

HOUSING AUTHORITY OF THE CITY OF UNION CITY

Notes to Financial Statements

June 30, 2021

NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED

Deferred Inflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ 1,347,058	\$ 10,917	\$ 1,357,975
Changes in Assumptions	1,608,672	1,292,566	2,901,238
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	-	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	221,974	221,974
Total	<u>\$ 2,955,730</u>	<u>\$ 1,525,457</u>	<u>\$ 4,481,187</u>

Difference in Expected and Actual Experience

The difference between expected and actual experience with regard to economic and demographic factors is amortized over a five-year closed period reflecting the average remaining service life of the plan members (active and inactive), respectively. The first year of amortization is recognized as OPEB and pension expense with the remaining years shown as either deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$246,741 and \$1,357,975.

Changes in Assumptions

The change in assumptions about future economic or demographic factors or other inputs is amortized over a five-year closed period, reflecting the average remaining service life of the plan members (active and inactive members), respectively. The first year of amortization is recognized as OPEB and pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$1,182,087 and \$2,901,238.

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

The difference between the System's expected rate of return of and the actual investment earnings on pension plan investments is amortized over a five-year closed period in accordance with OPEB and pension expense. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$110,111 and \$-0-.

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Notes to Financial Statements

June 30, 2021

NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED

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

The change in employer proportionate share is the amount of difference between the employer proportionate shares of net OPEB and pension liability in the prior year compared to the current year. The difference between employer contributions and proportionate share of contributions is the difference between the total amount of employer contributions and the amount of the proportionate share of employer contributions. The change in proportionate share and the difference between employer contributions and proportionate share of contributions is amortized over a six-year closed period for PERS, reflecting the average remaining service life of PERS members (active and inactive members), respectively. The changes in proportion and differences between employer contributions and proportionate share of contributions for the fiscal year are \$1,834,344 and \$221,974.

NOTE 10 – ACCOUNTS PAYABLE

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

	<u>June-21</u>
Accounts Payable Vendors	\$ 167,516
Accounts Payable - Other Government	111,767
Accounts Payable Other Authorities	<u>81,644</u>
Total Accounts Payable	<u><u>\$ 360,927</u></u>

NOTE 11 – ACCOUNTS PAYABLE – OTHER GOVERNMENT (PILOT PAYABLE)

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the City of Union City. Under the Cooperation Agreements, the Authority must pay the municipality 10% of its net shelter rent for real property taxes. During the fiscal year ended June 30, 2020, PILOT expense of \$111,767 was accrued, with a payable amount of \$111,767 on June 30, 2021.

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NOTE 12 – ACCRUED EXPENSES

The Authority reported accrued expenses on its Statement of Net Position. Accrued expenses are liabilities covering expenses incurred on or before June 30 and are payable at some future date. Accrued liabilities on June 30, 2021, consist of the following:

	<u>June-21</u>
Compensated Absences - Current Portion	\$ 55,998
Accrued Expenses - Wages and Payroll Taxes	74,709
Accrued Expenses - Utility Invoices	43,158
Accrued Interest Payable	9,401
Total Accrued Liabilities	<u>\$ 183,266</u>

NOTE 13 – ACCRUED COMPENSATED ABSENCES

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

Unused sick leave may be carried to future periods and used in the event of extended illness. In the event of retirement, an employee is compensated for one for two unused sick days up to a maximum of \$18,000 under the Authority’s current personnel policy. Upon retirement under the State of New Jersey Public Employees Retirement system after fifteen (15) or more years of service, employees will receive a payment equal to four (4) days’ pay for every year of service with the Authority. Generally, unused vacation may be carried over for a one-year period. In the event of separation from the Authority, the employee is eligible for compensation of up to one year plus any time earned in the year of separation.

