

HOUSING AUTHORITY OF THE
CITY OF GARFIELD
Garfield, New Jersey

COMPARATIVE FINANCIAL STATEMENTS
For the Years Ended March 31, 2021 and 2020

HOUSING AUTHORITY OF THE CITY OF GARFIELD
Garfield, New Jersey
FINANCIAL STATEMENTS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Housing Authority of the City of Garfield

As Management of the Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2021. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

A- Financial Highlights

- 1- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$5,213,396 (net position) as opposed to \$3,365,402 for the prior fiscal year.
- 2 – As of the close of the current fiscal year, the Authority's Proprietary Fund reported ending Unrestricted Net Position of (\$4,017,580).
- 3 – The Authority's cash and cash equivalent balances at March 31, 2021 were \$609,066 (excluding tenant security deposits) representing an increase of \$228,753 from the prior fiscal year.
- 4 –Total operating revenues increased by \$468,003 to \$4,190,700 which was primarily attributed to an increase in HUD operating subsidy. Total Operating Expenses for the twelve month period ending March 31, 2021 were \$4,170,710.
- 5 – The Authority's capital outlays for the fiscal year were \$280,986 of which \$280,986 was funded by the Authority's Capital Fund Program.
- 6 – The Authority's Expenditures of Federal Awards amounted to \$1,868,624 compared to \$1,479,094 for the prior fiscal year.

B – Using the Annual Report

1 – Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's Financial Statements and Notes to Financial Statements included in this Report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for Proprietary Fund types.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

2 –Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. They consist of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows.

The Statement of Net Position presents information on all the Authority's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of unrelated cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g.; depreciation and earned but unused vacation leave).

The financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The financial statements can be found on pages 8 through 10.

3 – Notes To Financial Statements

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The Notes to Financial Statements can be found in this Report on pages 11 through 25.

4 – Supplemental Information

The schedule of expenditures of Federal awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Uniform Guidance, Audits of States, Local Governments, and Non-profit Organizations. The schedule of expenditures of Federal awards can be found on page 26 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

C – The Authority as a Whole

The Authority's Unrestricted Net Position decreased during the fiscal year by \$1,906,349 primarily due to a change in accounting principle. Operating revenues are primarily pre-determined subsidies received from HUD. Operating revenues for the year were \$4,190,700 and operating expenses excluding depreciation expense of \$339,341 were \$4,170,710. The decrease was primarily due to the adjustments made to the OPEB and pension liabilities recorded as a prior period adjustment. The \$1,528,100 prior period adjustment was calculated by actuary computations based on a discount rate which fluctuates based on market conditions.

By far, the largest portion of the Authority's net position reflects its investment in capital assets (e.g., land, buildings, equipment and construction in progress). During the current fiscal year, the Authority received \$280,986 in capital grants for modernization of its units.

D – Budgetary Highlights

For the year ended March 31, 2021 individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets were primarily used as a management tool. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

E – Capital Assets and Debt Administration

1 – Capital Assets

As of March 31, 2021, the Authority's investment in capital assets for its Proprietary Fund was \$9,230,976 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

Major capital assets purchased from grants of \$279,804 during the fiscal year pertained to expenditures made in accordance with the Authority's Capital Fund Programs. These activities are funded by grants from HUD.

Additional informational on the Authority's capital assets can be found in Note 6 to the Financial Statements which is included in this Report

2 – Long Term Debt

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

F – Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Authority's budget for the fiscal year ending March 31, 2022.

1 – The state of the economy, particularly its effect on tenant incomes, which are used in determining tenant rents paid to the Authority.

2 – The need for Congress to reduce the federal deficit and the possible continued cut-backs in HUD subsidies and grants.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

G – Summary of significant changes from March 31, 2020 to March 31, 2021

FDS Line 122 – Accounts Receivable HUD will fluctuate from year to year depending on the timing of subsidy and CFP draws from ELOCCS. The current year receivable is for operating subsidy received after March 31, 2021.

FDS Line 126 – Tenants Accounts Receivable increased due to COVID -19 related issues. The moratorium on evictions has enabled some tenants to cease paying their monthly rent.

FDS Line 167 – Construction in Progress will vary from year to year depending on the Capital Projects accomplished during that current fiscal year.

FDS Line 200 and 400 – Deferred Outflows and Inflows of Resources vary from year to year based on changes in actuarial calculations for the NJ State Pension Fund.

FDS Line 321- Accrued Payroll – The change in accrued payroll occurred because the payroll for the last few days of March to be paid in April 2021 was drafted from the Authority's bank account on the last day of March.

FDS Line 357 – The Authority adjusts their OPEB and Pension liability to the state reports each year. This year the total liabilities increased by \$1,189,565 and resulted in a prior period adjustment to increase equity by \$1,528,100.

H – Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Housing Authority of the City of Garfield, 71 Daniel P. Conte Court, Garfield, New Jersey 07026, or call (973) 340-4170.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

	<u>March 31, 2021</u>	<u>March 31, 2020</u>
Cash and Other Current Assets	\$ 2,489,172	\$ 2,222,191
Capital Assets - Net	9,230,976	9,289,331
Deferred Outflows	<u>3,202,324</u>	<u>601,424</u>
Total Assets	14,922,472	12,112,946
Current Liabilities	540,222	497,812
Non Current Liabilities	<u>5,837,199</u>	<u>4,628,980</u>
Less: Total Liabilities	6,377,421	5,126,792
Deferred Inflows	<u>3,331,655</u>	<u>3,620,752</u>
Net Position	<u>\$ 5,213,396</u>	<u>\$ 3,365,402</u>
Invested in Capital Assets	9,230,976	9,289,331
Unrestricted Net Position	<u>(4,017,580)</u>	<u>(5,923,929)</u>
Total Net Position	<u>\$ 5,213,396</u>	<u>\$ 3,365,402</u>
Computations of Changes in Net Position are as follows:		
	<u>March 31, 2021</u>	<u>March 31, 2020</u>
<u>Revenues</u>		
Tenant Revenues	\$ 2,439,898	\$ 2,495,189
HUD Subsidies and Other Government Grants	1,611,708	1,104,780
Other Income	<u>139,094</u>	<u>122,728</u>
Total Operating Revenues	<u>4,190,700</u>	<u>3,722,697</u>
<u>Expenses</u>		
Administration	725,824	722,223
Tenant Services	121,239	210,974
Utilities	647,825	614,229
Maintenance	1,976,527	1,609,545
General Expense and Tenant Bad Debt	359,954	343,813
Depreciation Expense	<u>339,341</u>	<u>356,889</u>
Total Operating Expenses	<u>4,170,710</u>	<u>3,857,673</u>
Deficiency of Operating Revenues Over Expenses	19,990	(134,976)
<u>Non-Operating Revenues</u>		
Interest on Investments	<u>20,100</u>	<u>38,705</u>
Deficiency of Revenues Over Expenses Before		
Capital Grants Received	40,090	(96,271)
<u>Capital Grants</u>		
HUD Capital Grants	279,804	401,480
Gain on Sale of Fixed Assets	<u>-</u>	<u>4,500</u>
Excess Revenues/(Deficiency)	319,894	309,709
Net Position Prior Year	3,365,402	3,765,764
Prior Period Adjustment	<u>1,528,100</u>	<u>(710,071)</u>
Total Net Position	<u>\$ 5,213,396</u>	<u>\$ 3,365,402</u>



INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Garfield
Garfield, New Jersey

We have audited the accompanying financial statements of the Housing Authority of the City of Garfield, which comprise of the Comparative Statements of Net Position as of March 31, 2021 and 2020 and the related Statements of Revenues, Expenses and Changes in Net Position and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Garfield, as of March 31, 2021 and 2020, and the changes in net position, and its cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis presented on pages 1-5, the Schedule of Proportionate Share of Net Pension Liability of the Public Employees Retirement System (PERS) on page 35, the Schedule of Authority Contributions to the PERS on page 36 and the Schedule of Changes in OPEB liabilities and related ratios on page 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

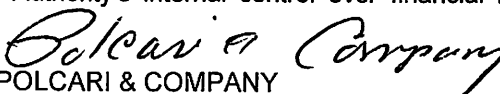
Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Housing Authority of the City of Garfield. The Financial Data Schedule is presented for the purpose of additional analysis and is 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* (CFR) 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 financial data schedule and schedule of expenditures of federal awards are the responsibility of management and were derived from and directly relate 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards general accepted in the United States of America. In our opinion, the financial data schedule and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* we have also issued our report dated June 24, 2022 on our consideration of the Housing Authority of the City of Garfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the Authority's internal control over financial reporting and compliance.


POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
June 24, 2022

HOUSING AUTHORITY OF THE CITY OF GARFIELD
Garfield, New Jersey
STATEMENT OF NET POSITION
At March 31, 2021 and 2020

	March 31, 2021	March 31, 2020
<u>ASSETS AND DEFERRED OUTFLOW OF RESOURCES</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents - Unrestricted	\$ 482,026	\$ 380,313
Cash - Restricted	127,040	-
Cash - Tenant Security Deposits	179,808	178,771
Investments	1,300,103	1,285,484
Accounts Receivable - Tenants (Net of allowance of \$47,397 and \$30,490)	50,270	37,943
Other Accounts Receivable (Net of Allowance of \$0)	-	3,842
Account Receivable - HUD	245,559	219,664
Prepaid Expenses and Other Current Assets	104,366	116,174
Total Current Assets	<u>2,489,172</u>	<u>2,222,191</u>
<u>FIXED ASSETS</u>		
Land	732,912	732,912
Buildings and Improvements	23,419,219	23,419,223
Furniture, Equipment and Machinery	1,590,946	1,590,946
Construction in Progress	1,219,141	938,151
Total Fixed Assets	26,962,218	26,681,232
Less: Accumulated Depreciation	<u>(17,731,242)</u>	<u>(17,391,901)</u>
Net Fixed Assets	<u>9,230,976</u>	<u>9,289,331</u>
Deferred Outflow of Resources	<u>3,202,324</u>	<u>601,424</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 14,922,472</u>	<u>\$ 12,112,946</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable:		
Vendors and Contractors	\$ 26,603	\$ 27,603
Accrued Payroll and Related Taxes	35,079	8,622
Accrued Liabilities - Other	70,905	44,935
Due to Tenants:		
Security Deposits	179,808	178,771
Other Current Liabilities		
Accrued Liabilities:		
Compensated Absences - Current	14,530	12,457
Payment in Lieu of Taxes	174,529	188,137
Unearned Revenues	39,985	37,287
Total Current Liabilities	541,439	497,812
Compensated Absences - Noncurrent	130,768	112,114
Accrued Pension and OPEB Liability	5,705,214	4,516,866
Total Liabilities	<u>6,377,421</u>	<u>5,126,792</u>
<u>DEFERRED INFLOW OF RESOURCES</u>	<u>3,331,655</u>	<u>3,620,752</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	9,230,976	9,289,331
Unrestricted Net Position	<u>(4,017,580)</u>	<u>(5,923,929)</u>
Total Net Position	<u>\$ 5,213,396</u>	<u>\$ 3,365,402</u>

See Notes to Financial Statements

HOUSING AUTHORITY OF THE CITY OF GARFIELD
Garfield, New Jersey
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended March 31, 2021 and 2020

	March 31, 2021	March 31, 2020
<u>OPERATING REVENUES</u>		
Tenant Rental & Other Revenue	\$ 2,439,898	\$ 2,495,189
HUD Grants - Operating	1,588,820	1,077,614
Other Government Grants	22,888	27,166
Other Income	139,094	122,728
Total Revenues	<u>4,190,700</u>	<u>3,722,697</u>
<u>OPERATING EXPENSES</u>		
Administration	725,824	722,223
Tenant Services	121,239	210,974
Utilities	647,825	614,229
Ordinary Maintenance & Operations	1,976,527	1,609,545
General Expense	335,490	341,639
Bad Debt -Other	24,464	2,174
Depreciation Expense	339,341	356,889
Total Operating Expenses	<u>4,170,710</u>	<u>3,857,673</u>
EXCESS OF OPERATING EXPENSES OVER REVENUES	19,990	(134,976)
Non Operating Revenues/(Expenses):		
Interest Income	<u>20,100</u>	<u>38,705</u>
Income / (Loss) Before Contributions and Transfers	40,090	(96,271)
Capital Grants	279,804	401,480
Gain on Sale of Assets	<u>-</u>	<u>4,500</u>
DECREASE IN NET POSITION	319,894	309,709
Beginning Net Position	<u>3,365,402</u>	<u>3,765,764</u>
Prior Period Adjustment	<u>1,528,100</u>	<u>(710,071)</u>
Ending Net Position	<u>\$ 5,213,396</u>	<u>\$ 3,365,402</u>

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE CITY OF GARFIELD
Garfield, New Jersey
COMPARATIVE STATEMENTS OF CASH FLOWS
For The Years Ended March 31, 2021 and 2020

