

HOUSING AUTHORITY OF THE
TOWN OF HARRISON
Harrison, New Jersey

COMPARATIVE FINANCIAL STATEMENTS
For the Two Years Ended
March 31, 2023 and 2022

HOUSING AUTHORITY OF THE TOWN OF HARRISON
 FINANCIAL STATEMENTS
 For the Fiscal Years Ended March 31, 2023 and 2022
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HOUSING AUTHORITY OF THE TOWN OF HARRISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2023

As Management of the Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2023. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

A – Financial Highlights

1 – The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$850,603 (net position) as opposed to \$706,628 for the prior fiscal year.

2 – As of the close of the current fiscal year, the Authority's Proprietary Fund reported a deficit in ending Unrestricted Net Position of \$4,400,816.

3 – The Authority's cash and cash equivalents balance at March 31, 2023 was \$2,102,167, representing an increase of \$159,140 from the prior fiscal year.

4 – The Authority had Total Operating Revenues of \$2,914,334 and Total Operating Expenses of \$3,253,974 (including depreciation \$525,330) for the year ended March 31, 2023.

5 – The Authority's capital outlays for the fiscal year were \$187,937. All of the capital outlays were funded by the capital fund program.

6 – The Authority's Expenditures of Federal Awards amounted to \$1,057,009 for the fiscal year.

B – Using the Annual Report

1 – Management's Discussion and Analysis

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

2 – Financial Statements

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

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

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

HOUSING AUTHORITY OF THE TOWN OF HARRISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2023

B – Using the Annual Report (Continued)

2 – Financial Statements (Continued)

The financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The financial statements can be found on pages 9 through 11.

3 – Notes to Financial Statements

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

4 – Supplemental Information

The Schedule of Expenditures of Federal Awards (SEFA) is presented for purpose of additional analysis as required by Government Auditing Standards. The SEFA awards can be found on page 24 of this report. Other required supplementary information related to the Authority's proportionate share of the New Jersey PERS liability and OPEB liability is presented on pages 31 through 34 of this report.

C – The Authority as a Whole

The Authority's Net Position increased during the fiscal year as detailed below. The Authority's revenues are primarily subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level.

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

D – Budgetary Highlights

For the year ended March 31, 2023 individual program or grant budgets were prepared by Authority management and were approved by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The Authority also adopted a comprehensive annual budget for the General Fund. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

E - Capital Assets and Debt Administration

1 – Capital Assets

As of March 31, 2023, the Authority's investment in capital assets for its Proprietary Fund was \$5,251,419 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

HOUSING AUTHORITY OF THE TOWN OF HARRISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2023

E - Capital Assets and Debt Administration (Continued)

1 – Capital Assets (Continued)

Major capital assets purchased from HUD capital grants of \$187,937 during the current fiscal year pertained to expenditures made in accordance with the Authority's Capital Fund Programs. These activities are funded by grants from HUD.

Additional informational on the Authority's capital assets can be found in Note 4 to the Financial Statements.

2 – Long Term Debt

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

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

The following factors were considered in preparing the Authority's budget for the fiscal year ending March 31, 2024.

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

2 – The need for Congress to fund other initiatives and programs of the federal government, thereby decreasing funding available to public housing programs.

3 – The use of the Authority's cash and cash equivalents of \$2,102,167 to fund any shortfalls rising from reduced subsidies and grants. The Authority's current working capital position appears sufficient to cover any shortfall. As of March 31, 2023, the Authority current assets of \$2,255,125 exceed its current liabilities of \$454,870 by \$1,800,255.

G - Significant Changes From March 31, 2022 to March 31, 2023

Cash and other current assets increased \$176,021, or 7.7%, primarily because cash increased \$159,140 compared to the prior fiscal year.

Net fixed assets decreased \$332,862, or 6.0%. The Authority had \$187,937 of capital improvements and incurred \$525,330 of depreciation expense in the current fiscal year.

Deferred inflow of resources decreased \$775,126, or 30.9%, due to the most recent State of NJ pension and OPEB liability actuarial valuation.

Accrued pension and OPEB liabilities increased \$481,524, or 10.6%, due to the most recent State of NJ pension and OPEB liability actuarial valuation.

Operating grants decreased \$189,352, or 17.9% from the prior fiscal year. Low rent public housing operating subsidy decreased \$307,327, CARES Act revenue decreased \$32,602, and capital funds used for operations increased \$150,487.

Operating expenses, excluding depreciation expense, increased \$101,281, or 3.9%, mainly due to administrative costs increasing by \$82,178 and utilities expense increasing by \$50,979 during the current fiscal year.

HOUSING AUTHORITY OF THE TOWN OF HARRISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2023

H - Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Housing Authority of the Town of Harrison, Harrison & Schuyler Avenue, Harrison, New Jersey 07029-1331, or call (973) 483-1488.

HOUSING AUTHORITY OF THE TOWN OF HARRISON
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
MARCH 31, 2023

Composition of Net Position is as follows:

	<u>Year Ended</u>		<u>Variance</u>	<u>% Var</u>
	<u>March 31, 2023</u>	<u>March 31, 2022</u>		
Cash and Other Current Assets	\$ 2,255,125	\$ 2,079,104	\$ 176,021	8.47%
Net Fixed Assets	5,251,419	5,584,281	(332,862)	-5.96%
Deferred Outflow of Resources	821,938	816,394	5,544	0.68%
Total Assets	<u>8,328,482</u>	<u>8,479,779</u>	<u>(151,297)</u>	<u>-1.78%</u>
Less: Total Liabilities	(5,740,818)	(5,260,964)	(479,854)	9.12%
Less: Deferred Inflow of Resources	(1,737,061)	(2,512,187)	775,126	-30.85%
Net Position	<u>\$ 850,603</u>	<u>\$ 706,628</u>	<u>\$ 143,975</u>	<u>20.37%</u>
Net Investment in Capital Assets	\$ 5,251,419	\$ 5,584,281	\$ (332,862)	-5.96%
Unrestricted Net Position	<u>(4,400,816)</u>	<u>(4,877,653)</u>	<u>476,837</u>	<u>-9.78%</u>
Total Net Position	<u>\$ 850,603</u>	<u>\$ 706,628</u>	<u>\$ 143,975</u>	<u>20.37%</u>

