

**Report On Audit**

**HOUSING AUTHORITY OF THE  
CITY OF SOUTH AMBOY**

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

**Housing Authority of the City of South Amboy**  
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**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Housing Authority of the City of South Amboy  
250 South Broadway  
South Amboy, New Jersey 08879

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities of the Housing Authority of the City of South Amboy, as of and for the years ended June 30, 2022, and 2021, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of South Amboy 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 of the Housing Authority of the City of South Amboy as of June 30, 2022 and 2021, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and OPEB and PERS supplemental information on pages 5 through 18 and pages 60-64 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of South Amboy's basic financial statements. The accompanying supplemental information on pages 65-74 is presented for additional analysis and is not required part of the basic financial statements.

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

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

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

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2023, in our consideration of the Housing Authority of the City of South Amboy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of South Amboy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of South Amboy's internal control over financial reporting and compliance.

**Giampaolo & Associates**

Lincroft, New Jersey

Date: March 10, 2023

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

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

**FINANCIAL HIGHLIGHTS**

The assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$552,054 an increase in the financial position of \$778,997 or 343% percent as compared to the prior year.

As noted above, the net position of the Authority was \$552,054 as of June 30, 2022. Of this amount, the unrestricted net position is a negative (\$2,469,742) representing a decrease in the deficit of \$472,983 or 16% percent from the previous year. Additional information on the Authority's unrestricted net positions can be found in Note 20 to the financial statements, which is included in this report.

The Authority's net investment in capital assets increased \$326,594 or 12% percent for an ending balance of \$3,015,465.

The restricted net position decreased \$20,580 from the previous year for an ending balance of \$6,331. Additional information on the Authority's restricted net position can be found in Note 19 to the financial statements, which is included in this report.

The Authority's total cash and cash equivalents on June 30, 2022, is \$752,957 representing an increase of \$31,398 or 4% percent. The Authority's operating cash on June 30, 2022, is \$684,637 representing an increase of \$99,092 or 17% percent from the prior fiscal year. Total restricted deposits and funded reserves decreased \$67,694 or 50% percent for an ending balance of \$68,320. The full detail of the cash activities can be found in the Statements of Cash Flows on pages 22-23 of this report.

The Authority's total assets and deferred outflows are \$5,401,720 of which capital assets net book value is \$3,015,465, deferred outflows in the amount of \$767,847, other assets in the amount of \$540,439, leaving total current assets at \$1,077,969.

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

**FINANCIAL HIGHLIGHTS - CONTINUED**

Total current assets increased from the previous year by \$150,257 or 16% percent. Unrestricted cash and cash equivalents increased by \$99,092, restricted cash decreased by \$67,694, investments increased by \$42, accounts receivables increased by \$112,103, and prepaid expenses increased by \$6,714.

Capital assets reported an increase in the net book value of the capital assets in the amount of \$326,594 or 12% percent. The major factor that contributed for the increase was the purchase of fixed assets in the amount of \$256,031, less the recording of depreciation expense in the amount of \$78,651. The Authority also recorded a prior period adjustment in the amount of \$149,214. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

Other assets increased \$540,439 or 100% percent. Leases receivable – noncurrent increased by \$540,439 or 100% percent. A full detail of this account can be found in the Notes to the Financial Statements Section Note 9.

The Authority reported an increase in the deferred outflow for the pension cost in the amount of \$71,849 for an ending balance of \$767,847. The Authority reported a decrease in the deferred inflow for the pension cost in the amount of \$83,955 for an ending balance of \$1,654,591. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 10 Deferred Outflows/Inflows of Resources.

The Authority reported an increase in the deferred inflow due to lease revenue in the amount of \$398,703 or 100% percent during the fiscal year ended June 30, 2022.

The Authority's total liabilities are reported at \$2,796,372, of which current liabilities are stated at \$299,508, and noncurrent liabilities are stated at \$2,496,864. Total liabilities decreased during the year as compared to the prior year in the amount of \$4,606 or less than 1% percent. Total current liabilities increased during the year by \$11,599, leaving non-current liabilities for a decrease of \$16,205 as compared to the previous fiscal year.

Total current liabilities increased from the previous year by \$11,599 or 4% percent. Accounts payables increased by \$73,015, accrued liabilities decreased by \$8,377, tenant security deposit payable increased by \$2,392, and unearned revenue decreased \$55,431.

Total noncurrent liabilities decreased by \$16,205 or 1% percent. The decrease was made up of two accounts, accrued compensated absences – long term with no offsetting assets decreased \$538 from the prior fiscal year for an ending balance of \$104,254.

Accrued pension and OPEB liabilities decreased \$15,667 or 1% percent for an ending balance of \$2,392,610. Additional information on GASB 75's effect and the Authority's accrued pension GASB #68 on June 30, 2022 can be found in Notes 16-17 to the financial statements, which is included in this report.



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

**FINANCIAL HIGHLIGHTS - CONTINUED**

The Authority had total operating revenue of \$3,039,071 as compared to \$2,934,193 from the prior year for an increase of \$104,878 or 4% percent. The Authority had total operating expenses of \$2,791,120 as compared to \$2,873,524 from the previous year for a decrease of \$82,404 or 3% percent, resulting in an excess of revenue from operations in the amount of \$247,951 for the current year as compared to excess revenue from operations in the amount of \$60,669 for an increase in excess revenue of \$187,282 from the previous year.

Total capital improvements contributions from HUD were in the amount of \$195,457 as compared to \$147,577 from the previous year for an increase of \$47,880 or 32% percent. The Authority had capital outlays in the amount of \$256,031 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 \$2,039,410 for the fiscal year 2022 as compared to \$1,805,155 for the previous fiscal year 2021 for an increase of \$234,255 or 13% percent.

**USING THIS ANNUAL REPORT**

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

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

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the 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) Statements of Net Position
- 2) Statements of Revenue, Expenses, and Changes in Net Position
- 3) Statements of Cash Flows
- 4) Notes to the Financial Statements

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

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

The Authority's financial statements and notes to financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) applicable to governmental entities in the United States of America for the Enterprise Fund types. The Authority's activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe, and sanitary housing to low income and special needs populations. The financial statements can be found on pages 19 through 23.

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

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

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

Notes to the Financial Statements - Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Housing Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Housing Authority may face. The Notes to Financial Statements can be found in this Report beginning on page 24 through 59.

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.

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

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

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 65-66 of this report.

- 1. Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), federal award is defined as federal financial assistance and federal cost reimbursement contracts that non-federal agencies receive directly or indirectly from federal agencies or pass-through entities. Federal financial assistance is defined as assistance that nonfederal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, direct appropriations and other assistance.
  
- 2. Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and the Uniform Guidance establish the levels of expenditures or expenses to be used in defining Type A and Type B Federal financial assistance programs. Type A programs for the Housing Authority of the City of South Amboy are those which equal or exceeded \$750,000 in expenditures for the fiscal year ended June 30, 2022. Type B programs for the Housing Authority of the City of South Amboy are those which are less than \$750,000 in expenditures for the fiscal year ended June 30, 2022.

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

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)**

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

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

	<u>Year Ended</u>		Increase
	June-22	June-21	(Decrease)
Cash	\$ 752,957	\$ 721,559	\$ 31,398
Other Current Assets	325,012	206,153	118,859
Capital Assets - Net	3,015,465	2,688,871	326,594
Other Assets	540,439	-	540,439
Deferred Outflows	767,847	695,998	71,849
Total Assets	<u>5,401,720</u>	<u>4,312,581</u>	1,089,139
Less: Current Liabilities	(299,508)	(287,909)	(11,599)
Less: Non Current Liabilities	(2,496,864)	(2,513,069)	16,205
Less: Deferred Inflows	(2,053,294)	(1,738,546)	(314,748)
Net Position	<u>\$ 552,054</u>	<u>\$ (226,943)</u>	<u>\$ 778,997</u>
Net Investment in Capital Assets	\$ 3,015,465	\$ 2,688,871	\$ 326,594
Restricted Net Position	6,331	26,911	(20,580)
Unrestricted Net Position	(2,469,742)	(2,942,725)	472,983
Net Position	<u>\$ 552,054</u>	<u>\$ (226,943)</u>	<u>\$ 778,997</u>

Total cash and restricted deposits increased by \$31,398 or 4% percent. Net cash provided by operating activities was \$218,846, net cash used by capital and related financing activities was \$206,033, and net cash provided by investing activities was \$18,545. The full detail of this amount can be found in the Statements of Cash Flows on pages 22-23 of this audit report.

Other current assets increased \$118,859. Investments increased by \$42, accounts receivables increased by \$112,103, and prepaid expenses increased by \$6,714. Accounts receivables increased mainly due to an increase in HUD grants receivables.

Capital assets reported an increase in the net book value of the capital assets in the amount of \$326,594 or 12% percent. The major factor that contributed for the increase was the purchase of fixed assets in the amount of \$256,031, less the recording of depreciation expense in the amount of \$78,651. The Authority also recorded a prior period adjustment in the amount of \$149,214. 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 other assets in the amount of \$540,439 or 100% percent for an ending balance of \$540,439. The increase was related to the Authority's leases receivable – noncurrent. A full detail of the Authority's leases receivable – noncurrent at June 30, 2022 can be found in the Notes to the Financial Statements Section Note 9.

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

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) – CONTINUED**

The Authority reported an increase in the deferred outflow for the pension cost in the amount of \$71,849 for an ending balance of \$767,847. The Authority reported a decrease in the deferred inflow for the pension cost in the amount of \$83,955 for an ending balance of \$1,654,591. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 10 Deferred Outflows/Inflows of Resources.

The Authority reported an increase in the deferred inflow for the lease revenue in the amount of \$398,703 or 100% percent for an ending balance of \$398,703.

Total current liabilities increased from the previous year by \$11,599 or 4% percent. Accounts payables increased by \$73,015, accrued liabilities decreased by \$8,377, tenant security deposit payable increased by \$2,392, and unearned revenue decreased \$55,431.

Total noncurrent liabilities decreased by \$16,205 or 1% percent. The decrease was made up of two accounts, accrued compensated absences – long term with no offsetting assets decreased \$538 from the prior fiscal year for an ending balance of \$104,254.

Accrued pension and OPEB liabilities decreased \$15,667 or 1% percent for an ending balance of \$2,392,610. Additional information on GASB 75's effect and the Authority's accrued pension GASB #68 on June 30, 2022 can be found in Notes 16-17 to the financial statements, which is included in this report.

The Authority's reported net position of \$552,054 which is made up of three categories. The net investment in capital assets in the amount of \$3,015,465. The net investment in capital assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending. The schedule below reflects the activity in this account for the current fiscal year:

Balance June 30, 2021	\$ 2,688,871
Acquisition in Fixed Assets	256,031
Depreciation Expense	(78,651)
Prior Period Adjustment	149,214
Balance June 30, 2022	\$ 3,015,465

The Authority reported an increase in its unrestricted position in the amount of \$472,983 or 16% percent resulting in an ending balance in the amount of negative (\$2,469,742). A full detail of this account can be found in the Notes to the Financial Statements Section Note – 20.

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

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED**

The Authority reported a restricted net position in the amount of \$6,331 which decreased \$20,580 compared to the prior fiscal year. A full detail of this account can be found in the Notes to the Financial Statements Section Note - 19.

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

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

	<u>Year Ended</u>		Increase
	June-22	June-21	(Decrease)
<u>Revenues</u>			
Tenant Revenues	\$ 762,689	\$ 806,737	\$ (44,048)
HUD Subsidies	1,843,953	1,657,578	186,375
Other Revenues	432,429	469,878	(37,449)
Total Operating Income	<u>3,039,071</u>	<u>2,934,193</u>	<u>104,878</u>
<u>Expenses</u>			
Operating Expenses	2,712,469	2,804,270	(91,801)
Depreciation Expense	78,651	69,254	9,397
Total Operating Expenses	<u>2,791,120</u>	<u>2,873,524</u>	<u>(82,404)</u>
Operating Income before Non Operating Income	247,951	60,669	187,282
Interest Income	18,587	1,210	17,377
Capital Grants	195,457	147,577	47,880
Prior Period Adjustment	-	-	-
Change in Net Position	<u>461,995</u>	<u>209,456</u>	<u>252,539</u>
Net Position Prior Year	(226,943)	(436,399)	209,456
Prior Period Adjustment	317,002	-	317,002
Total Net Position	<u>\$ 552,054</u>	<u>\$ (226,943)</u>	<u>\$ 778,997</u>

Approximately 61% percent of the Authority's total operating revenue was provided by HUD operating subsidy, while 25% percent resulted from tenant revenue. Charges for various services provided the remaining 14% percent of the total operating income.