The Authority has determined that the potential liability for accumulated vacation and sick time on June 30, 2021, as follows:

Balance on Jun-20	Additions	Deductions	Balance on Jun-21	Current Portion
\$ 620,800	\$ 40,607	\$ (101,420)	\$ 559,987	\$ 55,998

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Notes to Financial Statements

June 30, 2021

NOTE 14 – UNEARNED REVENUE

The Authority reported unearned revenues on its Statement of Net Position. Unearned revenues arise when resources are received by the Authority before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Authority has a legal claim to the resources, the liability for unearned revenue is removed from the Statement of Net Position and the revenue is recognized. The unearned revenue for June 30, 2021, in the amount of \$275,985 consist of the following:

	<u>June-21</u>
Unearned Operating Subsidy	\$ 5,109
July Prepaid Rents	17,852
PH CARES Subsidy	6,689
HCV CARES Subsidy	246,335
Total Unearned Revenue	<u>\$ 275,985</u>

NOTE 15 – OTHER LIABILITIES NONCURRENT

The Authority under the Section 8 Housing Choice Voucher program is administering a Family Self-Sufficiency (FSS) program. An interest-bearing FSS escrow account is established by the PHA for each participating family. An escrow credit, based on increases in earned income of the family, is credited to this account by the PHA during the term of the FSS contract. The PHA may make a portion of this escrow account available to the family during the term of the contract to enable the family to complete an interim goal such as education. If the family completes the contract and no member of the family is receiving welfare, the amount of the FSS account is paid to the head of the family.

If the PHA terminates the FSS contract, or if the family fails to complete the contract before its expiration, the family's FSS escrow funds are forfeited. For June 30, 2021, the Authority determined a liability in the amount of \$8,927 with a funded bank account balance on June 30, 2021, of \$8,927.

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Notes to Financial Statements
June 30, 2021

NOTE 16 – LONG TERM DEBT

On June 30, 2021, the Authority has two (2) notes payable. They consist of the following:

	Balance June-20	Loan Proceeds	Payments	Balance June-21	June-21 Current Portion
Capital Leveraging Fund	\$ 1,435,000	\$ -	\$ (235,000)	\$ 1,200,000	\$ 249,900
Security System	-	31,871	(7,452)	24,419	24,419
	<u>\$ 1,435,000</u>	<u>\$ 31,871</u>	<u>\$ (242,452)</u>	<u>\$ 1,224,419</u>	<u>\$ 274,319</u>

1. STATE LEVERAGING CAPITAL PROJECT BOND

The Authority participated on December 23, 2004, with other New Jersey Housing Authorities in the issuance of \$79,860,000 in Series 2004 HMFA Bonds. The Authority portion of the Series 2004 HMFA Bonds is \$3,915,000. The purpose of the Bonds is restricted. The proceeds from the Bonds must be used in the renovations and capital improvements to the Authority assets in the Low-Income Housing Program. The Bonds are fully registered in denominations of \$5,000. The term of the Bonds is twenty (20) years expiring on November 1, 2025.

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

Interest on the Bonds is payable on May 1 and November 1 commencing on May 1, 2005. The interest is calculated on a basis of three hundred sixty (360) day year of twelve (12) thirty (30) day month.

Under the Bond Agreement, the Authority is required to maintain a Debt Service Reserve Fund located at the Bank of New York, an amount equal to the debt service reserve fund requirement. If at any time, the amount on deposit in the debt service reserve fund is insufficient to pay the principal and interest when due, the Trustee is authorized to withdraw the amount due from the reserve fund.

The interest payable for November 1, 2021, is \$28,200 and May 1, 2022, is \$25,380.

HOUSING AUTHORITY OF THE CITY OF UNION CITY

Notes to Financial Statements

June 30, 2021

NOTE 16 – LONG TERM DEBT – CONTINUED

1.STATE LEVERAGING CAPITAL PROJECT BOND

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

June 30, 2022	\$	249,900
June 30, 2023		255,000
June 30, 2024		275,000
June 30, 2025		275,000
June 30, 2026		145,100
Sub Total		<u>1,200,000</u>
Therafter		-
Total Capital Project Bonds	\$	<u><u>1,200,000</u></u>

2. FIRE SECURITY SYSTEM

During the year, the Authority obtained financing for a commercial fire security system in the amount of \$31,871. The term of the contract is for 48 months, ending in October 2023. The interest rate is seven (7%) percent, with monthly payments of \$823. The system includes a fire panel, smoke detector, sounder base, horn strobe and an outdoor horn strobe. The Authority plans on paying off the entire contract in the current year.