	<u>March 31, 2021</u>	<u>March 31, 2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash Received:		
From Tenants for Rental & Other Income	\$ 2,430,269	\$ 2,473,523
From Government Agencies for Operating Grants	1,585,813	885,116
For Other Operating Revenues	139,094	122,728
Cash Paid:		
To Employees for Operations	(1,767,905)	(1,255,746)
To Suppliers for Operations	(2,162,819)	(2,286,962)
Net Cash Provided (Used) by Operating Activities	<u>224,452</u>	<u>(61,341)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Capital Grants Received	279,804	401,480
Cash Received from the Sale of Fixed Assets	-	4,500
Acquisition of Property and Equipment	(280,986)	(401,480)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(1,182)</u>	<u>4,500</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase / (Sale of) Investments	(14,619)	(30,863)
Cash Received for Security Deposits	1,039	5,301
Investment Income	20,100	38,705
Net Cash Provided by Investing Activities	<u>6,520</u>	<u>13,143</u>
Net increase (decrease) in Cash and Cash Equivalents	229,790	(43,698)
Cash and Equivalents at Beginning of Period	559,084	602,782
Cash and Equivalents at End of Period	<u>\$ 788,874</u>	<u>\$ 559,084</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operations		
Operating Income (Loss)	\$ 19,990	\$ (134,976)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation	339,339	356,887
Deferred Outflow of Resources	(2,600,900)	231,817
Deferred Inflow of Resources	(289,097)	2,591,329
Decrease (Increase) in Assets		
Accounts Receivable - Tenants	(12,327)	(26,352)
Accounts Receivable - HUD	(25,895)	(219,664)
Prepaid Expenses and Other Current Assets	15,650	(13,467)
Increase(Decrease) in Liabilities		
Accounts Payable	24,970	(15,870)
Accrued Payroll and Related Taxes	26,457	(37,115)
Compensated Absences	20,727	11,800
Deferred Revenue	2,698	4,686
OPEB and Pension Liability	2,716,448	(2,823,148)
PILOT Payable	(13,608)	12,732
Net Cash Provided/(Used) by Operating Activities	<u>\$ 224,452</u>	<u>\$ (61,341)</u>

See Notes to Financial Statements

HOUSING AUTHORITY OF THE CITY OF GARFIELD
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 1 –Summary of Organization, Activities and Significant Accounting Policies:

1. **Organization and Activities** – The Housing Authority of The City of Garfield (the Authority) is a governmental, public corporation created under federal and state housing laws as defined by State statute (N.J., S.A. 4A: 12A-1, et. Seq., the "Housing Authority Act"). The Authority is governed by a board of seven members who serve five year terms. The governing board is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An executive director is appointed by the housing authority's Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance and management of public housing for low and moderate income families residing in the City of Garfield, New Jersey. Operating and modernization subsidies are provided to the Authority by the federal government. The Authority has not identified any entities which should be subject to evaluation for inclusion in the Authority's reporting entity. The Authority has concluded that it is excluded from the City's reporting entity since the City does not designate management, does not influence operations, does not have responsibility for fiscal matters and does not have a funding relationship with the Authority.
The combined financial statements include all accounts of the Authority. The Authority is the lowest level of government over which the Authority's Board of Commissioners and Executive Director exercise oversight responsibility. The federally funded programs administered by the Authority are detailed on the Financial Data Schedule and the Schedule of Expenditures of Federal Awards, both of which are included as Supplemental Information.

2. Significant Accounting Policies

Basis of Accounting – The financial statements of the Authority are prepared using the accrual basis of accounting in order to recognize the flow of economic resources. Under the accrual basis of accounting, transactions are recognized when they occur, regardless of when cash is received or disbursed. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses recognized in the period incurred, if measurable. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities. All assets, liabilities, net position, revenue and expenses are accounted for using a single enterprise fund for the primary government.

Revenue – The major sources of revenue are various subsidies and grants received from the United States Department of Housing and Urban Development, charges to tenants and other miscellaneous revenues discussed below.

Federal Grant Revenue – Operating subsidies, and Capital Fund Program revenue received from HUD are recorded under the accrual method of accounting and are recognized in the period earned in accordance with applicable HUD guidelines. The Authority is generally entitled to receive funds from HUD under an established payment schedule or as expenditures are made under the Capital Fund Program or Comprehensive Improvements Assistance Program.

HOUSING AUTHORITY OF THE CITY OF GARFIELD
NOTES TO FINANCIAL STATEMENTS
March 31, 2021
(Continued)

NOTE 1 –Summary of Organization, Activities and Significant Accounting Policies (Continued):

Tenant Charges – Rental charges to tenants are determined and billed monthly and are recognized as revenue when billed since they are measurable and collectible within the current period. Amounts not collected at year-end are included in the balance sheet as accounts receivable, and amounts paid by tenants for the subsequent fiscal year are recorded as deferred revenue.

Miscellaneous Income – Miscellaneous revenue consists primarily of miscellaneous service fees. The revenue is recorded as earned since it is measurable and available.

Report Presentation – The financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America applicable to governmental entities for Proprietary Fund Types. The Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" (Statement No. 34). The Authority also adopted the provisions of Statement No. 37 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" and Statement NO. 38 "Certain Financial Statement Note Disclosures", which supplement Statement No. 34. Statement No. 34 established standards for all state and local governmental entities that include a statement of net assets, a statement of activities and a statement of cash flows. It requires the classification of net assets into three components – Invested in Capital Assets, Net of Related Debt; Restricted Net Assets and Unrestricted Net Assets. Statement No. 63 requires the re-naming of the Statement of Net Assets to the Statement of Net Position. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities and deferred inflows of resources and net position. These classifications are defined as follows:

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

Restricted Net Position – This component includes net assets subject to restrictions placed on net asset use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by the law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component consists of net assets that do not meet the definition of Restricted Net Position or Invested in Capital Assets, Net of Related Debt. The adoption of Governmental Accounting Standards Board Statements 34, 37 and 38 have no significant effect on the basic financial statements, except for the classification of net position in accordance with Statement No. 34.

HOUSING AUTHORITY OF THE CITY OF GARFIELD
NOTES TO FINANCIAL STATEMENTS
March 31, 2021
(Continued)

NOTE 1 –Summary of Organization, Activities and Significant Accounting Policies (Continued):

Significant accounting policies are as follows:

- 1 – Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in banks, petty cash and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.
- 2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts.
- 3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight line basis. Interest costs necessary to place a Capital Asset in its intended location and condition are capitalized.
- 4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.
- 5 – The Authority is subsidized by the Federal Government. The Authority is not subject to Federal or State income taxes, nor is it required to file Federal and State income tax returns.
- 6 – Operating subsidies received from HUD are recorded as income when earned.
- 7 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.
- 8 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.
- 9 – Inventories in the Proprietary Fund consist of supplies and are recorded at the lower of first-in first-out, cost or market.
- 10 - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period.
- 11 - The Authority has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.
- 12 – The Authority does not have any infrastructure assets for its Proprietary Fund.
- 13 – Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which the transactions are executed.