The Housing Authority of the City of South Amboy received \$195,457 from the Capital Fund Program in grant money, representing an increase of \$47,880 from the prior fiscal year. The Authority had capital expenditures of \$256,031 which was funded through the capital fund program and management's reserves. The current year additions included various apartment renovations, new appliances for tenants, and a maintenance truck.

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

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED**

The Authority's operating expenses cover a range of expenses. The largest expense was for housing assistance payment expenses representing 44% percent of total operating expenses. Administrative expenses accounted for 18% percent, tenant services accounted for 2% percent, utilities expense accounted for 11% percent, maintenance expense accounted for 17% percent, other operating expenses accounted for 5% percent, and depreciation accounted for the remaining 3% percent of the total operating expenses.

The Authority's operating revenue exceeded its operating expenses resulting in an excess of revenue from operations in the amount of \$247,951 as compared to excess revenue from operations of \$60,669 for the previous year. The key elements for the increase in excess revenue over expenses in comparison to the prior year are as follows:

- Total tenant rental income decreased in the amount of \$44,048 or 5%.
- The Authority reported an increase in HUD PHA operating grants in the amount of \$186,375 or 11% percent.
- Fraud recovery revenue decreased in the amount of \$8,437 or 58% percent.
- Other revenue decreased in the amount of \$29,012 or 6% percent.
- The Authority reported an increase in the following expense accounts:
  - Tenant services increased \$65,649 or 7,891% percent.
  - Housing Assistance Payments increased \$9,289 or 1% percent.
  - Depreciation expense increased \$9,397 or 14% percent.
- The Authority reported a decrease in the following expense accounts:
  - Administrative expenses decreased \$66,330 or 12% percent.
  - Utilities expenses decreased \$36,543 or 10% percent.
  - Maintenance expense decreased \$42,002 or 8% percent.
  - Other operating expenses decreased \$21,864 or 13% percent.

Total net cash provided by operating activities during the year was \$218,846 as compared to cash provided in the amount of \$298,660 for the prior fiscal year. A full detail of these amounts can be found on the Statements of Cash Flows on pages 22-23 of this report.

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON JUNE 30, 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 June 30, 2022:

	June-22	June-21	June-20	June-19
<b>Significant Income</b>				
Total Tenant Revenue	\$ 762,689	\$ 806,737	\$ 779,347	\$ 835,027
HUD Operating Grants	1,843,953	1,657,578	1,743,321	1,598,764
HUD Capital Grants	195,457	147,577	217,397	168,781
Investment Income	18,587	1,210	9,153	8,110
Other Income	432,429	469,878	466,658	341,252
Total	<u>\$ 3,253,115</u>	<u>\$ 3,082,980</u>	<u>\$ 3,215,876</u>	<u>\$ 2,951,934</u>
<b>Payroll Expense</b>				
Administrative Salaries	\$ 289,584	\$ 335,550	\$ 326,932	\$ 306,298
Utilities Labor	29,120	29,120	29,120	16,009
Maintenance Labor	239,585	254,208	221,117	189,093
Employee Benefits Expense	163,008	189,235	311,321	263,525
Total Payroll Expense	<u>\$ 721,297</u>	<u>\$ 808,113</u>	<u>\$ 888,490</u>	<u>\$ 774,925</u>
<b>Other Significant Expenses</b>				
Other Administrative Expenses	\$ 138,485	\$ 120,120	\$ 178,829	\$ 233,085
Utilities Expense	314,515	351,058	353,496	351,396
Maintenance Supplies	54,286	73,680	81,400	45,637
Maintenance Contract Cost	118,153	109,160	85,162	69,128
Insurance Premiums	88,926	81,537	79,242	68,791
Housing Assistance Payments	1,227,868	1,218,579	1,236,487	1,224,751
Total	<u>\$ 1,942,233</u>	<u>\$ 1,954,134</u>	<u>\$ 2,014,616</u>	<u>\$ 1,992,788</u>
<b>Total Operating Expenses</b>	<u>\$ 2,791,120</u>	<u>\$ 2,873,524</u>	<u>\$ 3,027,316</u>	<u>\$ 2,908,617</u>
<b>Total of Federal Awards</b>	<u>\$ 2,039,410</u>	<u>\$ 1,805,155</u>	<u>\$ 1,960,718</u>	<u>\$ 1,767,545</u>

**THE AUTHORITY AS A WHOLE**

The Authority's revenues consist primarily of rents and subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level.

By far, the largest portion of the Authority's net position reflects its net investment in capital assets (e.g., land, buildings, equipment, and construction in progress). The Authority uses these capital assets to provide housing services to its tenants. Consequently, these assets are reported as "Net Investment in Capital Assets" and are not available for future spending. The unrestricted position of the Authority is available for future use to provide program services.



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

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY PROGRAMS**

Public and Indian Housing Program:

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

Public Housing Capital Fund Program:

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

Section 8 Housing Choice Voucher Program

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

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.

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

**BUDGETARY HIGHLIGHTS**

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

**NEW INITIATIVES**

For the fiscal year 2022 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 63% percent of its revenue from the Department of Housing and Urban Development, (2021 fiscal year was 59% 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 been exploring a Rental Assistance Application (RAD) which would involve converting current public housing units to a Section 8 platform. While this process takes time, the Authority has remained diligent in being proactive in regard to maintaining the condition of their buildings.

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

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

1 – Capital Assets

The Authority's net investment in capital assets as of June 30, 2022, was \$3,015,465 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and construction in progress. The total increased during the year in the amount of \$326,594 or 12% percent. Major capital expenditures of \$256,031 were made during the year. The Authority also recorded a prior period adjustment in the amount of \$149,214. Major capital assets events during the fiscal year included the following:

- Apartment Renovations for Unit Turnover
- Replacement of Tenant Appliances
- Purchase of Maintenance Truck

	June-22	June-21	Increase (Decrease)
Land	\$ 137,125	\$ 137,125	\$ -
Building	8,562,400	8,562,401	(1)
Furniture, Equipment - Dwelling	545,361	484,786	60,575
Furniture, Equipment - Administration	248,944	248,944	-
Construction in Process	1,609,628	1,414,171	195,457
Total Fixed Assets	11,103,458	10,847,427	256,031
Accumulated Depreciation	(8,087,993)	(8,158,556)	70,563
Net Book Value	\$ 3,015,465	\$ 2,688,871	\$ 326,594

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 – Long Term Debt

The Authority does not have any long-term debt at this time.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

The capital budgets for the 2023 fiscal year have already been submitted to HUD for approval and no major changes 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.

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

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

The following factors were considered in preparing the Authority's budget for the fiscal year ending June 30, 2023.

- State of New Jersey economy including the impact on tenant income. Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income. Tenant rental payments are based on tenant income.
- Continued decreases in health care insurance are expected to impact employee benefits cost over the next several years.
- Converting Public Housing Program rental units into RAD subsidy units.
- 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. Mark Noble, Executive Director, Housing Authority of the City of South Amboy, PO Box 817 South Amboy, N.J. 08879, or call (732) 721-1831.

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY**  
**STATEMENTS OF NET POSITION - 1**  
**AS OF JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>June 30,</u> <u>2021</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents- Unrestricted		
Operating	\$ 684,637	\$ 585,545
Restricted	68,320	136,014
Total cash and equivalents	<u>752,957</u>	<u>721,559</u>
Investments	28,121	28,079
Accounts Receivables, Net of Allowances	247,260	135,157
Prepaid Expenses	49,631	42,917
Total Current Assets	<u>1,077,969</u>	<u>927,712</u>
<b>Noncurrent Assets</b>		
Capital Assets		
Land	137,125	137,125
Building	8,562,400	8,562,401
Furniture, Equipment - Dwelling	545,361	484,786
Furniture, Equipment - Administration	248,944	248,944
Construction in Process	1,609,628	1,414,171
Total Capital Assets	<u>11,103,458</u>	<u>10,847,427</u>
Less: Accumulated Depreciation	<u>(8,087,993)</u>	<u>(8,158,556)</u>
Net Book Value	<u>3,015,465</u>	<u>2,688,871</u>
Other Assets		
Leases Receivable -Non Current	<u>540,439</u>	<u>-</u>
Total Other Assets	<u>540,439</u>	<u>-</u>
 Total Assets	 <u>4,633,873</u>	 <u>3,616,583</u>
<b>Deferred Outflow of Resources</b>		
Total Deferred Outflows of Resources	<u>767,847</u>	<u>695,998</u>
 Total Assets and Deferred Outflow of Resources	 <u>\$ 5,401,720</u>	 <u>\$ 4,312,581</u>

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY**  
**STATEMENTS OF NET POSITION - 2**  
**AS OF JUNE 30, 2022 AND 2021**

	June 30,	
	2022	2021
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 186,718	\$ 113,703
Accrued Liabilities	45,804	54,181
Tenant Security Deposit Payable	60,947	58,555
Unearned Revenue	6,039	61,470
Total Current Liabilities	299,508	287,909
<b>Noncurrent Liabilities</b>		
Accrued Compensated Absences - Long-Term	104,254	104,792
Accrued Other Post-Employment Benefits (OPEB)	2,392,610	2,408,277
Total Noncurrent Liabilities	2,496,864	2,513,069
Total Liabilities	2,796,372	2,800,978
<b>Deferred Inflow of Resources</b>		
State of New Jersey P.E.R.S. and OPEB	1,654,591	1,738,546
Lease Revenue	398,703	-
Total Deferred Inflow of Resources	2,053,294	1,738,546
<b>Net Position:</b>		
Net Investment in Capital Assets	3,015,465	2,688,871
Restricted	6,331	26,911
Unrestricted	(2,469,742)	(2,942,725)
Total Net Position	552,054	(226,943)
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 5,401,720	\$ 4,312,581

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY**  
**STATEMENTS OF REVENUE, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**FOR THE TWELVE MONTHS ENDED JUNE 30, 2022 AND 2021**

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
<b>Revenue:</b>		
Tenant Rental Revenue	\$ 762,689	\$ 806,737
HUD PHA Operating Grants	1,843,953	1,657,578
Fraud Recovery	6,205	14,642
Other Revenue	426,224	455,236
Total Revenue	<u>3,039,071</u>	<u>2,934,193</u>
<b>Operating Expenses:</b>		
Administrative Expenses	498,504	564,834
Tenant Services	66,481	832
Utilities Expense	314,515	351,058
Maintenance Expense	458,382	500,384
Other Operating Expenses	146,719	168,583
Housing Assistance Payments	1,227,868	1,218,579
Depreciation Expense	78,651	69,254
Total Operating Expenses	<u>2,791,120</u>	<u>2,873,524</u>
Excess Revenue From Operations	247,951	60,669
<b>Nonoperating Revenue</b>		
Investment Income	18,587	1,210
Excess Income Before Capital Contributions	<u>266,538</u>	<u>61,879</u>
Capital Grant Contributions	<u>195,457</u>	<u>147,577</u>
<b>Change in Net Position</b>	<u>461,995</u>	<u>209,456</u>
Beginning Net Position	(226,943)	(436,399)
Prior Period Adjustment	317,002	-
Beginning Net Position, Restated	<u>90,059</u>	<u>(436,399)</u>
Ending Net Position	<u>\$ 552,054</u>	<u>\$ (226,943)</u>

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY**  
**STATEMENTS OF CASH FLOWS -1**  
**FOR THE TWELVE MONTHS ENDED JUNE 30, 2022 AND 2021**

	2022	June 30, 2021
<b>Cash Flow From Operating Activities</b>		
Receipts from Tenants	\$ 765,071	\$ 803,997
Receipts from Federal Grants	1,793,424	1,752,869
Receipts from Misc. Sources	377,673	469,878
Payments to Vendors and Suppliers	(432,524)	(288,288)
Payments for Housing Assistance Payments	(1,227,868)	(1,218,579)
Payments to Employees	(592,196)	(616,381)
Payment of Employee Benefits	(163,008)	(299,633)
Payment of Utilities Expenses	(301,726)	(305,203)
Net Cash Provided by Operating Activities	218,846	298,660
<b>Cash Flow From Capital and Related Financing Activities</b>		
Receipts from Capital Grants	195,457	147,577
Acquisitions and Construction of Capital Assets	(256,031)	(210,920)
Accrued Other Post-Employment Benefits (OPEB) Liabilities	(15,667)	17,094
Net Effect of Deferred Inflows and Outflows	242,899	(127,873)
Lease Receivable - Non Current	(540,439)	-
Prior Period Adjustment	167,748	-
Net Cash (Used) by and Related Financing Activities	(206,033)	(174,122)
<b>Cash Flow From Investing Activities</b>		
Interest Income	18,587	1,210
Purchase of Investments	(42)	(139)
Net Cash Provided by Investing Activities	18,545	1,071
Net Increase in Cash and Cash Equivalents	31,358	125,609
<b>Beginning Cash</b>	721,599	595,950
<b>Ending Cash</b>	\$ 752,957	\$ 721,559
<u>Reconciliation of Cash Balances:</u>		
Cash and Cash Equivalents - Unrestricted	\$ 684,637	\$ 585,545
Cash and Cash Equivalents - Restricted	68,320	136,014
Total Ending Cash, Cash Equivalents	\$ 752,957	\$ 721,559

See accompanying notes to the financial statements.



