

Report On Audit

**HOUSING AUTHORITY OF THE
TOWNSHIP OF EDISON**

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

Housing Authority of the Township of Edison

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Township of Edison
14 Rev. Samuel Carpenter Blvd.
Edison, New Jersey 08820

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business activities and the discretely present component unit of the Housing Authority of the Township of Edison, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Township of Edison basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business activities and the discretely present component unit of the Housing Authority of the Township of Edison as of June 30, 2022, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and OPEB and Pension supplemental information on pages 5 through 18 and pages 63-67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the Township of Edison's basic financial statements. The accompanying supplemental information on pages 68-76 is presented for additional analysis and is not required part of the basic financial statements.

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

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2023, in our consideration of the Housing Authority of the Township of Edison's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the Township of Edison's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the Township of Edison's internal control over financial reporting and compliance.

Giampaolo & Associates

Lincroft, New Jersey

Date: February 3, 2023

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

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

FINANCIAL HIGHLIGHTS

The assets of the Authority primary government exceeded its liabilities at the close of the most recent fiscal year by \$1,300,139 an increase in the financial position of \$431,918 or 50% percent as compared to the prior fiscal year.

As noted above, the net position of the Authority primary government was \$1,300,139 as of June 30, 2022. Of this amount, the primary government unrestricted net position is a negative (\$1,219,256) representing a decrease in the deficit of \$616,789 or 34% percent from the previous year. During the year, the Authority recorded a prior period adjustment for the State of NJ GASB #75 OPEB report in the amount of \$268,465. Additional information on the Authority's unrestricted net positions can be found in Note 21 the financial statements, which is included in this report.

The Authority primary government net investment in capital assets decreased \$123,103 or 5% percent for an ending balance of \$2,504,924.

The Authority primary government restricted net position decreased \$61,768 from the previous year for an ending balance of \$14,471. Additional information on the Authority's restricted net position can be found in Note 20 to the financial statements, which is included in this report.

The Authority's primary government total cash and cash equivalents on June 30, 2022 is \$1,282,660 representing a decrease of \$13,789 or 1% percent from the prior fiscal year. Total primary government operating cash increased \$43,577 or 4% percent for an ending balance of \$1,208,558. Total primary government restricted cash and funded reserves decreased \$57,366 or 44% percent for an ending balance of \$74,102. The full detail of this amount can be found in the Statement of Cash Flows on pages 22-23 of this report.

The Authority's primary government total assets and deferred outflows are \$5,795,748 of which capital assets net book value is \$2,839,924, deferred outflows in the amount of \$455,849, other assets in the amount of \$5,770, leaving total current assets at \$2,494,205.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

FINANCIAL HIGHLIGHTS - CONTINUED

Total current assets increase from the previous year by \$124,016 or 5% percent. Unrestricted cash and cash equivalents increased by \$43,577, restricted cash decreased by \$57,366, accounts receivables increased \$103,262, investments increased by \$903 and prepaid expenses increased by \$33,640.

The Authority primary government capital assets reported a decrease in the net book value of the capital assets in the amount of \$183,103 or 6% percent. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$101,983 less the recording of depreciation expense in the amount of \$285,086. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

Other assets right to use assets increased by \$5,770 or 100% percent. A full detail of the right to use assets can be found in the Notes to the Financial Statements Section Note – 9 Right to Use Asset and lease payable at year end. Full detail of these accounts can be found in the Notes to the Financial Statements Section Note 9.

The Authority primary government reported an increase in other assets of \$5,770 or 100% percent. Right to use assets increased by \$5,770 or 100% for an ending balance of \$5,770. A full detail of this account can be found in the Notes to the Financial Statements Section Note 9.

The Authority primary government reported a decrease in the deferred outflow for the pension cost in the amount of \$158,763 for an ending balance of \$455,849. The Authority primary government reported a decrease in the deferred inflow for the pension cost in the amount of \$188,931 for an ending balance of \$1,437,815. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 10 Deferred Outflows/Inflows of Resources.

The Authority's primary government total liabilities are reported at \$3,057,794, of which current liabilities are stated at \$258,579 and noncurrent liabilities are stated at \$2,799,215. Total primary government liabilities decreased during the year as compared to the prior year in the amount of \$455,067 or 13% percent. Total primary government current liabilities decreased during the year by \$71,660, leaving non-current liabilities for a decrease of \$383,407 as compared to the previous year.

As previously stated, total primary government current liabilities decreased from the previous year by \$71,660 or 22% percent. Accounts payable decreased by \$92,055, accrued liabilities increased by \$4,337, tenant security deposit payable increased by \$1,731, unearned revenue increased by \$10,057, and the current portion of the lease payable increased by \$4,270. The current portion of the Capital Project Bonds payable remained unchanged from the prior year for an ending balance of \$60,000.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

FINANCIAL HIGHLIGHTS - CONTINUED

The Authority primary government total noncurrent liabilities decreased by \$383,407 or 12% percent. The decrease was comprised of four accounts, long-term note payable which decreased by \$60,000 for an ending balance of \$275,000, accrued compensated absences – long term with no offsetting assets decreased \$3,353 from the prior fiscal year for an ending balance of \$27,991, and leases payable - noncurrent increased \$1,880.

Accrued pension and other post-employment benefits (OPEB) liabilities decreased \$321,934 for an ending balance of \$2,494,344. Additional information on GASB #68 pension and GASB #75 effect the Authority's accrued OPEB liabilities on June 30, 2022 can be found in Notes 17-18 to the financial statements, which is included in this report.

The Authority primary government had total operating revenue of \$7,469,445 as compared to \$7,431,176 from the prior year for an increase of \$38,269 or 1% percent.

The Authority primary government had total operating expenses of \$7,455,141 as compared to \$7,282,557 from the previous year for an increase of \$172,584 or 2% percent, resulting in excess revenue from operations in the amount of \$14,304 for the current year as compared to excess revenue from operations in the amount of \$148,619 during the prior year for a decrease of \$134,315 or 90% percent from the previous year.

Total primary government capital improvements contributions from HUD were in the amount of \$145,482 as compared to \$185,946 from the previous year for a decrease of \$40,464 or 22% percent. The Authority primary government had capital outlays in the amount of \$101,983 for the fiscal year.

The Authority's Expenditures of Federal Awards amounted to \$5,952,714 for the fiscal year 2022 as compared to \$6,022,644 for the previous fiscal year 2021 for a decrease of \$69,930 or 1% percent.

USING THIS ANNUAL REPORT

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

1. Public and Indian Housing Program
2. Section 8 Housing Choice Vouchers
3. Public Housing Capital Fund Program
4. Continuum of Care (CoC) Program

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

This discussion and analysis are intended to serve as an introduction to the Housing Authority's primary government financial statements. The financial statements are prepared on an entity wide basis excluding the discretely presented component units and consist of:

- 1) Statement of Net Position
- 2) Statement of Revenue, Expenses, and Changes in Net Position
- 3) Statement of Cash Flows
- 4) Notes to the Financial Statements

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

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

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

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

Notes to the Financial Statements - Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Housing Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Housing Authority may face. The Notes to Financial Statements can be found in this Report beginning on page 24 through 62.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

In addition to the basic financial statements listed above, our report includes supplemental information. This information is to provide more detail on the Housing Authority's various programs and the required information mandated by regulatory bodies that fund the Housing Authority's various programs.

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Audits of States, Local Governments and Non-profit Organizations. The schedule of Expenditures of Federal Awards can be found on pages 68-69 of this report.

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

- 2. Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and the Uniform Guidance establish the levels of expenditures or expenses to be used in defining Type A and Type B Federal financial assistance programs. Type A programs for the Housing Authority of the Township of Edison are those which equal or exceeded \$750,000 in expenditures for the fiscal year ended June 30, 2022. Type B programs for the Housing Authority of the Township of Edison are those which are less than \$750,000 in expenditures for the fiscal year ended June 30, 2022.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

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

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

	<u>Year Ended</u>		Increase
	June-22	June-21	(Decrease)
Cash	\$ 1,282,660	\$ 1,296,449	\$ (13,789)
Other Current Assets	1,211,545	1,073,740	137,805
Capital Assets - Net	2,839,924	3,023,027	(183,103)
Right to Use Assets	5,770	-	5,770
Deferred Outflows	455,849	614,612	(158,763)
Total Assets	5,795,748	6,007,828	(212,080)
Less: Current Liabilities	(258,579)	(330,239)	71,660
Less: Non Current Liabilities	(2,799,215)	(3,182,622)	383,407
Less: Deferred Inflows	(1,437,815)	(1,626,746)	188,931
Net Position	<u>\$ 1,300,139</u>	<u>\$ 868,221</u>	<u>\$ 431,918</u>
Net Investment in Capital Assets	\$ 2,504,924	\$ 2,628,027	\$ (123,103)
Restricted Net Position	14,471	76,239	(61,768)
Unrestricted Net Position	(1,219,256)	(1,836,045)	616,789
Net Position	<u>\$ 1,300,139</u>	<u>\$ 868,221</u>	<u>\$ 431,918</u>

Cash and restricted cash decreased by \$13,789 or 1% percent. Net cash provided by operating activities was \$86,559, net cash used by capital and related financing activities was \$88,668, and net cash provided by investing activities was \$2,764. The full detail of this amount can be found in the Statement of Cash Flows on pages 22-23 of this audit report.

Other current assets increased \$137,805. Accounts receivables increased by \$103,262, investments increased by \$903 and prepaid expenses increased by \$33,640.

The Authority primary government capital assets reported a decrease in the net book value of the capital assets in the amount of \$183,103 or 6% percent. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$101,983 less the recording of depreciation expense in the amount of \$285,086.

Other assets right to use assets increased by \$5,770 or 100% percent. A full detail of the right to use assets can be found in the Notes to the Financial Statements Section Note - 9 Right to Use Asset and lease payable at year end. Full detail of these accounts can be found in the Notes to the Financial Statements Section Note 9.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority primary government reported a decrease in the deferred outflow for the pension cost in the amount of \$158,763 for an ending balance of \$455,849. The Authority primary government reported a decrease in the deferred inflow for the pension cost in the amount of \$188,931 for an ending balance of \$1,437,815.