HOUSING AUTHORITY OF THE CITY OF GARFIELD
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies (Continued):

Accounting for Impairment or Disposal of Long Lived Assets

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset, and long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell. As of March 31, 2021, the Authority has not recognized any reduction in the carrying value of its fixed assets.

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

Adoption of Accounting Pronouncement – During the prior fiscal year, the Authority adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which requires employers to recognize their proportionate share of the collective net healthcare liability excluding that attributable to employer-paid member contributions. Additional information regarding the adoption of GASB 75 can be found in Note 10 to these financial statements.

NOTE 2 – Cash and Cash Equivalents

The Authority maintains cash and investments in local banks. These funds are covered by the Governmental Unit Deposit Protection Act of the state of New Jersey as required by state statute N.J.S.A 17: 9-41, which requires the institutions to pool collateral for all of governmental deposits and have the collateral held by an approved custodian but not in the Authority's name.

Cash and Cash Equivalents (including tenant security deposits) of \$788,874 and \$559,084 at March 31, 2021 and 2020 consisted of the following:

	<u>3/31/2021</u>	<u>3/31/2020</u>
Checking Accounts	\$ 609,065	\$ 380,313
Tenant Security Deposit Accounts	<u>179,809</u>	<u>178,771</u>
Total Cash and Equivalents	<u>\$ 788,874</u>	<u>\$ 559,084</u>

The carrying amount of the Authority's cash and cash equivalents including tenant security deposits as of March 31, 2021 was \$788,874 and the bank balances were \$821,591. Of the bank balances, \$250,000 was covered by FDIC insurance and \$571,591 was covered by a third party collateral pool maintained by the banks as required by New Jersey statutes and New Jersey's Governmental Unit Deposit Protection Act (GUDPA) which collateralizes securities held by the pledging institutions trust department but are not in the Authority's name. Cash equivalents, except petty cash are held in the Authority's name. The Authority's cash and cash equivalents are categorized as prescribed in GASB 40 to give an indication of the level of risk assumed by the Authority.

HOUSING AUTHORITY OF THE CITY OF GARFIELD
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 3 – Investments

Investments of \$1,300,103 and \$1,285,484 at March 31, 2021 and 2020, respectively, consist of eight certificates of deposit.

The certificates of deposit have varying maturity dates greater than three months from the date of purchase and are stated at fair value in the Statement of Net Position, with all gains and losses included in the Statement of Activities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Interest income is recorded on the accrual basis.

Interest rates on the certificates varied from 1% to 2.15% during the current fiscal year.

Investments are measured at fair value. Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are adjusted quoted market prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. Level 1 inputs provide the most realizable measure of fair value as of the measurement date.

Level 2 inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 inputs are significant unobservable inputs for the asset or liability.

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

All of the Authority's investments at March 31, 2021 and 2020 are included in Level 1 of the hierarchy

\$250,000 of the Certificates of Deposit were covered by FDIC Insurance and the remainder is covered by third party collateral agreements and GUDPA as required by NJ statute and HUD.

NOTE 4 – Tenant Accounts Receivable

The Authority carries its tenant accounts receivable at cost less the allowance for uncollectable accounts. On a periodic basis the Authority reviews its receivable and establishes an allowance for uncollectable accounts based on previous history, collections and age of receivables. Accounts are written off when management determines that a sufficient period of time has elapsed without receiving payment. The accounts to be written off are present to the board for approval.

HOUSING AUTHORITY OF THE CITY OF GARFIELD
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 6 - Fixed Assets

Fixed assets consist primarily of expenditures to acquire, construct, place in operation and improve the facilities of the Authority and are stated at cost, less accumulated depreciation. The following is a summary of the changes in general fixed assets for the fiscal years ended March 31, 2021 and 2020:

	Balance April 1, 2020	Additions	Disposals	Transfers/ Other	Balance Mar. 31, 2021
Land	\$ 732,912	\$ -	\$ -	\$ -	\$ 732,912
Buildings and Improvements	23,419,219	-	-	-	23,419,219
Dwelling Equipment	610,022	-	-	-	610,022
Furniture and Equipment	980,924	-	-	-	980,924
Construction in Progress	938,151	280,990	-	-	1,219,141
Total Fixed Assets	26,681,228	280,990	-	-	26,962,218
Accumulated Depreciation	(17,391,901)	(339,341)	-	-	(17,731,242)
Net Fixed Assets	<u>\$ 9,289,327</u>	<u>\$ (58,351)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,230,976</u>

	Balance April 1, 2019	Additions	Disposals	Transfers/ Other	Balance Mar. 31, 2020
Land	\$ 732,912	\$ -	\$ -	\$ -	\$ 732,912
Buildings and Improvements	22,520,150	-	-	899,073	23,419,223
Dwelling Equipment	610,022	-	-	-	610,022
Furniture and Equipment	980,924	-	-	-	980,924
Construction in Progress	1,435,744	401,480	-	(899,073)	938,151
Total Fixed Assets	26,279,752	401,480	-	-	26,681,232
Accumulated Depreciation	(17,035,014)	(356,887)	-	-	(17,391,901)
Net Fixed Assets	<u>\$ 9,244,738</u>	<u>\$ 44,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,289,331</u>

Depreciation expense for the fiscal years ended March 31, 2021 and 2020 was \$339,341 and \$356,887, respectively.

Expenditures are capitalized when they meet the Authority's Capitalization policy. Under that policy, assets purchased or constructed at a cost not exceeding \$2,000 are expensed when incurred.

Depreciation of Fixed Assets is provided using the straight-line method for reporting purposes at rates based upon the following estimated useful lives:

	<u>Years</u>
Buildings and	40
Improvements	15
Furniture	5
Equipment	5
Vehicles	5
Computers	3

HOUSING AUTHORITY OF THE CITY OF GARFIELD
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 7 – Payment in Lieu of Taxes (PILOT)

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the City. Under the Cooperation Agreement, the Authority must pay the City the lesser of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal year ended March 31, 2021 and 2020, respectively, PILOT expense was accrued in the amount of \$174,529 and \$188,137.

NOTE 8 – Accrued Compensated Absences

Accrued compensated absences of \$145,298 and \$124,571 at March 31, 2021 and 2020 represents the amount of accumulated leave for which employees are entitled to receive payment in accordance with the Authority's Personnel Policy. Employees may be compensated for accrued vacation leave earned in the event of retirement or termination of service. Employees may be compensated for accumulated sick leave in the event of retirement, at the rate of ½ of the employee's daily rate based on the average compensation received during the employee's final year of employment, exclusive of any overtime or special payments, subject to a maximum of \$15,000.