**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY**  
**STATEMENTS OF CASH FLOWS -2**  
**FOR THE TWELVE MONTHS ENDED JUNE 30, 2022 AND 2021**

	2022	June 30, 2021
<b>Reconciliation of Operating Income to Net Cash</b>		
Provided by Operating Activities		
Excess Revenue from Operations	\$ 247,951	\$ 60,669
Adjustments to reconcile excess revenue to net cash provided by operating activities:		
Depreciation Expense	78,651	69,254
(Increase) Decrease in:		
Accounts Receivables	(112,103)	105,264
Prepaid Expenses	(6,714)	(186)
Increase (Decrease) in:		
Accounts Payable	73,015	13,928
Accrued Liabilities	(8,377)	(166)
Tenant Security Payable	2,392	(821)
Unearned Revenue	(55,431)	33,915
Compensated Absences	(538)	16,803
Net Cash Provided by Operating Activities	\$ 218,846	\$ 298,660

See accompanying notes to the financial statements.

# HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

## Notes to Financial Statements

June 30, 2022, and 2021

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

**Organization** - The Authority is a governmental, public corporation which was organized under the laws public corporation created under federal and state housing laws as defined by State statute (N.J., S.A. 40A:12A-1 et al the Housing Authority Act) for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the City of South Amboy 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 City of South Amboy. 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 South Amboy and City Council, the Board of Commissioners have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary responsibility for accounting and fiscal matters. The Authority has also concluded that it is excluded from the City of South Amboy 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 CITY OF SOUTH AMBOY

## Notes to Financial Statements

June 30, 2022, and 2021

### **Significant Accounting Policies**

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

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

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

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

### **Basis of Accounting –**

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

# HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

## Notes to Financial Statements June 30, 2022, and 2021

### **Basis of Accounting – Continued**

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

### Revenue Recognition

The Authority's major sources of revenue are HUD operating subsidies, tenants dwelling rents, and other revenue. Other revenue composed primarily of miscellaneous fees from the tenant, portability income for the Housing Choice Voucher program, laundry income, cell phone tower income, and administrative management fees. The Authority recognizes rental revenue from tenant(s) who entered into a lease agreement (contract) for a unit in the development with durations of less than one year. The Authority records revenue for such leases as prescribed by HUD. This standard indicates that government subsidy and tenant payments are to be considered subject to ASC 606. The Authority believes that such both rental and subsidy income streams are exempt from compliance with ASC 606 due to their inclusion under current and future lease standards. Revenue streams subject to ASC 606 include: tenant reimbursement of consumption-based costs paid by the Authority on behalf of the tenant, such as utilities monthly fees.

Additional revenue includes miscellaneous fees from the tenant, portability income for the Housing Choice Voucher program, laundry income, cell phone tower income, and administrative management fees. Such fees are necessary to the primary activities of the operations and are recognized as revenue at the point in time such fees are incurred.

Non-operating revenue and expenses consist of revenues and expenses that are related to financing and investing activities and result from non-exchange transactions or ancillary activities. Tenants dwelling rental charges are determined and billed monthly and are recognized as revenue when assessed because they are measurable and are collectible within the current period. The amounts not received by June 30, are accounts receivable and any amounts received for subsequent period are recorded as deferred revenue.

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

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

# HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

## Notes to Financial Statements

June 30, 2022, and 2021

### **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.

### **Other accounting policies are as follows:**

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

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

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

4 – 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.

# HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

## Notes to Financial Statements

June 30, 2022, and 2021

### **Other accounting policies - Continued**

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

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

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

10- Advertising cost is charged to expense when incurred.

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

12- Costs related to environmental remediation are charged to expense. Other environmental costs are also charged to expense unless they increase the value of the property and/or provide future economic benefits, in which event they are capitalized. Liabilities are recognized when the expenditures are considered probable and can be reasonably estimated. Measurement of liabilities is based on currently enacted laws and regulations, existing technology, and undiscounted site-specific costs. Generally, such recognition coincides with the Authority's commitment to a formal plan of action.

13- 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.

# HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

## Notes to Financial Statements

June 30, 2022, and 2021

### **Other accounting policies - Continued**

#### 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:

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

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

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

# HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

## Notes to Financial Statements

June 30, 2022, and 2021

### **Other accounting policies - Continued**

#### 16 - Operating and non-operating revenues and expenses

The Authority's major sources of revenue are HUD operating subsidies, tenants dwelling rents, and other revenue. Other revenue composed primarily of miscellaneous fees from the tenant, portability income for the Housing Choice Voucher program, laundry income, cell phone tower income, and administrative management fees.

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

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

#### 17-Impairment Losses

The Authority reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. No impairment losses were recognized in 2022 nor 2021.

#### 18- Recent Accounting Pronouncements

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



# HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

## Notes to Financial Statements June 30, 2022, and 2021

### **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	NJ35	152
Public Housing Capital Fund	14.872	NJ35	
Public Housing CARES Act Funds	14.PHC		
<u>Section 8</u>			
Housing Choice Vouchers	14.871	NJ35	111
HCV CARES Act Funds	14.HCC		

### Public and Indian Housing Program:

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

### Public Housing Capital Fund Program:

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

# HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

## Notes to Financial Statements June 30, 2022, and 2021

### **Activities - Continued**

#### Section 8 Housing Choice Voucher Program

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

#### 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.

### **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.

# HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

## Notes to Financial Statements

June 30, 2022, and 2021

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

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

### **NOTE 2 - ESTIMATES**

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

# HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

## Notes to Financial Statements

June 30, 2022, and 2021

### **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.

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 \$51,077 and \$46,015 for 2021.

#### Post Employment Retirement Benefits

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

Further information on the Pension Plan and its effects of GASB #68 can be found in Note 17- Accrued Pension Liability.

# HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

## Notes to Financial Statements

June 30, 2022, and 2021

### **NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS**

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

#### **Concentration of Credit Risk**

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

#### **Risk Disclosures**

##### Collateral for Deposits

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

##### Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. On June 30, 2022, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY**

Notes to Financial Statements  
June 30, 2022, and 2021

**NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED**

Credit Risk

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

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

<u>Depository Accounts</u>	<u>June-22</u>	<u>June-21</u>
Insured	\$ 312,084	\$ 307,627
Collateralized held by pledging bank's trust department in the Authority's name	468,994	442,011
<b>Total Cash, Cash Equivalents and Investments</b>	<b>\$ 781,078</b>	<b>\$ 749,638</b>

**Restricted Deposits and Funded Reserves**

The Authority has total restricted cash on June 30, 2022, and 2021 consists of the following:

	<u>June-22</u>	<u>June-21</u>
Tenant Security Deposit	\$ 61,784	\$ 57,627
HAP Reserve	6,331	26,911
HCV CARES Act Funds	205	51,476
<b>Total Restricted Cash and Reserves</b>	<b>\$ 68,320</b>	<b>\$ 136,014</b>

The restricted cash in the amount of \$6,331 for 2022 and \$26,911 for 2021 was reported under the Housing Choice Voucher Program as a HAP reserve for future use. The Authority invested these funds with Amboy Bank. 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.

The tenant security deposit restricted cash on June 30, 2022, was \$61,784 and \$57,627 in 2021. This amount is held as security deposits for the tenants of the Public and Indian Housing Program in an interest-bearing account.

The restricted cash in the amount of \$205 for 2022 and \$51,476 for 2021 which was reported under the Housing Choice Voucher CARES Act Program as a grant money received during the year for future use.

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY**

Notes to Financial Statements  
June 30, 2022, and 2021

**NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED**

**Investments**

The Authority’s investments on June 30, 2022, included the following:

Investments	Maturities	Fair Value
Certificate of Deposit	8-Jun-23	\$ 28,121

**NOTE 5 - ACCOUNTS RECEIVABLE**

Accounts Receivable on June 30, 2022, and 2021 consisted of the following:

	June-22	June-21
Tenants Accounts Receivable - Present	\$ 36,042	\$ 38,424
Allowance for Doubtful Accounts -Tenants	(13,743)	(23,652)
Net Tenants Accounts Receivable	22,299	14,772
Accounts Receivable - Capital Fund Program	170,911	120,167
Accounts Receivable - Fraud Recovery	5,496	-
Accounts Receivable - PIH CARES Act Program	-	215
Account Receivable - Current Cell Phone Lease	48,551	-
Accrued Interest Receivable	3	3
Net Accounts Receivable	\$ 247,260	\$ 135,157

Tenant rents are due the first of each month. Management considers rents outstanding after the 5th day of the month as past due and late charges are applied accordingly. The Authority carries its accounts receivable at cost less an allowance for doubtful accounts. An allowance for doubtful accounts is established, as necessary, based on experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts. Such factors include growth and composition of accounts receivable, the relationship of the allowance for doubtful accounts to accounts receivable, and current economic conditions. The determination of the collectability of amounts due requires the Authority to make judgments regarding future events and trends. Allowances for doubtful accounts are determined based on assessing the Authority’s portfolio on an individual tenants and on an overall basis. This process consists of a review of historical collection experience, current aging status of the tenant’s account. Based on a review of these factors, the Authority establishes or adjusts the allowance for specific tenants and the accounts receivable portfolio as a whole. The Authority increased its allowance for doubtful accounts primary due to the economic disruption caused by COVID-19 which is reflected in bad debt expense. 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.

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY**

Notes to Financial Statements

June 30, 2022, and 2021

**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 monthly. Prepaid expenses on June 30, 2022, and 2021 consisted prepaid insurance premiums.

**NOTE 7 - INTERFUND ACTIVITY**

Interfund activity is reported as short-term loans, services provided during operations, reimbursements, or transfers. Short term loans are reported as interfund short term receivables and payable as appropriate. The amounts between the various programs administered by the Authority on June 30, 2022 are detailed on the Financial Data Schedule of this report. Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

**NOTE 8 - FIXED ASSETS**

Fixed assets consist primarily of expenditures to acquire, construct, place in operations, and improve the facilities of the Authority and are stated by an appraisal value.

Expenditures for repairs, maintenance and minor renewals are charged against income in the year they are incurred. Major renewals and betterment are capitalized. Expenditures are capitalized when they meet the Capitalization Policy requirements. Under the policy, assets purchased or constructed at a cost not exceeding \$5,000 are expensed when incurred.

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

Depreciation

Depreciation expense for June 30, 2022, was \$78,651 and \$69,254 for 2021.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

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



## HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

### Notes to Financial Statements June 30, 2022, and 2021

#### **NOTE 8 - FIXED ASSETS – CONTINUED**

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 asset to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. No impairment losses were recognized in 2022.