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

June 30, 2022	\$	<u><u>24,419</u></u>
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NOTE 17 – ACCRUED PENSION AND OPEB LIABILITIES

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

	June-21
Accrued OPEB Liability	<u>\$ 7,233,741</u>
Accrued Pension Liability	<u>3,087,023</u>
Total OPEB and Pension Liabilities	<u><u>\$ 10,320,764</u></u>

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

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Notes to Financial Statements

June 30, 2021

NOTE 17 – OTHER POST EMPLOYMENT BENEFITS

OPEB Liability

The Authority as of June 30, 2021, reported a net OPEB liability in the amount of \$7,233,741 due to GASB #75. The component of the current year net OPEB liability of the Authority as of June 30, 2020, the last evaluation date, is as follows:

	<u>OPEB</u>
Employer OPEB Liability	\$ 7,300,192
Plan Net Position	<u>(66,451)</u>
Employer Net OPEB Liability	<u>\$ 7,233,741</u>

The Authority allocation percentage is 0.0403070% as of June 30, 2020.

OPEB Liability – Plan Description and Benefits Provided

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

Benefits Provided: The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission.

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

- 1) retired on a disability pension; or
- 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or

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Notes to Financial Statements

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NOTE 17 – OTHER POST EMPLOYMENT BENEFITS

OPEB Liability – Plan Description and Benefits Provided - continued

3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or

4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiation's agreement.

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The total OPEB liability for the year ended June 30, 2021, were \$7,233,741.

Employees covered by benefits terms: On June 30, 2020 (the census date), the following employees were covered by the benefits terms:

Plan Members

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Net OPEB Liability

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

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Notes to Financial Statements

June 30, 2021

NOTE 17 – OPEB LIABILITIES - CONTINUED

Actuarial Assumptions: The total OPEB Liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement, unless otherwise specified:

Inflation Rate = 2.21%

Salary Increases

Through 2026 = 2.00% to 6.00%

Thereafter = 3.00% to 7.00%

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2020 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2020 scale.

Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2020 scale.

Certain actuarial assumptions used in the June 30, 2020, valuation was based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2013, to June 30, 2020 and July 1, 2014 to June 30, 2020, respectively.

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

Health Care Trend Assumptions

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

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Notes to Financial Statements

June 30, 2021

NOTE 17 – OPEB LIABILITIES - CONTINUED

Discount Rate

The discount rate for June 30, 2020, was 2.21%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the OPEB Liability to changes in the discount rate: The following presents the total OPEB liability of the Authority, as well as what the Authority's OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current discount rate:

	<u>Discount Rate Sensitivity</u>		
	1% Decrease	Current Rate	1% Increase
	1.21%	2.21%	3.21%
Total OPEB Liability	\$ 8,551,811	\$ 7,233,741	\$ 6,190,370

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

	<u>Healthcare Cost Inflation Rate Sensitivity</u>		
	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 5,985,928	\$ 7,233,741	\$ 8,867,769

Change in Assumptions: Effective June 30, 2020.

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.05, 8.14 and 8.04 year for the 2020.

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Notes to Financial Statements
June 30, 2021

NOTE 17 – OPEB LIABILITIES - CONTINUED

Changes in Net OPEB Liability:

<u>Total OPEB Liability</u>	<u>2021</u>
Service Cost	\$ 244,240
Interest on Total OPEB liability	200,505
Expected Investment Return	(3,076)
Administrative Expenses	3,996
Current Period Deferred	
Inflows/Outflows of Resources	417
Changes in Assumptions or Other	
Inputs	(221,930)
Net Difference Between Projected and	
Actual Investments Earning on	(168,748)
Pension Plan Investments	
Benefit Payments	(57,231)
Change in Investments	<u>2,148,070</u>
Net Change in Total OPEB Liability	2,146,243
Total OPEB Liability, Beginning	<u>5,087,498</u>
 Total OPEB Liability, Ending	 <u><u>\$ 7,233,741</u></u>

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

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

Year Ending June 30, 2021	\$ (535,263)
Year Ending June 30, 2022	(535,263)
Year Ending June 30, 2023	(535,591)
Year Ending June 30, 2024	(536,122)
Year Ending June 30, 2025	(536,608)
Thereafter	<u>(607,641)</u>
Total	<u><u>\$ (3,286,488)</u></u>

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NOTE 18 – ACCRUED PENSION LIABILITY

Net Pension Liability Information

The Authority as of June 30, 2021, reported a net pension liability in the amount of \$3,087,023 due to GASB #68. The component of the current year net pension liability of the Authority as of June 30, 2020, the last evaluation date, is as follows:

	<u>June-21</u>
Employer Total Pension Liability	\$ 12,816,693
Plan Net Position	<u>(9,729,670)</u>
Employer Net Pension Liability	<u>\$ 3,087,023</u>

The Authority allocation percentage is 0.0189302146% as of June 30, 2020.

