

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG

**REPORT ON AUDIT OF FINANCIAL STATEMENTS AND SUPPLEMENTAL
DATA**

YEAR ENDED SEPTEMBER 30, 2021

**HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
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Housing Authority of the Borough of Keansburg



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DOUGLAS G. DZEMA, P.H.M.
Executive Director

DIANA ALBINO
Section 8 Program Coordinator

TERRENCE CORRISTON, ESQ.
COUNSEL

June 17, 2022

To the Board of Directors, Department of Housing and Urban Development and the State of New Jersey:

On behalf of the Housing Authority of the Borough of Keansburg I respectfully submit this annual financial report for the year ended September 30, 2021. I believe the information presented is accurate in all material aspects and that all disclosures necessary to enable the reader to gain an adequate understanding of the Authority's financial position and operations have been included. The accompanying financial statements included in this annual financial report have been prepared in conformity with accounting principles generally accepted in the United States of America. Responsibility for the accuracy, completeness, and fairness of the financial statements' presentation rests with the management of the Authority.

The 2021 Housing Authority of the Borough of Keansburg Annual financial report consists of these sections:

- **Introductory Section** - This includes the independent auditor's report and a management discussion and analysis of our financial report.
- **Financial Section** - this includes the basic financial statements and notes, and required supplementary information.
- **Single Audit Section** - this includes reports from the independent auditor on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards; and on compliance with requirements applicable to each major program and on internal control over compliance in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

The Housing Authority realizes its role as a means of housing for the low income and elderly in the community and the State of New Jersey has never been more important. The Authority has an estimated 329 Section 8 units. The following pages report and analyze the financial position of Keansburg Housing Authority.

Respectfully submitted,

Douglas Dzema
Executive Director

FRANCIS J McCONNELL
CERTIFIED PUBLIC ACCOUNTANT

American Institute of Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Housing Authority of the Borough of Keansburg
Keansburg, New Jersey

Report on the Financial Statements

I have audited the accompanying financial statements of the Housing Authority of the Borough of Keansburg as of and for the year ended September 30, 2021 and the related notes to the financial statements, which collectively comprise the the Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for qualified Opinion

I was unable to obtain sufficient audit evidence for the balances of the net OPEB and pension liabilities, deferred outflows of resources, deferred inflows of resources, and OPEB and pension expense relating to the Authority's defined benefit OPEB and pension plans because the plans for the year ended September 30, 2021 had not yet been audited. Accordingly, the authority's net OPEB and PERS liability, deferred outflows of resources, deferred inflows of resources, and OPEB and PERS expense are reported at their 2020 amounts. I was unable to obtain sufficient appropriate audit evidence for the balances of both liabilities, deferred outflows of resources, deferred inflows of resources, and expenses relating to both defined plans by other auditing procedures. Because the audited actuarial report for both plans has not been released, it is not practicable to quantify the financial effects of this matter.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statement referred to above present fairly, in all material respects, the respective financial position of the Housing Authority, of the Borough of Keansburg as of September 30, 2021 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.


Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the the Housing Authority's basic financial statements. The accompanying financial information, the combining statements of net position, activities and changes in net position and Financial Data Schedule as listed in HUD supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining statements of net position, activities and changes in net position, Financial Data Schedule and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 my opinion, the combining statements of net position, activities and changes in net position, financial data schedule and the schedule of expenditures of federal awards are 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*, I have also issued my report dated June 17, 2022 on my consideration of the Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Keansburg Housing Authority's internal control over financial reporting and compliance.


Francis J McConnell
Certified Public Accountant

June 17 2022

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2021

As management of the Housing Authority of the Borough of Keansburg we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

2021

- The Assets and deferred outflows of the Authority exceeded its liabilities by \$ 854,839, total net position.
- The Authority's unrestricted cash balance at September 30, 2021 was \$ 839,028 representing a increase of \$241,204 from September 30, 2020.
- The Authority had intergovernmental revenues of \$ 3,954,369 HUD operating grants for the year ended September 30, 2021.

2020

- The Assets and deferred outflows of the Authority exceeded its liabilities by \$673,933, total net position.
- The Authority's unrestricted cash balance at September 30, 2020 was \$597,874 representing an increase of \$185,834 from September 30, 2019.
- The Authority had intergovernmental revenues of \$ 3,838,816 HUD operating grants for the year ended September 30, 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements included in this annual report are those of a special-purpose government engaged only in a business-type activity. The following statements are included:

- Statement of Net Position – reports the Authority's current financial resources (short term spend able resources) with capital assets and long-term debt obligations.
- Statement of Revenues, Expenses and Changes in Fund Net Position – reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions.
- Statement of Cash Flows – reports the Authority's cash flows from operating, investing, capital and non-capital activities

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position: may serve over time as a useful indicator of an agency's financial position. In the case of the Housing Authority of the Borough of Keansburg there net position was \$854,839 thousand at the close of the most recent fiscal year. The following table shows a summary of changes from the prior years

	2021	2020	change
Current and Other Assets	1,879,084	1,837,358	41,726
Capital Assets, net of depreciation	61,690	61,690	-
Total Assets	1,940,774	1,899,048	41,726
Deferred Outflows of Resources	477,472	503,983	(26,511)
Current Liabilities	28,766	145,338	(116,572)
Noncurrent Liabilities	545,414	806,351	(260,937)
Total Liabilities	574,180	951,689	(377,509)
Deferred Inflows of Resources	989,227	777,409	211,818
Net Investment in Capital Assets	61,690	61,690	-
Restricted	66,358	140,133	(73,775)
Unrestricted	726,791	472,110	254,681
Net Position	* 854,839	673,933	180,906

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets The following table summarizes the changes in capital assets between fiscal years 2021 and 2020:

	<u>2021</u>	<u>2020</u>
LAND	\$ 61,690	\$ 61,690

The Authority's capital assets for its Proprietary Fund consisted of land in the amount of \$61,690. The authority sold all of its buildings and equipment during the authority's conversion to RAD in 2019.

Debt

At the end of September 30, 2021, the Authority had no outstanding debt.

Statement of Activities. The Statement of Activities shows the sources of Keansburg's changes in net position as they arise through its various programs and functions. A condensed Statement of Activities comparing fiscal year 2021 and 2020.