Below is a schedule of changes in fixed assets for the twelve months ending June 30, 2022, and 2021:

	June-21	Additions	Deletions	Transfer	June-22
Land	\$ 137,125	\$ -	\$ -	\$ -	\$ 137,125
Building	8,562,401	-	-	(1)	8,562,400
Furniture, Equipment - Dwelling	484,786	60,574	-	1	545,361
Furniture, Equipment - Administration	248,944	-	-	-	248,944
Construction in Process	1,414,171	195,457	-	-	1,609,628
Total Fixed Assets	10,847,427	256,031	-	-	11,103,458
Accumulated Depreciation	(8,158,556)	(78,651)	149,214	-	(8,087,993)
Net Book Value	\$ 2,688,871	\$ 177,380	\$ 149,214	\$ -	3,015,465

	June-20	Additions	Deletions	Transfer	June-21
Land	\$ 137,125	\$ -	\$ -	\$ -	\$ 137,125
Building	8,525,352	37,049	-	-	8,562,401
Furniture, Equipment - Dwelling	458,491	26,295	-	-	484,786
Furniture, Equipment - Administration	248,944	-	-	-	248,944
Construction in Process	1,266,595	147,576	-	-	1,414,171
Total Fixed Assets	10,636,507	210,920	-	-	10,847,427
Accumulated Depreciation	(8,089,302)	(69,254)	-	-	(8,158,556)
Net Book Value	\$ 2,547,205	\$ 141,666	\$ -	\$ -	2,688,871

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY**

Notes to Financial Statements  
June 30, 2022, and 2021

**NOTE 8 - FIXED ASSETS – CONTINUED**

Below is a schedule of the net book value of the fixed assets for the Housing Authority of the City of South Amboy as of June 30, 2022:

	<u>June-22</u>
Land	\$ 137,125
Building	1,051,327
Furniture, Equipment - Dwelling	147,140
Furniture, Equipment - Administration	70,245
Construction in Progress	<u>1,609,628</u>
Net Book Value	<u>\$ 3,015,465</u>

**NOTE 9 – LEASE RECEIVABLE**

The Authority entered into two (2) leases in November 2006 to rent roof top space for cell phone towers for 300 months. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 5%. In fiscal year 2022, the Authority recognized \$45,731 of lease revenue.

Future minimum lease receivable under operating leases as of June 30, 2022, are as follows

June-23	\$ 48,551
June-24	51,546
June-25	54,725
June-26	58,100
June-27	<u>61,684</u>
Subtotal	274,606
Thereafter	<u>314,384</u>
Total Lease Receivable	<u>\$ 588,990</u>

Deferred inflow, \$398,703 of lease receivable payments refers to the recognition of lease payments that have not been received and not earned. The amount is recorded as deferred revenue and is recognized as revenue over the life of the lease. The deferred revenue is amortized over a straight-line method with an equal portion of revenue being recognized in each year.

## HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

### Notes to Financial Statements

June 30, 2022, and 2021

#### **NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

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

The OPEB and Pension Liability discussed in Note 16 and 17 resulted in the Authority incurring deferred outflows and inflows. The difference between expected and actual experience with regard to economic and demographic factors, when the actuary calculated the net pension liability, is amortized over a five-year closed period for PERS and OPEB, reflecting the average remaining service life of members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The Authority's deferred outflows and inflows for June 30, 2022, are as follows:

<b>Deferred Outflows of Resources</b>	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ 42,094	\$ 8,149	\$ 50,243
Changes in Assumptions	269,859	2,691	272,550
Net Difference Between Projected and Actual Earning on Pension Plan Investments	897	-	897
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	397,618	46,539	444,157
Total	\$ 710,468	\$ 57,379	\$ 767,847

<b>Deferred Inflows of Resources</b>	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ 392,474	\$ 3,699	\$ 396,173
Changes in Assumptions	331,594	183,939	515,533
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	136,105	136,105
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	453,263	153,517	606,780
Total	\$ 1,177,331	\$ 477,260	\$ 1,654,591

# HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

## Notes to Financial Statements

June 30, 2022, and 2021

### **NOTE 10 - 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 OPEB and 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 \$50,243 and \$396,173.

#### 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 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 \$272,550 and \$515,533.

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

The difference between the System's expected rate of return of and the actual investment earnings on pension plan investments is amortized over a five-year closed period in accordance with GASB 68 and GASB #75. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$897 and \$136,105.

#### 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 OPEB and pension liability in the prior year compared to the current year. The difference between employer contributions and proportionate share of contributions is the difference between the total amount of employer contributions and the amount of the proportionate share of employer contributions. The change in proportionate share and the difference between employer contributions and proportionate share of contributions is amortized over a six-year closed period for PERS, reflecting the average remaining service life of PERS members (active and inactive members), respectively. The changes in proportion and differences between employer contributions and proportionate share of contributions for the fiscal year are \$444,157 and \$606,780.

# HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

## Notes to Financial Statements

June 30, 2022, and 2021

### **NOTE 11 – ACCOUNTS PAYABLE**

The Authority reported accounts payable on its Statements of Net Position as of June 30, 2022, and 2021. Accounts payable vendors are amount owing to creditors or generally on open accounts, because of delivered goods and completed services. Accounts payable on June 30, 2022, and 2021 consisted of the following:

	<u>June-22</u>	<u>June-21</u>
Accounts Payable Vendors	\$ 34,400	\$ 16,797
Accounts Payable - HUD	3,081	2,876
Accounts Payable - PHA	58,946	2,988
Accounts Payable - P.I.L.O.T.	90,291	91,042
Total Accounts Payable	<u>\$ 186,718</u>	<u>\$ 113,703</u>

### **NOTE 12 – ACCOUNTS PAYABLE – OTHER GOVERNMENT (PILOT PAYABLE)**

Under Federal, State, and local law, the Authority's programs are exempt from income, property, and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the City of South Amboy. Under the Cooperation Agreements, the Authority must pay the municipality 10% of its net shelter rent for real property taxes. During the fiscal year ended June 30, 2022, PILOT expense was \$44,817 and \$45,568 for 2021. PILOT payable on June 30, 2022, was \$90,291.

### **NOTE 13 – ACCRUED EXPENSES**

Accrued expenses are Authority expenses that have been incurred but not yet paid. These expenses are recognized in the financial statements before payment has actually been made, and typically refer to items such as salaries, interest, and taxes. Accrued liabilities on June 30, 2022, and 2021 consisted of the following:

	<u>June-22</u>	<u>June-21</u>
Compensated Absences - Current Portion	\$ 11,584	\$ 11,644
Accrued Liabilities - Utilities	12,350	35,150
Accrued Wages and Payroll Taxes	21,870	7,387
Total Accrued Liabilities	<u>\$ 45,804</u>	<u>\$ 54,181</u>

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY**

Notes to Financial Statements

June 30, 2022, and 2021

**NOTE 14 – UNEARNED REVENUE**

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

	June-22	June-21
Prepaid Rents	\$ 6,039	\$ 4,061
PIH CARES Acts Funds	-	5,933
HCV CARES Acts Funds	-	51,476
Total Unearned Revenue	<u>\$ 6,039</u>	<u>\$ 61,470</u>

**NOTE 15 – ACCRUED COMPENSATED ABSENCES**

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

Employees may only accumulate vacation leave with the approval of the Executive Director. Unused sick leave may be carried to future periods and used in the event of extended illness. Employees may be compensated for accumulated vacation and sick leave in the event of retirement or termination from service based on the current provisions outlined in the union contract.

The Authority has determined that the potential liability for accumulated vacation and sick time on June 30, 2022, as follows:

Balance on			Balance on	Current
30-Jun-21	Additions	Payments	30-Jun-22	Portion
\$ 116,436	\$ 1,046	\$ (1,644)	\$ 115,838	\$ 11,584

# HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

## Notes to Financial Statements

June 30, 2022, and 2021

### **NOTE 16 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

The Authority as of June 30, 2022, and 2021 reported accrued pension and OPEB liability amounts as follows:

	<u>June-22</u>	<u>June-21</u>
Accrued OPEB Liability	\$ 1,875,937	\$ 1,722,336
Accrued Pension Liability	516,673	685,941
Total OPEB and Pension Liability	<u>\$ 2,392,610</u>	<u>\$ 2,408,277</u>

These amounts arose due to adoption of GASB #75 in 2018 year as well as GASB #68 which was adopted in 2015 year. This note will discuss the liability associated with GASB #75, which is accrued other postemployment benefits. Note - 17 will discuss the effect of GASB #68 and the pension liability which arose from that.

#### **OPEB Liability**

The Authority as of June 30, 2022, reported a net OPEB liability in the amount of \$1,875,937 due to GASB #75. The component of the current year net OPEB liability of the Authority as of June 30, 2021, the last evaluation date, is as follows:

	<u>OPEB</u>
Employer OPEB Liability	\$ 1,881,177
Plan Net Position	<u>(5,240)</u>
Employer Net OPEB Liability	<u>\$ 1,875,937</u>

The Authority allocation percentage is 0.0104220% as of June 30, 2021.

#### **OPEB Liability – Plan Description and Benefits Provided**

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

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

## HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

### Notes to Financial Statements

June 30, 2022, and 2021

#### **NOTE 16 – OPEB LIABILITIES – CONTINUED**

##### *Benefits Provided -Continued*

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

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

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

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

##### Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The total OPEB liability for the year ended June 30, 2022, was \$1,875,937.



# HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

## Notes to Financial Statements June 30, 2022, and 2021

### **NOTE 16 – OPEB LIABILITIES – CONTINUED**

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

Plan Members

11

#### Net OPEB Liability

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

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

Inflation Rate = 2.16%

Salary Increases

Through 2026 = 2.00% to 6.00%

Thereafter = 3.00% to 7.00%

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

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

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

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

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY**

Notes to Financial Statements

June 30, 2022, and 2021

**NOTE 16 – OPEB LIABILITIES – CONTINUED**

Health Care Trend Assumptions

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

Discount Rate

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

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

	<u>Discount Rate Sensitivity</u>		
	1% Decrease	Current Rate	1% Increase
	1.16%	2.16%	3.16%
Total OPEB Liability	\$ 2,207,618	\$ 1,875,937	\$ 1,613,073

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	\$ 1,565,163	\$ 1,875,937	\$ 2,281,459

Change in Assumptions: Effective June 30, 2021.

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY**

Notes to Financial Statements  
June 30, 2022, and 2021

**NOTE 16 – OPEB LIABILITIES - CONTINUED**

Changes in Proportion

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

*Changes in Net OPEB Liability:*

<u><b>Total OPEB Liability</b></u>	<u><b>2022</b></u>
Service Cost	\$ 88,178
Interest on Total OPEB liability	43,130
Expected Investment Return	(248)
Administrative Expenses	1,181
Changes in Benefits Term	211
Current Period Deferred Inflows/Outflows of Resources	(73,326)
Changes in Assumptions or Other Inputs	(39,112)
Net Difference Between Projected and Actual Investments Earning on Pension Plan Investments	518
Benefit Payments	-
Change in Plan Valuation	<u>133,069</u>
Net Change in Total OPEB Liability	153,601
Total OPEB Liability, Beginning	<u>1,722,336</u>
Total OPEB Liability, Ending	<u><u>\$ 1,875,937</u></u>

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY**

Notes to Financial Statements

June 30, 2022, and 2021

**NOTE 16 – OPEB LIABILITIES - CONTINUED**

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

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

Year Ending June 30, 2022	\$ (112,011)
Year Ending June 30, 2023	(112,158)
Year Ending June 30, 2024	(112,293)
Year Ending June 30, 2025	(80,189)
Year Ending June 30, 2026	(13,480)
Therafter	18,913
Total	<u>\$ (411,218)</u>

**NOTE 17 – ACCRUED PENSION LIABILITY**

Net Pension Liability Information

The Authority as of June 30, 2022, reported a net pension liability in the amount of \$516,673 due to GASB #68. The component of the current year net pension liability of the Authority as of June 30, 2021, the last evaluation date, is as follows:

	<u>PERS</u>
Employer Total Pension Liability	\$ 1,760,240
Plan Net Position	<u>(1,243,567)</u>
Employer Net Pension Liability	<u>\$ 516,673</u>

The Authority allocation percentage is 0.0043613946% as of June 30, 2021.

Plan Description

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

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

# HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

## Notes to Financial Statements

June 30, 2022, and 2021

### **NOTE 17 – ACCRUED PENSION LIABILITY - CONTINUED**

#### Net Pension Liability Information

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

The following represents the membership tiers for PERS:

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

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

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

#### Allocation Percentage Methodology

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

# HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

## Notes to Financial Statements

June 30, 2022, and 2021

### **NOTE 17 – ACCRUED PENSION LIABILITY – CONTINUED**

#### Allocation Percentage Methodology

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of June 30, 2021, are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2021.

The contribution for PERS is set by NJSA 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which include the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2021 the State's pension contribution was less than the actuarial determined amount.