Plan Description

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

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

Net Pension Liability Information

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

The following represents the membership tiers for PERS:

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

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Notes to Financial Statements

June 30, 2021

NOTE 18 – ACCRUED PENSION LIABILITY – CONTINUED

Net Pension Liability Information -continued

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

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

Allocation Percentage Methodology

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of June 30, 2020, are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2020.

The contribution for PERS is set by NJSA 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which include the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020 the State's pension contribution was less than the actuarial determined amount.

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Notes to Financial Statements

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NOTE 18 – ACCRUED PENSION LIABILITY – CONTINUED

Actuarial Assumptions

The total pension liability for June 30, 2020, measurement dates were determined by using an actuarial valuation as of July 1, 2018, with update procedures used to roll forward the total pension liability to June 30, 2020. The actuarial valuations used the following actuarial assumptions:

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

Pre-retirement mortality rates were based on the Pub-2010 Employee Preretirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2010 using a generational approach based on the plan actuary's modified MP-2020 projection scale. Post-mortality rates were based on the Pub-2010 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2010 using a generational approach based on the plan actuary's modified MP-2020 projection scale. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2020, evaluation was based on the results of an actuarial experience study for the period July 1, 2014, to June 30, 2020. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities were higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% on June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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NOTE 18 – ACCRUED PENSION LIABILITY - CONTINUED

Actuarial Assumptions – Continued

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020, as summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.0% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2020, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the most recent fiscal year.

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Notes to Financial Statements

June 30, 2021

NOTE 18 – ACCRUED PENSION LIABILITY - CONTINUED

Discount Rate - continued

The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

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

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,358,063	\$ 3,087,023	\$ 2,453,524

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

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

Year Ending June 30, 2021	\$	(654,796)
Year Ending June 30, 2022		(60,954)
Year Ending June 30, 2023		(350,295)
Year Ending June 30, 2024		(140,291)
Year Ending June 30, 2025		(27,656)
Total	\$	(1,233,992)

HOUSING AUTHORITY OF THE CITY OF UNION CITY

Notes to Financial Statements

June 30, 2021

NOTE 18 – ACCRUED PENSION LIABILITY – CONTINUED

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for the 2020, 2018, 2017, 2016, 2015, and 2014 amounts, respectively.

Pension Expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the plan fiscal year ending June 30, 2020, are as follows:

Service Cost	\$	245,731
Interest on the Total Pension Liability		834,564
Benefits Changes		(5,178)
Member Contributions		(172,064)
Administrative Expenses		3,666
Expected Investment Return Net of Investment Expenses		(369,191)
Pension Expense Related to Specific Liabilities of Individual Employers		(349)
Current Period Recognition (Amortization) of Deferred Outflows and Inflows of Resources:		
Difference Between Expected and Actual Experience		78,154
Changes of Assumptions		(448,973)
Differences Between Projected and Actual Investment Earnings on Pension Plan Investments		79,932
Total	\$	<u>246,292</u>

HOUSING AUTHORITY OF THE CITY OF UNION CITY

Notes to Financial Statements

June 30, 2021

NOTE 19 – NET INVESTMENT IN CAPITAL ASSETS

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

Balance June 30, 2020	\$ 9,969,886
Payment of Debt	235,000
Acquisition in Fixed Assets	756,555
Depreciation Expense	(827,390)
Security Equipment Loan	(24,419)
Balance June 30, 2021	<u>\$ 10,109,632</u>

NOTE 20 – RESTRICTED NET POSITION

The Authority's Restricted Net Position account balance on June 30, 2021, is \$119,893.

The amount reported under the Housing Choice Voucher Program as a HAP reserve was \$118,956 reserve for future use. In accordance with HUD's PIH Notice 2007-03, the reserve fund balance may only be used to assist additional families up to the number of units under contract.

The amount of \$937 was restricted for the State leveraging capital project (CFP) program for debt future payments.