	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>Diff</u>
	-	-	-
Hud revenue	3,954,369	3,836,816	117,553
other revenue	981,759	1,087,023	(105,264)
total revenue	<u>4,936,128</u>	<u>4,923,839</u>	<u>12,289</u>
Operating expenses			-
Administrative	282,875	301,842	(18,967)
tenant services	358	-	358
Other operating	16,405	-	16,405
Houing Assistance	4,480,277	4,302,504	177,773
total expenses	<u>4,779,915</u>	<u>4,604,346</u>	<u>175,569</u>
			-
Operating Income	156,213	319,493	(163,280)
Nonoperating Income	1,773	1,159	614
			-
Change in Net Position	157,986	320,652	(162,666)

MANAGEMENT’S DISCUSSION AND ANALYSIS – Continued

Statement of Activities – continued

Governmental operating revenue includes the annual operating subsidies for the low rent and capital grants made available by the U.S. Housing and Urban Development (“HUD”). Keansburg also generated over 900 thousand in other revenue which helped offset Keansburg’s administrative expenses.

CONTACTING THE AUTHORITY’S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Authority’s finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Executive Director, Housing Authority of the Borough of Keansburg, 1 Church Street, Keansburg, New Jersey 07734.

FINANCIAL SECTION

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS

Current Assets

Cash and cash equivalents	\$ 839,028
Accounts receivable, net	1,202
Total Current Assets	<u>840,230</u>

Noncurrent assets

Restricted Cash	66,358
Notes Receivable	972,496
Land	61,690
Total Noncurrent Assets	<u>1,100,544</u>

Deferred Outflow of Resources

Deferred outflows related to pensions	32,154
Deferred outflows related to OPEB	445,318
Total deferred outflows of resources	<u>477,472</u>

Total Assets and Deferred Outflow of Resources	<u>\$ 2,418,246</u>
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LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

LIABILITIES:

Current Liabilities

Accounts Payable	\$ 27,381
Compensated Absences - current portion	1,385
Total Current Liabilities	<u>28,766</u>

Noncurrent liabilities

Accrued OPEB	344,396
Accrued PENSION	200,706
Compensated Absences - net of current	312
Total Noncurrent Liabilities	<u>545,414</u>

Total Liabilities	<u>574,180</u>
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Deferred Inflows of Resources

Deferred inflows related to pensions	214,950
Deferred inflows related to OPEB	774,277
Total Deferred Inflow of Resources	<u>989,227</u>

NET POSITION

Net Investments in capital assets	61,690
Restricted Net Assets	66,358
Unrestricted net assets	726,791
Total net position	<u>854,839</u>

Total Liabilities, Deferred Inflow of Resources, and Net Position	<u>\$ 2,418,246</u>
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The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2021

OPERATING REVENUES	
HUD Operating grants	\$ 3,954,369
Other Income	981,759
Total operating revenues	<u>4,936,128</u>
OPERATING EXPENSES	
Administrative	282,875
Tenant services	358
Insurance and other general	16,405
Housing assistance payments	4,480,277
Total Operating Expenses	<u>4,779,915</u>
NET OPERATING INCOME (LOSS)	156,213
NONOPERATING REVENUES (EXPENSES)	
Bad debts - mortgage interest	(86,072)
Investment Income	87,845
Total nonoperating revenues	<u>1,773</u>
Change in net position	157,986
Total net position - beginning	<u>673,933</u>
Prior Period Adjustment	22,920
Total net position - ending	<u><u>\$ 854,839</u></u>

The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Hud operating grants	\$ 3,830,756
Receipts from residents and others	981,759
Payments to suppliers	(289,531)
Housing Assistance payments made	<u>(4,480,277)</u>
Net cash provided by (used) in operating activities	<u>42,707</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Income	<u>1,159</u>
Net cash provided by investing activities	<u>1,159</u>

<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>43,866</u>
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<u>CASH AND CASH EQUIVALENTS, OCTOBER 1</u>	<u>861,520</u>
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<u>CASH AND CASH EQUIVALENTS, SEPTEMBER 30</u>	<u><u>\$ 905,386</u></u>
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DECEMBER 31, CASH AND CASH EQUIVALENTS

Unrestricted	\$ 839,028
Restricted	66,358
Total Unrestricted and Restricted	<u><u>\$ 905,386</u></u>

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2021

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Net Operating Loss	\$ 156,213
	-
(Increase) Decrease in Assets	-
Accounts Receivable	(2,140)
	<u>(2,140)</u>
Increase (Decrease) in Liabilities	
Accounts Payable and Accrued Expenses	12,247
other Liabilities and deferred credits	(123,613)
	<u>(111,366)</u>
Net Cash provided by operating activities	<u>\$ 42,707</u>

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**HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Program Description

The Housing Authority of the Borough of Keansburg (herein referred to as the Housing Authority) was organized under the laws of the State of New Jersey and operates under an Annual Contributions Contract (ACC) with the United States Department of Housing and Urban Development (HUD) to provide low-income housing to eligible participants under the United States Housing Act of 1937, as amended. The formation and operation of the Housing Authority is governed by the Act, and administered by HUD under the Annual Contributions Contracts.

The Authority is governed by a board of Directors appointed locally. An Executive Director is appointed by the housing authority's Board to manage the day-to-day operations of the Authority.

Housing Choice Voucher Program

This program allows for existing privately-owned housing units to be used for low-income housing. This program assists low-income families and persons to find and lease a house or apartment. After inspecting the unit, The Housing Authority assists the resident in negotiating a lease under HUD rules and regulations for the program. After the lease is signed, the resident pays a share of the rent according to HUD guidelines, and the remainder is subsidized by the Housing Authority through HUD funding.

The Housing Authority earns a fee for administering the annual contributions from HUD. This fund accounts for the revenues and expenses associated with providing administrative services.

Business Activities Fund

The Business Activities Fund is utilized as part of the RAD program. RAD was created in order to give public housing authorities ("PHA") a powerful tool to preserve and improve public housing properties. RAD allows PHA's to leverage public and private debt and equity in order to reinvest in public housing stock. Public housing units move to a Section 8 platform with a long-term contract under which residents continue to pay 30% of their income towards rent. The Business Activities Fund holds the mortgage notes from the sale of the Authority's public housing units.

