASB #68 pension liability which arose from that.

OPEB Liability

The Authority as of March 31, 2022, reported a net OPEB liability in the amount of \$2,583,415 due to GASB #75. The component of the current year net OPEB liability of the Authority as of June 30, 2020, the last evaluation date, is as follows:

	<u>June-20</u>
Employer Total OPEB Liability	\$ 2,607,147
Plan Net Position	<u>(23,732)</u>
Employer Net OPEB Liability	<u>\$ 2,583,415</u>

The Authority allocation percentage is 0.0014395% as of June 30, 2020.

OPEB Liability – Plan Description and Benefits Provided

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

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

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 15 – OPEB LIABILITIES - CONTINUED

OPEB Liability – Plan Description and Benefits Provided -Continued

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

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

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The total OPEB liability for the year ended March 31, 2022 were \$2,583,415.

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

Plan Members

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HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS

Net OPEB Liability

The total OPEB liability as of March 31, 2022, latest report, was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Actuarial Assumptions: The total OPEB Liability on June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement, unless otherwise specified:

Inflation Rate = 2.21%

Salary Increases

Through 2026 = 2.00% to 6.00%

Thereafter = 3.00% to 7.00%

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2020 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2020 scale.

Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2020 scale.

Certain actuarial assumptions used in the June 30, 2020, valuation was based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2013, to June 30, 2020 and July 1, 2014 to June 30, 2020, respectively.

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

Health Care Trend Assumptions

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

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 15 – OPEB LIABILITIES - CONTINUED

Discount Rate

The discount rate for June 30, 2020, was 2.21%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the OPEB Liability to changes in the discount rate: The following presents the total OPEB liability of the Authority, as well as what the Authority’s OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current discount rate:

	<u>Discount Rate Sensitivity</u>		
	1% Decrease	Current Rate	1% Increase
	1.21%	2.21%	3.21%
Total OPEB Liability	\$ 3,054,142	\$ 2,583,415	\$ 2,210,791

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	\$ 2,137,779	\$ 2,583,415	\$ 3,166,982

Change in Assumptions: Effective June 30, 2020.

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.05, 8.14 and 8.04 year for the 2020.

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 15 – OPEB LIABILITIES - CONTINUED

Changes in Net OPEB Liability:

<u>Total OPEB Liability</u>	<u>2021</u>
Service Cost	\$ 87,226
Interest on Total OPEB liability	71,607
Expected Investment Return	(1,099)
Administrative Expenses	1,427
Changes in Benefits Term	149
Inflows/Outflows of Resources	
Inputs	606,517
Net Difference Between Projected and Actual Investments Earning on OPEB Plan Investments	653
Benefit Payments	-
Change in Plan	-
Net Change in Total OPEB Liability	<u>766,480</u>
Total OPEB Liability, Beginning	<u>1,816,935</u>
Total OPEB Liability, Ending	<u><u>\$ 2,583,415</u></u>

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

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

Year Ending June 30, 2021	\$ (138,871)
Year Ending June 30, 2022	(138,997)
Year Ending June 30, 2023	(139,201)
Year Ending June 30, 2024	(139,387)
Year Ending June 30, 2025	(95,044)
Therafter	51,992
Total	<u><u>\$ (599,508)</u></u>

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 16 – ACCRUED PENSION LIABILITY

Net Pension Liability Information

The Authority as of March 31, 2022, reported a net pension liability in the amount of \$1,261,185 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	\$ 3,049,658
Plan Net Position	<u>(1,788,476)</u>
Employer Net Pension Liability	<u>\$ 1,261,182</u>

The Authority allocation percentage is 0.0077338118% 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 TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 16 – 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 TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 16 – 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-2021 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-2021 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.

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 16 – ACCRUED PENSION LIABILITY - CONTINUED

Actuarial Assumptions – Continued

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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.

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 16 – ACCRUED PENSION LIABILITY - CONTINUED

Discount Rate -Continued

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.