Computations of Changes in Net Position are as follows:

	<u>Year Ended</u>		<u>Variance</u>	<u>% Var</u>
	<u>March 31, 2023</u>	<u>March 31, 2022</u>		
<u>Revenues</u>				
Tenant Revenues	\$ 2,034,164	\$ 1,881,288	\$ 152,876	8.13%
Operating Grants	869,072	1,058,424	(189,352)	-17.89%
Other	11,098	11,079	19	0.17%
Total Operating Revenues	<u>2,914,334</u>	<u>2,950,791</u>	<u>(36,457)</u>	<u>-1.24%</u>
<u>Expenses</u>				
Operating Expenses Excl. Depreciation	2,728,644	2,627,993	100,651	3.83%
Depreciation Expense	525,330	541,070	(15,740)	-2.91%
Total Operating Expenses	<u>3,253,974</u>	<u>3,169,063</u>	<u>84,911</u>	<u>2.68%</u>
Deficiency of Operating Revenues Over Expenses	(339,640)	(218,272)	(121,368)	55.60%
<u>Non-Operating Revenues</u>				
Interest on Investments	<u>48,519</u>	<u>1,984</u>	<u>46,535</u>	<u>2345.51%</u>
Deficiency of Revenues Over Expenses Before Capital Grants Received	(291,121)	(216,288)	(74,833)	34.60%
<u>Capital Grants</u>				
HUD Capital Grants	<u>187,937</u>	<u>211,548</u>	<u>(23,611)</u>	<u>-11.16%</u>
Change in Net Position	(103,184)	(4,740)	(98,444)	2076.9%
Net Position - Beginning Balance	706,628	401,448	305,180	76.0%
Prior Period Adjustment	247,159	309,920	(62,761)	-20.3%
Net Position - Ending Balance	<u>\$ 850,603</u>	<u>\$ 706,628</u>	<u>\$ 143,975</u>	<u>20.37%</u>



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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Town of Harrison
Harrison, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Net Position, Revenue, Expenses, and Changes in Net Position, and Cash Flows of the Housing Authority of the Town of Harrison, as of and for the years ended March 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Town of Harrison's 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 net position of the Authority as of March 31, 2023 and 2022, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the Town of Harrison's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the Town of Harrison'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 on pages 1–5 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the Town of Harrison's basic financial statements. The accompanying schedule of expenditures of federal awards is required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* presented for purposes of additional analysis and is not a required part of the basic financial statements. The Financial Data Schedule and supporting schedules of the Authority's portion of the Public Employees Retirement Systems (PERS) and Other Post-Employment Benefits (OPEB) liabilities are presented for additional analysis and are not a required part of 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, the financial data schedule, and the statement and certification of completed modernization grants are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023 on our consideration of the Housing Authority of the Town of Harrison's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the Town of Harrison's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the Town of Harrison's internal control over financial reporting and compliance.

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POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
December 15, 2023

HOUSING AUTHORITY OF THE TOWN OF HARRISON
COMPARATIVE STATEMENTS OF NET POSITION
 At March 31, 2023 and 2022

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
<u>ASSETS & DEFERRED OUTFLOW OF RESOURCES</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 2,102,167	\$ 1,943,027
Accounts Receivable - HUD	15,723	-
Accounts Receivable - Tenants (Net)	16,899	22,842
Inventories (Net)	24,910	25,428
Prepaid Expenses and Other Current Assets	95,426	87,807
Total Current Assets	2,255,125	2,079,104
 <u>CAPITAL ASSETS</u>		
Land	188,597	188,597
Buildings and Improvements	18,488,583	17,884,355
Furniture, Equipment and Machinery	303,004	303,004
Construction in Progress	225,952	637,712
Total Fixed Assets	19,206,136	19,013,668
Less: Accumulated Depreciation	(13,954,717)	(13,429,387)
Net Fixed Assets	5,251,419	5,584,281
Deferred Outflow of Resources	821,938	816,394
Total Assets	\$ 8,328,482	\$ 8,479,779
 <u>LIABILITIES AND NET POSITION</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable:		
Vendors and Contractors	\$ 96,264	\$ 129,661
Tenant Security Deposits	60,188	52,585
Deferred Revenue	5,457	9,812
Accrued Liabilities:		
Compensated Absences - Current Portion	146,900	158,502
Payment in Lieu of Taxes	146,061	135,900
Total Current Liabilities	454,870	486,460
Compensated Absences - Noncurrent	258,155	228,235
Pension and OPEB	5,027,793	4,546,269
Total Liabilities	5,740,818	5,260,964
Deferred Inflow of Resources	1,737,061	2,512,187
 <u>NET POSITION</u>		
Net Investment in Capital Assets	5,251,419	5,584,281
Unrestricted Net Position	(4,400,816)	(4,877,653)
Total Net Position	\$ 850,603	\$ 706,628

HOUSING AUTHORITY OF THE TOWN OF HARRISON
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 At March 31, 2023 and 2022

	For the Year Ended	
	March 31, 2023	March 31, 2022
<u>OPERATING REVENUES</u>		
Total Tenant Revenue	\$ 2,034,164	\$ 1,881,288
HUD Grants - Operating	869,072	1,058,424
Other	11,098	11,079
Total Revenues	2,914,334	2,950,791
<u>OPERATING EXPENSES</u>		
Administration	853,196	771,648
Tenant Services	3,400	34,978
Utilities	578,831	527,852
Ordinary Maintenance & Operations	938,332	977,562
Protective Services	37,377	31,664
General Expense	317,508	284,289
Depreciation Expense	525,330	541,070
Total Operating Expenses	3,253,974	3,169,063
EXCESS OF OPERATING REVENUE OVER EXPENSES	(339,640)	(218,272)
Non Operating Revenues/(Expenses):		
Interest Income	48,519	1,984
Income / (Loss) Before Contributions and Transfers	(291,121)	(216,288)
Capital Grants	187,937	211,548
CHANGE IN NET POSITION	(103,184)	(4,740)
Beginning Net Position	706,628	401,448
Prior Period Adjustments	247,159	309,920
Ending Net Position	\$ 850,603	\$ 706,628