NOTE 9 – Pension Plan

Plan Description - The Authority participates in the New Jersey Public Employees Retirement System (PERS) which is sponsored and administered by the New Jersey Division of Pensions and Benefits. PERS is a cost-sharing, multiple-employer defined benefits pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). PERS issues a publicly available report that can be obtained at the following website: www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided - The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits which vest after 25 years of service or under the disability provisions of PERS

The following represents the membership tiers for PERS:

- Tier 1 – Members who were enrolled by July 1, 2007.
- Tier 2 – Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.

HOUSING AUTHORITY OF THE CITY OF GARFIELD
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 9 – Pension Plan

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and to tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached service retirement age for the respective tier.

Contributions - The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for the noncontributory group benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

The housing authority's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 9, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. The unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020 and 2019, the measurement date, the Authority reported \$1,916,146 and \$1,973,186, respectively, for its proportionate share of the net pension liability. The Authority's portion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's allocation percentage as of June 30, 2020 and 2019 was 0.0117501% and 0.0109509%, respectively.

HOUSING AUTHORITY OF THE CITY OF GARFIELD
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 9 – Pension Plan

The components of the Authority's net pension liability as of March 31, 2021 and 2020 were determined as of the measurement dates of June 30, 2020 and 2019, the most recent evaluation date is as follows:

	<u>2021</u>	<u>2020</u>
Total Pension Liability	\$ 4,633,423	\$ 4,543,689
Plan Fiduciary Net Position	<u>2,717,277</u>	<u>2,570,503</u>
Net Pension Liability	<u>\$ 1,916,146</u>	<u>\$ 1,973,186</u>

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Actuarial Assumptions - The Authority's net pension liability for the fiscal year ended March 31, 2020 was determined at a measurement date of July 1, 2019 which was rolled forward to June 30, 2020. That actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation Rate	
Price	2.75%
Wage	3.25%
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%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the bases year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. In accordance with State statute, the long term expected rate of return on plan investments (7% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

HOUSING AUTHORITY OF THE CITY OF GARFIELD
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 9 – Pension Plan

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
US Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
US Equity	27.00%	7.71%
Non U.S 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 7.00% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2020, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employer. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining total pension liability.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate - The following presents the net pension liability of the Authority as of March 31, 2021 and March 31, 2020 using the measurement dates of June 30, 2020 and 2019, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Assumption (7.0%)	1% Increase (8.00%)
March 31, 2021	\$ 2,431,076	\$ 1,916,146	\$ 1,507,067
	1% Decrease (5.28%)	Current Assumption (6.28%)	1% Increase (7.28%)
March 31, 2020	\$ 2,509,794	\$ 1,973,186	\$ 1,546,312

HOUSING AUTHORITY OF THE CITY OF GARFIELD
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 9 – Pension Plan

For the year ended March 31, 2021 and 2020, the Authority recognized pension expense of \$128,541 and \$106,520, respectively. At March 31, 2021 and 2020 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021 Deferred Outflows of Resources	2021 Deferred Inflows of Resources	2020 Deferred Outflows of Resources	2020 Deferred Inflows of Resources
Changes of assumptions	\$ 62,162	\$ 802,309	\$ 197,030	\$ 684,887
Differences between expected and actual experience	34,890	6,776	35,416	8,717
Net differences between projected and actual earnings on plan investments	65,495	-	-	31,148
Changes in proportion	262,269	249,571	165,601	394,404
Subtotal	<u>\$ 424,816</u>	<u>\$ 1,058,656</u>	<u>\$ 398,047</u>	<u>\$ 1,119,156</u>
Authority's contributions subsequent to the measurement date	128,541	-	152,187	-
Total	<u>\$ 553,357</u>	<u>\$ 1,058,656</u>	<u>\$ 550,234</u>	<u>\$ 1,119,156</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) relate to pensions will be recognized in pension expense as shown in the below chart. The amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) over the average of the expected remaining service lives which is 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 for the years 2020, 2019, 2018, 2017, 2016 and 2015 respectively

Year ended March 31:	
2020	\$ 236,091
2021	215,243.28
2022	123,006.03
2023	49,741.57
2024	10,758.05
Total	<u>\$ 634,840</u>

HOUSING AUTHORITY OF THE CITY OF GARFIELD
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 10 – Post Employment Retirement Benefits

Plan Description

The Authority administers a cost sharing multiple employer defined benefit postemployment health care benefit (OPEB) plan. The Authority was required to adopt a resolution to participate in the Plan. Coverage under the plan is available to employee spouses and benefits may continue to surviving spouses. For additional information about the plan, please refer to the State of New Jersey (the State), Division of Pension and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Benefits Provided

The Plan provides medical and prescription drugs to retirees and their covered dependents of the Authority. Under the provisions of Chapter 88, P.L 1974 and Chapter 48, P.L 1999, the Authority elects to provide postretirement medical coverage to its employees and must file a resolution with the Division. Under Chapter 88, the Authority has elected to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows the Authority to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the Authority may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

BASIS OF PRESENTATION

GASB Statement No. 75 requires the Authority to recognize its proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense.

NET OPEB LIABILITY

The Authority's total other postemployment benefit ("OPEB") liability of \$3,789,068 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date. The components of the net OPEB liability at March 31, 2021 are as follows:

Total OPEB Liability	\$ 3,823,876
Plan Fiduciary Net Position	34,807
Net OPEB Liability	<u>\$ 3,789,068</u>
Plan Fiduciary Net Position as a % of Total OPEB Liability	0.91%

HOUSING AUTHORITY OF THE CITY OF GARFIELD
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 10– Other Post Employee Retirement Benefits (OPEB) - Continued

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

Salary Increases (Based on years of service within the respective plan)

Initial Fiscal Year Applied

Rate Through 2026 2.00% to 6.00%

Rate Thereafter 3.00% to 7.00%

Mortality: PERS - Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020.

HEALTH CARE TREND ASSUMPTIONS

For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term trend rate after eight years.

Actuarial assumptions used in the July 1, 2019 valuation were based on the results of the PERS experience studies prepared for July 1, 2014 to June 30, 2018. 100% of active members are considered to participate in the Plan upon retirement.

DISCOUNT RATE

The discount rate for June 2020 was 2.21%. This represents the municipal bond return rate as chosen by the State of New Jersey. The source of 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.

SENSITIVITY OF NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The below presents the total OPEB liability of the Authority as of March 31, 2020, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates.