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 (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,780,457	\$ 1,261,182	\$ 1,002,371

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 16 – ACCRUED PENSION LIABILITY – CONTINUED

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	\$	(267,513)
Year Ending June 30, 2022		(249,183)
Year Ending June 30, 2023		(143,111)
Year Ending June 30, 2023		(57,315)
Year Ending June 30, 2025		(11,298)
Total	\$	(728,420)

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 2021, 2019, 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

Pension Expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the plan fiscal year ending June 30, 2020, are as follows:

Service Cost	\$	100,392
Interest on the Total Pension Liability		340,956
Benefits ChANGES		(2,115)
Member Contributions		(70,295)
Administrative Expenses		1,498
Expected Investment Return Net of Investment Expenses		(150,831)
Pension Expense Related to Specific Liabilities of Individual Employers		(143)
Current Period Recognition (Amortization) of Deferred Outflows and Inflows of Resources:		
Difference Between Expected and Actual Experience		31,929
Changes of Assumptions		(183,425)
Differences Between Projected and Actual Investment Earnings on Pension Plan Investments		32,656
Total	\$	100,621

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 17 – 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 March 31, 2021	\$ 4,509,228
Fixed Asset Acquisitions	306,235
Depreciation Expense	(667,588)
Balance March 31, 2022	<u>\$ 4,147,875</u>

NOTE 18 – RESTRICTED NET POSITION

The Authority's Restricted Net Position account balance on March 31, 2022, is \$16,054. The detail of the restricted reserve account balances is as follows:

	<u>HAP Reserves</u>
Balance as of March 31, 2021	\$ -
Increase During the Year	16,054
Balance as of March 31, 2022	<u>\$ 16,054</u>

Housing Choice Voucher Program - Reserves

The restricted cash in the amount of \$16,054 was reported under the Housing Choice Voucher Program as a HAP reserve for future use. In accordance with HUD's PIH Notice 2007-03, the reserve fund balance may only be used to assist additional families up to the number of units under contract.

Housing 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 March 31, 2022, was \$602,181.

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 19 - UNRESTRICTED NET POSITION

The Authority's unrestricted net position account balance on March 31, 2022, is a negative (\$3,716,648). The detail of the account balance is as follows:

	PIH Reserve	HCV ADM Reserves	Business Activities	Total
Balance as of March 31, 2021	\$ (3,795,239)	\$ (260,386)	\$ 247,713	\$ (3,807,912)
Increase During the Year	101,324	-	15,993	117,317
Decrease During the Year	-	(26,053)	-	(26,053)
Balance as of March 31, 2022	<u>\$ (3,693,915)</u>	<u>\$ (286,439)</u>	<u>\$ 263,706</u>	<u>\$ (3,716,648)</u>

NOTE 20 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES

HUD contributes operating subsidy for the Public and Indian program approved in the operating budget under the Annual Contribution Contract. The operating subsidy contributions for the year ended March 31, 2022, were \$898,184.

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 March 31, 2022, were in the amount of \$2,471,852.

NOTE 21 - 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 \$3,801,298 to the Authority which represents approximately 69% percent of the Authority's total revenue for the year ended March 31, 2022.

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 22 – CONTINGENCIES AND COMMITMENTS

Litigation – On March 31, 2022, the Authority was not involved in any threatened litigation.

Contingencies

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

Other Insurance

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

Unemployment Insurance

The Authority provides unemployment insurance through direct billings from the New Jersey Unemployment Insurance Fund. For the year ended March 31, 2022, the Authority paid no benefits from the unemployment reserve. On March 31, 2022, the Authority did not recognize a liability for unpaid, unasserted claims, if any, as these would be deemed immaterial.

Construction Commitments

On March 31, 2022, the Authority outstanding construction commitments pertaining to its capital fund were not material. The cost pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

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 March 31, 2022, the Authority received a \$58,598 in total CARES Act funding of which \$-0- was unspent. The overall impact of this situation on the Authority and its future results and financial position is not presently determinable.

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Notes to Financial Statements

March 31, 2022

NOTE 23 – 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. The Authority already received additional operating subsidy from HUD to offset these expenses.