#### Actuarial Assumptions

The total pension liability for June 30, 2021, measurement dates were determined by using an actuarial valuation as of July 1, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. The actuarial valuations used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

## HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

### Notes to Financial Statements

June 30, 2022, and 2021

#### **NOTE 17 – ACCRUED PENSION LIABILITY - CONTINUED**

##### Actuarial Assumptions – Continued

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

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

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

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

##### Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY**

Notes to Financial Statements

June 30, 2022, and 2021

**NOTE 17 – ACCRUED PENSION LIABILITY - CONTINUED**

Discount Rate -continued

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

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

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

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
	<hr/>		
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 355,552	\$ 516,673	\$ 144,741

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

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

Year Ending June 30, 2022	\$ (121,912)
Year Ending June 30, 2023	(87,045)
Year Ending June 30, 2024	(59,350)
Year Ending June 30, 2025	(44,617)
Year Ending June 30, 2026	17
Total	<hr/> <u>\$ (312,907)</u> <hr/>

Changes in Proportion

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



**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY**

Notes to Financial Statements  
June 30, 2022, and 2021

**NOTE 17 – ACCRUED PENSION LIABILITY – CONTINUED**

Pension Expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the plan fiscal year ending June 30, 2021, are as follows:

Service Cost	\$	30,217
Interest on the Total Pension Liability		118,744
Benefits Changes		-
Member Contributions		(24,584)
Administrative Expenses		430
Expected Investment Return Net of Investment Expenses		(64,782)
Pension Expense Related to Specific Liabilities of Individual Employers		(303)
Current Period Recognition (Amortization) of Deferred Outflows and Inflows of Resources:		
Difference Between Expected and Actual Experience Changes of Assumptions		3,327 (90,135)
Differences Between Projected and Actual Investment Earnings on Pension Plan Investments		(42,985)
Total	\$	<u>(70,071)</u>

**NOTE 18 – 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.

	<u>June-22</u>	<u>June-21</u>
Beginning Balance	\$ 2,688,871	\$ 2,547,205
Acquisition in Fixed Assets	256,031	210,920
Depreciation Expense	(78,651)	(69,254)
Prior Period Adjustment	149,214	-
Balance June 30,	\$ <u>3,015,465</u>	\$ <u>2,688,871</u>

## HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

### Notes to Financial Statements

June 30, 2022, and 2021

#### **NOTE 19 – RESTRICTED NET POSITION**

The Authority restricted net position account balance on June 30, 2022, is \$6,331 and \$26,911 for 2021. The balance pertains to the HCV HAP reserve.

#### Housing Choice Voucher Program - Reserves

Prior to January 1, 2005, excess funds received from the Annual Budget Amount (ABA) by HUD to the Authority for the payment of housing assistance payments (HAP) were returned to HUD at the end of the Authority's calendar year. In accordance with HUD's PIH Notice 2006-03, starting January 1, 2005 excess funds disbursed by HUD to the Authority for the payment of HAP's that are not utilized are not returned to HUD, but become part of the undesignated fund balance and may only be used to assist additional families up to the number of units under contract. In November 2007, HUD amended this notice and stated that HAP equity account is restricted. The Authority followed HUD direction and transfer the excess funds from unrestricted to restricted net position.

#### Housing Choice Voucher Program HUD Held Reserves Funds

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

The amount of HUD held reserves for the Authority on June 30, 2022, was \$219,024.

#### **NOTE 20 – UNRESTRICTED NET POSITION**

The Authority's unrestricted net position account balance on June 30, 2022, is a negative (\$2,469,742). The detail of the account balance is as follows:

	<u>PIH</u>	<u>Section 8 HCV</u>	
	<u>Reserve</u>	<u>Adm. Reserve</u>	<u>Total</u>
Balance June 30, 2020	\$ (2,706,903)	\$ (328,849)	\$ (3,035,752)
Increase During the Year	83,610	9,417	93,027
Balance June 30, 2021	(2,623,293)	(319,432)	(2,942,725)
Increase During the Year	257,188	48,007	305,195
Prior Period Adjustment	167,788	-	167,788
Balance June 30, 2022	<u>\$ (2,198,317)</u>	<u>\$ (271,425)</u>	<u>\$ (2,469,742)</u>

# HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

## Notes to Financial Statements June 30, 2022, and 2021

### **NOTE 21 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES**

HUD contributes operating subsidy for the Public and Indian program approved in the operating budget under the Annual Contribution Contract. The operating subsidy contributions for the year ended June 30, 2022, were \$556,598 and \$513,863 for 2021.

Annual Contributions Contracts for the Section 8 Housing Choice Voucher Program to provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low-income families. The program provides for such payment with respect to existing housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by the participating family and related administrative expense. HUD contributions for the Housing Choice Voucher for June 30, 2022, was in the amount of \$1,161,797 and \$1,116,500 for 2021.

### **NOTE 22 - 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 \$2,039,410 to the Authority which represents approximately 63% percent of the Authority's total revenue for the year ended June 30, 2022.

### **NOTE 23 - CONTINGENCIES AND COMMITMENTS**

Litigation - On June 30, 2022, the Authority was not involved in any threatened litigation.

#### Contingencies

The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years. There were no such examinations for the years ended June 30, 2022.

# HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

## Notes to Financial Statements

June 30, 2022, and 2021

### **NOTE 23 – CONTINGENCIES AND COMMITMENTS -CONTINUED**

#### 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.

#### 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, 2021, 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 June 30, 2022, the Authority received \$105,558 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.

### **NOTE 24 – PRIOR PERIOD**

During the year, the Authority had two (2) prior period adjustments for the Public and Indian Housing program (PIH) totaling \$317,002. The PIH program adjusted the accumulated depreciation in the amount of \$149,214 for the assets being over depreciated from the past years.

The Authority PIH program had a prior period adjustment in the implementation of GASB #87 Leases receivable and deferred lease revenue in the amount of \$167,788 for the opening balance of June 30, 2021.

# HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

## Notes to Financial Statements

June 30, 2022, and 2021

### **NOTE 25 – SUBSEQUENT EVENTS**

#### Coronavirus Pandemic:

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

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

Events that occur after the statement of net assets date but before the financial statements were available to be issued, must be evaluated for recognition or disclosed. The effects of subsequent events provide evidence about conditions that existed after the statement of net assets date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority thru March 10, 2023, the date which the financial statements were available for issue and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY**

Required Supplementary Information

June 30, 2022

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

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

<b><u>Total OPEB Liability</u></b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service Cost	\$ 88,178	\$ 58,153	\$ 71,523	\$ 32,787	\$ 29,463
Interest on Total OPEB liability	43,130	47,740	68,252	94,767	99,335
Expected Investment Return	(248)	(732)	(1,211)	-	-
Administrative Expenses	1,181	951	1,017	-	-
Changes in Benefits Term	211	99	(204)	-	-
Current Period Deferred Inflows/Outflows of Resources	(73,326)	(52,841)	(66,462)	-	-
Changes in Assumptions or Other Inputs	(39,112)	(40,178)	(86,846)	198,725	-
Net Difference Between Projected and Actual Investments Earning on Pension Plan Investments	518	435	384	-	-
Benefit Payments	-	-	-	(110,193)	(107,147)
Change in Plan Valuation	133,069	255,215	(1,446,326)	-	-
Net Change in Total OPEB Liability	153,601	268,842	(1,459,873)	216,086	21,651
Total OPEB Liability, Beginning	1,722,336	1,453,494	2,913,367	2,697,281	2,675,630
<b>Total OPEB Liability, Ending</b>	<b>\$ 1,875,937</b>	<b>\$ 1,722,336</b>	<b>\$ 1,453,494</b>	<b>\$ 2,913,367</b>	<b>\$ 2,697,281</b>

Covered, Employee Payroll	\$ 592,196	\$ 616,381	\$ 577,169	\$ 477,668	\$ 307,878
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.28%	0.91%	2.02%	0.00%	0.00%

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

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY**

Required Supplementary Information

June 30, 2022

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

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

	2022	2021	2020	2019
Housing Authority's proportion of the net pension liability	0.0043613946%	0.0042063182%	0.0052040421%	0.00505722%
Housing Authority's proportionate share of the net pension liability	\$ 516,673	\$ 685,941	\$ 937,689	\$ 995,741
Housing Authority's covered employee payroll	\$ 592,196	\$ 616,381	\$ 577,169	\$ 510,130
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	87.25%	111.29%	162.46%	195.19%
Plan fiduciary net position as a percentage of the total pension liability	70.65%	75.91%	43.42%	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 CITY OF SOUTH AMBOY**

Required Supplementary Information  
June 30, 2022

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

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

	2018	2017	2016	2015
Housing Authority's proportion of the net pension liability	0.00530153%	0.00502923%	0.0497631%	0.00409942%
Housing Authority's proportionate share of the net pension liability	\$ 1,234,111	\$ 1,489,515	\$ 1,117,084	\$ 767,523
Housing Authority's covered employee payroll	\$ 447,668	\$ 467,262	\$ 551,832	\$ 429,093
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	275.68%	318.78%	202.43%	178.87%
Plan fiduciary net position as a percentage of the total pension liability	48.01%	59.86%	52.07%	52.08%

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



**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY**

Required Supplementary Information  
June 30, 2022

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

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

	2022	2021	2020	2019
Contractually required contribution	\$ 51,077	\$ 46,015	\$ 50,620	\$ 50,303
Contribution in relation to the contractually required contribution	(51,077)	(46,015)	(50,620)	(50,303)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 592,196	\$ 616,381	\$ 577,169	\$ 510,130
Contribution as a percentage of covered employee payroll	8.63%	7.47%	8.77%	9.86%

*\*The amounts determined for each fiscal year were determined as of June 30. Schedule is intended to show information for ten years.*

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY**

Required Supplementary Information  
June 30, 2022

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 49,113	\$ 44,679	\$ 42,783	\$ 33,795
Contribution in relation to the contractually required contribution	(49,113)	(44,679)	(42,783)	(33,795)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 447,668	\$ 467,262	\$ 551,832	\$ 429,093
Contribution as a percentage of covered employee payroll	10.97%	9.56%	7.75%	7.88%

*\*The amounts determined for each fiscal year were determined as of June 30. Schedule is intended to show information for ten years.*

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

Programs funded by:

U.S. Department of Housing and Urban Development

	CFDA #'s	Beginning Balance	Revenue Recognized	Fiscal Year Expenditures	Ending Balance
<u>Public and Indian Housing Program</u>					
NJ035	14.850	-	556,598	556,598	-
<u>PIH CARES ACT</u>					
NJ035-DC	14.PHC	-	54,082	54,082	-
Grant Total	14.850	-	610,680	610,680	-
<u>Public Housing Capital Fund Program</u>					
NJ39P035501	14.872	-	215,457	215,457	-
Grant Total	14.872	-	215,457	215,457	-
<u>Section 8 Housing Choice Voucher Program</u>					
NJ39P035	14.871	-	1,161,797	1,161,797	-
<u>HCV CARES ACT</u>					
NJ-035	14.HCC	-	51,476	51,476	-
Grant Total	14.871	-	1,213,273	1,213,273	-
Total Expenditures of Federal Awards		\$ -	\$ 2,039,410	\$ 2,039,410	\$ -

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

**Note 1. Presentation:**

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Housing Authority of the City of South Amboy is under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Housing Authority of the City of South Amboy, it is not intended to and does not present the financial position, change in net position, or cash flows of the Housing Authority of the City of South Amboy.

**Note 2. Summary of Significant Accounting Policies:**

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

**Note 3. Indirect Cost Rate**

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

**Note 4. Loans Outstanding:**

The Housing Authority of the City of South Amboy had no outstanding loans as of June 30, 2022.

**Note 5. Non- Cash Federal Assistance:**

The Authority did not receive any non-cash Federal assistance for the year ended June 30, 2022.