	1% Decrease	Discount Rate	1% Increase
	<u>1.21%</u>	<u>2.21%</u>	<u>3.21%</u>
Total OPEB Liability	\$ 4,479,479	\$ 3,789,068	\$ 3,242,545

SENSITIVITY TO NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE TREND RATE

	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
Total OPEB Liability	\$ 2,146,553	\$ 2,543,680	\$ 3,050,285

HOUSING AUTHORITY OF THE CITY OF GARFIELD
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 10– Other Post Employee Retirement Benefits (OPEB) - Continued

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

	2021 Deferred Outflows of Resources	2021 Deferred Inflows of Resources	2020 Deferred Outflows of Resources	2020 Deferred Inflows of Resources
Changes of assumptions	\$ 566,725	\$ 842,630	\$ -	\$ 901,424
Differences between expected and actual experience	99,801	705,595	-	743,872
Net differences between projected and actual earnings on plan investments	2,406	-	2,095	-
Changes in proportion	495,574	724,775	49,095	855,800
Authority's contributions subsequent to the measurement date	-	-	-	-
TOTAL	<u>\$ 1,164,506</u>	<u>\$ 2,273,000</u>	<u>\$ 51,190</u>	<u>\$ 2,501,096</u>

For the year ended March 31, 2021, the Authority recognized OPEB benefit of \$26,897. At March 31, 2021 and 2020, the Authority reported deferred outflows of resources of \$1,164,506 and \$51,190 respectively and deferred inflows of resources for 2021 and 2020 of \$2,273,000 and \$2,501,096, respectively.

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

Year Ending
March 31:

2021	\$ (203,681)
2022	(203,866)
2023	(204,165)
2024	(204,437)
2025	(139,400)
Thereafter	76,257
	<u>\$ (879,293)</u>

NOTE 11 – Risk Management

The Authority is exposed to various risks of loss related to torts, theft, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. During the year ended March 31, 2021, the Authority's risk management program, in order to deal with potential liabilities, consisted of various insurance policies for fire, general liability, crime, auto and public-officials errors and omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its Projects for the purpose of determining potential liability issues. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Settled claims relating to the commercial insurance have not exceeded the amount of insurance in any of the past three fiscal years.

HOUSING AUTHORITY OF THE CITY OF GARFIELD
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

NOTE 12 – Construction Commitments

At March 31, 2021, the Authority's outstanding construction commitments pertaining to its Capital Fund Programs were not material. The costs pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

NOTE 13 – Economic Dependency

For the year ended March 31, 2021, a substantial portion of the Authority's revenues were received from the United States Department of Housing and Urban Development, which are subject to availability of funds and Congressional approval, as well as the Authority's compliance with Federal rules and regulations.

NOTE 14 – Prior Period Adjustment

For the year ended March 31, 2022, the Authority made certain adjustments to beginning equity with the effect being a net increase of \$1,528,100. The adjustment is the result of the Authority utilizing the state health benefit plan actuary report to report OPEB health liability and related deferred inflows and outflows. For the year ended March 31, 2021, the Authority made certain adjustments to beginning equity with the effect being a net decrease of \$710,071. The adjustment is the result of the Authority utilizing the state health benefit plan actuary report to report OPEB health liability and related deferred inflows and outflows.

Note 14 – Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated subsequent events through June 24, 2022, the date on which the financial statements were available to be issued and concluded that one subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of office facilities, including the offices of the Authority, and shelter in place orders for all but those deemed essential services. While this disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. As a result, the Authority has changed the manner in which its services are performed. Those changes include tenant intake and recertification procedures, maintenance services and planning and completion of capital improvements. Additionally, the pandemic has impacted the housing authority's ability to collect rents due to the loss or reduction tenants' income. Although HUD has provided additional subsidies to assist the Authority in meeting these financial challenges, it is probable that this matter will result in a negative impact on the Authority's financial position and results of operations. However, the ultimate financial impact and duration cannot be estimated at this time.

HOUSING AUTHORITY OF THE CITY OF GARFIELD
Garfield, New Jersey
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended March 31, 2021

	<u>Beginning Balance</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Resident Opportunity and Supportive Services (CFDA # 14.870)	\$ -	\$ 8,873	\$ 8,873	\$ -
Public Housing CARES Act Funding (CFDA #14.PHC)	-	143,758	143,758	
<u>LOW INCOME HOUSING PROGRAM</u>				
Operating Subsidy (CFDA #14.850a)	-	1,171,357	1,171,357	-
Capital Fund Program (CFDA #14.872)	-	544,636	544,636	-
TOTAL FEDERAL FINANCIAL ASSISTANCE	<u>\$ -</u>	<u>\$ 1,868,624</u>	<u>\$ 1,868,624</u>	<u>\$ -</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation - The Schedule of Expenditures of Federal Awards is presented in accordance with generally accepted accounting principles and is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.
2. There were no subrecipient activities during the audit period.
3. The Authority has elected not to use the 10% de minimis cost rate.
4. The Authority received no non-cash assistance.
5. The Authority did not have any HUD issued mortgages or loans.

Garfield Housing Authority (NJ034)
GARFIELD, NJ
Entity Wide Balance Sheet Summary
Submission Type: Audited/Single Audit Fiscal Year End: 03/31/2021

	Project Total	2 State/Local	14.870 Resident Opportunity and Supportive Services	14.PHC Public Housing CARES Act Funding	COCC	Subtotal	EUM	Total
111 Cash - Unrestricted	\$389,888	\$10,250			\$81,890	\$482,028		\$482,028
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted				\$127,040		\$127,040		\$127,040
114 Cash - Tenant Security Deposits	\$179,808					\$179,808		\$179,808
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	\$569,694	\$10,250	\$0	\$127,040	\$81,890	\$788,874		\$788,874
121 Accounts Receivable - PHA Projects								
122 Accounts Receivable - HUD Other Projects	\$245,559					\$245,559		\$245,559
124 Accounts Receivable - Other Government								
125 Accounts Receivable - Miscellaneous	\$0					\$0		\$0
126 Accounts Receivable - Tenants	\$97,667					\$97,667		\$97,667
128.1 Allowance for Doubtful Accounts - Tenants	-\$47,397					-\$47,397		-\$47,397
128.2 Allowance for Doubtful Accounts - Other	\$0					\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current								
128 Fraud Recovery								
128.1 Allowance for Doubtful Accounts - Fraud								
129 Accrued Interest Receivable								
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$295,829	\$0	\$0	\$0	\$0	\$295,829		\$295,829
131 Investments - Unrestricted	\$1,300,103					\$1,300,103		\$1,300,103
132 Investments - Restricted								
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets	\$89,366				\$15,000	\$104,366		\$104,366
143 Inventories								
143.1 Allowance for Obsolete Inventories								
144 Inter Program Due From	\$147,560					\$147,560		\$147,560
145 Assets Held for Sale								
150 Total Current Assets	\$2,402,552	\$10,250	\$0	\$127,040	\$96,890	\$2,636,732		\$2,636,732
161 Land	\$536,478				\$196,436	\$732,912		\$732,912
162 Buildings	\$23,419,219					\$23,419,219		\$23,419,219
163 Furniture, Equipment & Machinery - Dwellings	\$610,022					\$610,022		\$610,022
164 Furniture, Equipment & Machinery - Administration	\$802,515				\$178,409	\$980,924		\$980,924
165 Leasehold Improvements								
166 Accumulated Depreciation	-\$17,666,334				-\$44,908	-\$17,731,242		-\$17,731,242
167 Construction in Progress	\$1,219,141					\$1,219,141		\$1,219,141
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$8,901,039	\$0	\$0	\$0	\$329,937	\$9,230,976		\$9,230,976
171 Notes, Loans and Mortgages Receivable - Non-Current								
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due								
173 Grants Receivable - Non Current								
174 Other Assets								
176 Investments in Joint Ventures								
180 Total Non-Current Assets	\$8,901,039	\$0	\$0	\$0	\$329,937	\$9,230,976		\$9,230,976
200 Deferred Outflow of Resources	\$2,631,054				\$571,270	\$3,202,324		\$3,202,324
290 Total Assets and Deferred Outflow of Resources	\$13,934,645	\$10,250	\$0	\$127,040	\$998,097	\$15,070,032		\$15,070,032
311 Bank Overdraft								
312 Accounts Payable <= 90 Days	\$24,691				\$695	\$25,386		\$25,386
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable	\$30,869				\$4,210	\$35,079		\$35,079
322 Accrued Compensated Absences - Current Portion	\$11,972				\$2,558	\$14,530		\$14,530
324 Accrued Contingency Liability								
325 Accrued Interest Payable								
331 Accounts Payable - HUD PHA Programs	\$0					\$0		\$0
332 Account Payable - PHA Projects								
333 Accounts Payable - Other Government	\$174,529					\$174,529		\$174,529
341 Tenant Security Deposits	\$179,808					\$179,808		\$179,808
342 Unearned Revenue	\$39,985			\$0		\$39,985		\$39,985
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	\$70,905					\$70,905		\$70,905
347 Inter Program - Due To				\$127,040	\$20,520	\$147,560		\$147,560
348 Loan Liability - Current								
310 Total Current Liabilities	\$532,759	\$0	\$0	\$127,040	\$27,983	\$687,782		\$687,782