Events that occur after the statement of net position date but before the financial statements were available to be issued, must be evaluated for recognition, or disclosed. The effects of subsequent events that provide evidence about conditions that existed after the statement of net position date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority thru October 21, 2022; the date which the financial statements were available for issue and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Required Supplementary Information
March 31, 2022

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

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

<u>Total OPEB Liability</u>	2021	2020	2019
Service Cost	\$ 87,226	\$ 89,408	\$ 47,279
Interest on Total OPEB liability	71,607	85,318	110,205
Expected Investment Return	(1,099)	(1,514)	-
Administrative Expenses	1,427	1,271	-
Changes in Benefits Term	149	(255)	-
Inflows/Outflows of Resources	-	-	-
Inputs	606,517	(191,643)	-
Net Difference Between Projected and Actual Investments Earning on OPEB	-	-	-
Plan Investments	653	480	-
Benefit Payments	-	-	(177,371)
Change in Plan	-	(1,135,055)	-
Net Change in Total OPEB Liability	766,480	(1,151,990)	(19,887)
Total OPEB Liability, Beginning	1,816,935	2,968,925	2,988,812
Total OPEB Liability, Ending	<u>\$ 2,583,415</u>	<u>\$ 1,816,935</u>	<u>\$ 2,968,925</u>
Covered, Employee Payroll	\$ 694,764	\$ 695,136	\$ 694,102
Total OPEB Liability as a percentage of covered employee payroll	371.84%	261.38%	427.74%

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

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Required Supplementary Information
March 31, 2022

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

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

	2021	2020	2019	2018
Housing Authority's proportion of the net pension liability	0.007733812%	0.006781395%	0.00630355%	0.00754755%
Housing Authority's proportionate share of the net pension liability	\$ 1,261,182	\$ 1,221,905	\$ 1,241,138	\$ 1,756,949
Housing Authority's covered employee payroll	\$ 691,764	\$ 695,136	\$ 694,102	\$ 624,346
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	182.31%	175.78%	178.81%	281.41%
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 TOWN OF GUTTENBERG

Required Supplementary Information
March 31, 2022

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

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

	2017	2016	2015
Housing Authority's proportion of the net pension liability	0.01177889%	0.01236141%	0.01784493%
Housing Authority's proportionate share of the net pension liability	\$ 3,488,570	\$ 2,774,892	\$ 147,111
Housing Authority's covered employee payroll	\$ 867,407	\$ 782,908	\$ 847,821
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	402.18%	354.43%	17.35%
Plan fiduciary net position as a percentage of the total pension liability	59.86%	52.07%	52.08%

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Required Supplementary Information
March 31, 2022

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 84,604	\$ 65,963	\$ 62,700	\$ 69,920
Contribution in relation to the contractually required contribution	(84,604)	(69,920)	(62,700)	(69,920)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 691,764	\$ 695,136	\$ 694,102	\$ 624,346
Contribution as a percentage of covered employee payroll	12.23%	10.06%	9.03%	11.20%

**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 TOWN OF GUTTENBERG

Required Supplementary Information
March 31, 2022

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

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

	<u>2017</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 104,642	\$ 106,275	\$ 147,111
Contribution in relation to the contractually required contribution	(104,642)	(106,275)	(147,111)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 867,407	\$ 782,908	\$ 847,821
Contribution as a percentage of covered employee payroll	12.06%	13.57%	17.35%

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE TWELVE MONTHS ENDED MARCH 31, 2022**

Programs funded by:

U.S. Department of Housing and Urban Development

	CFDA #'s	Beginning Balance	Revenue Recognized	Fiscal Year Expenditures	Ending Balance
<u>Public and Indian Housing Program</u>					
NJ036	14.850	\$ -	\$ 898,184	\$ 898,184	\$ -
<u>PIH CARES ACT</u>					
NJ036-DC	14.PHC	-	31,304	31,304	-
Grant Total	14.850	-	929,488	929,488	-
<u>Section 8 Housing Choice Voucher Program</u>					
NJ036	14.871	-	2,471,852	2,471,852	-
<u>HCV CARES Act Funding</u>					
	14.HCC	-	27,294	27,294	-
Grant Total	14.871	-	2,499,146	2,499,146	-
<u>Public Housing Capital Fund Program</u>					
NJ39PO036	14.872	-	372,664	372,664	-
Grant Total	14.872	-	372,664	372,664	-
Total Expenditures of Federal Awards		\$ -	\$ 3,801,298	\$ 3,801,298	\$ -

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2022**

Note 1. Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Housing Authority of the Town of Guttenberg is under programs of the federal government for the year ended March 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Housing Authority of the Town of Guttenberg, 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 Town of Guttenberg.

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 Town of Guttenberg 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 Town of Guttenberg had no loans outstanding on March 31, 2022.