HCV CARES Act Funding Program

During the year ended September 30, 2021, the Authority was awarded CARES Act funding as part of the Section 8 Housing Choice Vouchers program. These funds are to be used to prevent, prepare for, and respond to the Coronavirus ("COVID-19"), as well as help the Authority maintain normal operations during the period impacted by COVID-19.

HOUSING AUTHORITY OF THE BOROUGH OF KEANESBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

B Reporting Entity

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity is made by applying the criteria set forth by GASB. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financial accountable. Based on these criteria, there are no additional agencies which should be included in the financial statements of the Housing Authority.

C - Basis of Accounting

The Authority's financial statements represent the net position and results of operations of the housing authority and have been prepared in accordance with generally accepted accounting principles (GAAP) of the United States of America as applied to governmental entities.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The housing authority maintains their accounts substantially in accordance with the chart of accounts prescribed by HUD and are organized utilizing the fund accounting model. A fund is an independent entity with a self-balancing set of accounts.

The housing authority accounts for its operations in a single enterprise fund. Enterprise funds account for those operations financed and operated in a manner similar to a private business or where the housing authority has decided that determination of revenue earned, costs incurred and net revenue over expenses is necessary for management accountability.

Enterprise funds are proprietary funds used to account for business activities of special purpose governments for which a housing authority qualifies under GASB No. 34 "*Basic Financial Statements – and Management's Discussion and analysis – for State and Local Governments.*"

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting, whereby all revenues are recognized in the period in which they are earned and expenses are recognized in the period in which the liability is incurred regardless of the timing of the cash flows. All assets and deferred outflows and liabilities and deferred inflows associated with the operation of the Authority are included in the statements of net position. The statements of revenues, expenses and changes in net position present increases (revenues and capital contributions) and decreases (expenses) in total net position.

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

C - Basis of Accounting – continued

New Accounting Standards Adopted:

GASB Statement No. 84, *Fiduciary Activities*, is effective for the year ending June 30, 2021. This statement defines criteria for identifying activities that state and local governments should report as fiduciary activities and how they should be reported.

GASB Statement No. 90, *Majority Equity Interest*, is effective for the year ending June 30, 2021. This statement amends GASB Statement No. 14 and GASB Statement No. 61 and defines a majority equity interest and specifies how a majority equity interest in a legally separate organization should be reported.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and reporting requirements related to the replacement of Interbank Offered Rates such as the London Interbank Offered Rate (LIBOR) for hedging derivative instruments. As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form after December 31, 2021. The requirements of this statement, except for paragraphs 11b, 13 and 14 are effective for the year ending June 30, 2021. The removal of LIBOR as an appropriate benchmark interest rate, as referenced in paragraph 11b of this statement, is effective for the year ending June 30, 2022. The requirements for leases, as referenced in paragraphs 13 and 14 of this statement, are effective for the year ending June 30, 2022.

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, is effective for the year ending June 30, 2020. This statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

New Accounting Standards Not Yet Adopted:

GASB Statement No. 87, *Leases*, is effective for the year ending June 30, 2022. Its objective is to improve accounting and financial reporting for leases by governments by establishing a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset. It requires recognition of certain lease assets and liabilities that were previously classified as operating.

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

New Accounting Standards not yet adopted: - continued

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the end of a Construction Period*, is effective for the year ending June 30, 2022. This statement suspends paragraphs 5-22 of GASB Statement No. 62 and requires that interest cost incurred before the end of a construction period be recognized as an expense. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

GASB Statement No. 91, *Conduit Debt Obligations*, is effective for the year ending June 30, 2023. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associate with commitments extended by users, arrangements associate with conduit debt obligations, and related note disclosures.

GASB Statement No. 92, *Omnibus 2020*, is effective for the year ending June 30, 2022. Enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, is effective for the year ending June 30, 2023. This statement provides guidance on accounting for Subscription-Based Information Technology Arrangements (SBITA) where the government contracts for the right to use another party's software. The standards for SBITAs are based on the standards established in GASB Statements No. 87, *Leases*.

Budgeting and Budgetary Accounting

The Authority prepares an annual operating and capital budget for all programs in accordance with HUD requirements. The budget is formally adopted by resolution of the Authority's Board of Directors. Once adopted, the Board of Directors may amend the adopted budget when unexpected modifications are required in estimated revenues and expenses. The budget is prepared on a detailed line-item basis.

D – Cash and Cash Equivalents

The Authority considers all securities, including certificates of deposits and short-term investments, with maturities of three months or less to be cash equivalents.

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

E – Accounts Receivable

The Authority recognizes a receivable from HUD and other governmental agencies for amounts billed for portable tenants participating in the Section 8 Housing Choice Vouchers program.

An allowance for doubtful accounts is established to provide for all accounts, which may not be collected in the future for any reason.

F – Allowance for Doubtful Accounts

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

G – Notes Receivable

The Authority has utilized funds in accordance with HUD guidelines to assist in the construction and redevelopment of an affordable housing development through the issuance of mortgage notes. When preparing financial statements in accordance with GAAP, management is required to make estimates as to the collectability of such mortgage notes. When estimating collectability, management analyzes the value of the underlying mortgaged property, the property's ability to generate positive cash flow, and current economic trends and conditions.

H - Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

I – Capital Assets

Capital assets include land, structures and equipment recorded at cost and is comprised of property betterments and additions, and modernization program costs. Charges for maintenance and repairs are expensed when incurred. The authority depreciates these assets over their estimated useful lives using the straight-line method of depreciation.

<u>Category</u>	<u>Useful lives (in Years)</u>
Buildings	30 - 40 years
Improvements	30 - 40 years
Furniture and Equipment	5 - 10 years
Vehicles	5 - 10 years
Computer equipment	5 - 10 years

Impairment of Capital Assets

GASB Statement No., 42, *Accounting and Financial reporting for Impairment of Capital Assets and for the Insurance Recoveries*, established accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The housing authority is required to evaluate prominent events of changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. No such events or circumstances were encountered as of September 30, 2021

J – Accrued Compensated absences

Accumulated unpaid leave time is accrued at the estimated amounts of future benefits attributable to services already rendered.