Total primary government current liabilities decreased from the previous year by \$71,660 or 22% percent. Accounts payables decreased by \$92,055, accrued liabilities increased by \$4,337, tenant security deposit payable increased by \$1,731, unearned revenue increased by \$10,057, and the current portion of leases payable increased \$4,270. The current portion of the Capital Project Bonds payable remained unchanged from the prior year.

The Authority primary government total noncurrent liabilities decreased by \$383,407 or 12% percent. The decrease was comprised of four accounts, long-term note payable which decreased by \$60,000 for an ending balance of \$275,000, accrued compensated absences – long term with no offsetting assets decreased \$3,353 from the prior fiscal year for an ending balance of \$27,991, and leases payable – noncurrent increased \$1,880. Additional information about the Authority primary government's leases payable – noncurrent can be found in the Notes to the Financial Statements Note 9.

Accrued pension and other post-employment benefits (OPEB) liabilities decreased \$321,934 for an ending balance of \$2,494,344. Additional information on GASB #68 pension and GASB #75 effect the Authority's accrued OPEB liabilities on June 30, 2022 can be found in Notes 17-18 to the financial statements, which is included in this report.

The Authority's primary government reported net position is \$1,300,139 which is made up of three categories. The Authority primary government reported net investment in capital assets in the amount of \$2,504,924. The net investment in capital assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending. The schedule below reflects the activity in this account for the current fiscal year:

Balance June 30, 2021	\$ 2,628,027
Acquisition in Fixed Assets	101,983
Payment of Debt	60,000
Depreciation Expense	(285,086)
Balance June 30, 2022	\$ 2,504,924

The Housing Authority of the Township of Edison primary government operating results for June 30, 2022 reported an increase in unrestricted net position of \$616,789 or 34% percent for an ending balance of negative (\$1,219,256). A full detail of this account can be found in the Notes to the Financial Statements Section Note 21.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The primary government restricted net position decreased \$61,768 from the previous year for an ending balance of \$14,471. Additional information on the Authority's restricted net position can be found in Note 20 to the financial statements, which is included in this report.

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

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

	<u>Year Ended</u>		Increase
	June-22	June-21	(Decrease)
<u>Revenues</u>			
Tenant Revenues	\$ 797,956	\$ 750,928	\$ 47,028
HUD Subsidies	5,791,735	5,826,809	(35,074)
Other Governmental Grants	15,497	-	15,497
Other Revenues	864,257	853,439	10,818
Total Operating Income	<u>7,469,445</u>	<u>7,431,176</u>	<u>38,269</u>
<u>Expenses</u>			
Operating Expenses	7,170,054	6,985,072	184,982
Depreciation Expense	285,087	297,485	(12,398)
Total Operating Expenses	<u>7,455,141</u>	<u>7,282,557</u>	<u>172,584</u>
Operating Income before Non Operating Income	14,304	148,619	(134,315)
Interest Income	3,667	5,128	(1,461)
Capital Grants	145,482	185,946	(40,464)
Change in Net Position	<u>163,453</u>	<u>339,693</u>	<u>(176,240)</u>
Net Position Prior Year	868,221	399,100	469,121
Prior Period Adjustments	268,465	129,428	139,037
Total Net Position	<u>\$ 1,300,139</u>	<u>\$ 868,221</u>	<u>\$ 431,918</u>

Approximately 78% percent of the Authority's primary government total operating revenue was provided by HUD operating subsidy, while 10% percent resulted from tenant revenue. Charges for various services and fraud recovery provided 11% percent of the total income, and other governmental grants provided the remaining 1% percent of the total income.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Housing Authority of the Township of Edison received from the capital fund program \$145,482 in grant money, representing a decrease of \$40,464 from the prior fiscal year. The Authority had capital expenditures of \$101,983. The current year additions included the installation of a new exterior lighting, and the replacement of a boiler.

The Authority's primary government operating expenses cover a range of expenses. The largest expense was for housing assistance payment expenses representing 69% percent of total operating expenses. Administrative expenses accounted for 11% percent, tenant services accounted for less than 1% percent, utilities expense accounted for 6% percent, maintenance expense accounted for 7% percent, other operating expenses accounted for 3% percent, and depreciation accounted for the remaining 3% percent of the total operating expenses.

The Authority primary government operating revenue exceeded its operating expenses resulting in excess revenue from operations in the amount of \$14,304 from operations as compared to excess revenue from operations of \$148,619 for the previous year. The key elements for the decrease in surplus revenue in comparison to the prior year are as follows:

- The Authority primary government tenant rental revenue increased \$47,028 or 6% percent due to an increase in tenant household income.
- The Authority primary government reported a decrease in HUD PHA operating grants in the amount of \$35,074 or 1% percent.
- Other governmental grants increased by \$15,497 or 100% percent.
- Total other revenue increased in the amount of \$10,818 or 1% percent.
- The Authority reported an increase in the following expense accounts:
 - Administrative expenses increased \$169,502 or 27% percent.
 - Utilities expense increased \$73,200 or 19% percent.
 - Maintenance expense increased \$55,732 or 13% percent.
 - Housing Assistance Payments increased \$174,192 or 3% percent.
- The Authority reported a decrease in the following expense accounts:
 - Tenant services expense decreased \$265,814 or 97% percent.
 - Other operating expenses decreased \$21,830 or 10% percent.
 - Depreciation expense decreased \$12,398 or 4% percent.

Total net cash provided by operating activities during the year was \$86,559 as compared to cash provided in the amount of \$80,924 for the prior fiscal year. A full detail of these amounts can be found on the Statement of Cash Flows on pages 22-23 of this report.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The following are financial highlights of significant items for the primary government for a four-year period of time ending on June 30, 2022:

	June-22	June-21	June-20	June-19
Significant Income				
Total Tenant Revenue	\$ 797,956	\$ 750,928	\$ 699,948	\$ 690,237
HUD Operating Grants	5,791,735	5,826,809	5,512,031	5,406,664
HUD Capital Grants	145,482	185,946	112,968	92,773
Other Governmental Grants	15,497	9,889	-	-
Investment Income	3,667	5,128	6,851	5,439
Other Income	864,257	853,439	346,296	692,156
Total	7,618,594	7,632,139	6,678,094	6,887,269
Payroll Expense				
Administrative Salaries	430,944	263,755	415,799	305,426
Maintenance Labor	231,730	171,855	172,801	179,904
Employee Benefits Expense	173,577	305,538	305,142	418,289
Total Payroll Expense	836,251	741,148	893,742	903,619
Other Significant Expenses				
Other Administrative Expenses	255,622	207,368	267,375	246,466
Utilities Expense	435,018	359,570	364,304	351,730
Maintenance Supplies	92,312	44,188	57,737	27,970
Maintenance Contract Cost	116,496	137,350	162,534	171,922
Insurance Premiums	85,529	75,969	70,098	63,045
Housing Assistance Payments	5,193,327	5,091,135	4,473,051	4,725,253
Total	6,178,304	5,915,580	5,395,099	5,586,386
Total Operating Expenses	7,455,141	7,282,557	6,657,192	6,860,119
Total of Federal Awards	\$ 5,952,714	\$ 6,022,644	\$ 5,624,999	\$ 5,499,437

THE AUTHORITY AS A WHOLE

The Authority's primary government revenues consist primarily of rents and subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. By far, the largest portion of the Authority's primary government net position reflects its net investment in capital assets. The net investment in capital assets (e.g., land, buildings, equipment, and construction in progress) uses these capital assets to provide housing services to its tenants.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON PROGRAMS

Public and Indian Housing Program:

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

Public Housing Capital Fund Program:

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

Housing Choice Voucher Program

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

Continuum of Care (CoC) Program

The Continuum of Care (CoC) Program is designed to promote communitywide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, and State and local governments to quickly rehouse homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness; promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

BUDGETARY HIGHLIGHTS

For the year ended June 30, 2022, individual program or grant budgets were prepared by the Authority and adopted by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

The Authority 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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

1 – Capital Assets

The Authority's primary government net investment in capital assets as of June 30, 2022, was \$2,839,924 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and construction in progress. The total decrease during the year in the Authority's investment in capital assets was \$183,103 or 6% percent. Major capital expenditures of \$101,983 were made during the year. Major capital assets events during the fiscal year included the following:

- Installation of a New LED Exterior Lighting System
- Boiler Replacement

The Primary Government:

	June-22	June-21	Increase (Decrease)
Land	\$ 400,000	\$ 400,000	\$ -
Building	10,060,163	10,043,663	16,500
Furniture, Equipment - Dwelling	275,237	275,237	-
Furniture, Equipment - Administration	614,257	614,257	-
Construction in Process	555,276	469,793	85,483
Total Fixed Assets	11,904,933	11,802,950	101,983
Accumulated Depreciation	(9,065,009)	(8,779,923)	(285,086)
Net Book Value	<u>\$ 2,839,924</u>	<u>\$ 3,023,027</u>	<u>\$ (183,103)</u>

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

CAPITAL ASSETS AND DEBT ADMINISTRATION -CONTINUED

2 - Debt Administration

The Authority has participated in the New Jersey pooled leveraging program. The Capital Project Bond payable in the amount of \$335,000 was outstanding as of June 30, 2022. A full disclosure of loans payable on June 30, 2022 can be found in Note 16.

NEW INITIATIVES

For the fiscal year 2022 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 78% percent of its revenue from the Department of Housing and Urban Development, (2021 was 79% percent), the Authority is constantly monitoring for any appropriation changes, especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy.

The current administration of the Authority is determined to improve the financial results of the Authority's operations. The Authority has been exploring a Rental Assistance Application (RAD) which would involve converting current public housing units to a Section 8 platform. While this process takes time the Authority has remained diligent in being proactive in regards to maintaining the condition of their buildings.