Note 5. Non- Cash Federal Assistance

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

Note 6. Sub recipients

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

Guttenberg Housing Authority (NJ036)
GUTTENBERG, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2022

	Project Total	14.PHC Public Housing CARES Act	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
111 Cash - Unrestricted	\$713,011		\$263,706	\$225,210		\$1,201,927	\$1,201,927
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted				\$16,054		\$16,054	\$16,054
114 Cash - Tenant Security Deposits	\$108,819					\$108,819	\$108,819
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	\$821,830	\$0	\$263,706	\$241,264	\$0	\$1,326,800	\$1,326,800
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects							
124 Accounts Receivable - Other Government							
125 Accounts Receivable - Miscellaneous							
126 Accounts Receivable - Tenants	\$27,376					\$27,376	\$27,376
126.1 Allowance for Doubtful Accounts - Tenants	-\$26,540					-\$26,540	-\$26,540
126.2 Allowance for Doubtful Accounts - Other							
127 Notes, Loans, & Mortgages Receivable - Current							
128 Fraud Recovery	\$13,271					\$13,271	\$13,271
128.1 Allowance for Doubtful Accounts - Fraud	-\$5,531					-\$5,531	-\$5,531
129 Accrued Interest Receivable							
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$8,576	\$0	\$0	\$0	\$0	\$8,576	\$8,576
131 Investments - Unrestricted							
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets	\$141,302					\$141,302	\$141,302
143 Inventories							
143.1 Allowance for Obsolete Inventories							
144 Inter Program Due From							
145 Assets Held for Sale							
150 Total Current Assets	\$971,708	\$0	\$263,706	\$241,264	\$0	\$1,476,678	\$1,476,678
161 Land	\$533,472					\$533,472	\$533,472
162 Buildings	\$18,313,894					\$18,313,894	\$18,313,894
163 Furniture, Equipment & Machinery - Dwellings	\$356,581					\$356,581	\$356,581
164 Furniture, Equipment & Machinery - Administration	\$321,109					\$321,109	\$321,109

Guttenberg Housing Authority (NJ036)
GUTTENBERG, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2022

	Project Total	14.PHC Public Housing CARES Act	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
165 Leasehold Improvements	\$892,755					\$892,755	\$892,755
166 Accumulated Depreciation	-\$16,875,130					-\$16,875,130	-\$16,875,130
167 Construction in Progress	\$605,194					\$605,194	\$605,194
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,147,875	\$0	\$0	\$0	\$0	\$4,147,875	\$4,147,875
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	\$4,147,875	\$0	\$0	\$0	\$0	\$4,147,875	\$4,147,875
200 Deferred Outflow of Resources	\$1,071,710			\$102,332		\$1,174,042	\$1,174,042
290 Total Assets and Deferred Outflow of Resources	\$6,191,293	\$0	\$263,706	\$343,596	\$0	\$6,798,595	\$6,798,595
311 Bank Overdraft							
312 Accounts Payable <= 90 Days	\$15,781					\$15,781	\$15,781
313 Accounts Payable >90 Days Past Due							
321 Accrued Wage/Payroll Taxes Payable							
322 Accrued Compensated Absences - Current Portion	\$11,661			\$1,158		\$12,819	\$12,819
324 Accrued Contingency Liability							
325 Accrued Interest Payable							
331 Accounts Payable - HUD PHA Programs	\$3,513					\$3,513	\$3,513
332 Account Payable - PHA Projects							
333 Accounts Payable - Other Government	\$166,162					\$166,162	\$166,162
341 Tenant Security Deposits	\$108,819					\$108,819	\$108,819
342 Unearned Revenue	\$1,740					\$1,740	\$1,740
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue							
344 Current Portion of Long-term Debt - Operating Borrowings							
345 Other Current Liabilities							
346 Accrued Liabilities - Other	\$42,747					\$42,747	\$42,747

Guttenberg Housing Authority (NJ036)
GUTTENBERG, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2022