Garfield Housing Authority (NJ034)
GARFIELD, NJ
Entity Wide Balance Sheet Summary
Submission Type: Audited/Single Audit Fiscal Year End: 03/31/2021

	Project Total	2 State/Local	14.870 Resident Opportunity and Supportive Services	14.PHC Public Housing CARES Act Funding	COCC	Subtotal	ELIM	Total
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	\$107,750				\$23,018	\$130,768		\$130,768
355 Loan Liability - Non Current								
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities	\$4,155,688				\$1,550,733	\$5,706,431		\$5,706,431
350 Total Non-Current Liabilities	\$4,263,448	\$0	\$0	\$0	\$1,573,751	\$5,837,199		\$5,837,199
300 Total Liabilities	\$4,798,207	\$0	\$0	\$127,040	\$1,601,734	\$6,524,981		\$6,524,981
400 Deferred Inflow of Resources	\$2,280,657				\$1,070,998	\$3,331,655		\$3,331,655
508.4 Net Investment in Capital Assets	\$8,801,039				\$329,937	\$9,230,976		\$9,230,976
511.4 Restricted Net Position								
512.4 Unrestricted Net Position	-\$2,023,258	\$10,250	\$0	\$0	-\$2,004,572	-\$4,017,580		-\$4,017,580
513 Total Equity - Net Assets / Position	\$6,877,781	\$10,250	\$0	\$0	-\$1,874,835	\$5,213,396		\$5,213,396
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$13,934,645	\$10,250	\$0	\$127,040	\$998,097	\$15,070,032		\$15,070,032

Garfield Housing Authority (NJ034)
GARFIELD, NJ
Entity Wide Revenue and Expense Summary
Submission Type: Audited/Single Audit Fiscal year End: 03/31/2021

	Project Total	2 State/Local	14.870 Resident Opportunity and Supportive Services	14.PHC Public Housing CARES Act Funding	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$2,397,628					\$2,397,628		\$2,397,628
70400 Tenant Revenue - Other	\$42,270					\$42,270		\$42,270
70500 Total Tenant Revenue	\$2,439,898	\$0	\$0	\$0	\$0	\$2,439,898	\$0	\$2,439,898
70600 HUD PHA Operating Grants	\$1,436,189		\$8,873	\$143,758		\$1,588,820		\$1,588,820
70610 Capital Grants	\$279,804					\$279,804		\$279,804
70710 Management Fee					\$451,963	\$451,963	-\$451,963	\$0
70720 Asset Management Fee					\$34,200	\$34,200	-\$54,720	-\$20,520
70730 Book Keeping Fee					\$40,064	\$40,064	-\$40,064	\$0
70740 Front Line Service Fee								
70750 Other Fees								
70700 Total Fee Revenue					\$526,227	\$526,227	-\$546,747	-\$20,520
70800 Other Government Grants		\$22,888				\$22,888		\$22,888
71100 Investment Income - Unrestricted	\$10,385				\$3,500	\$13,885		\$13,885
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery								
71500 Other Revenue	\$137,094	\$1,400				\$139,094		\$139,094
71600 Gain or Loss on Sale of Capital Assets								
72000 Investment Income - Restricted	\$8,215					\$8,215		\$8,215
70000 Total Revenue	\$4,310,185	\$24,288	\$8,873	\$143,758	\$528,727	\$5,016,831	-\$546,747	\$4,470,084
91100 Administrative Salaries	\$203,256				\$233,852	\$437,108		\$437,108
91200 Auditing Fees								
91300 Management Fee	\$451,963					\$451,963	-\$451,963	\$0
91310 Book-keeping Fee	\$40,064					\$40,064	-\$40,064	\$0
91400 Advertising and Marketing								
91500 Employee Benefit contributions - Administrative	\$48,569				\$102,009	\$148,578		\$148,578
91600 Office Expenses	\$53,303				\$50,824	\$104,127		\$104,127
91700 Legal Expense	\$6,000				\$30,000	\$36,000		\$36,000
91800 Travel	\$11					\$11		\$11
91810 Allocated Overhead								
91900 Other								
91000 Total Operating - Administrative	\$801,166	\$0	\$0	\$0	\$416,685	\$1,217,851	-\$492,027	\$725,824
92000 Asset Management Fee	\$34,200					\$34,200	-\$54,720	-\$20,520
92100 Tenant Services - Salaries	\$50,937	\$22,836				\$73,773		\$73,773
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services	\$17,785	\$2,284				\$20,049		\$20,049
92400 Tenant Services - Other	\$1,626		\$8,873	\$16,718		\$27,417		\$27,417
92500 Total Tenant Services	\$70,528	\$25,120	\$8,873	\$16,718	\$0	\$121,239	\$0	\$121,239
93100 Water	\$65,260				\$143	\$65,403		\$65,403
93200 Electricity	\$299,851				\$125	\$299,976		\$299,976
93300 Gas	\$231,013				\$168	\$231,181		\$231,181
93400 Fuel								
93500 Labor	\$38,578					\$38,578		\$38,578
93600 Sewer								
93700 Employee Benefit Contributions - Utilities	\$12,687					\$12,687		\$12,687
93800 Other Utilities Expense								
93000 Total Utilities	\$647,389	\$0	\$0	\$0	\$436	\$647,825	\$0	\$647,825
94100 Ordinary Maintenance and Operations - Labor	\$1,087,362			\$122,603		\$1,209,965		\$1,209,965
94200 Ordinary Maintenance and Operations - Materials and Other	\$241,485			\$4,437	\$4,648	\$250,570		\$250,570
94300 Ordinary Maintenance and Operations Contracts	\$207,634				\$14,361	\$221,995		\$221,995
94500 Employee Benefit Contributions - Ordinary Maintenance	\$293,997					\$293,997		\$293,997
94000 Total Maintenance	\$1,830,478	\$0	\$0	\$127,040	\$18,009	\$1,976,527	\$0	\$1,976,527
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	\$0	\$0
96110 Property Insurance	\$18,750					\$18,750		\$18,750
96120 Liability Insurance	\$9,375					\$9,375		\$9,375
96130 Workmen's Compensation	\$9,375				\$15,237	\$24,612		\$24,612
96140 All Other Insurance	\$87,500					\$87,500		\$87,500
96100 Total Insurance Premiums	\$125,000	\$0	\$0	\$0	\$15,237	\$140,237	\$0	\$140,237