**Note 6. Sub recipients:**

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

South Amboy Housing Authority (NJ035)  
SOUTH AMBOY, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.PHC Public Housing CARES Act	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
111 Cash - Unrestricted	\$486,157		\$198,480		\$684,637	\$684,637
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted			\$6,331		\$6,331	\$6,331
114 Cash - Tenant Security Deposits	\$61,784				\$61,784	\$61,784
115 Cash - Restricted for Payment of Current Liabilities			\$205		\$205	\$205
100 Total Cash	\$547,941	\$0	\$205,016	\$0	\$752,957	\$752,957
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects	\$170,911				\$170,911	\$170,911
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous	\$48,551				\$48,551	\$48,551
126 Accounts Receivable - Tenants	\$36,042				\$36,042	\$36,042
126.1 Allowance for Doubtful Accounts - Tenants	-\$13,743				-\$13,743	-\$13,743
126.2 Allowance for Doubtful Accounts - Other	\$0				\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery	\$5,496				\$5,496	\$5,496
128.1 Allowance for Doubtful Accounts - Fraud	\$0				\$0	\$0
129 Accrued Interest Receivable	\$3				\$3	\$3
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$247,260	\$0	\$0	\$0	\$247,260	\$247,260
131 Investments - Unrestricted	\$28,121				\$28,121	\$28,121
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	\$49,631				\$49,631	\$49,631
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From						
145 Assets Held for Sale						
150 Total Current Assets	\$872,953	\$0	\$205,016	\$0	\$1,077,969	\$1,077,969
161 Land	\$137,125				\$137,125	\$137,125

South Amboy Housing Authority (NJ035)  
SOUTH AMBOY, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.PHC Public Housing CARES Act	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
162 Buildings	\$8,562,400				\$8,562,400	\$8,562,400
163 Furniture, Equipment & Machinery - Dwellings	\$545,361				\$545,361	\$545,361
164 Furniture, Equipment & Machinery - Administration	\$248,944				\$248,944	\$248,944
165 Leasehold Improvements						
166 Accumulated Depreciation	-\$8,087,993				-\$8,087,993	-\$8,087,993
167 Construction in Progress	\$1,609,628				\$1,609,628	\$1,609,628
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,015,465	\$0	\$0	\$0	\$3,015,465	\$3,015,465
171 Notes, Loans and Mortgages Receivable - Non-Current	\$540,439				\$540,439	\$540,439
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	\$3,555,904	\$0	\$0	\$0	\$3,555,904	\$3,555,904
200 Deferred Outflow of Resources	\$728,391		\$39,456		\$767,847	\$767,847
290 Total Assets and Deferred Outflow of Resources	\$5,157,248	\$0	\$244,472	\$0	\$5,401,720	\$5,401,720
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$34,400				\$34,400	\$34,400
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	\$20,146		\$1,724		\$21,870	\$21,870
322 Accrued Compensated Absences - Current Portion	\$10,440		\$1,144		\$11,584	\$11,584
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs			\$3,081		\$3,081	\$3,081
332 Account Payable - PHA Projects			\$58,946		\$58,946	\$58,946
333 Accounts Payable - Other Government	\$90,291				\$90,291	\$90,291
341 Tenant Security Deposits	\$60,947				\$60,947	\$60,947



South Amboy Housing Authority (NJ035)  
SOUTH AMBOY, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.PHC Public Housing CARES Act	14.HCC HCV CARES Act Funding	Subtotal	Total
342 Unearned Revenue	\$6,039			\$6,039	\$6,039
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	\$12,350			\$12,350	\$12,350
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$234,613	\$0	\$0	\$299,508	\$299,508
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	\$93,963			\$104,254	\$104,254
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities	\$2,061,390			\$2,392,610	\$2,392,610
350 Total Non-Current Liabilities	\$2,155,353	\$0	\$0	\$2,496,864	\$2,496,864
300 Total Liabilities	\$2,389,966	\$0	\$0	\$2,796,372	\$2,796,372
400 Deferred Inflow of Resources	\$1,950,134			\$2,053,294	\$2,053,294
508.4 Net Investment in Capital Assets	\$3,015,465			\$3,015,465	\$3,015,465
511.4 Restricted Net Position				\$6,331	\$6,331
512.4 Unrestricted Net Position	-\$2,198,317	\$0	\$0	-\$2,469,742	-\$2,469,742
513 Total Equity - Net Assets / Position	\$817,148	\$0	\$0	\$552,054	\$552,054
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$5,157,248	\$0	\$0	\$5,401,720	\$5,401,720

South Amboy Housing Authority (NJ035)  
SOUTH AMBOY, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.PHC Public Housing CARES Act	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
70300 Net Tenant Rental Revenue	\$740,187				\$740,187	\$740,187
70400 Tenant Revenue - Other	\$22,502				\$22,502	\$22,502
70500 Total Tenant Revenue	\$762,689	\$0	\$0	\$0	\$762,689	\$762,689
70600 HUD PHA Operating Grants	\$576,598	\$54,082	\$1,161,797	\$51,476	\$1,843,953	\$1,843,953
70610 Capital Grants	\$195,457				\$195,457	\$195,457
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	\$18,391		\$196		\$18,587	\$18,587
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery	\$3,015		\$3,190		\$6,205	\$6,205
71500 Other Revenue	\$250,560		\$175,664		\$426,224	\$426,224
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted						
70000 Total Revenue	\$1,806,710	\$54,082	\$1,340,847	\$51,476	\$3,253,115	\$3,253,115
91100 Administrative Salaries	\$274,683		\$14,901		\$289,584	\$289,584
91200 Auditing Fees	\$9,999				\$9,999	\$9,999
91300 Management Fee						
91310 Book-keeping Fee						
91400 Advertising and Marketing						
91500 Employee Benefit contributions - Administrative	\$53,216		\$17,219		\$70,435	\$70,435
91600 Office Expenses	\$75,474		\$30,355		\$105,829	\$105,829



South Amboy Housing Authority (NJ035)  
SOUTH AMBOY, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.PHC Public Housing CARES Act	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
91700 Legal Expense	\$12,328		\$6,329		\$18,657	\$18,657
91800 Travel	\$2,400		\$1,600		\$4,000	\$4,000
91810 Allocated Overhead						
91900 Other						
91000 Total Operating - Administrative	\$428,100	\$0	\$70,404	\$0	\$498,504	\$498,504
92000 Asset Management Fee						
92100 Tenant Services - Salaries						
92200 Relocation Costs				\$35,000	\$35,000	\$35,000
92300 Employee Benefit Contributions - Tenant Services						
92400 Tenant Services - Other	\$1,767	\$13,238		\$16,476	\$16,476	\$16,476
92500 Total Tenant Services	\$1,767	\$13,238	\$0	\$51,476	\$66,481	\$15,005
						\$66,481
93100 Water	\$31,167				\$31,167	\$31,167
93200 Electricity	\$75,586				\$75,586	\$75,586
93300 Gas	\$146,871				\$146,871	\$146,871
93400 Fuel						
93500 Labor	\$29,120				\$29,120	\$29,120
93600 Sewer	\$25,302				\$25,302	\$25,302
93700 Employee Benefit Contributions - Utilities	\$6,469				\$6,469	\$6,469
93800 Other Utilities Expense						
93000 Total Utilities	\$314,515	\$0	\$0	\$0	\$314,515	\$314,515
94100 Ordinary Maintenance and Operations - Labor	\$239,585				\$239,585	\$239,585
94200 Ordinary Maintenance and Operations - Materials and Other	\$54,286				\$54,286	\$54,286
94300 Ordinary Maintenance and Operations Contracts	\$118,153				\$118,153	\$118,153
94500 Employee Benefit Contributions - Ordinary Maintenance	\$46,358				\$46,358	\$46,358
94000 Total Maintenance	\$458,382	\$0	\$0	\$0	\$458,382	\$458,382
95100 Protective Services - Labor						

South Amboy Housing Authority (NJ035)  
SOUTH AMBOY, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.PHC Public Housing CARES Act	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
95200 Protective Services - Other Contract Costs						
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$40,713				\$40,713	\$40,713
96120 Liability Insurance	\$23,021				\$23,021	\$23,021
96130 Workmen's Compensation	\$23,020		\$2,172		\$25,192	\$25,192
96140 All Other Insurance						
96100 Total Insurance Premiums	\$86,754	\$0	\$2,172	\$0	\$88,926	\$88,926
96200 Other General Expenses						
96210 Compensated Absences			\$11,932		\$11,932	\$11,932
96300 Payments in Lieu of Taxes			\$1,044		\$1,044	\$1,044
96400 Bad debt - Tenant Rents	\$44,817				\$44,817	\$44,817
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$44,817	\$0	\$12,976	\$0	\$57,793	\$57,793
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	\$1,334,335	\$13,238	\$85,552	\$51,476	\$1,484,601	\$1,484,601
97000 Excess of Operating Revenue over Operating Expenses	\$472,375	\$40,844	\$1,255,295	\$0	\$1,768,514	\$1,768,514
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						

South Amboy Housing Authority (NJ035)  
SOUTH AMBOY, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	14:PHC Public Housing CARES Act	14:PHC Housing Choice Vouchers	14:HCC HCV CARES Act Funding	Subtotal	Total
97300 Housing Assistance Payments		14,871			
97350 HAP Portability-In		\$1,064,451		\$1,064,451	\$1,064,451
97400 Depreciation Expense		\$163,417		\$163,417	\$163,417
97500 Fraud Losses				\$78,651	\$78,651
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$13,238	\$1,313,420	\$51,476	\$2,791,120	\$2,791,120
10010 Operating Transfer In					
10020 Operating transfer Out				\$20,000	\$20,000
10030 Operating Transfers from/to Primary Government				-\$20,000	-\$20,000
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under)	\$40,844	\$27,427	\$0	\$461,995	\$461,995
Total Expenses	\$393,724	\$0	\$0	\$0	\$0
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$65,578	-\$292,521	\$0	-\$226,943	-\$226,943
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$357,846	-\$40,844	\$0	\$317,002	\$317,002
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					





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

Board of Commissioners  
Housing Authority of the City of South Amboy  
250 South Broadway  
South Amboy, New Jersey 08879

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 of Housing Authority of the City of South Amboy, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise Housing Authority of the City of South Amboy's basic financial statements, and have issued our report thereon dated March 10, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Housing Authority of the City of South Amboy's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Housing Authority of the City of South Amboy's internal control. Accordingly, we do not express an opinion on the effectiveness of Housing Authority of the City of South Amboy'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 City of South Amboy'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: March 10, 2023

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

Board of Commissioners  
Housing Authority of the City of South Amboy  
250 South Broadway  
South Amboy, New Jersey 08879

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

***Opinion on Each Major Federal Program***

We have audited Housing Authority of the City of South Amboy'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 City of South Amboy's major federal programs for the year ended June 30, 2022. Housing Authority of the City of South Amboy'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 City of South Amboy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of Housing Authority of the City of South Amboy and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Housing Authority of the City of South Amboy'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 City of South Amboy'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 City of South Amboy'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 City of South Amboy'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 City of South Amboy'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 City of South Amboy'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 City of South Amboy'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 City of South Amboy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

### **Report on Internal Control over Compliance**

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

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

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

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

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

***Giampaolo & Associates***

Lincroft, New Jersey

Date: March 10, 2023

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY**

Schedule of Findings and Questioned Cost

Year Ended June 30, 2022

**Prior Audit Findings**

None reported

**Summary of Auditor's Results**

Financial Statements

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

Material Weakness (es) Identified?

\_\_\_\_\_ yes    X no

Significant Deficiency(ies) identified that are considered to be material weakness(es)?

\_\_\_\_\_ yes    X none reported

Noncompliance Material to Financial Statements Noted?

\_\_\_\_\_ yes    X no

Federal Awards

Internal Control over Major Programs:

Material Weakness (es) Identified?

\_\_\_\_\_ yes    X no

Significant Deficiency(ies) identified that are considered to be material weakness(es)?

\_\_\_\_\_ yes    X none reported

Type of audit report issued on compliance for major programs:

Unmodified

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

\_\_\_\_\_ yes    X no

Identification of Major Programs

CFDA#	Name of Federal Program	Amount
14.871	Section 8 Housing Choice Voucher Program	\$ 1,213,273

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

Auditee qualified as a low-risk auditee    X yes    \_\_\_\_\_ no

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None reported

**FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAM AUDIT**

None reported

**INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES**

Board of Commissioners  
Housing Authority of the City of South Amboy  
250 South Broadway  
South Amboy, New Jersey 08879

We have performed the procedures enumerated below on whether the electronic submission of certain information agrees with the hard copy documents within the reporting package for the year ended June 30, 2022. The U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC) is responsible for the Uniform Financial Reporting Standards (UFRS) procedures.