	Project Total	14.PHC Public Housing CARES Act	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
347 Inter Program - Due To							
348 Loan Liability - Current							
310 Total Current Liabilities	\$350,423	\$0	\$0	\$1,158	\$0	\$351,581	\$351,581
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue							
352 Long-term Debt, Net of Current - Operating Borrowings							
353 Non-current Liabilities - Other							
354 Accrued Compensated Absences - Non Current	\$104,948			\$10,417		\$115,365	\$115,365
355 Loan Liability - Non Current							
356 FASB 5 Liabilities							
357 Accrued Pension and OPEB Liabilities	\$3,508,509			\$336,088		\$3,844,597	\$3,844,597
350 Total Non-Current Liabilities	\$3,613,457	\$0	\$0	\$346,505	\$0	\$3,959,962	\$3,959,962
300 Total Liabilities	\$3,963,880	\$0	\$0	\$347,663	\$0	\$4,311,543	\$4,311,543
400 Deferred Inflow of Resources	\$1,773,453			\$266,318		\$2,039,771	\$2,039,771
508.4 Net Investment in Capital Assets	\$4,147,875	\$0		\$0	\$0	\$4,147,875	\$4,147,875
511.4 Restricted Net Position	\$0	\$0		\$16,054	\$0	\$16,054	\$16,054
512.4 Unrestricted Net Position	-\$3,693,915	\$0	\$263,706	-\$286,439	\$0	-\$3,716,648	-\$3,716,648
513 Total Equity - Net Assets / Position	\$453,960	\$0	\$263,706	-\$270,385	\$0	\$447,281	\$447,281
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$6,191,293	\$0	\$263,706	\$343,596	\$0	\$6,798,595	\$6,798,595

Guttenberg Housing Authority (NJ036)
GUTTENBERG, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2022

	Project Total	14.PHC Public Housing CARES Act	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
70300 Net Tenant Rental Revenue	\$1,526,854					\$1,526,854	\$1,526,854
70400 Tenant Revenue - Other	\$30,483					\$30,483	\$30,483
70500 Total Tenant Revenue	\$1,557,337	\$0	\$0	\$0	\$0	\$1,557,337	\$1,557,337
70600 HUD PHA Operating Grants	\$964,612	\$31,304		\$2,471,852	\$27,294	\$3,495,062	\$3,495,062
70610 Capital Grants	\$306,236					\$306,236	\$306,236
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	\$4,047		\$661	\$1,306		\$6,014	\$6,014
71200 Mortgage Interest Income							
71300 Proceeds from Disposition of Assets Held for Sale							
71310 Cost of Sale of Assets							
71400 Fraud Recovery				\$15,986		\$15,986	\$15,986
71500 Other Revenue	\$6,197		\$24,980	\$100,380		\$131,557	\$131,557
71600 Gain or Loss on Sale of Capital Assets							
72000 Investment Income - Restricted							
70000 Total Revenue	\$2,838,429	\$31,304	\$25,641	\$2,589,524	\$27,294	\$5,512,192	\$5,512,192
91100 Administrative Salaries	\$326,042					\$326,042	\$326,042
91200 Auditing Fees	\$5,685			\$73,194		\$78,879	\$78,879
91300 Management Fee				\$5,685		\$5,685	\$5,685
91310 Book-keeping Fee							
91400 Advertising and Marketing							
91500 Employee Benefit contributions - Administrative	\$147,896			\$72,972		\$220,868	\$220,868
91600 Office Expenses					\$3,805	\$3,805	\$3,805
91700 Legal Expense	\$43,034			\$5,000		\$48,034	\$48,034
91800 Travel	\$6,828			\$1,000		\$7,828	\$7,828
91810 Allocated Overhead							
91900 Other	\$221,190			\$45,223		\$266,413	\$266,413

Guttenberg Housing Authority (NJ036)
GUTTENBERG, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2022