HOUSING AUTHORITY OF THE TOWN OF HARRISON
COMPARATIVE STATEMENTS OF CASH FLOWS
At March 31, 2023 and 2022

	For the Year Ended	
	March 31, 2023	March 31, 2022
<u>CASH FLOWS FORM OPERATING ACTIVITIES</u>		
Cash Received:		
From Tenants for Rental & Other Income	\$ 2,035,752	\$ 1,874,845
From Government Agencies for Operating Grants	853,349	1,058,424
For Other Operating Revenues	11,098	11,079
Cash Paid:		
To Employees for Operations	(1,106,423)	(1,078,564)
To Suppliers for Operations	(1,678,624)	(1,626,269)
Net Cash Provided/(Used) by Operating Activities	115,152	239,515
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Capital Grants Received	187,937	211,548
Acquisition of Property and Equipment	(192,468)	(211,548)
Net Cash Provided/(Used) by Financing Activities	(4,531)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment Income	48,519	1,984
Net Cash Provided/(Used) by Investing Activities	48,519	1,984
Net Increase/(Decrease) in Cash and Cash Equivalents	159,140	241,499
Cash and Equivalents at Beginning of Period	1,943,027	1,701,528
Cash and Equivalents at End of Period	\$ 2,102,167	\$ 1,943,027
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operations		
Operating Income/(Loss)	\$ (339,640)	\$ (218,272)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities		
Depreciation	525,330	541,070
Decrease/(Increase) in Assets:		
Accounts Receivable - Tenants	5,943	(16,255)
Accounts Receivable - HUD	(15,723)	-
Inventories	518	(9,172)
Prepaid Expenses and Other Current Assets	(7,619)	(12,641)
Increase/(Decrease) in Liabilities:		
Accounts Payable	(25,794)	64,012
Deferred Revenue - Tenant Prepaid Rent	(4,355)	9,812
Compensated Absences	18,318	(55,546)
Pension and OPEB	(51,987)	(69,305)
PILOT Payable	10,161	5,812
Net Cash Provided/(Used) by Operating Activities	\$ 115,152	\$ 239,515

HOUSING AUTHORITY OF THE TOWN OF HARRISON
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

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

1. Organization and Activities – The Housing Authority of The Town of Harrison (the Authority) is a governmental, public corporation created under federal and state housing laws as defined by State statute (N.J., S.A. 4A: 12A-1, et. Seq., the “Housing Authority Act”). The Authority is governed by a board of seven members who serve five year terms. The governing board is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An executive director is appointed by the housing authority’s Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance and management of public housing for low and moderate income families residing in the Town of Harrison, New Jersey. Operating and modernization subsidies are provided to the Authority by the federal government.

The Authority has not identified any entities which should be subject to evaluation for Inclusion in the Authority’s reporting entity. The Authority has concluded that it is excluded from the Town’s reporting entity since the Town does not designate management, does not influence operations, does not have responsibility for fiscal matters and does not have a funding relationship with the Authority.

The combined financial statements include all accounts of the Authority. The Authority is the lowest level of government over which the Authority’s Board of Commissioners and Executive Director exercise oversight responsibility. The federally funded programs administered by the Authority are detailed on the Financial Data Schedule and the Schedule of Expenditures of Federal Awards, both of which are included as Supplemental Information.

2. Significant Accounting Policies

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

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

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

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

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

HOUSING AUTHORITY OF THE TOWN OF HARRISON
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

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

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

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

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

Unrestricted Net Position – This component consists of net position that does not meet the definition of Restricted Net Position or Net Investment in Capital Assets.

The adoption of GASB Statement no. 63 had no significant effect on the basic financial statements, except for the classification of net position.

Significant accounting policies are as follows:

1 – Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in banks, petty cash and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts.

3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight line basis. Interest costs necessary to place a Capital Asset in its intended location and condition are capitalized.

4 – Maintenance repairs funded out of operations are charged against income for all programs.

5 – The Authority is subsidized by the Federal Government. The Authority is not subject to Federal or State income taxes, nor is it required to file Federal and State income tax returns.

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

HOUSING AUTHORITY OF THE TOWN OF HARRISON
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

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

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

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

9 – Inventories in the Proprietary Fund consist of supplies and are recorded at the lower of first-in first-out, cost or market.

10 - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period.

11 - The Authority has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.

12 – The Authority does not have any infrastructure assets for its Proprietary Fund.

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

14 – Long-lived assets to be held and used are tested for recoverability whenever events of changes in circumstances indicate that the carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset and long lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell. As of March 31, 2023 the Authority has not recognized any reduction in the carrying value of its fixed assets when considering AU 360.

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

d. New Accounting Pronouncement - On July 1, 2021, the Authority was required to adopt Governmental Accounting Standards Board No. 87, Leases. GASB 87 establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under GASB 87, the lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. There was no cumulative effect adjustment to the Authority's financial position as of March 31, 2023. Adoption of the new guidance did not have a significant impact on the Statement of Net Position, Revenues, Expenses and Changes in Net Position, or Cash Flows for the fiscal year ended March 31, 2023.

NOTE 2 – Cash and Cash Equivalents

The Authority maintains cash and investments in local banks. These funds are covered by the Governmental Unit Deposit Protection Act of the state of New Jersey, which requires the institutions to pool collateral for all of governmental deposits and have the collateral held by an approved custodian in the institution's name. Cash and cash equivalents of \$2,102,167 and \$1,943,027 at March 31, 2023 and 2022, respectively, consisted of the following:

HOUSING AUTHORITY OF THE TOWN OF HARRISON
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 2 – Cash and Cash Equivalents (Continued)

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Checking Accounts	\$ 2,100,163	\$ 1,941,827
Petty Cash Fund	2,004	1,200
Total Cash and Cash Equivalents	<u>\$ 2,102,167</u>	<u>\$ 1,943,027</u>

The carrying amount of the Authority's cash and cash equivalents as of March 31, 2023 was \$2,102,167 and the bank balances were \$2,128,846. Of the bank balances, \$250,000 was covered by FDIC insurance and \$1,878,846 was covered by a collateral pool maintained by the banks as required by New Jersey statute. Cash equivalents, except petty cash are held in the Authority's name.

NOTE 3 – Accounts Receivable

Accounts receivable at March 31, 2023 and 2022 were \$16,899 and \$22,842, respectively. Accounts receivable are stated net of an allowance for doubtful accounts. Management has determined that an allowance for doubtful accounts of \$0 was required at March 31, 2023 and 2022, respectively.