The Authority has made steady progress in various phases of the operations, all the while increasing the occupancy percentage in the public housing units and a high utilization rate in Housing Assistance Programs. Interactions with the residents are a constant reminder of the need of the services.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2022**

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

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

- State of New Jersey economy including the impact on tenant income. Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income. Tenant rental payments are based on tenant income.
- Continued increases in health care insurance are expected to impact employee benefits cost over the next several years.
- Converting Public and Indian Housing Program rental units into RAD subsidy units.
- Inflationary pressure on utility rates, supplies and other cost.
- Trends in the housing market which affect rental housing available for the Section 8 tenants, along with the amount of the rents charged by the private landlords, are expected to have a continued impact on Section 8 HAP payments.
- Even if HUD was fully funded for both the Operating and Capital Funds, it is unlikely that Congress would appropriate adequate funding. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Ms. Deborah Hurley, Executive Director, Housing Authority Township of Edison, 14 Rev. Samuel Carpenter Blvd., Edison, NJ or call (908) 561-2525.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
STATEMENT OF NET POSITION - 1
AS OF JUNE 30, 2022

	<u>Primary Government</u>	<u>Component Unit June-22</u>	<u>Total (Memorandum)</u>
Assets			
Current Assets:			
Cash and Cash Equivalents			
Operating	\$ 1,208,558	\$ 603,834	\$ 1,812,392
Restricted	74,102	2,022	76,124
Total cash and equivalents	<u>1,282,660</u>	<u>605,856</u>	<u>1,888,516</u>
Accounts Receivables, Net of Allowances	366,619	921	367,540
Investments	771,782	-	771,782
Prepaid Expenses	73,144	-	73,144
Total Current Assets	<u>2,494,205</u>	<u>606,777</u>	<u>3,100,982</u>
Noncurrent Assets			
Capital Assets			
Land	400,000	20,000	420,000
Building	10,060,163	81,521	10,141,684
Furniture, Equipment - Dwelling	275,237	-	275,237
Furniture, Equipment - Administration	614,257	-	614,257
Construction in Process	555,276	-	555,276
Total Capital Assets	<u>11,904,933</u>	<u>101,521</u>	<u>12,006,454</u>
Less: Accumulated Depreciation	<u>(9,065,009)</u>	<u>(17,304)</u>	<u>(9,082,313)</u>
Net Book Value	<u>2,839,924</u>	<u>84,217</u>	<u>2,924,141</u>
Other Assets			
Right to Use Assets	5,770	-	5,770
Total Other Assets	<u>5,770</u>	<u>-</u>	<u>5,770</u>
Total Assets	<u>5,339,899</u>	<u>690,994</u>	<u>6,030,893</u>
Deferred Outflow of Resources			
NJ Pension and OPEB	455,849	-	455,849
Total Assets and Deferred Outflow of Resources	<u>5,795,748</u>	<u>690,994</u>	<u>6,486,742</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
STATEMENT OF NET POSITION - 2
AS OF JUNE 30, 2022

	<u>Primary Government</u>	<u>Component Unit June-22</u>	<u>Total (Memorandum)</u>
Liabilities			
Current Liabilities:			
Accounts Payable	\$ 59,406	\$ 17,135	\$ 76,541
Accrued Liabilities	62,716	-	62,716
Tenant Security Deposit Payable	56,960	2,022	58,982
Unearned Revenue	15,227	990	16,217
Current Portion - Long Term Debt	60,000	-	60,000
Lease Payable - Current Portion	4,270	-	4,270
Total Current Liabilities	<u>258,579</u>	<u>20,147</u>	<u>278,726</u>
Noncurrent Liabilities			
Long Term Debt - CFFP	275,000	-	275,000
Accrued Compensated Absences - Long-Term	27,991	-	27,991
Lease Payable - Noncurrent	1,880	-	1,880
Accrued Other Post-Employment Benefits (OPEB)	2,494,344	-	2,494,344
Total Noncurrent Liabilities	<u>2,799,215</u>	<u>-</u>	<u>2,799,215</u>
Total Liabilities	<u>3,057,794</u>	<u>20,147</u>	<u>3,077,941</u>
Deferred Inflow of Resources			
NJ Pension and OPEB	<u>1,437,815</u>	<u>-</u>	<u>1,437,815</u>
Net Position:			
Net Investment in Capital Assets	2,504,924	84,217	2,589,141
Restricted	14,471	-	14,471
Unrestricted	(1,219,256)	586,630	(632,626)
Total Net Position	<u>1,300,139</u>	<u>670,847</u>	<u>1,970,986</u>
Total Liabilities, Deferred Inflow of Resources, and Net Position	<u>\$ 5,795,748</u>	<u>\$ 690,994</u>	<u>\$ 6,486,742</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE TWELVE MONTHS ENDED JUNE 30, 2022

	Primary Government	Component Unit June-22	Total (Memorandum)
Revenue:			
Tenant Rental Revenue	\$ 797,956	\$ 24,374	\$ 822,330
HUD PHA Operating Grants	5,791,735	-	5,791,735
Other Governmental Grants	15,497	-	15,497
Other Revenue	864,257	58,984	923,241
Total Revenue	<u>7,469,445</u>	<u>83,358</u>	<u>7,552,803</u>
Operating Expenses:			
Administrative Expenses	799,445	29,554	828,999
Tenant Services	8,567	-	8,567
Utilities Expense	462,105	-	462,105
Maintenance Expense	501,236	-	501,236
Other Operating Expenses	205,374	-	205,374
Housing Assistance Payments	5,193,327	-	5,193,327
Depreciation Expense	285,087	2,038	287,125
Total Operating Expenses	<u>7,455,141</u>	<u>31,592</u>	<u>7,486,733</u>
Excess Revenue From Operations	14,304	51,766	66,070
Nonoperating Revenue			
Investment Income	3,667	238	3,905
Excess Revenue Before Capital Contributions	<u>17,971</u>	<u>52,004</u>	<u>69,975</u>
Capital Grant Contributions	<u>145,482</u>	<u>-</u>	<u>145,482</u>
Change in Net Position	<u>163,453</u>	<u>52,004</u>	<u>215,457</u>
Beginning Net Position	868,221	618,843	1,487,064
Prior Period Adjustment	268,465	-	268,465
Beginning Net Position - Restated	<u>1,136,686</u>	<u>618,843</u>	<u>1,755,529</u>
Ending Net Position	<u>\$ 1,300,139</u>	<u>\$ 670,847</u>	<u>\$ 1,970,986</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
STATEMENT OF CASH FLOWS-1
FOR THE TWELVE MONTHS ENDED JUNE 30, 2022

	Primary Government	Component Unit June-22	Total (Memorandum)
Cash Flow From Operating Activities			
Receipts from Tenants	\$ 759,663	\$ 24,438	\$ 784,101
Receipts from Federal Grants	5,661,179	-	5,661,179
Receipts from Misc. Sources	879,083	58,984	938,067
Payments to Vendors and Suppliers	(748,598)	(23,673)	(772,271)
Payments for Housing Assistance Payments	(5,193,327)	-	(5,193,327)
Payments to Employees	(662,846)	-	(662,846)
Payment of Employee Benefits	(173,577)	-	(173,577)
Payment of Utilities Expenses	(435,018)	-	(435,018)
Net Cash Provided by Operating Activities	86,559	59,749	146,308
Cash Flow From Capital and Related Financing Activities			
Receipts from Capital Grants	145,482	-	145,482
Acquisitions and Construction of Capital Assets	(101,983)	-	(101,983)
Change in Long Term Compensated Absences	(3,353)	-	(3,353)
Net Effect of Deferred Inflows and Outflows	(30,168)	-	(30,168)
Lease Payable	6,150	-	6,150
Right to Use Assets - Copiers	8,673	-	8,673
Prior Period Adjustment	268,465	-	268,465
Accrued Other Post-Employment Benefits (OPEB) Liabilities	(321,934)	-	(321,934)
Principal Payment on Debt	(60,000)	-	(60,000)
Net Cash (Used) by and Related Financing Activities	(88,668)	-	(88,668)
Cash Flow From Investing Activities			
Interest Income	3,667	238	3,905
(Purchase) of Investment	(903)	-	(903)
Net Cash Provided by Investing Activities	2,764	238	3,002
Net Increase in Cash and Cash Equivalents	655	59,987	60,642
Beginning Cash, Cash Equivalents and Restricted Cash	1,282,005	545,869	1,827,874
Ending Cash, Cash Equivalents and Restricted Cash	\$ 1,282,660	\$ 605,856	\$ 1,888,516
Reconciliation of Cash Balances:			
Cash and Cash Equivalents - Unrestricted	1,208,558	\$ 603,834	\$ 1,812,392
Cash and Cash Equivalents - Restricted	74,102	2,022	76,124
Total Ending Cash	\$ 1,282,660	\$ 605,856	\$ 1,888,516

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
STATEMENT OF CASH FLOWS -2
FOR THE TWELVE MONTHS ENDED JUNE 30, 2022

	<u>Primary Government</u>	<u>Component Unit June-22</u>	<u>Total (Memorandum)</u>
Reconciliation of Operating Income to Net Cash			
Provided by Operating Activities	\$ 14,304	\$ 51,766	\$ 66,070
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:			
Depreciation Expense	285,087	2,038	287,125
(Increase) Decrease in:			
Accounts Receivables	(103,262)	(921)	(104,183)
Prepaid Expenses	(33,640)	-	(33,640)
Increase (Decrease) in:			
Accounts Payable	(92,055)	5,881	(86,174)
Accrued Liabilities	4,337	-	4,337
Unearned Revenue	10,057	985	11,042
Tenant Security Deposit Payable	1,731	-	1,731
Net Cash Provided by Operating Activities	<u>\$ 86,559</u>	<u>\$ 59,749</u>	<u>\$ 146,308</u>
Supplementary information			
Interest Expense Paid during the Year	<u>\$ 19,982</u>	<u>\$ -</u>	<u>\$ 19,982</u>
Lease Payments paid during the year	<u>\$ 4,144</u>	<u>\$ -</u>	<u>\$ 4,144</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

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

Organization - The Authority is a governmental public corporation which was organized under the public corporation law created under federal and state housing law as defined by State statute (N.J., S.A. 40A:12A-1 et al the Housing Authority Act) for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the Township of Edison in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD).

The Authority is governed by a Board of Commissioners which is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An Executive Director is appointed by the Housing Authority's Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance, and management of public housing for low- and moderate-income families residing in Edison. Operating and modernization subsidies are provided to the Authority by the federal government.

The financial statements include all the accounts of the Authority. The Authority is the lowest level of government over which the Authority's Board of Commissioners and Executive Director exercise oversight responsibility. The Authority is not included in any governmental "reporting entity" since its board members; while they are appointed primarily by the Mayor of Edison and Township Council, the Board of Commissioners have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary responsibility for accounting and fiscal matters. The Authority has also concluded that it is excluded from the Township of Edison reporting entity.