	Project Total	14.PHC Public Housing CARES Act	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
91000 Total Operating - Administrative	\$750,675	\$0	\$0	\$203,074	\$3,805	\$957,554	\$957,554
92000 Asset Management Fee							
92100 Tenant Services - Salaries					\$8,000	\$8,000	\$8,000
92200 Relocation Costs							
92300 Employee Benefit Contributions - Tenant Services	\$1,629				\$2,295	\$3,924	\$3,924
92400 Tenant Services - Other		\$21,233			\$13,194	\$34,427	\$34,427
92500 Total Tenant Services	\$1,629	\$21,233	\$0	\$0	\$23,489	\$46,351	\$46,351
93100 Water	\$102,464					\$102,464	\$102,464
93200 Electricity	\$201,378					\$201,378	\$201,378
93300 Gas	\$153,843					\$153,843	\$153,843
93400 Fuel							
93500 Labor	\$71,257		\$0	\$0	\$0	\$71,257	\$71,257
93600 Sewer	\$126,163					\$126,163	\$126,163
93700 Employee Benefit Contributions - Utilities	\$32,556					\$32,556	\$32,556
93800 Other Utilities Expense							
93000 Total Utilities	\$687,661	\$0	\$0	\$0	\$0	\$687,661	\$687,661
94100 Ordinary Maintenance and Operations - Labor	\$285,027	\$5,500				\$290,527	\$290,527
94200 Ordinary Maintenance and Operations - Materials and Other	\$102,906	\$3,065	\$9,648			\$115,619	\$115,619
94300 Ordinary Maintenance and Operations Contracts	\$181,426					\$181,426	\$181,426
94500 Employee Benefit Contributions - Ordinary Maintenance	\$133,184	\$1,506				\$134,690	\$134,690
94000 Total Maintenance	\$702,543	\$10,071	\$9,648	\$0	\$0	\$722,262	\$722,262
95100 Protective Services - Labor							
95200 Protective Services - Other Contract Costs							
95300 Protective Services - Other	\$1,146					\$1,146	\$1,146
95500 Employee Benefit Contributions - Protective Services							
95000 Total Protective Services	\$1,146	\$0	\$0	\$0	\$0	\$1,146	\$1,146
96110 Property Insurance	\$61,959					\$61,959	\$61,959
96120 Liability Insurance	\$32,354					\$32,354	\$32,354

Guttenberg Housing Authority (NJ036)
GUTTENBERG, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2022

	Project Total	14.PHC Public Housing CARES Act	1 Business Activities	14.HCC HCV CARES Act Funding	Subtotal	Total
96130 Workmen's Compensation	\$23,554				\$23,554	\$23,554
96140 All Other Insurance	\$53,817				\$53,817	\$53,817
96100 Total Insurance Premiums	\$171,684	\$0	\$0	\$0	\$171,684	\$171,684
96200 Other General Expenses						
96210 Compensated Absences	\$15,890				\$17,751	\$17,751
96300 Payments in Lieu of Taxes	\$85,843				\$85,843	\$85,843
96400 Bad debt - Tenant Rents						
96500 Bad debt - Mortgages						
96600 Bad debt - Other	\$9,699				\$9,699	\$9,699
96800 Severance Expense						
96000 Total Other General Expenses	\$111,432	\$0	\$0	\$0	\$113,293	\$113,293
96710 Interest of Mortgage (or Bonds) Payable						
96720 Interest on Notes Payable (Short and Long Term)						
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$2,426,770	\$31,304	\$9,648	\$27,294	\$2,699,951	\$2,699,951
97000 Excess of Operating Revenue over Operating Expenses	\$411,659	\$0	\$15,993	\$0	\$2,812,241	\$2,812,241
97100 Extraordinary Maintenance	\$4,100				\$4,100	\$4,100
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments						
97350 HAP Portability-In						
97400 Depreciation Expense	\$667,588				\$667,588	\$667,588
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$3,098,458	\$31,304	\$9,648	\$27,294	\$5,766,227	\$5,766,227
10010 Operating Transfer In						

Guttenberg Housing Authority (NJ036)
GUTTENBERG, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2022

	Project Total	14.PHC Public Housing CARES Act	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
10020 Operating transfer Out							
10030 Operating Transfers from/to Primary Government							
10040 Operating Transfers from/to Component Unit							
10050 Proceeds from Notes, Loans and Bonds							
10060 Proceeds from Property Sales							
10070 Extraordinary Items, Net Gain/Loss							
10080 Special Items (Net Gain/Loss)							
10091 Inter Project Excess Cash Transfer In							
10092 Inter Project Excess Cash Transfer Out							
10093 Transfers between Program and Project - In							
10094 Transfers between Project and Program - Out							
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under)	-\$260,029	\$0	\$15,993	-\$9,999	\$0	-\$254,035	-\$254,035
Total Expenses							
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$713,989	\$0	\$247,713	-\$260,386	\$0	\$701,316	\$701,316
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0					\$0	\$0
11050 Changes in Compensated Absence Balance							
11060 Changes in Contingent Liability Balance							
11070 Changes in Unrecognized Pension Transition Liability							
11080 Changes in Special Term/Severance Benefits Liability							
11090 Changes in Allowance for Doubtful/Accounts - Dwelling Rents							
11100 Changes in Allowance for Doubtful Accounts - Other							
11170 Administrative Fee Equity				-\$286,439		-\$286,439	-\$286,439
11180 Housing Assistance Payments Equity				\$16,054		\$16,054	\$16,054
11190 Unit Months Available	2988			2376		5364	5364
11210 Number of Unit Months Leased	2955			2080		5035	5035
11270 Excess Cash	\$283,288					\$283,288	\$283,288
11610 Land Purchases	\$0					\$0	\$0
11620 Building Purchases	\$306,236					\$306,236	\$306,236