NOTE 4 - Fixed Assets

Fixed assets consist primarily of expenditures to acquire, construct, place in operation and improve the facilities of the Authority and are stated at cost, less accumulated depreciation. Expenditures are capitalized when they meet the Authority's Capitalization policy. Under that policy, assets purchased or constructed at a cost not exceeding \$1,000 are expensed when incurred. The following is a summary of the changes in fixed assets for the fiscal year ended March 31, 2023 and 2022:

	<u>Apr. 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers/Other</u>	<u>Mar. 31, 2023</u>
Land	\$ 188,597	\$ -	\$ -	\$ -	\$ 188,597
Buildings	16,242,355	-	-	604,228	16,846,583
Equipment	303,004	-	-	-	303,004
Leasehold Improvements	1,642,000	-	-	-	1,642,000
Construction in Progress	642,243	187,937	-	(604,228)	225,953
Total Fixed Assets	19,018,199	187,937	-	-	19,206,137
Accumulated Depreciation	(13,429,387)	(525,330)	-	-	(13,954,717)
Net Fixed Assets	<u>\$ 5,588,812</u>	<u>\$ (337,393)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,251,420</u>
	<u>Apr. 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers/Other</u>	<u>Mar. 31, 2022</u>
Land	\$ 188,597	\$ -	\$ -	\$ -	\$ 188,597
Buildings	15,817,719	-	-	424,636	16,242,355
Equipment	303,004	-	-	-	303,004
Leasehold Improvements	1,629,100	-	-	12,900	1,642,000
Construction in Progress	863,699	211,548	-	(433,004)	642,243
Total Fixed Assets	18,802,120	211,548	-	-	19,018,199
Accumulated Depreciation	(12,888,317)	(541,070)	-	-	(13,429,387)
Net Fixed Assets	<u>\$ 5,913,803</u>	<u>\$ (329,522)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,588,812</u>

Depreciation expense for the fiscal years ended March 31, 2023 and 2022 amounted to \$525,330 and \$541,070, respectively. Depreciation of Fixed Assets is provided using the straight-line method for reporting purposes at rates based upon the following estimated useful lives: Building and Improvements – 40 years; Site Improvements – 40 years; Furniture – 5 years; Equipment – 10 years; Vehicles – 5 years; Computers – 3 years.

HOUSING AUTHORITY OF THE TOWN OF HARRISON
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 5 – Deferred Revenue

Deferred revenue of \$5,457 and \$9,812 at March 31, 2023 and March 31, 2022, respectively represents prepaid tenant rent.

NOTE 6 – Payment in Lieu of Taxes (PILOT)

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Town. Under the Cooperation Agreement, the Authority must pay the Town the lesser of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal year ended March 31, 2023 and 2022, PILOT expense was accrued in the amount of \$146,061 and \$135,900 respectively.

NOTE 7 – Accrued Compensated Absences

Accrued compensated absences of \$405,055 and \$386,737 at March 31, 2023 and 2022, respectively, represent amounts of accumulated leave for which employees are entitled to receive payment in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service. Vacation leave may be carried to the next succeeding calendar year only. Employees may be compensated for sick leave at retirement based on one-half of the unused sick leave, payable at the salary rate earned at the time of separation.

NOTE 8 – Pension Plan

General Information about the Pension Plan

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

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and to tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an

HOUSING AUTHORITY OF THE TOWN OF HARRISON
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2023

NOTE 8 – Pension Plan (Continued)

unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached service retirement age for the respective tier.

Contributions - The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 9, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. The unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

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

At the June 30, 2022 and June 30, 2021 measurement dates, the Authority reported \$2,128,748 and \$1,617,701, respectively, for its proportionate share of the net pension liability. The Authority's portion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's allocation percentages as of June 30, 2022 and June 30, 2021 were 0.01410% and 0.01366%, respectively. The components of the Authority's net pension liability as of June 30, 2022 and 2021, the most recent evaluation dates, are as follows:

	<u>2023</u>	<u>2022</u>
Total Pension Liability	\$5,787,477	\$ 5,511,301
Less: Plan Fiduciary Net Position	<u>(3,658,729)</u>	<u>(3,893,599)</u>
Net Pension Liability	<u>\$2,128,748</u>	<u>\$ 1,617,701</u>

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

Actuarial Assumptions - The total pension liability as of June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases	
Through 2026	based on age
Thereafter	2.75% - 6.55%
	based on age
Investment Rate of Return	7.00%

HOUSING AUTHORITY OF THE TOWN OF HARRISON
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 8 – Pension Plan (Continued)

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 2 years for males and 7 years for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2013 based on projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

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, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actuarial experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact will be on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7 % at June 30, 2022) 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.

Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
US Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employer. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine total pension liability.

HOUSING AUTHORITY OF THE TOWN OF HARRISON
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 8 – Pension Plan (Continued)

Sensitivity of the Authority’s proportionate share of the net pension liability to changes in the discount rate - The following presents the net pension liability of the Authority as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>At 1% Decrease</u>	<u>At June 30 Discount Rate</u>	<u>At 1% Increase</u>
2023	\$ 2,898,923	\$ 2,128,748	\$ 1,475,145
2022	\$ 2,036,416	\$ 1,617,701	\$ 1,262,410

At June 30, 2022 and 2021 measurement dates, the Authority reported deferred outflows inflows of resources related to pensions from the following sources:

	<u>2023 Deferred Outflows of Resources</u>	<u>2023 Deferred Inflows of Resources</u>	<u>2022 Deferred Outflows of Resources</u>	<u>2022 Deferred Inflows of Resources</u>
Changes of assumptions	\$ 6,596	\$ 318,758	\$ 8,425	\$ 575,912
Differences between expected and actual experience	15,364	13,549	25,513	11,581
Net differences between projected and actual earnings on plan investments	88,107	-	-	426,145
Changes in proportion	166,027	-	190,696	-
Authority's contributions subsequent to the measurement date	-	-	-	-
Total	<u>\$ 276,094</u>	<u>\$ 332,307</u>	<u>\$ 224,634</u>	<u>\$ 1,013,638</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) relate to pensions will be recognized in pension expense as shown in the below chart. The amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) over the average of the expected remaining service lives of all plan members, which is 5.04, 5.13, 5.16, 5.21, 5.63, and 5.48 for the years 2022, 2021, 2020, 2019, 2018, 2017 and 2016 respectively.