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

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

Based on the aforementioned criteria, the Authority has identified one (1) entity which should be subject to evaluation for inclusion in the Authority's reporting entity.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

Organization - Continued

Edison Affordable Housing Inc. entity is legally separate from the Housing Authority of the Township of Edison but is considered part of the reporting entity. The Authority manages the financial affairs for the Edison Affordable Housing Inc. This entity is being reported as a discretely presented component unit. The financial data included in this report is based on the information for the Edison Affordable Housing Inc. at the end of its fiscal year, which was June 30, 2022.

Significant Accounting Policies

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

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

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

Significant Accounting Policies

Component Unit – Discretely Presented

Edison Affordable Housing Inc. entity is legally separate from the Housing Authority of the Township of Edison but is considered part of the reporting entity. The Authority manages the financial affairs for the Edison Affordable Housing Inc. The purpose of the Corporation was to promote additional affordable housing in the Township of Edison. This corporation operates on a fiscal year that ended on June 30. The method of accounting for the component unit is in accordance with accounting principles generally accepted in the United States of America. This entity is being reported as a discretely presented component unit. The financial data included in this report is based on the information for the Edison Affordable Housing Inc. at the end of its fiscal year, which was June 30, 2022.

Basis of Accounting

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

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

Revenue Recognition

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

Basis of Accounting - Continued

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

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

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

Report Presentation

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

Financial Reporting Entity

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

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

- (a) the primary government which is the Authority,
- (b) organizations for which the primary government is financially accountable, and
- (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 61.

The decision to include a potential unit in the Authority's reporting entity is based on several criteria set forth in GASB Statement No. 61, including legal standing, fiscal dependency, and financial accountability. The Authority has identified the Edison Affordable Housing Inc. as a discretely presented component unit. In accordance with GASB Statement No. 61, due to the Authority manages the financial affair of this nonprofit entity; this entity is being reported as a discretely presented component unit.

Therefore, the activity of this nonprofit corporation is presented as component unit on the Authority's electronically filed financial data schedule. The method of accounting for the component unit is in accordance with accounting principles generally accepted in the United States of America. The financial data included in this report is based on the information for the Edison Affordable Housing Inc. at the end of its calendar year, which was June 30, 2022.

Other accounting policies are as follows:

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

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

Other accounting policies - Continued

4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.

5 – Operating subsidies received from HUD are recorded as income when earned.

6 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.

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

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

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

10- Advertising cost is charged to expense when incurred.

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

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

13 - Taxes

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

Other accounting policies - Continued

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

15 - Net Position

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

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

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

Other accounting policies - Continued

16 - Operating and non-operating revenues and expenses

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

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

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

17-Impairment Losses

The Authority reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. No impairment losses were recognized in 2022.

18- Recent Accounting Pronouncements

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

Budgetary and Policy Control -

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

Activities - The programs administered by the Authority were:

<u>Program</u>	<u>CFDA #</u>	<u>Project #</u>	<u>Units Authorized</u>
<u>Public Housing</u>			
Public and Indian Housing	14.850	NJ-43	160
Capital Fund	14.872		
<u>Section 8 Housing</u>			
Housing Choice Vouchers	14.871	NJ-39V0-43	328
Continuum of Care	14.267		70
Community Development Block Grant	14.218		

Public and Indian Housing Program:

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

Public Housing Capital Fund Program:

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

Activities - Continued

Section 8 Housing Choice Voucher Program

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

Continuum of Care (CoC) Program

The Continuum of Care (CoC) Program is designed to promote communitywide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, and State and local governments to quickly rehouse homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness; promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.

Community Development Block Grant

CDBG funds may be used to undertake certain economic development activities. These activities include acquiring, constructing, reconstructing, rehabilitating, or installing structures, and other real property equipment and improvements. These are economic development projects undertaken by nonprofit entities. Assistance may include grants, loans, loan guarantees, and technical assistance; and providing economic development services in connection with otherwise eligible CDBG economic development activities. In addition to meeting one of the organizational types listed above, the entity must be carrying out neighborhood revitalization, community economic development or energy conservation projects.

Component Unit

Edison Affordable Housing Inc. entity is legally separate from the Housing Authority of the Township of Edison but is considered part of the reporting entity. The Authority manages the financial affairs for the Edison Affordable Housing Inc. The purpose of the Corporation was to promote additional affordable housing in the Township of Edison. This corporation operates on a fiscal year that ended on June 30. The method of accounting for the component unit is in accordance with accounting principles generally accepted in the United States of America. This entity is being reported as a discretely presented component unit. The financial data included in this report is based on the information for the Edison Affordable Housing Inc. at the end of its fiscal year, which was June 30, 2022.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

Revenue from Rental Contracts

The Authority recognizes rental revenue from tenant(s) who entered into a lease agreement (contract) for a unit in the development. The lease agreement allows the tenant use of the unit the expiration of the lease term or cancellation by the tenant or landlord due to cause. Lease terms are for one year, unless mutually agreed to by the landlord and the tenant(s) prior to move in. Tenant(s) have to be income qualified in accordance with income limitations before allowed to occupy unit.

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

Tenant(s) lease payments are due the first day of each month of the lease term. The monthly unit rental charge is determined based on HUD calculation. Any tenant(s) rental payment not received by the fifth day of each month will be charged a late fee. Any rental payment received in advance of the first day of the month are recognized as deferred revenue since the conditions for recognizing revenue will not occur until the end of the following month.

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

NOTE 2 – ESTIMATES

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

NOTE 3 - PENSION PLAN

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

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

NOTE 3 - PENSION PLAN -CONTINUED

Funding Policy

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

The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, and the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2022 amounted to \$78,003.

Post Employment Retirement Benefits

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

Further information on the Pension Plan and its effects of GASB #68 can be found in Note 18 – Accrued Pension Liability.

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

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

Concentration of Credit Risk

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED

Risk Disclosures

Collateral for Deposits

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

Interest Rate Risk

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

Credit Risk

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

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

	Bank Balances	
	Primary Government	Component Unit
Depository Accounts		
Insured	\$ 867,738	\$ 503,019
Collateralized held by pledging bank's trust department in the Authority's name	1,186,704	-
Uninsured	-	102,837
Total Cash, Cash Equivalents	\$ 2,054,442	\$ 605,856

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED

The Edison Affordable Housing Inc. maintains its cash in financial institutions insured by Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. The Edison Affordable Housing Inc. has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalent.

Restricted Cash

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

	Primary Government	Component Unit
Tenant Security Deposits	\$ 59,631	\$ 2,022
HAP Reserve	14,471	-
Total Restricted Cash	<u>\$ 74,102</u>	<u>\$ 2,022</u>

The restricted cash in the amount of \$14,471 was reported under the Housing Choice Voucher Program as a HAP reserve for future use. The Authority invested these funds with Provident Bank. In accordance with HUD’s PIH Notice 2007-03, the reserve fund balance may only be used to assist additional families up to the number of units under contract.

Investments

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

Investments	Maturities	Interest Rate	Fair Value
Certificate of Deposit	30-Jul-22	0.50%	\$ 105,794
Certificate of Deposit	30-Jul-22	0.50%	159,807
Certificate of Deposit	30-Jul-22	0.50%	27,506
Certificate of Deposit	11-Aug-22	0.15%	104,840
Certificate of Deposit	30-Jul-22	0.25%	100,158
Certificate of Deposit	30-Jul-22	0.25%	2,000
Money Market Account	Upon Demand	Variable	271,677
Total			<u>\$ 771,782</u>

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

NOTE 5 - ACCOUNTS RECEIVABLE

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

	Primary Government	Component Unit
Tenants Accounts Receivable - Present	\$ 164,082	\$ 921
Less: Allowance for Doubtful Accounts - Tenants	(107,619)	-
Net Tenants Accounts Receivable	<u>56,463</u>	<u>921</u>
Accounts Receivable - HUD	245,689	-
Accounts Receivable - Other Government's	39,310	-
Accounts Receivable - Fees	25,157	-
Net Other Receivables	<u>310,156</u>	<u>-</u>
Net Accounts Receivables Total	<u>\$ 366,619</u>	<u>\$ 921</u>

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

NOTE 6 - PREPAID EXPENSES

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. All purchases of insurance premiums are written off on a monthly basis. Prepaid expenses on June 30, 2022, consisted of the following:

	<u>Primary Government</u>
Prepaid Insurance	\$ 46,024
Prepaid Sewer Charges	27,120
Total Prepaid Expenses	<u>\$ 73,144</u>

NOTE 7 - INTERFUND ACTIVITY

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

NOTE 8 - FIXED ASSETS

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

Expenditures for repairs, maintenance and minor renewals are charged against income in the year they are incurred. Major renewals and betterment are capitalized. Expenditures are capitalized when they meet the Capitalization Policy requirements. Under the policy, assets purchased or constructed at a cost not exceeding \$1,000 are expensed when incurred. Donated fixed assets are stated at their fair value on the date donated.

Depreciation

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

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

Depreciation expense for the primary government for the period ended June 30, 2022 was \$285,087 and \$2,038 for the component unit.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements June 30, 2022

NOTE 8 - FIXED ASSETS - CONTINUED

The Authority reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. No impairment losses were recognized in 2022.

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

Primary Government	June-21	Additions	June-22
Land	\$ 400,000	\$ -	\$ 400,000
Building	10,043,663	16,500	10,060,163
Furniture, Equipment - Dwelling	275,237	-	275,237
Furniture, Equipment - Administration	614,257	-	614,257
Construction in Process	469,793	85,484	555,277
Total Fixed Assets	11,802,950	101,984	11,904,934
Accumulated Depreciation	(8,779,923)	(285,087)	(9,065,010)
Net Book Value	<u>\$ 3,023,027</u>	<u>\$ (183,103)</u>	<u>2,839,924</u>

Component Unit	June-21	Additions	June-22
Land	\$ 20,000	\$ -	\$ 20,000
Building	81,521	-	81,521
Total Fixed Assets	101,521	-	101,521
Accumulated Depreciation	(15,266)	(2,038)	(17,304)
Net Book Value	<u>\$ 86,255</u>	<u>\$ (2,038)</u>	<u>\$ 84,217</u>

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

	Primary Government	Component Unit
Net Book Value of Fixed Assets		
Land	\$ 400,000	\$ 20,000
Building	1,813,991	64,217
Furniture, Equipment - Dwelling	27,700	-
Furniture, Equipment - Administration	42,957	-
Construction in Process	555,276	-
Net Book Value	<u>\$ 2,839,924</u>	<u>\$ 84,217</u>

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

NOTE 9 – RIGHT TO USE ASSETS

In September 2018, the Authority entered into a lease with a copy company to lease a copier. The agreement requires 63 monthly payments of \$366. The Authority has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The discount rate used was 3.0%. The right to use assets are amortized on a straight-line basis over the life of the related lease. The amount of amortization expense for June 2022 was \$4,073.