Guttenberg Housing Authority (NJ036)
 GUTTENBERG, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 03/31/2022

	Project Total	14.PHC Public Housing CARES Act	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
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

**HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG
STATEMENT AND CERTIFICATION OF
ACTUAL CAPITAL FUND GRANT COST
AS OF MARCH 31, 2022**

	NJ39PO36-501-18		
	Budget	Actual Cost	Overrun
Operations	\$ 104,140	\$ 104,140	\$ -
Administration	52,000	52,000	-
General Capital Activity	369,257	369,257	-
Total	\$ 525,397	\$ 525,397	\$ -
Funds Advanced	\$ 525,397		
Funds Expended	525,397		
Excess of Funds Advanced	\$ -		

1. The distribution of cost by project and account classification accompanying the Actual Capital Fund Cost Certificates submitted to HUD for approval were in agreement with the Authority's records.
2. All Capital Fund cost have been paid and all related liabilities have been discharged through payment.
3. The Capital Fund Program 501-18 was completed by May 3, 2021.
4. There were no budget overruns noted.

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

Board of Commissioners
Housing Authority of the Town of Guttenberg
6900 Broadway
Guttenberg, New Jersey 07093

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business activities of Housing Authority of the Town of Guttenberg, as of and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise Housing Authority of the Town of Guttenberg's basic financial statements, and have issued our report thereon dated October 21, 2022.

Report on Internal Control over Financial Reporting

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

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

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

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

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

Report on Compliance and Other Matters

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

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

Purpose of This Report

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

Giampaolo & Associates

Lincroft, New Jersey

Date: October 21, 2022

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

Board of Commissioners
Housing Authority of the Town of Guttenberg
6900 Broadway
Guttenberg, New Jersey 07093

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

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

In our opinion, Housing Authority of the Town of Guttenberg complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Opinion on Each Major Federal Program

In our opinion, Housing Authority of the Town of Guttenberg complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2022.

Report on Internal Control over Compliance

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

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

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

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

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

Giampaolo & Associates

Lincroft, New Jersey

Date: October 21, 2022

HOUSING AUTHORITY OF THE TOWN OF GUTTENBERG

Schedule of Findings and Questioned Cost

Year Ended March 31, 2022

Prior Audit Findings

None reported

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

Material Weakness (es) Identified? _____ yes X no

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

Noncompliance Material to Financial Statements Noted? _____ yes X no

Federal Awards

Internal Control over Major Programs:

Material Weakness (es) Identified? _____ yes X no

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

Type of audit report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements,

_____ yes X no

Identification of Major Programs

CFDA#	Name of Federal Program	Amount
14.850	Public and Indian Housing Program	\$ 929,488
14.872	Public Housing Capital Fund Program	\$ 372,664

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

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

FINDINGS – FINANCIAL STATEMENT AUDIT

None reported

FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAM AUDIT

None reported

INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Housing Authority of the Town of Guttenberg
6900 Broadway
Guttenberg, New Jersey 07093

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 March 31, 2022. The U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC) is responsible for the Uniform Financial Reporting Standards (UFRS) procedures.

Housing Authority of the Town of Guttenberg 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 March 31, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

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

Procedure	UFRS Rule Information	Hardcopy Documents	Agrees	Does Not Agree
5	General Information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form	Yes	
6	Financial Statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	Yes	
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	Yes	
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form	Yes	
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Yes	

We were engaged by Housing Authority of the Town of Guttenberg 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 Town of Guttenberg and REAC, and is not intended to be, and should not be, used by anyone other than these specified parties.

Giampaolo & Associates

Lincroft, New Jersey

October 21, 2022