Year ended June 30:

2022	273,037
2023	139,103
2024	67,838
2025	(147,997)
2026	325
Total	<u>\$ 332,307</u>

HOUSING AUTHORITY OF THE TOWN OF HARRISON
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 9 – Other Post-Employment Benefits (OPEB)

PLAN DESCRIPTION

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

BENEFITS PROVIDED

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

BASIS OF PRESENTATION

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

NET OPEB LIABILITY

The Authority's total other postemployment benefit ("OPEB") liability of \$2,899,045 and \$2,928,568 as of March 31, 2023 and 2022 was measured as of June 30, 2021 and 2020, and was determined by an actuarial valuation as of that date. The components of the housing authority's net OPEB liability as of March 31, 2023 and 2022 are as follows:

HOUSING AUTHORITY OF THE TOWN OF HARRISON
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2023

NOTE 9 – Other Post-Employment Benefits (OPEB) (Continued)

	<u>2023</u>	<u>2022</u>
Total OPEB Liability	\$ 2,907,142	\$ 2,954,887
Plan Fiduciary Net Position	<u>8,097</u>	<u>26,319</u>
Net OPEB Liability	<u>\$ 2,899,045</u>	<u>\$ 2,928,568</u>
Plan Fiduciary Net Position as a % of Total OPEB Liability	0.28%	0.89%

The total OPEB liability as of March 31, 2023 and 2022 was determined by actuarial valuation as of June 30, 2021 and 2020. The actuarial assumptions vary for each plan member depending on the plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases (Based on years of service within the respective plan)	
Public Employees Retirement System (PERS)	
Initial Fiscal Year Applied	
Rate Through 2026	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%

Mortality: Pub-2010 General classification headcount weighted mortality with fully generation al mortality improvement projections from the central year using Scale MP-2021

HEALTH CARE TREND ASSUMPTIONS

For Pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term trend rate after eight years.

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the PERS experience studies prepared for July 1, 2014 to June 30, 2019. 100% of active members are considered to participate in the Plan upon retirement.

DISCOUNT RATE

The discount rate represents the municipal bond return rate as chosen by the State of New Jersey. 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.

HOUSING AUTHORITY OF THE TOWN OF HARRISON
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 9 – Other Post-Employment Benefits (OPEB) (Continued)

SENSITIVITY OF NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the collective net OPEB liability of the Authority calculating the discount rate as disclosed above as well as what the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates.

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
2023	\$ 3,401,876	\$ 2,899,045	\$ 2,485,698
2022	\$ 3,461,503	\$ 2,928,568	\$ 2,505,666

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

The following presents the total OPEB liability of the Authority as of the June 30, 2021 measurement date, calculated using the healthcare trend rate as disclosed above as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>Healthcare Cost</u>		
	<u>1% Decrease</u>	<u>Trend Rates</u>	<u>1% Increase</u>
2023	\$ 2,411,871	\$ 2,899,045	\$ 3,515,661
2022	\$ 2,422,915	\$ 2,928,568	\$ 3,589,393

At March 31, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>	<u>Resources</u>
Changes of assumptions	\$ 417,036	\$ 512,440	\$ 437,935	\$ 651,140
Differences between expected and actual experience	65,051	606,523	77,121	545,246
Net differences between projected and actual earnings on plan investments	1,386	-	1,859	-
Changes in proportion	62,371	285,791	74,845	302,163
Authority's contributions subsequent to the measurement date	-	-	-	-
TOTAL	<u>\$ 545,844</u>	<u>\$ 1,404,754</u>	<u>\$ 591,760</u>	<u>\$ 1,498,549</u>

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

2022	(233,957)
2023	(234,265)
2024	(234,546)
2025	(167,490)
2026	(28,156)
Thereafter	39,503
Total	<u>(858,910)</u>

HOUSING AUTHORITY OF THE TOWN OF HARRISON
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 10 – Risk Management

The Authority is exposed to various risks of loss related to torts, theft, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. During the years ended March 31, 2023 and 2022, the Authority's risk management program, in order to deal with potential liabilities, consisted of various insurance policies for fire, general liability, crime, auto and public-officials errors and omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its Projects for the purpose of determining potential liability issues. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Settled claims relating to the commercial insurance have not exceeded the amount of insurance in any of the past three fiscal years.

NOTE 11 – Construction Commitments

At March 31, 2023 and 2022 the Authority's outstanding construction commitments pertained to its Capital Fund Programs. The costs pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

NOTE 12 – Economic Dependency

For the years ended March 31, 2023 and 2022, a substantial portion of the Authority's revenues were received from the United States Department of Housing and Urban Development, which are subject to availability of funds and Congressional approval, as well as the Authority's compliance with Federal rules and regulations.

NOTE 13 – Prior Period Adjustments

The Authority recorded \$247,159 of prior period adjustments during the fiscal year ending March 31, 2023. \$42,299 was related to the most recent State of New Jersey Public Employees' Retirement System actuarial valuation and \$204,860 was related to the most recent State of New Jersey State Health Benefits Local Government Retired Employees Plan most recent valuation.

The Authority recorded \$309,920 of prior period adjustments during the fiscal year ending March 31, 2022. All \$309,920 was related to the most recent State of New Jersey Public Employees' Retirement System actuarial valuation and increased unrestricted net position.

NOTE 14 – Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated subsequent events through December 15, 2023, the date on which the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statement.