Initial Copier Present Value	\$	21,384
Less Accumulated Depreciation		(15,614)
Net Right to Use Asset	\$	<u>5,770</u>

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

June-23	\$	4,270
June-24		1,880
Total Lease Payable	\$	<u>6,150</u>

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

The OPEB and Pension Liability discussed in Note 17 and 18 resulted in the Authority incurring deferred outflows and inflows. The difference between expected and actual experience with regard to economic and demographic factors, when the actuary calculated the net pension liability, is amortized over a five-year closed period for PERS and OPEB, reflecting the average remaining service life of members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED

The Authority's deferred outflows and inflows are as follows:

Deferred Outflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ 38,265	\$ 12,445	\$ 50,710
Changes in Assumptions	245,312	4,109	249,421
Net Difference Between Projected and Actual Earning on Pension Plan Investments	815	-	815
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	15,801	139,102	154,903
Total	<u>\$ 300,193</u>	<u>\$ 155,656</u>	<u>\$ 455,849</u>
Deferred Inflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ 178,387	\$ 5,649	\$ 184,036
Changes in Assumptions	150,716	280,905	431,621
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	207,853	207,853
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	434,572	179,733	614,305
Total	<u>\$ 763,675</u>	<u>\$ 674,140</u>	<u>\$ 1,437,815</u>

Difference in Expected and Actual Experience

The difference between expected and actual experience with regard to economic and demographic factors is amortized over a five-year closed period reflecting the average remaining service life of the plan members (active and inactive), respectively. The first year of amortization is recognized as OPEB and pension expense with the remaining years shown as either deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$50,710 and \$184,036.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED

Changes in Assumptions

The change in assumptions about future economic or demographic factors or other inputs is amortized over a five-year closed period, reflecting the average remaining service life of the plan members (active and inactive members), respectively. The first year of amortization is recognized as OPEB and pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$249,421 and \$431,621.

Net Difference between Projected and Actual Investments Earnings on Pension Plan

Investments

The difference between the System's expected rate of return of and the actual investment earnings on pension plan investments is amortized over a five-year closed period in accordance with GASB 68 and GASB #75. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$815 and \$207,853.

Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions

The change in employer proportionate share is the amount of difference between the employer proportionate shares of net OPEB and pension liability in the prior year compared to the current year. The difference between employer contributions and proportionate share of contributions is the difference between the total amount of employer contributions and the amount of the proportionate share of employer contributions. The change in proportionate share and the difference between employer contributions and proportionate share of contributions is amortized over a six-year closed period for PERS, reflecting the average remaining service life of PERS members (active and inactive members), respectively. The changes in proportion and differences between employer contributions and proportionate share of contributions for the fiscal year are \$154,903 and \$614,305.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

NOTE 11 – ACCOUNTS PAYABLE

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

	Primary Government	Component Unit
Accounts Payable Vendors	\$ 19,539	\$ 17,135
Accounts Payable - Other Government	39,867	-
Total Accounts Payable	<u>\$ 59,406</u>	<u>\$ 17,135</u>

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

Under Federal, State and local law, the Authority’s programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Township of Edison. Under the Cooperation Agreements, the Authority must pay the municipality 10% of its net shelter rent for real property taxes. During the fiscal year ended June 30, 2022, PILOT expense of \$39,867 was accrued. PILOT payable on June 30, 2022, is \$39,867.

NOTE 13 – ACCRUED EXPENSES

The Authority reported accrued expenses on its Statement of Net Position. Accrued expenses are liabilities covering expenses incurred on or before June 30 and are payable at some future date. Accrued liabilities on June 30, 2022, consist of the following:

	Primary Government
Compensated Absences - Current Portion	\$ 3,109
Accrued Interest Payable	2,778
Accrued Wages and Payroll Taxes	29,742
Accrued Expenses - Utilities	27,087
Total Accrued Liabilities	<u>\$ 62,716</u>

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

NOTE 14 – ACCRUED COMPENSATED ABSENCES

Compensated absences are those for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the Authority will be accounted for in the period in which such services were rendered. Unused sick leave may be carried to future periods and used in the event of extended illness. In the event of retirement, an employee is compensated for one for two unused sick days up to a maximum of \$15,000 under the Authority's current personnel policy. Generally, unused vacation may be carried over for a one-year period. In the event of separation from the Authority, the employee is eligible for compensation of up to one year plus any time earned in the year of separation.

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

Balance on Jun-21	Additions	Deductions	Balance on Jun-22	Current Portion
\$ 34,827	\$ -	\$ (3,727)	\$ 31,100	\$ 3,109

NOTE 15 – UNEARNED REVENUE

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

The deferred revenue for June 30, 2022, consists of July 2022 rental income received in June 2022.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

NOTE 16 – LONG TERM DEBT – STATE LEVERAGING CAPITAL PROJECT BOND

The Authority participated on August 2, 2007, with other New Jersey Housing Authorities in the issuance of \$18,585,000 in Series 2007 HMFA Bonds. The Authority portion of the Series 2007 HMFA Bonds is \$990,000. The purpose of the Bonds is restricted. The proceeds from the Bonds must be used in the renovations and capital improvements to the Authority assets in the Low-Income Housing Program. The Bonds are fully registered in denominations of \$5,000. The term of the Bonds is twenty (20) years expiring on November 1, 2027.

The faith and credit of the Housing Authority of the Township of Edison was not pledged for payment of principal and interest on the Bonds. Additionally, the Bonds are not an obligation of the State of New Jersey, The United States, or the Housing and Urban Development (HUD). The Bonds are not secured directly or indirectly by any collateral in the Authority Low Income Housing Program.

Interest on the Bonds is payable on May 1 and November 1 commencing on May 1, 2008. The interest is calculated on a basis of three hundred sixty (360) day year of twelve (12) thirty (30) day month.

The Bonds are payable and secured by the Authority Capital Fund Program (CFP), which is subject to the availability of appropriations, and paid to the Authority by HUD. Under the Bond Agreement, the Authority is required to maintain a Debt Service Reserve Fund located at the Wells Fargo Bank, an amount equal to the debt service reserve fund requirement. If at any time, the amount on deposit in the debt service reserve fund is insufficient to pay the principal and interest when due, the Trustee is authorized to withdraw the amount due from the reserve fund. The interest payable for November 1, 2022, is \$8,301 and May 1, 2023 is \$8,301.

	Balance June-21	Payments	Balance June-22	June-22 Current Portion
Capital Leveraging Fund	\$ 395,000	\$ (60,000)	\$ 335,000	\$ 60,000

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2022

NOTE 16 – LONG TERM DEBT – STATE LEVERAGING CAPITAL PROJECT BOND - CONTINUED

The debt requirements as to principal reduction of the mortgages for long term debt until exhausted are as follows:

June 30, 2023	\$ 60,000
June 30, 2024	65,000
June 30, 2025	70,000
June 30, 2026	70,000
June 30, 2027	70,000
Total Capital Project Bonds	<u>\$ 335,000</u>

NOTE 17 – ACCRUED PENSION AND OPEB LIABILITIES

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

	<u>June-22</u>
Accrued OPEB	\$ 1,705,299
Accrued Pension	789,045
Total Pension and OPEB Liabilities	<u>\$ 2,494,344</u>

These amounts arose due to adoption of GASB #75 in 2018 year as well as GASB #68 which was adopted in 2015 year. This note will discuss the liability associated with GASB #75, which is accrued other postemployment benefits. Note - 18 will discuss the effect of GASB #68 and the liability which arose from that.

OPEB Liability

The Authority as of June 30, 2022, reported a net OPEB liability in the amount of \$1,705,299 due to GASB #75. The component of the current year net OPEB liability of the Authority as of June 30, 2021, the last evaluation date, is as follows:

	<u>OPEB</u>
Employer OPEB Liability	\$ 1,710,062
Plan Net Position	(4,763)
Employer Net OPEB Liability	<u>\$ 1,705,299</u>

The Authority allocation percentage is 0.0094740% as of June 30, 2021.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

NOTE 17 – OTHER POST EMPLOYMENT BENEFITS - CONTINUED

OPEB Liability – Plan Description and Benefits Provided

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

Benefits Provided: The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who:

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

Pursuant to Chapter 78, P.L, 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2022

NOTE 17 – OTHER POST EMPLOYMENT BENEFITS- CONTINUED

Benefits Provided -Continued

The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The total OPEB liability for the year ended June 30, 2022, were \$1,705,299.

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

Plan Members

10

Net OPEB Liability

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

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

Inflation Rate = 2.16%

Salary Increases

Through 2026 = 2.00% to 6.00%

Thereafter = 3.00% to 7.00%

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

NOTE 17 – OPEB LIABILITIES – CONTINUED

Net OPEB Liability -continued

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

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

Health Care Trend Assumptions

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

Discount Rate

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

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

	<u>Discount Rate Sensitivity</u>		
	1% Decrease 1.16%	Current Rate 2.16%	1% Increase 3.16%
Total OPEB Liability	\$ 2,006,810	\$ 1,705,299	\$ 1,466,345

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2022

NOTE 17 – OPEB LIABILITIES - CONTINUED

Sensitivity of the OPEB Liability to changes in healthcare cost trend rates: The following presents the total OPEB liability of the Authority, as well as what the Authority’s OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates than the current healthcare cost trend rates:

	<u>Healthcare Cost Inflation Rate Sensitivity</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 1,422,794	\$ 1,705,299	\$ 2,073,934

Change in Assumptions: Effective June 30, 2021.