Housing Authority of the City of South Amboy has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with the REAC’s UFRS requirements for the submission of the PHA financial data for the year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

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

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

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

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

This report is intended solely for the information and use of Housing Authority of the City of South Amboy 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

March 10, 2023

**AUTHORITY**  
**AUDIT QUESTIONNAIRE**

# AUDIT QUESTIONNAIRE FOR AUTHORITY AUDITS

**EACH QUESTION MUST BE ANSWERED - PLEASE CHECK YES OR NO  
IF ANY ARE NOT APPLICABLE, INSERT N/A AS YOUR ANSWER**

AUTHORITY Housing Authority of the City of South Amboy

YEAR UNDER AUDIT June 30, 2022

AUDITOR SIGNATURE *Anthony Giampaolo*

AUDITOR FIRM Giampaolo & Associates

AUDITOR ADDRESS 467 Middletown-Lincroft Road  
Lincroft, New Jersey, 07738-1123

AUDITOR PHONE # 732-842-4550

**“NO” ANSWERS MUST BE EXPLAINED IN DETAIL. ATTACH ADDITIONAL SHEETS IF MORE SPACE IS REQUIRED. ANSWERS TO QUESTIONS WHICH INDICATE CORRECTIONS OR IMPROVEMENTS ARE REQUIRED MUST BE COVERED BY COMMENT AND RECOMMENDATION IN THE AUDIT REPORT. IF NOT COVERED, EXPLAIN IN DETAIL.**

## AUDIT QUESTIONNAIRE

### GENERAL

1. Is a general ledger maintained by the authority? Yes   X   No
2. Are key employees bonded in amounts required by organization policy? Yes   X   No
3. Is insurance coverage in force for at least the following:  
Loss or damage to assets from fire and other hazards? Yes   X   No       
Public Liability and property damage? Yes   X   No       
Robbery, burglary, theft and disappearance? Yes   X   No       
Worker's Compensation? Yes   X   No
4. Are loans to employees prohibited? Yes   X   No
5. Has the Bureau of Authority Regulation been notified of deficiencies in the accounting system or records? Yes      No      **N/A**
6. Has a corrective action plan been filed for the previous year audit report? Yes      No      **N/A**

### Cash and Investments

1. Has the authority adopted a cash management plan? Yes   X   No
2. Are all depositories and accounts authorized by resolution of the governing body? Yes   X   No
3. Are receipts deposited with in 48 hours? Yes   X   No
4. Are the duties of personnel who receive and deposit cash separate from investments, cash disbursing, and bookkeeping? Yes   X   No
5. Are cash receipts adequately safeguarded before deposit? Yes   X   No
6. Is responsibility for the petty cash fund vested in only one person? Yes   X   No
7. Are petty cash disbursement supported by signed receipts which are attached to reimbursement vouchers? Yes   X   No
8. Are check signers designated by resolution? Yes   X   No
9. If a mechanical check signer is used, is the signature plate under adequate control? Yes   X   No       
A. Are there procedures to control and record the check numbers and amount of checks signed? Yes   X   No

10. Is there adequate security over blank checks? Yes   X   No
11. Are the duties of personnel who disburse cash separate from the functions of approving vouchers? Yes   X   No
12. Are bank statements reconciled monthly? Yes   X   No       
 A. Is the sequence of check numbers accounted for? Yes   X   No       
 B. Are check endorsements scrutinized? Yes   X   No
13. Are outstanding checks older than 6 months investigated? Yes   X   No
14. Are investments under the control of a responsible official who does not receive or disburse cash? Yes   X   No
15. Are all investments issued in the name of the authority? Yes   X   No
16. Are all investment transactions approved by the governing body? Yes   X   No
17. Are all investments permitted by law or bond agreement? Yes   X   No
18. Are perpetual records of investments reflecting all pertinent information maintained? Yes   X   No
19. Is interest income verified? Yes   X   No       
 A. Is it promptly recorded in the accounting records? Yes   X   No
20. Are investments examined periodically and verified with the detailed record and control account? Yes   X   No
21. Are investments protected against loss or theft? Yes   X   No

**Accounts Receivable and Income**

1. Are billings to users independently verified? Yes   X   No
2. Is there segregation of duties between accounts receivable, record maintenance, billing, and receipt of cash? Yes   X   No
3. Are total accounts receivable balances verified with the accounts receivable control periodically? Yes   X   No
4. Are delinquent accounts receivable reviewed and collection procedures initiated by a responsible official? Yes   X   No
5. Are accounts receivable records promptly posted? Yes   X   No       
 A. Billing to users? Yes   X   No       
 B. Cash receipts? Yes   X   No



6. Are adjustments to accounts receivable approved by a responsible official? Yes   X   No

**Inventory**

1. Are inventories of material and supplies under physical control of a designated employee who is not responsible for purchasing? Yes   X   No
2. Is the storage area properly safeguarded to prevent damage to materials and unauthorized removal? Yes   X   No
3. Do quantities appear reasonable for normal consumption? Yes   X   No
4. Are physical inventories taken annually and supervised by non-storeroom personnel? Yes   X   No
5. Are responsible officials advised of significant inventory discrepancies? Yes   X   No

**Accounts Payable and Purchasing**

1. Are the following requirements of the Local Public Contracts Law (40A:11) being followed and documented:
- A. Competitive bidding and contract award? Yes   X   No
- B. Informal quotations on purchases not requiring public bidding (40A:11-6.1)? Yes   X   No
- C. Certificate of availability of funds prior to award of contracts (Reg. 5:30-14.5)? Yes   X   No
- D. Resolutions adopted and advertised authorizing agreements for professional services (40A:11-5)? Yes   X   No
- E. Emergency purchases and contracts (40A:11-6)? Yes   X   No
2. Are prenumbered purchase orders issued for all purchases, except petty cash purchases? Yes   X   No
3. Is there a record of all purchase orders issued? Yes   X   No
4. Are quantities and descriptions of materials and supplies received:
- A. Compared to purchase orders? Yes   X   No
- B. Compare to vendors' invoices? Yes   X   No
- C. Verified with packing or delivery slips? Yes   X   No

5. Are open purchase orders reviewed periodically? Yes   X   No
6. Do vouchers approved for payment contain:  
 A. Signature of person who verified quantities and description of materials received or services rendered? Yes   X   No         
 B. Copies of purchase order, delivery slips, etc.? Yes   X   No
7. Were all vouchers approved by the governing body? Yes   X   No
8. Is the segregation of duties between the purchasing, receiving and cash disbursement functions? Yes   X   No         
 Yes   X   No
9. Are total accounts payable balances verified with the accounts payable control periodically? Yes   X   No

**Payroll**

1. Are payrolls approved by a responsible official outside the payroll department? Yes   X   No
2. Are the functions of payroll preparation and distribution separated? Yes   X   No
3. Are the personnel records maintained separately from payroll preparation and distribution? Yes   X   No
4. Are names added to and deleted from payroll and rates of pay changes only upon written authorization? Yes   X   No
5. Are new employees, employee promotions and rates of pay approved by the governing body? Yes   X   No
6. Are all payroll deductions supported by signed authorizations on file? Yes   X   No
7. Are payroll deductions promptly paid to the proper agencies? Yes   X   No
8. Are records maintained to control and verify vacation time, sick leave, etc, taken and accumulated? Yes   X   No
9. Are all employees paid by check? Yes   X   No
10. Are payroll check endorsements scrutinized? Yes   X   No
11. Are old outstanding payroll checks investigated by someone independent of the payroll preparation? Yes   X   No

12. Is there a separate bank account for payroll disbursements? Yes   X   No
- A. Are deposits in exact amount of payrolls? Yes   X   No
- B. Is the payroll bank balance reconciled monthly by someone independent of payroll preparation? Yes   X   No
- C. Are payroll procedures established by resolution of the governing body? Yes   X   No

**Property, Plant and Equipment**

1. Are detailed fixed asset records maintained? Yes   X   No
- A. Are fixed assets properly identified with the fixed asset records? Yes   X   No
- B. Are additions and deletions properly authorized and promptly recorded? Yes   X   No
2. Is the documentation substantiating the cost of fixed assets permanently filed? Yes   X   No
3. Is there a written policy defining items to be capitalized and those to be expensed? Yes   X   No
4. Does the capitalization of interest and other indirect costs conform to accounting principles? Yes   X   No
5. Is a physical inventory of fixed assets taken periodically and verified to fixed asset records? Yes   X   No
6. Are dispositions of fixed assets properly recorded and sales proceeds promptly accounted for in the accounting records? Yes   X   No
7. Are fixed assets properly safeguarded against loss by fire, unauthorized use or theft? Yes   X   No

**Long and Short Term Debt -**

1. Is a detailed record such as a bond or note register maintained of debt issued and outstanding? Yes   X   No
- A. Are principal and interest due dates and amounts reflected and date of payment recorded? Yes   X   No
2. Are debt issues properly authorized by the governing body? Yes   X   No
3. Does the expenditure of borrowed funds conform to the purposes authorized? Yes   X   No
4. Are paid bonds and notes properly cancelled and accounted for? Yes   X   No

5. Are required sinking fund deposits promptly made? Yes  X  No \_\_\_\_\_

**Budget Systems**

1. Were the adopted operating and capital budgets and amendments thereto approved by the Director of Local Government Services? Yes  X  No \_\_\_\_\_

2. Were the adopted budgets and amendments recorded in the minutes? Yes  X  No \_\_\_\_\_

3. Are there sufficient controls to monitor expenses and revenues against budgeted amounts? Yes  X  No \_\_\_\_\_

4. Is a budget status report periodically furnished to the governing body? Yes  X  No \_\_\_\_\_

5. Are appropriations encumbered when purchase orders are issued? Yes  X  No \_\_\_\_\_

6. Are fixed assets acquired through budget appropriations properly capitalized? Yes  X  No \_\_\_\_\_

**Grant Management**

1. Is a permanent file of each grant maintained? Yes  X  No \_\_\_\_\_

2. Does the accounting system provide details of eligible expenditures to be reimbursed from each grant? Yes  X  No \_\_\_\_\_

3. Is each expenditure reviewed for compliance with the terms of the applicable grant? Yes  X  No \_\_\_\_\_

4. Does the authority have a grant manager? Yes  X  No \_\_\_\_\_

5. Are all required reports promptly filed with the grantor agency? Yes  X  No \_\_\_\_\_

6. Were grant reimbursement requests files promptly? Yes  X  No \_\_\_\_\_

7. Are assets acquired from grant funds properly identified? Yes  X  No \_\_\_\_\_

8. If indirect costs are chargeable to grants, has the method of allocation been approved? Yes  X  No \_\_\_\_\_

Electronic Data Processing - N/A

1. Does the authority utilize electronic data processing for accounting or financial functions?  
(if "no", disregard items 2 through 14). Yes \_\_\_\_\_ No \_\_\_\_\_
2. If "yes", was the system approved by the Division of Local Government Services? Yes \_\_\_\_\_ No \_\_\_\_\_
3. Are there sufficient audit trails to identify documents being processed and identify output? Yes \_\_\_\_\_ No \_\_\_\_\_
4. Are there daily printouts of:  
A. Transactions? Yes \_\_\_\_\_ No \_\_\_\_\_  
B. Rejected transactions? Yes \_\_\_\_\_ No \_\_\_\_\_  
C. Error corrections? Yes \_\_\_\_\_ No \_\_\_\_\_
5. Are the daily printout reviewed and approved by supervisory personnel? Yes \_\_\_\_\_ No \_\_\_\_\_
6. Are journal entries and error corrections authorized by supervisory personnel? Yes \_\_\_\_\_ No \_\_\_\_\_
7. Are master files updates periodically and on schedule to prevent loss of data in transaction files? Yes \_\_\_\_\_ No \_\_\_\_\_
8. Are there periodic printouts of updated files by E.D.P. transactions? Yes \_\_\_\_\_ No \_\_\_\_\_
9. Are authorized users validated by user codes and passwords? Yes \_\_\_\_\_ No \_\_\_\_\_
10. Are terminals located in a secure area, to prevent access by unauthorized personnel? Yes \_\_\_\_\_ No \_\_\_\_\_
11. Are there backup operators to process transactions in the absence of the authorized personnel? Yes \_\_\_\_\_ No \_\_\_\_\_
12. Are there copies of all critical materials such as programs, master files, transaction files, etc.? Yes \_\_\_\_\_ No \_\_\_\_\_
13. Are these copies stored in a safe location (offsite or in a fire proof vault onsite)? Yes \_\_\_\_\_ No \_\_\_\_\_
14. Are mechanisms in place to guard against loss due to power failures, fire, flood, etc.? Yes \_\_\_\_\_ No \_\_\_\_\_