K – Equity Classifications

Equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – consists of any capital assets, net of accumulated depreciation and reduced by any outstanding balances of loans, notes or mortgages

Restricted Net Position – consists of the net amount of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – all other net amounts of assets that do not meet the definition of “restricted” or “net investment in capital assets”.

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

L – Use of Restricted Assets

When both restricted and unrestricted resources are available for a particular restricted use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as needed.

M - Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided, and in the management of Authority assets. Its operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies other revenues and expenses as non-operating.

N - Income Taxes

The housing authority is a New Jersey municipal authority and, as such, is exempt from income taxes and other state and local taxes. The housing authority believes it has not engaged in any activities for which its tax-exempt status would not be sustained under Internal Revenue Service examination or that would require filing of an income tax return for unrelated business income taxes.

O – Economic Dependency

The Section 8 and Low Rent Housing Programs of the Authority are economically dependent on operating grants and subsidies from HUD.

P - Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey, Public Employees Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value

Q - Other Post-Employment Benefits ("OPEB")

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the net OPEB, OPEB expense, and information about the fiduciary net position of the State Health Benefits Plan ("SHBP") and additions to/ deductions from SHBP's fiduciary net position have been determined on the same basis as they are reported by SHBP. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – CASH AND CASH EQUIVALENTS –

Cash consists primarily of cash in checking accounts. Cash is classified as “Unrestricted” and “Restricted” for financial presentation purposes based on HUD guidance:

- Cash – Unrestricted includes cash available for program purposes including current operations, working capital and reserves. Because the funds are not tied to a certain program or property, they are classified as unrestricted.
- Cash – Restricted includes cash to be expended for specific purposes based on the sources of the money. The housing authority’s restricted cash generally includes: housing choice voucher funds and resident security deposits.

All funds on deposits are FDIC insured up to \$250,000 per institution or are fully collateralized in accordance with guidance recommended by HUD.

As of September 30, 2021

				2021
Operating Accounts				839,028
Housing Assistance reserves				66,358
				905,386
Bank Balances				\$ 928,844
<u>Reconciliation of detail to statement of net assets</u>				
Cash - unrestricted				839,028
Cash - restricted				66,358
				\$ 905,386

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – RECEIVABLES

Accounts Receivable as of September 30, 2021

					2021
Other Government					1,202
Fraud Recovery					7,191
Miscellaneous					206,428
					214,821
Less: allowance for doubtful accounts					(213,619)
					1,202

NOTE 4 – RISK MANAGEMENT

The Authority is exposed to various risks of potential liabilities, such as theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In order to deal with these potential liabilities, the Authority's risk management program consisted of various insurance policies covering each of these risks. The Authority believes such coverage is sufficient to preclude any significant uninsured losses to the Authority.

NOTE 5 - CAPITAL ASSETS/LAND

On April 16, 2019, the Authority sold all capital assets other than land to Granville Towers Urban Renewal Associates, LP (the "Partnership") as part of the Authority's conversion of its public housing units to Section 8 project-based vouchers through HUD's RAD program.

The land is leased to the Partnership under a ninety-nine-year lease. As of September 30, 2021, capital assets consisted of land in the amount of \$61,690

NOTE 6 – COMPENSATED ABSENCES

Accrued compensated absences represents the amount of accumulated leave for which employees are entitled to receive payment in accordance with the authority's Personnel Policy. Compensated absences activity consisted of the following:

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 7 – NOTES RECEIVABLE

At September 30, 2021 notes receivable consisted of the following

<u>Description</u>	<u>Amount</u>
The Authority entered into a loan with the Partnership on April 18, 2019 in the original amount of \$2,697,047, and bears interest at a rate of 3.15%. The Partnership also received a subordinate permanent financing commitment from the Authority in the amount of \$1,402,953. The total loan amount was equal to \$4,100,000. The loan is shown on the statement of net position net of the deferred gain on the sale of fixed assets in the amount of \$3,127,504. Principal and interest on the loan are due at maturity in April, 2049 and the loan is secured by real property. Accrued interest as of September 30, 2021 totaled \$86,072. The Authority does not anticipate collecting this amount and has established an allowance for doubtful accounts for the entire amount of accrued interest.	<u>\$972,496</u>

NOTE 8 -GROUND LEASE AGREEMENT

On April 18, 2019, the Authority entered into a 99-year ground lease with Granville Towers Urban Renewal Associates, LP as part of the Authority's conversion of its public housing units to Section 8 project-based vouchers under HUD's RAD program. The leased premises contain the building and all improvements associated with an eighty-unit apartment complex. Annual base rental is \$1.

NOTE 9 -CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of September 30, 2021, the Authority estimates that no material liabilities will result from such audits.

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 10 – Deferred Outflows/Inflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charges to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources until that time. These inflows consist of unamortized portion of the net difference between projected and actual earnings on pension plan investments.

NOTE 11 – PENSION PLAN

The information required to present the schedule of changes in net Pension liability was not available as of September 30, 2021 and the date of this report. The net Pension liability and deferred inflow and outflow amounts have not changed from the prior fiscal year. The information needed in order to reflect the September 30, 2021 balances for the net Pension liability, deferred inflows, and deferred outflows was unavailable as of the date of this report. The information contained herein remains the same from September 30, 2020.

Description of Plan

The Authority participates in the Public Employees Retirement System (PERS), a cost-sharing multiple employers defined benefit pension plan administered by the Division of Pensions within the Department of Treasury, State of New Jersey. It is a cost-sharing, multiple-employer defined benefit pension plan. The PERS was established on January 1, 1955 under the provisions of N.J.S.A. 43:15A. to provide coverage, including post-retirement health care, for substantially all full-time employees of the state, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system. Membership is mandatory for such employees.

Vesting and Benefit Provisions

The vesting and benefit provisions for the PERS are set by N.J. S.A. 43:15A and 43:3B. All benefits vest after ten years of services, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined.