Changes in Proportion

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

Changes in Net OPEB Liability:

<u>Total OPEB Liability</u>	<u>2022</u>
Service Cost	\$ 80,157
Interest on Total OPEB liability	39,207
Expected Investment Return	(226)
Administrative Expenses	1,074
Current Period Deferred Inflows/Outflows of Resources	192
Changes in Assumptions or Other Inputs	(66,656)
Net Difference Between Projected and Actual Investments Earning on Pension Plan Investments	(70,785)
Benefit Payments	-
Change in Plan	-
Net Change in Total OPEB Liability	(17,037)
Total OPEB Liability, Beginning	1,722,336
Total OPEB Liability, Ending	\$ 1,705,299

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

NOTE 17 – OPEB LIABILITIES - CONTINUED

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

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

Year Ending June 30, 2022		\$	(101,822)
Year Ending June 30, 2023			(101,956)
Year Ending June 30, 2024			(102,078)
Year Ending June 30, 2025			(72,895)
Year Ending June 30, 2026			(12,254)
Therafter			17,193
Total		\$	<u><u>(373,812)</u></u>

NOTE 18 – ACCRUED PENSION LIABILITY

Net Pension Liability Information

The Authority as of June 30, 2022, reported a net pension liability in the amount of \$789,045 due to GASB #68. The component of the current year net pension liability of the Authority as of June 30, 2021, the last evaluation date, is as follows:

		<u>PERS</u>	
Employer Total Pension Liability		\$	2,688,177
Plan Net Position			<u>(1,899,132)</u>
Employer Net Pension Liability		\$	<u><u>789,045</u></u>

The Authority allocation percentage is 0.0066605686% as of June 30, 2021.

Plan Description

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

NOTE 18 – ACCRUED PENSION LIABILITY - CONTINUED

Net Pension Liability Information

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

The following represents the membership tiers for PERS:

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

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

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

Allocation Percentage Methodology

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

NOTE 18 – ACCRUED PENSION LIABILITY – CONTINUED

Allocation Percentage Methodology

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

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

Actuarial Assumptions

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

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

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

NOTE 18 – ACCRUED PENSION LIABILITY - CONTINUED

Actuarial Assumptions – Continued

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

NOTE 18 – ACCRUED PENSION LIABILITY - CONTINUED

Discount Rate -continued

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

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

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

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 542,986	\$ 789,045	\$ 221,043

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

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

Year Ending June 30, 2022	\$ (186,180)
Year Ending June 30, 2023	(132,932)
Year Ending June 30, 2024	(90,637)
Year Ending June 30, 2025	(68,132)
Year Ending June 30, 2026	26
Total	<u>\$ (477,855)</u>

Changes in Proportion

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2022

NOTE 18 – ACCRUED PENSION LIABILITY – CONTINUED

Pension Expense

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

Service Cost	\$	46,184
Interest on the Total Pension Liability		181,492
Benefits Changes		-
Member Contributions		(37,575)
Administrative Expenses		657
Expected Investment Return Net of Investment Expenses		(99,014)
Pension Expense Related to Specific Liabilities of Individual Employers		(463)
Current Period Recognition (Amortization) of Deferred Outflows and Inflows of Resources:		
Difference Between Expected and Actual Experience		5,085
Changes of Assumptions		(137,765)
Differences Between Projected and Actual Investment Earnings on Pension Plan Investments		(65,700)
Total	\$	<u>(107,098)</u>

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

NOTE 19 – NET INVESTMENT IN CAPITAL ASSETS

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

	Primary Government	Component Unit
Balance June 30, 2021	\$ 2,628,027	\$ 86,255
Acquisition in Fixed Assets	101,983	-
Payment of Debt	60,000	-
Depreciation Expense	(285,086)	(2,038)
Balance June 30, 2022	<u>\$ 2,504,924</u>	<u>\$ 84,217</u>

NOTE 20 – RESTRICTED NET POSITION

The restricted cash in the amount of \$14,471 was reported under the Housing Choice Voucher Program as a HAP reserve for future use. The Authority invested these funds with Bank of America. In accordance with HUD's PIH Notice 2007-03, the reserve fund balance may only be used to assist additional families up to the number of units under contract.

Housing Choice Voucher Program HUD Held Reserves Funds

Effective January 1, 2012, HUD was required to control the disbursement of funds in such a way that the Authority does not receive funds before they are needed, resulting in the re-establishment of HUD held program reserves to comply with the Treasury requirements. HUD held reserve is a holding account at the HUD level that maintains the excess of HAP funds that have been obligated (ABA) but undisbursed to the Authority. The excess HAP funds will remain obligated but not disbursed to the Authority. HUD will hold these funds until needed by the Authority. The amount of HUD held reserves for the Authority on **June 30, 2022, was \$XXX.**

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements
June 30, 2022

NOTE 21 - UNRESTRICTED NET POSITION

The Authority's primary government unrestricted net position account balance on June 30, 2022, is a negative (\$1,219,256) and the component unit with a balance of \$586,630 is as follows:

Primary Government	PIH Program Reserves	HCV Reserve	COCC Center	Business Activities	COC Program Reserves	Total
Balance June 30, 2021	\$ (987,251)	\$(154,184)	\$(1,300,810)	\$ 751,840	\$ (145,640)	\$ (1,836,045)
Increase During the Year	160,677	79,812	111,996	475	-	352,960
Decrease During the Year	-	-	-	-	(4,636)	(4,636)
Prior Period Adjustment	29,813	59,897	178,755	-	-	268,465
Balance June 30, 2022	<u>\$ (796,761)</u>	<u>\$ (14,475)</u>	<u>\$(1,010,059)</u>	<u>\$ 752,315</u>	<u>\$ (150,276)</u>	<u>\$ (1,219,256)</u>

	Component Unit
Balance June 30, 2021	\$ 532,588
Increase During the Year	54,042
Balance June 30, 2022	<u>\$ 586,630</u>

NOTE 22 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES

HUD contributes operating subsidy for the Public and Indian program approved in the operating budget under the Annual Contribution Contract. The operating subsidy contributions for the year ended June 30, 2022, were \$899,266.

Annual Contributions Contracts for the Section 8 Housing Choice Voucher Program to provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low-income families. The program provides for such payment with respect to existing housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by the participating family and related administrative expense. HUD contributions for the Housing Choice Voucher for June 30, 2022, was in the amount of \$3,769,008.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

NOTE 23 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Authority operations are concentrated in the low-income housing real estate market. In addition, the Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules, and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Total financial support by HUD was \$5,952,714 to the Authority which represents approximately 78% percent of the Authority's total revenue for the year ended June 30, 2022.

NOTE 24 - CONTINGENCIES

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

Contingencies

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

Other Insurance

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

Construction Commitments

On June 30, 2022, the Authority outstanding construction commitments pertaining to its capital fund were not material. The cost pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Notes to Financial Statements

June 30, 2022

NOTE 25 - PRIOR PERIOD ADJUSTMENTS

For year ending June 30, 2022

As of June 30, 2022, the Authority had a prior period adjustment in the amount of \$268,465 while recording GASB #75 Net OPEB Liability from the State of New Jersey audit report for the OPEB liability as of June 30, 2020.

NOTE 26 - SUBSEQUENT EVENTS

Coronavirus Pandemic:

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

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

Events that occur after the statement of net assets date but before the financial statements were available to be issued, must be evaluated for recognition or disclosed. The effects of subsequent events provide evidence about conditions that existed after the statement of net assets date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority thru February 3, 2023, the date which the financial statements were available for issue and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Required Supplementary Information

June 30, 2022

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

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

Total OPEB Liability	2022	2021	2020	2019	2018
Service Cost	\$ 80,157	\$ 58,153	\$ 65,564	\$ 95,198	\$ 57,753
Interest on Total OPEB liability	39,207	47,740	62,565	81,161	91,543
Expected Investment Return	(226)	(732)	(1,110)	(997)	-
Administrative Expenses	1,074	951	932	871	-
Current Period Deferred Inflows/Outflows of Resources	192	99	(187)	(47,321)	-
Changes in Assumptions or Other Inputs	(66,656)	(52,841)	(60,925)	(64,388)	-
Net Difference Between Projected and Actual Investments Earning on Pension Plan Investments	(70,785)	336,573	(302,170)	243	-
Benefit Payments	-	-	-	-	(8,341)
Change in Plan	-	-	(96,383)	(1,161,294)	-
Net Change in Total OPEB Liability	(17,037)	389,943	(331,714)	(1,096,527)	140,955
Total OPEB Liability, Beginning	1,722,336	1,332,393	1,664,107	2,760,634	2,619,679
Total OPEB Liability, Ending	\$ 1,705,299	\$ 1,722,336	\$ 1,332,393	\$ 1,664,107	\$ 2,760,634
Covered, Employee Payroll	\$ 662,845	\$ 585,669	\$ 588,600	\$ 584,236	\$ 584,236
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	2.75%	2.02%	2.02%	0.00%	0.00%

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Required Supplementary Information
June 30, 2022

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

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

	2022	2021	2020	2019
Housing Authority's proportion of the net pension liability	0.0066605686%	0.0067082617%	0.0059329369%	0.0075526031%
Housing Authority's proportionate share of the net pension liability	\$ 7,890,445	\$ 1,093,942	\$ 1,069,025	\$ 1,487,070
Housing Authority's covered employee payroll	\$ 662,845	\$ 585,669	\$ 588,600	\$ 527,390
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1190.39%	186.79%	181.62%	281.97%
Plan fiduciary net position as a percentage of the total pension liability	29.35%	43.42%	43.42%	46.41%

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Required Supplementary Information
June 30, 2022

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

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

	2018	2017	2016	2015
Housing Authority's proportion of the net pension liability	0.007059442%	0.011778890%	0.007615980%	0.007713260%
Housing Authority's proportionate share of the net pension liability	\$ 1,643,321	\$ 2,334,870	\$ 1,709,636	\$ 1,444,133
Housing Authority's covered employee payroll	\$ 584,236	\$ 665,756	\$ 605,481	\$ 621,122
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	281.28%	350.71%	282.36%	232.50%
Plan fiduciary net position as a percentage of the total pension liability	48.01%	59.86%	52.07%	52.08%

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Required Supplementary Information
June 30, 2022

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

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

	2022	2021	2020	2019
Contractually required contribution	\$ 78,003	\$ 57,710	\$ 57,710	\$ 75,124
Contribution in relation to the contractually required contribution	(78,003)	(57,710)	(57,710)	(75,124)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 662,845	\$ 585,669	\$ 588,600	\$ 527,390
Contribution as a percentage of covered employee payroll	11.77%	9.85%	9.80%	14.24%