HOUSING AUTHORITY OF THE TOWN OF HARRISON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended March 31, 2023

	<u>Funds Expended</u>
DIRECT FEDERAL ASSISTANCE	
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT	
<u>LOW INCOME HOUSING PROGRAM</u>	
Operating Subsidy (CFDA # 14.850)	\$ 562,585
Capital Fund Program (CFDA # 14.872)	<u>494,424</u>
TOTAL FEDERAL AWARDS	<u>\$ 1,057,009</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Harrison Housing Authority (NJ016)

Harrison, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fyiscal Year End: 03/31/2023

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$2,042,161	\$2,042,161		\$2,042,161
112 Cash - Restricted - Modernization and Development	\$0	\$0		\$0
113 Cash - Other Restricted	\$0	\$0		\$0
114 Cash - Tenant Security Deposits	\$60,006	\$60,006		\$60,006
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0		\$0
100 Total Cash	\$2,102,167	\$2,102,167		\$2,102,167
121 Accounts Receivable - PHA Projects	\$0	\$0		\$0
122 Accounts Receivable - HUD Other Projects	\$15,723	\$15,723		\$15,723
124 Accounts Receivable - Other Government	\$0	\$0		\$0
125 Accounts Receivable - Miscellaneous	\$0	\$0		\$0
126 Accounts Receivable - Tenants	\$16,899	\$16,899		\$16,899
126.1 Allowance for Doubtful Accounts -Tenants	\$0	\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0		\$0
128 Fraud Recovery	\$0	\$0		\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0		\$0
129 Accrued Interest Receivable	\$0	\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$32,622	\$32,622		\$32,622
131 Investments - Unrestricted	\$0	\$0		\$0
132 Investments - Restricted	\$0	\$0		\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0		\$0
142 Prepaid Expenses and Other Assets	\$95,426	\$95,426		\$95,426
143 Inventories	\$26,171	\$26,171		\$26,171
143.1 Allowance for Obsolete Inventories	-\$1,261	-\$1,261		-\$1,261
144 Inter Program Due From				
145 Assets Held for Sale	\$0	\$0		\$0
150 Total Current Assets	\$2,255,125	\$2,255,125		\$2,255,125
161 Land	\$188,597	\$188,597		\$188,597
162 Buildings	\$16,846,583	\$16,846,583		\$16,846,583
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$0		\$0
164 Furniture, Equipment & Machinery - Administration	\$303,004	\$303,004		\$303,004
165 Leasehold Improvements	\$1,642,000	\$1,642,000		\$1,642,000
166 Accumulated Depreciation	-\$13,954,717	-\$13,954,717		-\$13,954,717
167 Construction in Progress	\$225,952	\$225,952		\$225,952
168 Infrastructure	\$0	\$0		\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$5,251,419	\$5,251,419		\$5,251,419
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current	\$0	\$0		\$0
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$5,251,419	\$5,251,419		\$5,251,419
200 Deferred Outflow of Resources	\$821,938	\$821,938		\$821,938
290 Total Assets and Deferred Outflow of Resources	\$8,328,482	\$8,328,482		\$8,328,482

Harrison Housing Authority (NJ016)

Harrison, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 03/31/2023

	Project Total	Subtotal	ELIM	Total
311 Bank Overdraft	\$0	\$0		\$0
312 Accounts Payable <= 90 Days	\$96,250	\$96,250		\$96,250
313 Accounts Payable >90 Days Past Due	\$14	\$14		\$14
321 Accrued Wage/Payroll Taxes Payable	\$0	\$0		\$0
322 Accrued Compensated Absences - Current Portion	\$146,900	\$146,900		\$146,900
324 Accrued Contingency Liability	\$0	\$0		\$0
325 Accrued Interest Payable	\$0	\$0		\$0
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects	\$0	\$0		\$0
333 Accounts Payable - Other Government	\$146,061	\$146,061		\$146,061
341 Tenant Security Deposits	\$60,188	\$60,188		\$60,188
342 Unearned Revenue	\$5,457	\$5,457		\$5,457
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0		\$0
345 Other Current Liabilities	\$0	\$0		\$0
346 Accrued Liabilities - Other	\$0	\$0		\$0
347 Inter Program - Due To	\$0	\$0		\$0
348 Loan Liability - Current				
310 Total Current Liabilities	\$454,870	\$454,870		\$454,870
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0		\$0
353 Non-current Liabilities - Other	\$0	\$0		\$0
354 Accrued Compensated Absences - Non Current	\$258,155	\$258,155		\$258,155
355 Loan Liability - Non Current				
356 FASB 5 Liabilities	\$0	\$0		\$0
357 Accrued Pension and OPEB Liabilities	\$5,027,793	\$5,027,793		\$5,027,793
350 Total Non-Current Liabilities	\$5,285,948	\$5,285,948		\$5,285,948
300 Total Liabilities	\$5,740,818	\$5,740,818		\$5,740,818
400 Deferred Inflow of Resources	\$1,737,061	\$1,737,061		\$1,737,061
508.4 Net Investment in Capital Assets	\$5,251,419	\$5,251,419		\$5,251,419
511.4 Restricted Net Position	\$0	\$0		\$0
512.4 Unrestricted Net Position	-\$4,400,816	-\$4,400,816		-\$4,400,816
513 Total Equity - Net Assets / Position	\$850,603	\$850,603		\$850,603
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$8,328,482	\$8,328,482		\$8,328,482

Harrison Housing Authority (NJ016)
Harrison, NJ
Entity Wide Revenue and Expense Summary
Submission Type: Audited/Single Audit Fiscal Year End: 03/31/2023