Funding Requirements - PERS

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. Employers' contributions are actuarially determined annually by the

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HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 11 – PENSION PLAN – continued

Other amounts reported as deferred outflow and deferred inflows of resources related to pensions will be recognized in pension expense as flows:

Year			
Ended			
30-Sep			Total
2021			(21,156)
2022			(68,629)
2023			(61,282)
2024			(28,775)
2025			(2,954)
			\$ (182,796)

Actuarial assumptions – the total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation: price	2.75%
Wage	3.25%
Rates of salary increases:	
through 2026	2.00 – 6.00%
	based on years of service
Thereafter	3.00 – 7.00%
	based on years of service
Investment rate of return	7.00%

Mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality tables with an 82.2% adjustment for males and 101.4% adjustment for females., as appropriate, with adjustments for mortality improvements based on Scale AA.

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension 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 are developed for each major 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 class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 11 – PENSION PLAN – continued

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

Discount Rate - the discount rate used to measure the total pension liability was 6.28% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Authority's Proportionate Share of Net Pension Liability to changes in the Discount Rate – the following represents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.28 percent, as well as what the authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.66 percent) or 1-percentage point higher (6.66 percent) than the current rate,

		1% Decrease	Discount Rate	1% Increase
Authority's proportionate share of				
the net pension liability		254,643	200,706	157,857

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

Note 12 – OTHER POST EMPLOYMENT BENEFITS

The information required to present the schedule of changes in net OPEB liability was not available as of September 30, 2021 and the date of this report. The net OPEB liability and deferred inflow and outflow amounts have not changed from the prior fiscal year. The information needed in order to reflect the September 30, 2021 balances for the net OPEB liability, deferred inflows, and deferred outflows was unavailable as of the date of this report. The information contained herein remains the same from September 30, 2020.

A. Plan Description

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

B. Benefits

SHBP provides medical and prescription drug to retirees and their covered dependents of the employers. 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 services credit in a State of 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.

**HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021**

Note 12 – OTHER POST EMPLOYMENT BENEFITS - continued

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

At September 30, 2021, the Authority reported a liability of \$344,396 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020. Current numbers will be adjusted upon issuance of state audit report.

For the year ended September 30, 2021, the Authority recognized OPEB expense of \$49,610. At September 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences expected & actual	\$ 9,071	\$ 76,588
Changes in assumptions	51,511	633,556
Changes in proportions	384,517	64,133
Net differences between projected and actual	-	
investment earnings on OPEB plan investments	219	-
Authority contributions subsequent to the measurement date		
Total	\$ 445,318	\$ 774,277

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 12. – OTHER POST EMPLOYMENT BENEFITS - (continued)

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

Year		
Ended		
30-Sep		Total
2021		(65,792)
2022		(65,792)
2023		(65,792)
2024		(65,792)
2025		(65,792)
		<u>\$(328,959)</u>

D - Actuarial Assumptions

The total OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2020. This actuarial valuation used the following assumptions:

Inflation Rate 2.50%

Salary increases:

Through 2026 2.00 to 6.00%, based on years of service

Thereafter 3.00 – 7.00%, based on years of service

Mortality:

PERS Pub-2010 General classification headcount weighted mortality with
Fully generational mortality improvement projections from the central
Year using Scale MP-2019

PFRS Pub-2010 safety classification headcount weighted mortality with
Fully generational mortality improvement projections from the central
Year using Scale MP-2019

Actuarial assumptions used in the July 1, 2019 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

**HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021**

NOTE 12. – OTHER POST EMPLOYMENT BENEFITS - (continued)

E: Discount Rate

The discount rate used to measure the total OPEB liability was 3.50% as of June 30, 2020. This represents the municipal bond return rate 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.

F: Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net OPEB liability calculated using the discount rate of 3.50%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current

		1% Decrease	Discount Rate	1% Increase
Authority's proportionate share of				
the net OPEB liability		348,563	344,396	333,341

G: Health Care Trend Assumptions

For pre-Medicare preferred provider organization ("PPO") and health maintenance organization ("HMO") medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For 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% trend rate after eight years.

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 12. – OTHER POST EMPLOYMENT BENEFITS - (continued)

H: Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Trend Rate

The following presents the Authority's proportionate share of the net OPEB liability calculated using the healthcare trend rate as disclosed above, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a healthcare trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

					Healthcare cost		
					1% Decrease	Trend rate	1% Increase
Authority's proportionate share of							
the net OPEB liability					290,636	344,396	347,840

NOTE 13 – Defined Contribution Plan

The Authority also participates in the "New Jersey Defined Contribution Retirement Plan" which is a Money Purchase Plan. Under the plan 5.5% of an employee's annual base salary is automatically contributed, The State of New Jersey contributes an amount equal to three percent of employees base salary. This plan is administered by Prudential Insurance Co. The Authority's contributions to the plan for the years ended September 30, 2021 and 2020 were \$1,030 and \$1,119, respectively.

NOTE 14 – CARES ACT FUNDING

On April 28, 2020, HUD released *PIH Notice 2020-08: CARES Act – HCV Program Administrative Fees*. The purpose of this notice was to implement the funding provisions for the Housing Choice Voucher and Mainstream Programs in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Public Law 116-136), enacted on March 27, 2020. The CARES Act provides additional appropriations for HAP and administrative fee funding to prevent, prepare for and respond to coronavirus. The Authority received an appropriation of \$117,095 for administrative fees under this notice. As of September 30, 2021, the Authority has recognized \$117,095 of the grant, the full amount of the grant.

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

NOTE 15. VULNERABILITY - IMPACT OF COVID-19

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

NOTE 16 – PRIOR PERIOD ADJUSTMENTS

The Authority made a prior period adjustment in the amount of \$22,920 to correct the opening balances for the net OPEB liability, deferred outflows and deferred inflows of resources. These amounts were not available at the time of the issuance of the September 30, 2020 report.

NOTE 17 – SUBSEQUENT EVENTS

In preparing the financial statements, the Housing Authority has evaluated events and transactions for potential recognition or disclosure through June 17, 2022 the date the financial statements were available to be issued. The authority has found no uncertainties to be recognized.

REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY
YEAR ENDED SEPTEMBER 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportions of the net pension liability (asset)	0.0012%	0.0012%	0.0012%	0.0012%	0.0012%	0.0012%	0.0012%	0.0012%
Authority's proportionate share of the net pension liability	200,706	\$ 200,706	\$ 200,706	\$ 327,803	\$ 512,083	\$ 580,851	\$ 428,316	577,090
Authority's covered-employee payroll	\$ 48,000	\$ 74,321	\$ 121,584	\$ 195,565	\$ 175,866	\$ 214,601	\$ 185,789	\$ 220,927
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	418.14%	270.05%	165.08%	167.62%	291.18%	270.67%	230.54%	261.21%
Plan fiduciary net position as a percentage of the total pension liability	58.32%	58.32%	56.30%	53.60%	48.10%	45.35%	47.93%	52.08%

Note: GASB Statement NO 68 requires ten years of information to be presented in this table. However, until a full 10 year trend is compiled, the Authority will present information for those years for which information is available.

See accompanying independent auditor's report

**HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY
YEAR ENDED SEPTEMBER 30, 2021**

	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contributions	\$ -	\$ 13,464	\$ 15,045	\$ 16,560	\$ 20,379	\$ 17,423	\$ 16,404	\$ 25,410
Contributions in relation to the statutorily required contributions	\$ -	\$ 13,464	\$ 15,045	\$ 16,560	\$ 20,379	\$ 17,423	\$ 16,404	\$ 25,410
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	\$ 48,000	\$ 74,321	\$ 121,584	\$ 195,565	\$ 175,866	\$ 214,601	\$ 185,789	\$ 220,927
Contributions as a percentage of covered-employee payroll	0.00%	18.12%	12.37%	8.47%	11.59%	8.12%	8.83%	11.50%

See accompanying independent auditor's report

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
AS OF SEPTEMBER 30, 2021

	2021 (A)	2020	2019	2018	2017
Employer's proportionate share of the net OPEB liability	\$ 344,306	\$ 344,306	\$ 605,645	\$ 605,645	\$ 389,125
Employer's covered payroll	\$ 75,901	\$ 121,584	\$ 121,584	\$ 196,814	\$ 184,084
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	453.63%	283.18%	498.13%	307.72%	211.38%
Plan fiduciary net position as a percentage of the total opeb LIABILITY		1.03%	1.98%	1.97%	1.03%

(A) Fiscal year enD 2021 will be adjusted when numbers are received from the State Health Plan

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
COMBINING STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2021

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	Business Activities	Housing Choice Vouchers	HCV CARES Act Funding	Totals
Current Assets				
Cash	\$168,294	\$670,734	-	839,028
Restricted cash and investments	-	-	-	-
Receivables, net	-	\$1,202	-	1,202
Other assets	-	-	-	-
Total Current assets	<u>168,294</u>	<u>671,936</u>	<u>-</u>	<u>840,230</u>
NONCURRENT ASSETS				
Restricted Cash	\$972,496	\$66,358	-	<u>66,358</u>
Notes Receivable	\$61,690	-	-	<u>972,496</u>
Land	<u>1,034,186</u>	<u>66,358</u>	<u>-</u>	<u>61,690</u>
Total noncurrent assets				<u>1,100,544</u>
Deferred Outflows of Resources - Pension	-	32,154	-	32,154
Deferred Outflows of Resources - OPEB	-	445,318	-	445,318
TOTAL ASSETS and DEFERRED OUTFLOWS OF RESOURCES	<u>1,202,480</u>	<u>1,215,766</u>	<u>-</u>	<u>2,418,246</u>
LIABILITIES AND NET POSITION				
Current Liabilities				
Accounts payable	-	\$27,381	-	27,381
Accrued Liabilities	-	-	-	-
Accounts Payable - other government	-	-	-	-
Compensated absences	-	\$1,385	-	1,385
Tenant security deposits	-	-	-	-
Deferred credits and other liabilities	-	-	-	-
Total current liabilities	<u>-</u>	<u>28,766</u>	<u>-</u>	<u>28,766</u>
NONCURRENT LIABILITIES				
Accrued pension	-	-	-	-
Accrued OPEB	-	344,396	-	344,396
Accrued Compensated absences	-	200,706	-	200,706
Total noncurrent liabilities	<u>-</u>	<u>312</u>	<u>-</u>	<u>312</u>
TOTAL LIABILITIES	<u>-</u>	<u>545,414</u>	<u>-</u>	<u>545,414</u>
	<u>-</u>	<u>545,414</u>	<u>-</u>	<u>574,180</u>
Deferred Inflows of Resources - pension	-	214,950	-	214,950
Deferred Inflows of Resources -OPEB	-	774,277	-	774,277
NET POSITION				
Net Investment in capital assets	61,690	-	-	-
Restricted net position	-	66,358	-	61,690
Unrestricted net position (deficit)	1,140,790	(413,999)	-	66,358
TOTAL NET POSITION	<u>1,202,480</u>	<u>(347,641)</u>	<u>-</u>	<u>726,791</u>
	<u>1,202,480</u>	<u>1,215,766</u>	<u>-</u>	<u>854,839</u>
TOTAL LIABILITIES, NET POSITION and DEFERRED INFLOWS	<u>1,202,480</u>	<u>1,215,766</u>	<u>-</u>	<u>2,418,246</u>

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business Activities	Housing Choice Vouchers	HCV CARES Act Funding	Totals
Operating revenue				
HUD Operating subsidies	-	3,837,274	117,095	3,954,369
other revenue	-	981,759	-	981,759
Total operating revenue	-	4,819,033	117,095	4,936,128
Operating Expenses				
Administrative expenses	11	166,127	116,737	282,875
Tenant services	-	-	358	358
General	-	16,405	-	16,405
Housing assistance payments	-	4,480,277	-	4,480,277
Total operating expenses	11	4,662,809	117,095	4,779,915
Operating income (loss)	(11)	156,224	-	156,213
Nonoperating revenue (expenses)				
Investment Income	86,072	1,773	-	87,845
bad debts - mortgage interest	(86,072)	-	-	(86,072)
Net nonoperating revenue	-	1,773	-	1,773
Change in net assets	(11)	157,997	-	157,986
Total net assets at beginning of year	1,202,491	(528,558)	-	673,933
prior period adjustments	-	22,920	-	22,920
Total net position at end of year	1,202,480	(347,641)	-	854,839

Keansburg Housing Authority (NJ060)
KEANSBURG, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2021