**THE FOREGOING QUESTIONNAIRE MUST BE SEPARATELY FILES WITH THE  
DIVISION OF LOCAL GOVERNMENT SERVICES FOR EACH REPORT OF AUDIT. IT IS  
NOT TO BE BOUND IN THE REPROT**

**RESOLUTION NO. 1248  
ACKNOWLEDGE RECEIPT AND REVIEW  
OF AUDIT RECOMMENDATIONS**

**WHEREAS**, N.J.S.A. 40A:5A-15 requires the governing body of each local authority to cause an annual audit of its accounts to be made; and

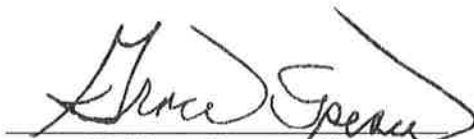
**WHEREAS**, the annual report for the fiscal year ended June 30, 2022, has been completed and filed with the South Amboy Housing Authority pursuant to N.J.S.A. 40A:5A-15; and

**WHEREAS**, N.J.S.A. 40A:5A-17 requires the governing body of each authority to within forty-five (45) days of receipt of the annual audit, certify by resolution to the Local Finance Board that each member thereof has personally reviewed that annual audit report, and, specifically, the sections of the audit report entitled "General Comments and Recommendations", and has evidenced same by group affidavit in the form prescribed by the Local Finance Board: and


**WHEREAS**, the members of the governing body have received the annual audit and have personally reviewed the annual audit and have specifically reviewed the sections of the audit report entitled "General Comments and Recommendations" in accordance with N.J.S.A. 40A:5A-17; and

**NOW THEREFORE, BE IT RESOLVED** that the governing body of the South Amboy Housing Authority hereby certifies to the Local Finance Board of the State of New Jersey that each governing body member has personally reviewed the annual audit report for the fiscal year ended June 30, 2022, and, specifically, has reviewed the sections of the audit report entitled "General Comments and Recommendations", and has evidenced same by group affidavit in the form prescribed by the Local Finance Board.

**BE IT FURTHER RESOLVED** that the secretary of the authority is hereby directed to promptly submit to the Local Finance Board the aforesaid group affidavit, accompanied by a certified true copy of this Resolution.

  
Grace Hoffman-Spencer, Chairwoman

Attested to:

  
Mark Noble,  
Secretary  
Meeting Date: April 10, 2023


Resolution was introduced by, Grace Hoffman-Spencer moved by Patricia Reagan and seconded Lynn Ust. Vote 5-0.

	<u>YES</u>	<u>NO</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Grace Hoffman-Spencer	X			
Edward O'Connor				X
Saverio Sagliocco	X			
Lynn Ust	X			
Kathleen Deblasi	X			
Patricia Reagan	X			
Rachel Draudt				X

**CERTIFICATION**

I, Mark Noble, Secretary of the Housing Authority of the City of South Amboy, in the County of Middlesex, State of New Jersey (the "Authority"), DO HEREBY CERTIFY that the foregoing annexed extract from the Minutes of a regular meeting of the Board of Commissioners of the Authority duly called and held on April 10, 2023 has been compared by me with the original minutes as officially recorded in my office in the Minute Book of such governing body and is a true, complete and correct copy thereof and of the whole of the original minutes so far as they relate to the subject matter referred to in the extract.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the Authority and affixed the corporate seal of said Authority this 10<sup>th</sup> day of April, 2023.



  
\_\_\_\_\_  
Mark Noble, Secretary of the  
Housing Authority of the City of South Amboy




**LOCAL AUTHORITIES  
GROUP AFFIDAVIT FORM  
PRESCRIBED BY  
THE NEW JERSEY LOCAL FINANCE BOARD  
AUDIT REVIEW CERTIFICATE**


We, the members of the governing body of the South Amboy Housing Authority, being of full age and being duly sworn according to law, upon our oath depose and say:


1. We are duly appointed members of the South Amboy Housing Authority.
2. We certify, pursuant to N.J.S.A. 40A:5A-17, that we have each reviewed the annual audit report for the fiscal year ended June 30, 2020, and, specifically, the sections of the audit report entitled "General Comments and Recommendations".

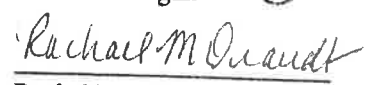
Edward O'Connor   
  
Grace Hoffman-Spencer

  
Saverio Sagliocco


  
Lynn Ost

  
Kathleen Diblasi

  
Patricia Reagan

  
Rachel Draudt

Sworn to and subscribed before me  
this 10th day of April, 2023.

  
Thomas E. Downs IV  
Attorney at Law of the  
State of New Jersey

# HOME NEWS TRIBUNE <sup>my</sup> Central Jersey <sub>.com</sub>

A GANNETT COMPANY

**Agency:**  
 SOUTH AMBOY HOUSING  
 PO BOX 817  
 SOUTH AMBOY, NJ 08879  
 ATTN JAMIE KANE

**Client:**  
 SOUTH AMBOY HOUSING  
 PO BOX 817  
 SOUTH AMBOY, NJ 08879

Account: 075728

**THIS IS NOT AN INVOICE**

Order #	Advertisement/Description	# Col x # Lines	Rate Per Line	Cost
GCI1035675	PUBLIC NOTICE		DISPLAY	\$111.73
		Affidavit of Publication Charge		
		Tear sheet Charge		
		Net Total Due:		<b>\$111.73</b>

Run Dates: 3/24/2023

Check #: \_\_\_\_\_

Date: \_\_\_\_\_

CERTIFICATION BY RECEIVING AGENCY  
 I, HAVING KNOWLEDGE OF THE FACTS, CERTIFY AND DECLARE THAT THE GOODS HAVE BEEN RECEIVED OR THE SERVICES RENDERED AND ARE IN COMPLIANCE WITH THE SPECIFICATIONS OR OTHER REQUIREMENTS, AND SAID CERTIFICATION IS BASED ON SIGNED DELIVERY SLIPS OR OTHER REASONABLE PROCEDURES OR VERIFIABLE INFORMATION.

SIGNATURE: \_\_\_\_\_

CERTIFICATION BY APPROVAL OFFICIAL  
 I CERTIFY AND DECLARE THAT THIS BILL OR INVOICE IS CORRECT, AND THAT SUFFICIENT FUNDS ARE AVAILABLE TO SATISFY THIS CLAIM. THE PAYMENT SHALL BE CHARGEABLE TO:

**APPROPRIATION ACCOUNT(S) AND AMOUNTS CHARGED: P.O. #**


NATURE: \_\_\_\_\_

TITLE: \_\_\_\_\_ DATE: \_\_\_\_\_

CLAIMANT'S CERTIFICATION AND DECLARATION:  
 I DO SOLEMNLY DECLARE AND CERTIFY UNDER THE PENALTIES OF THE LAW THAT THIS BILL OR INVOICE IS CORRECT IN ALL ITS PARTICULARS; THAT THE GOODS HAVE BEEN FURNISHED OR SERVICES HAVE BEEN RENDERED AS STATED HEREIN; THAT NO BONUS HAS BEEN GIVEN OR RECEIVED BY ANY PERSON OR PERSONS WITHIN THE KNOWLEDGE OF THIS CLAIMANT IN CONNECTION WITH THE ABOVE CLAIM; THAT THE AMOUNT HEREIN STATED IS JUSTLY DUE AND OWING; AND THAT THE AMOUNT CHARGED IS A REASONABLE ONE.

Date: 3/24/2023

Federal ID #: 061032273

Signature:  \_\_\_\_\_

Official Position: \_\_\_\_\_

AFFIDAVIT OF PUBLICATION

STATE OF WISCONSIN

Brown County

Personally appeared           Withey          

Of the **Home News Tribune**, a newspaper printed in Freehold, New Jersey and published in East Brunswick, in the State of New Jersey and County of Middlesex, and of general circulation in Middlesex County, who being duly sworn, depose and saith that the advertisement of which the annexed is a true copy, has been published in the said newspaper 1 time(s), once in each issue as follows:

3/24/2023    A.D. 2023



Notary Public, State of Wisconsin, County of Brown

1-7-25

My commission expires

AD NO: GCI1035675

KATHLEEN ALLEN  
Notary Public  
State of Wisconsin

Synopsis of the Housing Authority of the City of South Amboy Audit Report for the Fiscal Year Ended June 30, 2022, as required by N.J.S. 40A: 5A-16. The Housing Authority of the City of South Amboy owns 152 housing elderly and family units of low income housing. In addition, the Housing Authority administers a Section 8 program with an additional 111 units in the community.

<b>Housing Authority of the City of South Amboy</b>			
<b>Statements of Net Position</b>			
	Year Ended		Increase (Decrease)
	June-22	June-21	
Cash	\$752,957	\$721,559	\$31,398
Other Current Assets	325,012	206,153	118,859
Capital Assets - Net	3,015,465	2,688,871	326,594
Other Assets	540,439	-	540,439
Deferred Outflows	767,847	695,999	71,849
<b>Total Assets</b>	<b>5,401,720</b>	<b>4,312,581</b>	<b>1,089,139</b>
Less: Current Liabilities	(299,506)	(267,909)	(11,599)
Less: Non Current Liabilities	(2,456,664)	(2,513,069)	16,205
Less: Deferred Inflows	(2,053,294)	(1,738,546)	(314,748)
<b>Net Position</b>	<b>\$552,054</b>	<b>\$(226,943)</b>	<b>\$778,997</b>
<b>Net Investment in Capital Assets</b>	<b>\$3,015,465</b>	<b>\$2,688,871</b>	<b>\$326,594</b>
Restricted Net Position	6,331	26,911	(20,580)
Unrestricted Net Position	(2,469,742)	(2,942,725)	472,983
<b>Net Position</b>	<b>\$552,054</b>	<b>\$(226,943)</b>	<b>\$778,997</b>
<b>Housing Authority of the City of South Amboy</b>			
<b>Statements of Revenue, Expenses and</b>			
<b>Changes in Net Position</b>			
	Year Ended		Increase (Decrease)
	June-22	June-21	
<b>Revenues</b>			
Tenant Revenues	\$762,689	\$806,737	\$(44,048)
HUD Subsidies	1,843,953	1,657,578	186,375
Other Revenues	432,429	469,878	(37,449)
<b>Total Operating Income</b>	<b>3,039,071</b>	<b>2,934,193</b>	<b>104,878</b>
<b>Expenses</b>			
Operating Expenses			
Depreciation Expense	2,712,469	2,804,270	(91,801)
<b>Total Operating Expenses</b>	<b>78,651</b>	<b>69,254</b>	<b>9,397</b>
	2,791,120	2,873,524	(82,404)
Interest Income			
Capital Grants			
Prior Period Adjustment	247,951	60,669	187,282
<b>Change in Net Position</b>	<b>18,587</b>	<b>1,210</b>	<b>17,377</b>
Net Position Prior Year	195,457	147,577	47,880
Prior Period Adjustment	-	-	-
<b>Total Net Position</b>	<b>461,995</b>	<b>209,456</b>	<b>252,539</b>
Balance June 30, 2021	\$2,688,871	\$2,547,205	209,456
Acquisition in Fixed Assets	256,031	210,920	317,002
Depreciation Expense	(78,651)	(69,254)	\$778,997
Prior Period Adjustment	149,214	-	-
<b>Balance June 30, 2022</b>	<b>\$3,015,465</b>	<b>\$2,688,871</b>	<b>\$326,594</b>
	<b>\$3,015,465</b>		

The above synopsis was prepared from the Audit Reports of the Housing Authority of the City of South Amboy for the fiscal years ended June 30, 2022, and 2021 which contains no audit findings.

The Audit Report for the fiscal year ended June 30, 2022, submitted by Giampaolo & Associates, is on file at the Authority's office at 250 South Broadway, South Amboy, N.J. 08879 and is available for review by the public during regular office hours.



Final Publication Date  
3/24/2023

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GCI1035675

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Home News Tribune

Special Requests  
Attn: Jamie Kane

Market  
Asbury Park Press

Delivery Method  
Both

Number of Affidavits Needed  
1

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South Amboy Housing

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South Amboy, NJ 08879

Account Number (If Known)  
075728

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South Amboy Housing

Street  
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City  
South Amboy

State  
NJ

ZIP Code  
08879

Your Name  
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