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

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

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON

Required Supplementary Information
June 30, 2022

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

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

	2018	2017	2016	2015
Contractually required contribution	\$ 65,398	\$ 70,036	\$ 65,477	\$ 63,587
Contribution in relation to the contractually required contribution	(65,398)	(70,036)	(65,477)	(63,587)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 584,236	\$ 665,756	\$ 605,481	\$ 621,122
Contribution as a percentage of covered employee payroll	11.19%	10.52%	10.81%	10.24%

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

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE TWELVE MONTHS ENDED JUNE 30, 2022**

Programs funded by:

U.S. Department of Housing and Urban Development

	<u>CFDA #'s</u>	Beginning Balance	Revenue Recognized	Fiscal Year Expenditures	Ending Balance
Public and Indian Housing Program					
NJ043	14.850	\$ -	\$ 899,266	\$ 899,266	\$ -
Public Housing Capital Fund Program					
NJ39P043501	14.872	-	335,386	335,386	-
Section 8 Housing Choice Voucher Program					
NJ39P043	14.871	-	3,769,008	3,769,008	-
Continuum of Care Program					
Various	14.267	-	933,557	933,557	-
Community Development Block Grant					
Various	14.218	-	15,497	15,497	-
Total Expenditures of Federal Awards		\$ -	\$ 5,952,714	\$ 5,952,714	\$ -

**HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2022**

Note 1. Presentation:

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

Note 2. Summary of Significant Accounting Policies:

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

Note 3. Indirect Cost Rate

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

Note 4. Loans Outstanding:

Housing Authority Township of Edison had Capital Project Bonds payable in the amount of \$335,000 outstanding on June 30, 2022. See Note 16 on pages 47-48 of this report for full detail.

Note 5. Non- Cash Federal Assistance:

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

Note 6. Sub recipients:

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

Edison Housing Authority (NJ043)
Edison, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2022

	14.218 Community Development Block	6.1 Component Unit - Discretely	1 Business Activities	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$456,572	\$603,834			\$737,451	\$14,535	\$1,812,392		\$1,812,392
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted									
114 Cash - Tenant Security Deposits	\$59,631	\$2,022			\$14,471		\$14,471		\$14,471
115 Cash - Restricted for Payment of Current Liabilities							\$61,653		\$61,653
100 Total Cash	\$516,203	\$605,856	\$0	\$0	\$751,922	\$14,535	\$1,888,516	\$0	\$1,888,516
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects	\$115,182			\$130,507			\$245,689		\$245,689
124 Accounts Receivable - Other Government					\$39,310		\$39,310		\$39,310
125 Accounts Receivable - Miscellaneous			\$346,770	\$522		\$304,615	\$651,907	-\$626,750	\$25,157
126 Accounts Receivable - Tenants	\$164,082	\$921					\$165,003		\$165,003
126.1 Allowance for Doubtful Accounts - Tenants	-\$107,619	\$0					-\$107,619		-\$107,619
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current									
128 Fraud Recovery									
128.1 Allowance for Doubtful Accounts - Fraud									
129 Accrued Interest Receivable									
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$171,645	\$921	\$346,770	\$131,029	\$39,310	\$304,615	\$994,290	-\$626,750	\$367,540
131 Investments - Unrestricted	\$366,237		\$405,545				\$771,782		\$771,782
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets	\$68,542					\$4,602	\$73,144		\$73,144
143 Inventories									
143.1 Allowance for Obsolete Inventories									
144 Inter Program Due From			\$0				\$0		\$0
145 Assets Held for Sale									
150 Total Current Assets	\$1,122,627	\$606,777	\$752,315	\$131,029	\$791,232	\$323,752	\$3,727,732	-\$626,750	\$3,100,982
161 Land	\$400,000	\$20,000					\$420,000		\$420,000
162 Buildings	\$10,060,163	\$81,521					\$10,141,684		\$10,141,684
163 Furniture, Equipment & Machinery - Dwellings	\$275,237						\$275,237		\$275,237
164 Furniture, Equipment & Machinery - Administration	\$474,339						\$614,257		\$614,257
165 Leasehold Improvements					\$77,701	\$62,217	\$614,257		\$614,257
166 Accumulated Depreciation	-\$8,940,287	-\$17,304					-\$9,082,313		-\$9,082,313
167 Construction in Progress	\$555,276						\$555,276		\$555,276
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,824,728	\$84,217	\$0	\$0	\$4,507	\$10,589	\$2,924,141	\$0	\$2,924,141
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						\$5,770	\$5,770		\$5,770

Edison Housing Authority (NJ043)
Edison, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.218 Community Development Block	6.1 Component Unit - Discretely	1 Business Activities	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
180 Total Non-Current Assets	\$2,824,728	\$0	\$84,217	\$0	\$0	\$4,507	\$16,459	\$2,929,911	\$0	\$2,929,911
200 Deferred Outflow of Resources	\$380,423					\$37,500	\$37,926	\$455,849		\$455,849
290 Total Assets and Deferred Outflow of Resources	\$4,321,778	\$0	\$690,994	\$752,315	\$131,029	\$833,239	\$378,137	\$7,113,492	-\$626,750	\$6,486,742
311 Bank Overdraft										
312 Accounts Payable <= 90 Days	\$13,127		\$17,135		\$1,325		\$5,087	\$36,674		\$36,674
313 Accounts Payable >90 Days Past Due					\$279,980		\$346,770	\$626,750	-\$626,750	\$0
321 Accrued Wage/Payroll Taxes Payable	\$23,793						\$5,949	\$29,742		\$29,742
322 Accrued Compensated Absences - Current Portion	\$2,559					\$292	\$258	\$3,109		\$3,109
324 Accrued Contingency Liability										
325 Accrued Interest Payable	\$2,778							\$2,778		\$2,778
331 Accounts Payable - HUD PHA Programs										
332 Account Payable - PHA Projects	\$39,867							\$39,867		\$39,867
333 Accounts Payable - Other Government	\$56,960		\$2,022					\$58,982		\$58,982
341 Tenant Security Deposits	\$15,227		\$990					\$16,217		\$16,217
342 Unearned Revenue										
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$60,000							\$60,000		\$60,000
344 Current Portion of Long-term Debt - Operating Borrowings										
345 Other Current Liabilities										
346 Accrued Liabilities - Other	\$27,087							\$27,087		\$27,087
347 Inter Program - Due To										
348 Loan Liability - Current										
310 Total Current Liabilities	\$241,398	\$0	\$20,147	\$0	\$281,305	\$292	\$362,334	\$905,476	-\$626,750	\$278,726
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$275,000							\$275,000		\$275,000
352 Long-term Debt, Net of Current - Operating Borrowings										
353 Non-current Liabilities - Other										
354 Accrued Compensated Absences - Non Current	\$23,037							\$23,037		\$23,037
355 Loan Liability - Non Current										
356 FASB 5 Liabilities										
357 Accrued Pension and OPEB Liabilities	\$1,471,530							\$1,471,530		\$1,471,530
350 Total Non-Current Liabilities	\$1,769,567	\$0	\$0	\$0	\$0	\$461,519	\$568,129	\$2,799,215	\$0	\$2,799,215
300 Total Liabilities	\$2,010,965	\$0	\$20,147	\$0	\$281,305	\$461,811	\$930,463	\$3,704,691	-\$626,750	\$3,077,941
400 Deferred Inflow of Resources	\$623,846					\$366,925	\$447,044	\$1,437,815		\$1,437,815
508.4 Net Investment in Capital Assets										
511.4 Restricted Net Position	\$2,489,728		\$84,217			\$4,507	\$10,689	\$2,589,141		\$2,589,141
512.4 Unrestricted Net Position	-\$796,761	\$0	\$586,630	\$752,315	-\$150,276	-\$14,475	-\$1,010,959	-\$632,626		-\$632,626
513 Total Equity - Net Assets / Position	\$1,692,967	\$0	\$670,847	\$752,315	-\$150,276	\$4,503	-\$999,370	\$1,970,986	\$0	\$1,970,986

Edison Housing Authority (NJ043)
Edison, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2022

	14.218 Community Development Block	6.1 Component Unit - Discretely	1 Business Activities	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
600 Total Liabilities, Deferred Inflows of Resources and Equity, Net	\$4,327,778	\$690,994	\$752,315	\$131,029	\$833,239	\$378,137	\$7,113,492	-\$626,750	\$6,486,742

Edison Housing Authority (NJ043)
Edison, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	14.218 Community Development Block	6.1 Component Unit - Discreetly	1 Business Activities	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$797,956	\$24,374	\$0	\$0	\$0		\$822,330		\$822,330
70400 Tenant Revenue - Other	\$797,956	\$24,374	\$0	\$0	\$0		\$822,330	\$0	\$822,330
70500 Total Tenant Revenue	\$1,089,170	\$24,374	\$0	\$0	\$0		\$1,113,544		\$1,113,544
70600 HUD PHA Operating Grants	\$145,482			\$933,557	\$3,769,008		\$5,791,735		\$5,791,735
70610 Capital Grants	\$145,482			\$933,557	\$3,769,008		\$5,791,735		\$5,791,735
70710 Management Fee						\$207,740	\$207,740	-\$207,740	\$0
70720 Asset Management Fee						\$19,200	\$19,200	-\$19,200	\$0
70730 Book Keeping Fee						\$39,810	\$39,810	-\$39,810	\$0
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue						\$266,750	\$266,750	-\$266,750	\$0
70800 Other Government Grants									
71100 Investment Income - Unrestricted	\$944	\$238	\$475	\$272	\$1,879	\$97	\$15,497		\$15,497
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	\$123	\$58,984			\$2,784	\$3,834	\$2,784		\$2,784
71600 Gain or Loss on Sale of Capital Assets					\$857,516		\$920,457		\$920,457
72000 Investment Income - Restricted									
70000 Total Revenue	\$2,033,675	\$83,596	\$475	\$933,829	\$4,631,187	\$270,881	\$7,968,940	-\$266,750	\$7,702,190
91100 Administrative Salaries	\$205,209			\$34,840	\$101,568	\$89,327	\$430,944		\$430,944
91200 Auditing Fees	\$6,454						\$6,454		\$6,454
91300 Management Fee	\$139,649				\$68,091		\$207,740	-\$207,740	\$0
91310 Book-keeping Fee	\$13,688				\$26,122		\$39,810	-\$39,810	\$0
91400 Advertising and Marketing									
91500 Employee Benefit contributions - Administrative	\$53,674			\$9,159	\$26,571	\$23,475	\$112,879		\$112,879
91600 Office Expenses	\$16,600			\$13,542	\$7,976	\$647	\$38,765		\$38,765
91700 Legal Expense	\$18,219				\$9,399	\$11,061	\$38,679		\$38,679
91800 Travel									
91810 Allocated Overhead									
91900 Other	\$82,913	\$29,554		\$57,541	\$48,072	\$32,353	\$201,278		\$201,278
91000 Total Operating - Administrative	\$536,406	\$29,554	\$0	\$57,541	\$287,799	\$156,863	\$1,076,549	-\$247,550	\$828,999
92000 Asset Management Fee	\$19,200						\$19,200	-\$19,200	\$0
92100 Tenant Services - Salaries									
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services									
92400 Tenant Services - Other	\$8,567						\$8,567		\$8,567
92500 Total Tenant Services	\$8,567	\$0	\$0	\$0	\$0	\$0	\$8,567	\$0	\$8,567
93100 Water	\$166,476						\$166,476		\$166,476
93200 Electricity	\$34,516						\$34,516		\$34,516