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
111 Cash - Unrestricted		\$168,294			\$839,028	\$839,028
112 Cash - Restricted - Modernization and Development			\$670,734			
113 Cash - Other Restricted			\$66,358		\$66,358	\$66,358
114 Cash - Tenant Security Deposits						
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$0	\$168,294	\$737,092	\$0	\$905,386	\$905,386
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects						
124 Accounts Receivable - Other Government			\$1,202		\$1,202	\$1,202
125 Accounts Receivable - Miscellaneous		\$206,428			\$206,428	\$206,428
126 Accounts Receivable - Tenants						
126.1 Allowance for Doubtful Accounts - Tenants						
126.2 Allowance for Doubtful Accounts - Other	\$0	-\$206,428	\$0	\$0	-\$206,428	-\$206,428
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery			\$7,191		\$7,191	\$7,191
128.1 Allowance for Doubtful Accounts - Fraud			-\$7,191		-\$7,191	-\$7,191
129 Accrued Interest Receivable						
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$1,202	\$0	\$1,202	\$1,202
131 Investments - Unrestricted						
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets						
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From						
145 Assets Held for Sale	38					

Keansburg Housing Authority (NJ060)
KEANSBURG, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2021

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
150 Total Current Assets	\$0	\$168,294	\$738,294	\$0	\$906,588	\$906,588
161 Land		\$61,690			\$61,690	\$61,690
162 Buildings						
163 Furniture, Equipment & Machinery - Dwellings						
164 Furniture, Equipment & Machinery - Administration						
165 Leasehold Improvements						
166 Accumulated Depreciation						
167 Construction in Progress						
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$61,690	\$0	\$0	\$61,690	\$61,690
171 Notes, Loans and Mortgages Receivable - Non-Current		\$972,496			\$972,496	\$972,496
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current						
174 Other Assets						
176 Investments in Joint Ventures						
180 Total Non-Current Assets	\$0	\$1,034,186	\$0	\$0	\$1,034,186	\$1,034,186
200 Deferred Outflow of Resources			\$477,472		\$477,472	\$477,472
290 Total Assets and Deferred Outflow of Resources	\$0	\$1,202,480	\$1,215,766	\$0	\$2,418,246	\$2,418,246
311 Bank Overdraft						
312 Accounts Payable <= 90 Days			\$27,381		\$27,381	\$27,381
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable						
322 Accrued Compensated Absences - Current Portion	39		\$1,385		\$1,385	\$1,385

Keansburg Housing Authority (NJ060)
KEANSBURG, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2021

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government						
341 Tenant Security Deposits						
342 Unearned Revenue						
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						
347 Inter Program - Due To						
348 Loan Liability - Current						
310 Total Current Liabilities	\$0	\$0	\$28,766	\$0	\$28,766	\$28,766
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			\$312		\$312	\$312
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities			\$545,102		\$545,102	\$545,102
350 Total Non-Current Liabilities	\$0	\$0	\$545,414	\$0	\$545,414	\$545,414
300 Total Liabilities	\$0	\$0	\$574,180	\$0	\$574,180	\$574,180
400 Deferred Inflow of Resources	40		\$989,227		\$989,227	\$989,227

Keansburg Housing Authority (NJ060)
KEANSBURG, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 09/30/2021				
	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
508.4 Net Investment in Capital Assets		\$61,690			\$61,690	\$61,690
511.4 Restricted Net Position			\$66,358		\$66,358	\$66,358
512.4 Unrestricted Net Position	\$0	\$1,140,790	-\$413,999	\$0	\$726,791	\$726,791
513 Total Equity - Net Assets / Position	\$0	\$1,202,480	-\$347,641	\$0	\$854,839	\$854,839
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$1,202,480	\$1,215,766	\$0	\$2,418,246	\$2,418,246

Keansburg Housing Authority (NJ060)
KEANSBURG, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2021

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
70300 Net Tenant Rental Revenue						
70400 Tenant Revenue - Other						
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$0
70600 HUD PHA Operating Grants			\$3,837,274	\$117,095	\$3,954,369	\$3,954,369
70610 Capital Grants						
70710 Management Fee						
70720 Asset Management Fee						
70730 Book Keeping Fee						
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue						
70800 Other Government Grants						
71100 Investment Income - Unrestricted		\$86,072	\$1,773		\$87,845	\$87,845
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery			\$3,654		\$3,654	\$3,654
71500 Other Revenue			\$978,105		\$978,105	\$978,105
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted						
70000 Total Revenue	\$0	\$86,072	\$4,820,806	\$117,095	\$5,023,973	\$5,023,973
91100 Administrative Salaries			\$31,191	\$46,787	\$77,978	\$77,978
91200 Auditing Fees			\$8,170		\$8,170	\$8,170
91300 Management Fee			\$18,575	\$10,379	\$28,954	\$28,954
91310 Book-keeping Fee	42					

Keansburg Housing Authority (NJ060)
KEANSBURG, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2021

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
91400 Advertising and Marketing			\$360		\$360	\$360
91500 Employee Benefit contributions - Administrative			\$16,191	\$48,572	\$64,763	\$64,763
91600 Office Expenses			\$51,013	\$10,999	\$62,012	\$62,012
91700 Legal Expense			\$10,812		\$10,812	\$10,812
91800 Travel						
91810 Allocated Overhead						
91900 Other		\$11	\$29,815		\$29,826	\$29,826
91000 Total Operating - Administrative	\$0	\$11	\$166,127	\$116,737	\$282,875	\$282,875
92000 Asset Management Fee						
92100 Tenant Services - Salaries						
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services						
92400 Tenant Services - Other				\$358	\$358	\$358
92500 Total Tenant Services	\$0	\$0	\$0	\$358	\$358	\$358
93100 Water						
93200 Electricity						
93300 Gas						
93400 Fuel						
93500 Labor						
93600 Sewer						
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense						
93000 Total Utilities	\$0	\$0	\$0	\$0	\$0	\$0
94100 Ordinary Maintenance and Operations - Labor						
94200 Ordinary Maintenance and Operations - Materials and Other	43					

Keansburg Housing Authority (NJ060)
KEANSBURG, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2021