	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$2,007,591	\$2,007,591		\$2,007,591
70400 Tenant Revenue - Other	\$26,573	\$26,573		\$26,573
70500 Total Tenant Revenue	\$2,034,164	\$2,034,164	\$0	\$2,034,164
70600 HUD PHA Operating Grants	\$869,072	\$869,072		\$869,072
70610 Capital Grants	\$187,937	\$187,937		\$187,937
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants	\$0	\$0	\$0	\$0
71100 Investment Income - Unrestricted	\$48,519	\$48,519		\$48,519
71200 Mortgage Interest Income	\$0	\$0		\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0		\$0
71310 Cost of Sale of Assets	\$0	\$0		\$0
71400 Fraud Recovery	\$0	\$0		\$0
71500 Other Revenue	\$11,098	\$11,098		\$11,098
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0		\$0
72000 Investment Income - Restricted	\$0	\$0		\$0
70000 Total Revenue	\$3,150,790	\$3,150,790	\$0	\$3,150,790
91100 Administrative Salaries	\$495,381	\$495,381		\$495,381
91200 Auditing Fees	\$14,350	\$14,350		\$14,350
91300 Management Fee				
91310 Book-keeping Fee	\$24,000	\$24,000		\$24,000
91400 Advertising and Marketing	\$3,784	\$3,784		\$3,784
91500 Employee Benefit contributions - Administrative	\$211,597	\$211,597		\$211,597
91600 Office Expenses	\$39,614	\$39,614		\$39,614
91700 Legal Expense	\$62,763	\$62,763		\$62,763
91800 Travel	\$0	\$0		\$0
91810 Allocated Overhead	\$0	\$0		\$0
91900 Other	\$1,707	\$1,707		\$1,707
91000 Total Operating - Administrative	\$853,196	\$853,196	\$0	\$853,196
92000 Asset Management Fee	\$0	\$0		\$0
92100 Tenant Services - Salaries	\$400	\$400		\$400
92200 Relocation Costs	\$0	\$0		\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0		\$0
92400 Tenant Services - Other	\$3,000	\$3,000		\$3,000
92500 Total Tenant Services	\$3,400	\$3,400	\$0	\$3,400
93100 Water	\$52,530	\$52,530		\$52,530
93200 Electricity	\$208,470	\$208,470		\$208,470
93300 Gas	\$211,774	\$211,774		\$211,774
93400 Fuel	\$0	\$0		\$0
93500 Labor	\$30,721	\$30,721		\$30,721
93600 Sewer	\$51,722	\$51,722		\$51,722

Harrison Housing Authority (NJ016)
Harrison, NJ
Entity Wide Revenue and Expense Summary
Submission Type: Audited/Single Audit Fiscal Year End: 03/31/2023

	Project Total	Subtotal	ELIM	Total
93700 Employee Benefit Contributions - Utilities	\$13,122	\$13,122		\$13,122
93800 Other Utilities Expense	\$10,492	\$10,492		\$10,492
93000 Total Utilities	\$578,831	\$578,831	\$0	\$578,831
94100 Ordinary Maintenance and Operations - Labor	\$580,321	\$580,321		\$580,321
94200 Ordinary Maintenance and Operations - Materials and Other	\$65,871	\$65,871		\$65,871
94300 Ordinary Maintenance and Operations Contracts	\$44,261	\$44,261		\$44,261
94500 Employee Benefit Contributions - Ordinary Maintenance	\$247,879	\$247,879		\$247,879
94000 Total Maintenance	\$938,332	\$938,332	\$0	\$938,332
95100 Protective Services - Labor	\$0	\$0		\$0
95200 Protective Services - Other Contract Costs	\$37,377	\$37,377		\$37,377
95300 Protective Services - Other	\$0	\$0		\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0		\$0
95000 Total Protective Services	\$37,377	\$37,377	\$0	\$37,377
96110 Property Insurance	\$66,145	\$66,145		\$66,145
96120 Liability Insurance	\$28,196	\$28,196		\$28,196
96130 Workmen's Compensation	\$38,063	\$38,063		\$38,063
96140 All Other Insurance	\$25,276	\$25,276		\$25,276
96100 Total Insurance Premiums	\$157,680	\$157,680	\$0	\$157,680
96200 Other General Expenses	\$0	\$0		\$0
96210 Compensated Absences	\$0	\$0		\$0
96300 Payments in Lieu of Taxes	\$146,061	\$146,061		\$146,061
96400 Bad debt - Tenant Rents	\$13,767	\$13,767		\$13,767
96500 Bad debt - Mortgages	\$0	\$0		\$0
96600 Bad debt - Other	\$0	\$0		\$0
96800 Severance Expense	\$0	\$0		\$0
96000 Total Other General Expenses	\$159,828	\$159,828	\$0	\$159,828
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0		\$0
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs	\$0	\$0		\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$2,728,644	\$2,728,644	\$0	\$2,728,644
97000 Excess of Operating Revenue over Operating Expenses	\$422,146	\$422,146	\$0	\$422,146
97100 Extraordinary Maintenance	\$0	\$0		\$0
97200 Casualty Losses - Non-capitalized	\$0	\$0		\$0
97300 Housing Assistance Payments	\$0	\$0		\$0
97350 HAP Portability-In	\$0	\$0		\$0
97400 Depreciation Expense	\$525,330	\$525,330		\$525,330
97500 Fraud Losses	\$0	\$0		\$0
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense	\$0	\$0		\$0
90000 Total Expenses	\$3,253,974	\$3,253,974	\$0	\$3,253,974

Harrison Housing Authority (NJ016)
Harrison, NJ
Entity Wide Revenue and Expense Summary
Submission Type: Audited/Single Audit Fiscal Year End: 03/31/2023

	Project Total	Subtotal	ELIM	Total
10010 Operating Transfer In	\$306,487	\$306,487	-\$306,487	\$0
10020 Operating transfer Out	-\$306,487	-\$306,487	\$306,487	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0		\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0		\$0
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0		\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0		\$0
10091 Inter Project Excess Cash Transfer In	\$0	\$0		\$0
10092 Inter Project Excess Cash Transfer Out	\$0	\$0		\$0
10093 Transfers between Program and Project - In	\$0	\$0		\$0
10094 Transfers between Project and Program - Out	\$0	\$0		\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$103,184	-\$103,184	\$0	-\$103,184
11020 Required Annual Debt Principal Payments	\$0	\$0		\$0
11030 Beginning Equity	\$706,628	\$706,628		\$706,628
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$247,159	\$247,159		\$247,159
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				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available	3204	3204		3204
11210 Number of Unit Months Leased	3204	3204		3204
11270 Excess Cash	\$1,452,532	\$1,452,532		\$1,452,532
11610 Land Purchases	\$0	\$0		\$0
11620 Building Purchases	\$187,937	\$187,937		\$187,937
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0	\$0		\$0
11660 Infrastructure Purchases	\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0	\$0		\$0

HOUSING AUTHORITY OF THE TOWN OF HARRISON
STATEMENT AND CERTIFICATION OF COMPLETED MODERNIZATION GRANTS
 As of March 31, 2023

	<u>NJ39P016501-18</u> <u>CFP 2018 GRANT</u>	<u>TOTAL</u>
Funds Approved	\$ 855,960	\$ 855,960
Funds Expended	<u>855,960</u>	<u>855,960</u>
Excess/(Deficiency) Approved	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 855,960	\$ 855,960
Funds Expended	<u>855,960</u>	<u>855,960</u>
Excess/(Deficiency) of Advances	<u>\$ -</u>	<u>\$ -</u>