Edison Housing Authority (NJ043)
Edison, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.218 Community Development Block	6.1 Component Unit - Discretely	1 Business Activities	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
93300 Gas	\$203,635							\$203,635		\$203,635
93400 Fuel										
93500 Labor										
93600 Sewer	\$57,478							\$57,478		\$57,478
93700 Employee Benefit Contributions - Utilities										
93800 Other Utilities Expense										
93000 Total Utilities	\$462,105	\$0	\$0	\$0	\$0	\$0	\$0	\$462,105	\$0	\$462,105
94100 Ordinary Maintenance and Operations - Labor	\$231,730							\$231,730		\$231,730
94200 Ordinary Maintenance and Operations - Materials and Other	\$92,312							\$92,312		\$92,312
94300 Ordinary Maintenance and Operations Contracts	\$116,496							\$116,496		\$116,496
94500 Employee Benefit Contributions - Ordinary Maintenance	\$60,698							\$60,698		\$60,698
94000 Total Maintenance	\$501,236	\$0	\$0	\$0	\$0	\$0	\$0	\$501,236	\$0	\$501,236
95100 Protective Services - Labor										
95200 Protective Services - Other Contract Costs	\$14,095							\$14,095		\$14,095
95300 Protective Services - Other										
95500 Employee Benefit Contributions - Protective Services										
95000 Total Protective Services	\$14,095	\$0	\$0	\$0	\$0	\$0	\$0	\$14,095	\$0	\$14,095
96110 Property Insurance										
96120 Liability Insurance										
96130 Workmen's Compensation										
96140 All Other Insurance	\$76,976						\$8,553	\$85,529		\$85,529
96100 Total Insurance Premiums	\$76,976	\$0	\$0	\$0	\$0	\$0	\$8,553	\$85,529	\$0	\$85,529
96200 Other General Expenses	\$1,030							\$1,030		\$1,030
96210 Compensated Absences										
96300 Payments in Lieu of Taxes	\$39,867							\$39,867		\$39,867
96400 Bad debt - Tenant Rents	\$31,903							\$31,903		\$31,903
96500 Bad debt - Mortgages										
96600 Bad debt - Other						\$12,940		\$12,940		\$12,940
96800 Severance Expense										
96000 Total Other General Expenses	\$72,800	\$0	\$0	\$0	\$0	\$12,940	\$0	\$85,740	\$0	\$85,740
96710 Interest of Mortgage (or Bonds) Payable	\$19,630							\$19,630		\$19,630
96720 Interest on Notes Payable (Short and Long Term)	\$0						\$380	\$380		\$380
96730 Amortization of Bond Issue Costs										
96700 Total Interest Expense and Amortization Cost	\$19,630	\$0	\$0	\$0	\$0	\$0	\$380	\$20,010	\$0	\$20,010
96900 Total Operating Expenses	\$1,711,015	\$8,386	\$29,554	\$0	\$57,541	\$300,739	\$165,796	\$2,273,031	-\$266,750	\$2,006,281
97000 Excess of Operating Revenue over Operating Expenses	\$322,660	\$7,111	\$54,042	\$475	\$876,288	\$4,330,448	\$104,885	\$5,695,909	\$0	\$5,695,909

Edison Housing Authority (NJ043)
Edison, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	14.218 Community Development Block	6.1 Component Unit - Discretely	1 Business Activities	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
97100 Extraordinary Maintenance										
97200 Casualty Losses - Non-capitalized										
97300 Housing Assistance Payments					\$880,924	\$3,491,712		\$4,372,636		\$4,372,636
97350 HAP Portability-in						\$820,691		\$820,691		\$820,691
97400 Depreciation Expense	\$281,212		\$2,038			\$1,925	\$1,950	\$287,125		\$287,125
97500 Fraud Losses										
97600 Capital Outlays - Governmental Funds										
97700 Debt Principal Payment - Governmental Funds										
97800 Dwelling Units Rent Expense										
90000 Total Expenses	\$1,992,227	\$8,386	\$31,592	\$0	\$938,465	\$4,615,067	\$167,746	\$7,753,483	-\$266,750	\$7,486,733
10010 Operating Transfer In	\$169,244							\$169,244		\$169,244
10020 Operating transfer Out	-\$169,244							-\$169,244		-\$169,244
10030 Operating Transfers from/to Primary Government										
10040 Operating Transfers from/to Component Unit										
10050 Proceeds from Notes, Loans and Bonds										
10060 Proceeds from Property Sales										
10070 Extraordinary Items, Net Gain/Loss										
10080 Special Items (Net Gain/Loss)										
10091 Inter Project Excess Cash Transfer In										
10092 Inter Project Excess Cash Transfer Out										
10093 Transfers between Program and Project - In										
10094 Transfers between Project and Program - Out										
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under)	\$41,448	\$7,111	\$52,004	\$475	-\$4,636	\$16,120	\$102,935	\$215,457	\$0	\$215,457
Total Expenses										
11020 Required Annual Debt Principal Payments	\$86,400	\$0	\$0	\$0	\$0	\$0	\$0	\$86,400		\$86,400
11030 Beginning Equity	\$1,621,706	\$0	\$618,843	\$751,840	-\$145,640	-\$71,514	-\$1,288,171	\$1,487,064		\$1,487,064
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$29,813	-\$7,111				\$59,897	\$185,866	\$268,465		\$268,465
11050 Changes in Compensated Absence Balance										
11060 Changes in Contingent Liability Balance										
11070 Changes in Unrecognized Pension Transition Liability										
11080 Changes in Special Term/Severance Benefits Liability										
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents										
11100 Changes in Allowance for Doubtful Accounts - Other										
11170 Administrative Fee Equity								-\$9,988		-\$9,988
11180 Housing Assistance Payments Equity						\$14,471		\$14,471		\$14,471
11190 Unit Months Available	1920		24		840	3931		6715		6715
11210 Number of Unit Months Leased	1825		24		782	3483		6114		6114
11270 Excess Cash	\$671,825							\$671,825		\$671,825
11610 Land Purchases	\$0						\$0	\$0		\$0
11620 Building Purchases	\$0						\$0	\$0		\$0

Edison Housing Authority (NJ043)
Edison, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	14.218 Community Development Block	6.1 Component Unit - Discretely	1 Business Activities	14.267 Continuum of Care Program	14.871 Housing Choice Vouchers	COCC	Subtotal	ELIM	Total
11630 Furniture & Equipment - Dwelling Purchases		\$0				\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases		\$0				\$0	\$0		\$0
11650 Leasehold Improvements Purchases		\$85,482				\$0	\$85,482		\$85,482
11660 Infrastructure Purchases		\$0				\$0	\$0		\$0
13510 CFFP Debt Service Payments		\$0				\$0	\$0		\$0
13901 Replacement Housing Factor Funds		\$0				\$0	\$0		\$0

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 Township of Edison
14 Rev. Samuel Carpenter Blvd.
Edison, New Jersey 08820

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business activities and the discretely present component unit of Housing Authority of the Township of Edison, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Housing Authority of the Township of Edison's basic financial statements, and have issued our report thereon dated February 3, 2023.

Report on Internal Control over Financial Reporting

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

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

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

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

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

Report on Compliance and Other Matters

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

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

Purpose of This Report

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

Giampaolo & Associates

Lincroft, New Jersey

Date: February 3, 2023

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

Board of Commissioners
Housing Authority of the Township of Edison
14 Rev. Samuel Carpenter Blvd.
Edison, New Jersey 08820

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Housing Authority of the Township of Edison's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the Township of Edison's major federal programs for the year ended June 30, 2022. Housing Authority of the Township of Edison's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Housing Authority of the Township of Edison complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the Township of Edison complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Report on Internal Control over Compliance

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

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

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

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

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

Giampaolo & Associates

Lincroft, New Jersey

Date: February 3, 2023

HOUSING AUTHORITY OF THE TOWNSHIP OF EDISON
 Schedule of Findings and Questioned Cost
 Year Ended June 30, 2022

Prior Audit Findings

None reported

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control over Financial Reporting:

Material Weakness (es) Identified? _____ yes X no

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

Noncompliance Material to Financial Statements Noted? _____ yes X no

Federal Awards

Internal Control over Major Programs:

Material Weakness (es) Identified? _____ yes X no

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

Type of audit report issued on compliance for major programs: Unmodified

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

Identification of Major Programs

CFDA#	Name of Federal Program	Amount
14.850	Public and Indian Housing Program	\$ 899,266
14.872	Public Housing Capital Fund Program	\$ 335,386

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

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

FINDINGS – FINANCIAL STATEMENT AUDIT

None reported

FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAM AUDIT

None reported

INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Housing Authority of the Township of Edison
14 Rev. Samuel Carpenter Blvd.
Edison, New Jersey 08820

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

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

The procedures and the associated findings are as follows:

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

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

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

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

This report is intended solely for the information and use of the Housing Authority of the Township of Edison and REAC, and is not intended to be, and should not be, used by anyone other than these specified parties.

Giampaolo & Associates

Lincroft, New Jersey

February 3, 2023