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
94300 Ordinary Maintenance and Operations Contracts						
94500 Employee Benefit Contributions - Ordinary Maintenance						
94000 Total Maintenance	\$0	\$0	\$0	\$0	\$0	\$0
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs						
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance						
96120 Liability Insurance						
96130 Workmen's Compensation						
96140 All Other Insurance			\$14,417		\$14,417	\$14,417
96100 Total Insurance Premiums	\$0	\$0	\$14,417	\$0	\$14,417	\$14,417
96200 Other General Expenses			\$1,970		\$1,970	\$1,970
96210 Compensated Absences			\$18		\$18	\$18
96300 Payments in Lieu of Taxes						
96400 Bad debt - Tenant Rents						
96500 Bad debt - Mortgages						
96600 Bad debt - Other		\$86,072			\$86,072	\$86,072
96800 Severance Expense						
96000 Total Other General Expenses	\$0	\$86,072	\$1,988	\$0	\$88,060	\$88,060
96710 Interest of Mortgage (or Bonds) Payable						
96720 Interest on Notes Payable (Short and Long Term)						
96730 Amortization of Bond Issue Costs	44					

Keansburg Housing Authority (NJ060)
KEANSBURG, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2021

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$0	\$86,083	\$182,532	\$117,095	\$385,710	\$385,710
97000 Excess of Operating Revenue over Operating Expenses	\$0	-\$11	\$4,638,274	\$0	\$4,638,263	\$4,638,263
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments			\$3,556,486		\$3,556,486	\$3,556,486
97350 HAP Portability-In			\$923,791		\$923,791	\$923,791
97400 Depreciation Expense						
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$0	\$86,083	\$4,662,809	\$117,095	\$4,865,987	\$4,865,987
10010 Operating Transfer In						
10020 Operating transfer Out						
10030 Operating Transfers from/to Primary Government						
10040 Operating Transfers from/to Component Unit						
10050 Proceeds from Notes, Loans and Bonds						
10060 Proceeds from Property Sales						
10070 Extraordinary Items, Net Gain/Loss						
10080 Special Items (Net Gain/Loss)						
10091 Inter Project Excess Cash Transfer In						
10092 Inter Project Excess Cash Transfer Out						
10093 Transfers between Program and Project - In	45					

Keansburg Housing Authority (NJ060)
KEANSBURG, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2021

	Project Total	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	Total
10094 Transfers between Project and Program - Out						
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	-\$11	\$157,997	\$0	\$157,986	\$157,986
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$0	\$1,202,491	-\$528,558	\$0	\$673,933	\$673,933
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			\$22,920		\$22,920	\$22,920
11050 Changes in Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						
11070 Changes in Unrecognized Pension Transition Liability						
11080 Changes in Special Term/Severance Benefits Liability						
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity			-\$413,999		-\$413,999	-\$413,999
11180 Housing Assistance Payments Equity			\$66,358		\$66,358	\$66,358
11190 Unit Months Available	0		3948		3948	3948
11210 Number of Unit Months Leased	0		3802		3802	3802
11270 Excess Cash	\$0				\$0	\$0
11610 Land Purchases	\$0				\$0	\$0
11620 Building Purchases	\$0				\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0				\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0				\$0	\$0
11650 Leasehold Improvements Purchases	\$0				\$0	\$0
11660 Infrastructure Purchases	\$0				\$0	\$0
13510 CFFP Debt Service Payments	\$0				\$0	\$0
13901 Replacement Housing Factor Funds	\$0				\$0	\$0

SINGLE AUDIT AND OTHER REPORTS

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021

Department of Housing and Urban Development

	<u>CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
Housing choice voucher cluster		
Housing Choice Voucher	14.871	\$ 3,837,274
COVID 19 - Housing Choice voucher	14.HCC	<u>117,095</u>
Total for CFDA 14.871		<u><u>3,954,369</u></u>

**Housing Authority of the Borough of Keansburg
Notes to Schedule of Expenditures of Federal Awards
Year ended September 30, 2021**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Authority under programs of the federal government for the year ended September 30, 2021. 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 operations of the Keansburg Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Keansburg Housing Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) 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.
- (b). The entity did not elect to use the 10 percent de minimis indirect rate.
- (c) The authority was not a subrecipient of any federal awards and did not pass through any federal awards to subrecipients

Housing Authority of the Borough of Keansburg
Schedule of Findings and Questioned Costs
For the Year ended September 30, 2021

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued:	Qualified
Internal control over financial reporting:	
<ul style="list-style-type: none"> • Material weakness(es) identified? 	No
<ul style="list-style-type: none"> • Reportable condition(s) identified that are not considered to be material weaknesses? reported 	None
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
<ul style="list-style-type: none"> • Material weakness(es) identified? 	No
<ul style="list-style-type: none"> • Reportable condition(s) identified that are not considered to be material weakness(es)? 	No
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.871	Housing choice vouchers
14,HCC	HCV-Cares act funding

Housing Authority of the Borough of Keansburg
Schedule of Findings and Questioned Costs
For the Year ended September 30, 2021

SECTION I – SUMMARY OF AUDITORS' RESULTS - Continued

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no Financial Statement Findings for the current audit period.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no Federal Award Findings and Questioned Costs for the current period.

Housing Authority of the Borough of Keansburg
Schedule of Findings and Questioned Costs
For the Year ended September 30, 2021

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There are no open prior audit findings.

FRANCIS J McCONNELL
CERTIFIED PUBLIC ACCOUNTANT

American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants

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Philadelphia, PA 19111
Voice: 215-742-3428

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 Directors
Housing Authority of the Borough of Keansburg
Keansburg, New Jersey

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the Borough of Keansburg, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Borough of Keansburg's basic financial statements, and have issued our report thereon dated June 17, 2022.

Internal Control over Financial Reporting

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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


Francis J McConnell
Certified Public Accountant

June 17, 2022

FRANCIS J McCONNELL
CERTIFIED PUBLIC ACCOUNTANT

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Pennsylvania Institute of Certified Public Accountants

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Philadelphia, PA 19111
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Housing Authority of the Borough of Keansburg
Keansburg, New Jersey

Report on Compliance for Each Major Federal Program

I have audited the Housing Authority of the Borough of Keansburg's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended September 30, 2021. The Housing Authority of the Borough of Keansburg's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In my opinion, Housing Authority of the Borough of Keansburg 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 September 30, 2021.

Report on Internal Control over Compliance

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

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

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

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.


Francis J McConnell
Certified Public Accountant

June 17, 2022