[illegible]

Housing Authority of the City of Garfield
Schedule of Proportionate Share of the Net Pension Liability
of the Public Employees Retirement System (PERS)
For the Year Ended March 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Housing Authority's Proportion of the Net Pension Liability	0.0117%	0.0110%	0.01239%	0.01128%	0.01132%	0.01359%	0.01340%
Housing Authority's Proportionate Share of the Net Pension Liability	1,922,967	1,973,186	2,439,936	2,625,749	3,351,517	\$ 3,051,582	\$ 2,517,166
Housing Authority's Covered Employee Payroll	1,759,424	1,218,867	1,125,341	933,674	1,117,004	\$ 1,116,699	\$ 1,032,331
Housing Authority's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Employee Payroll	109.30%	161.89%	216.82%	281.23%	300.05%	273.27%	243.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

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

Housing Authority of the City of Garfield
Schedule of Authority Contributions to the
Public Employees Retirement System (PERS)
For the Year Ended March 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	173,520	152,187	168,949	151,393	145,897	\$ 114,000	\$ 145,857
Contribution in Relation to the Contractually Required Contribution	(173,520)	(152,187)	(168,949)	(151,393)	(145,897)	\$ (114,000)	\$ (145,857)
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	1,759,424	1,218,867	1,125,341	933,674	\$ 1,117,004	\$ 1,116,699	\$ 1,149,572
Contribution as a Percentage of Covered Employee Payroll	9.86%	12.49%	15.01%	16.21%	13.06%	10.21%	12.69%

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

Housing Authority of the City of Garfield
Schedule of Changes in the Housing Authority's
Total OPEB Liability and Related Ratios
For the Year Ended March 31, 2021

<u>Total OPEB Liability</u>	<u>March 31, 2021</u>	<u>March 31, 2020</u>
Housing Authority's Proportion of the Net OPEB Liability	0.021113%	0.018780%
Housing Authority's Proportionate Share of the Net OPEB Liability	\$ 3,789,068	\$ 2,543,681
Housing Authority's Covered Employee Payroll	\$ 1,759,424	\$ 961,961
Housing Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Its Covered Employee Payroll	215.36%	264.43%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.92%	1.98%

Schedule is intended to show information for ten years. Additional years will be displayed as the data becomes available.

Housing Authority of the City of Garfield
Schedule of Authority Contributions to the
Other Post-Employment Benefits Plan (OPEB)
For the Year Ended March 30, 2021

	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ 310,918	\$ 301,354
Contribution in Relation to the Contractually Required Contribution	<u>(310,918)</u>	<u>(301,354)</u>
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	1,759,424	961,961
Contribution as a Percentage of Covered Employee Payroll	17.67%	31.33%

Schedule is intended to show information for ten years. Additional years will be displayed as the data becomes available.



Polcari & Co.
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners
Housing Authority of the City of Garfield
Garfield, New Jersey

We have audited, 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, the financial statements of the Housing Authority of the City of Garfield's ("the Program") as of and for the year ended March 31, 2021 and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Garfield basic financial statements and have issued our report thereon dated June 24, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Garfield's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness the Housing Authority of the City of Garfield's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Program'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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**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**

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. The 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.



POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
June 24, 2022



Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners
Housing Authority of the City of Garfield
Garfield, New Jersey

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Garfield'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 Housing Authority of the City of Garfield's major federal programs for the year ended March 31, 2021. The Housing Authority of the City of Garfield'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 the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the City of Garfield's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Garfield's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority of the City of Garfield's compliance.

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

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

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the City of Garfield complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2021.

Report on Internal Control Over Compliance

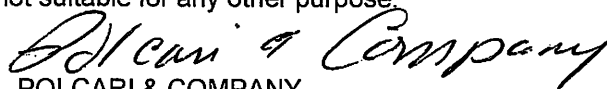
The management of the Housing Authority of the City of Garfield is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of the City of Garfield's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Garfield'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 deficiencies, significant deficiencies or material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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


POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
June 24, 2022

HOUSING AUTHORITY OF THE CITY OF GARFIELD
Garfield, New Jersey
March 31, 2021

STATUS OF PRIOR AUDIT FINDINGS

None.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION 1 - SUMMARY OF AUDIT RESULTS

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

Material Weakness(es) Identified?

_____ yes X no

Significant Deficiencies identified that are
not considered to be material weakness(es)?

_____ yes X none reported

Noncompliance Material to Financial Statements Noted?

_____ yes X no

Federal Awards

Internal Control over Major Programs:

Material Weakness(es) Identified?

_____ yes X no

Significant Deficiencies identified that are
not considered to be material weakness(es)?

_____ yes X none reported

Type of audit report issued on compliance for
major programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with section 2 CFR 200.516(a)
of the Uniform Guidance.

_____ yes X no

Identification of Major Programs

CFDA

Number Name of Federal Program or Cluster

14.850 Public Housing Program

Dollar Threshold used to distinguish between type A
and type B Programs

\$750,000

Auditee qualified as low-risk?

_____ yes X no

SECTION 2 – FINANCIAL STATEMENT FINDINGS

None.

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.