1. The distribution of cost by project and account classification accompanying the Financial Status Reports and Actual Modernization Cost Certificate submitted to HUD for approval were in agreement with the Authority's records.
2. All modernization costs have been paid and all related liabilities have been discharged through payment.
3. The actual modernization cost certificates submitted to HUD are in agreement with the Authority's records

HOUSING AUTHORITY OF THE TOWN OF HARRISON
Schedule of Proportionate Share of the Net Pension Liability
of the Public Employees Retirement System (PERS)
For the Year Ended March 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Housing Authority's Proportion of the Net Pension Liability	1.41057%	1.36555%	1.36089%	1.33817%	0.01242%
Housing Authority's Proportionate Share of the Net Pension Liability	\$ 2,128,748	\$ 1,617,701	\$ 2,219,248	\$ 2,411,188	\$ 2,445,538
Housing Authority's Covered Employee Payroll	1,106,423	1,062,222	1,112,420	1,078,564	1,055,879
Housing Authority's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Employee Payroll	192.40%	152.29%	199.50%	223.56%	231.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.97%	70.33%	58.32%	56.27%	53.60%

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Housing Authority's Proportion of the Net Pension Liability	0.01166%	0.01181%	0.00951%
Housing Authority's Proportionate Share of the Net Pension Liability	\$ 2,714,150	\$ 3,311,445	\$ 2,135,340
Housing Authority's Covered Employee Payroll	982,148	970,589	855,019
Housing Authority's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Employee Payroll	276.35%	341.18%	249.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	36.78%	40.14%	47.93%

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

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

HOUSING AUTHORITY OF THE TOWN OF HARRISON
Schedule of Authority Contributions to the
Public Employees Retirement System (PERS)
For the Year Ended March 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 177,880	\$ 159,922	\$ 141,678	\$ 130,165	\$ 123,544
Contribution in Relation to the Contractually Required Contribution	\$ (177,880)	\$ (159,922)	\$ (141,678)	\$ (130,165)	\$ (123,544)
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	\$ 1,106,423	\$ 1,062,222	\$ 1,112,420	\$ 1,078,564	\$ 1,055,879
Contribution as a Percentage of Covered Employee Payroll	16.08%	15.06%	12.74%	12.07%	11.70%

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 108,013	\$ 99,329	\$ 81,781
Contribution in Relation to the Contractually Required Contribution	\$ (108,013)	\$ (99,329)	\$ (81,781)
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	\$ 982,148	\$ 982,148	\$ 855,019
Contribution as a Percentage of Covered Employee Payroll	11.00%	10.11%	9.56%

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

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

HOUSING AUTHORITY OF THE TOWN OF HARRISON
Schedule of Changes in the Housing Authority's
Total OPEB Liability and Related Ratios
For the Year Ended March 31, 2023

<u>Total OPEB Liability</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Housing Authority's Proportion of the Net OPEB Liability	0.016106%	0.016332%	0.016332%	0.016096%
Housing Authority's Proportionate Share of the Net OPEB Liability	\$ 2,899,045	\$ 2,928,568	\$ 2,242,023	\$ 2,180,376
Housing Authority's Covered Employee Payroll	\$ 1,106,423	\$ 1,062,222	\$ 1,112,420	\$ 1,078,564
Housing Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Its Covered Employee Payroll	262.0%	275.7%	201.5%	202.2%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.29%	1.98%	1.98%	2.0%

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

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

HOUSING AUTHORITY OF THE TOWN OF HARRISON
Schedule of Authority Contributions to the
Other Post-Employment Benefits Plan (OPEB)
For the Year Ended March 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ 295,567	\$ 248,502	\$ 240,904	\$ 278,290
Contribution in Relation to the Contractually Required Contribution	(295,567)	(248,502)	(240,904)	(278,290)
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	1,106,423	1,062,222	1,112,420	1,078,564
Contribution as a Percentage of Covered Employee Payroll	26.71%	23.39%	21.66%	25.80%

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

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



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

Board of Commissioners
Housing Authority of the Town of Harrison
Harrison, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Housing Authority of the Town of Harrison ("the Authority") as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Town of Harrison's basic financial statements and have issued our report thereon dated December 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority'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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Compliance and Other Matters

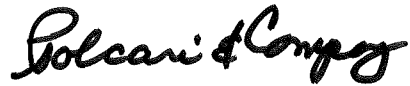
As part of obtaining reasonable assurance about whether Housing Authority of the Town of Harrison financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have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

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

(Continued)

Purpose of This Report

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



POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
December 15, 2023



Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners
Housing Authority of the Town of Harrison
Harrison, New Jersey

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Housing Authority of the Town of Harrison's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended March 31, 2023. The Housing Authority of the Town of Harrison's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Housing Authority of the Town of Harrison 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 years ended March 31, 2023.

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 Authority 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 program. Our audit does not provide a legal determination of the Authority's compliance with the compliance with the compliance requirements referred to above.

Responsibilities of Management on 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 Authority'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 to express an opinion on the Authority'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

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

(Continued)

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 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 Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards and *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 Authority'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 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 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 internal over compliance that we identified during the audit.

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 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 have not been 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.


POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
December 15, 2023

HOUSING AUTHORITY OF THE TOWN OF HARRISON
Harrison, New Jersey
March 31, 2023

STATUS OF PRIOR AUDIT FINDINGS

The prior audit contained no findings.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION 1 - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

Material Weakness(es) Identified? _____ yes X no

Significant Deficiencies identified that are
not considered to be material weakness(es)? _____ yes X none reported

Noncompliance Material to Financial Statements Noted? _____ yes X no

Federal Awards

Internal Control over Major Programs:

Material Weakness(es) Identified? _____ yes X no

Significant Deficiencies identified that are
not considered to be material weakness(es)? _____ yes X none reported

Type of audit report issued on compliance for
major programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with section 2 CFR 200.516(a) _____ yes X no

Identification of Major Programs

CFDA

Number Name of Federal Program or Cluster

14.872 Public Housing Capital Fund Program

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

\$750,000

Auditee qualified as low-risk? X yes _____ no

SECTION 2 – FINANCIAL STATEMENT FINDINGS

None.

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.