Housing Choice Voucher Program HUD Held Reserves Funds

Effective January 1, 2012, HUD was required to control the disbursement of funds in such a way that the Authority does not receive funds before they are needed, resulting in the re-establishment of HUD held program reserves to comply with the Treasury requirements. HUD held reserve is a holding account at the HUD level that maintains the excess of HAP funds that have been obligated (ABA) but undisbursed to the Authority. The excess HAP funds will remain obligated but not disbursed to the Authority. HUD will hold these funds until needed by the Authority. The amount of HUD held reserves for the Authority on June 30, 2021, was \$826,523.

HOUSING AUTHORITY OF THE CITY OF UNION CITY

Notes to Financial Statements

June 30, 2021

NOTE 21 – UNRESTRICTED NET POSITION

The Authority's unrestricted net position account balance on June 30, 2021, is a negative \$(8,388,452) as follows:

	Balance June-20	Prior Period Adjustments	Increase For the Year	Decrease For the Year	Balance June-21
PIH Program Reserves	\$ (5,125,034)	\$ (1)	\$ 591,817	\$ -	\$ (4,533,218)
HCV Program Reserves	(2,153,772)	-	254,803	-	(1,898,969)
COCC Center Reserves	(3,776,254)	-	-	(115,246)	(3,891,500)
Business Activities Reserves	1,351,922	5,420	577,893	-	1,935,235
Total Reserves	<u>\$ (9,703,138)</u>	<u>\$ 5,419</u>	<u>\$ 1,424,513</u>	<u>\$ (115,246)</u>	<u>\$ (8,388,452)</u>

NOTE 22 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES

HUD contributes operating subsidy for the Public and Indian program approved in the operating budget under the Annual Contribution Contract. The operating subsidy contributions for the year ended June 30, 2021, were \$2,287,862.

Annual Contributions Contracts for the Section 8 Housing Choice Voucher Program to provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low-income families. The programs provide for such payment with respect to existing housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by the participating family and related administrative expense. HUD contribution for the Housing Choice Voucher for June 30, 2021, was \$7,016,811.

NOTE 23 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

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

Total financial support by HUD was \$10,614,010 to the Authority which represents approximately 68% percent of the Authority's total revenue for the fiscal year June 30, 2021.

HOUSING AUTHORITY OF THE CITY OF UNION CITY

Notes to Financial Statements

June 30, 2021

NOTE 24 - CONTINGENCIES

Litigation – On June 30, 2021, the Authority was not involved in any threatened litigation.

Contingencies

The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years. There were no such examinations for the years ended June 30, 2021.

Other Insurance

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

Unemployment Insurance

The Authority provides unemployment insurance through direct billings from the New Jersey Unemployment Insurance Fund. For the year ended June 30, 2021, the Authority paid no benefits from the unemployment reserve. On June 30, 2021, the Authority did not recognize a liability for unpaid, unasserted claims, if any, as these would be deemed immaterial.

Construction Commitments

On June 30, 2021, the Authority outstanding construction commitments pertaining to its capital fund were not material. The cost pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

National Health Emergency

The United States is presently during a national health emergency related to the COVID-19 virus (coronavirus). The overall consequences of coronavirus on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. On March 27, 2020, the President of the United States signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act into law to provide additional funding to Public Housing Authority's to prevent, prepare for and respond to coronavirus, including to maintain normal operations during the period the program was impacted. During the year ended June 30, 2021, the Authority received \$478,330 in total CARES Act funding of which \$275,985 was unspent. The overall impact of this situation on the Authority and its future results and financial position is not presently determinable.

HOUSING AUTHORITY OF THE CITY OF UNION CITY

Notes to Financial Statements

June 30, 2021

NOTE 25 - PRIOR PERIOD ADJUSTMENTS

For year ending June 30, 2021

As of June 30, 2021, the Authority had a prior period adjustment in the amount of \$5,419. This was to adjust the opening loan balance as of June 30, 2020 for the financing obtained for the fire security system.

NOTE 26 - SUBSEQUENT EVENTS

Coronavirus Pandemic:

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Authority's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the tenant's ability to pay the required monthly rent. Operating functions that may be changed include intake, recertification and maintenance. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of tenants to continue making rental payments because of job loss or other pandemic related issues. The Authority already received additional operating subsidy from HUD to offset these expenses.

Events that occur after the statement of net assets date but before the financial statements were available to be issued, must be evaluated for recognition or disclosed. The effects of subsequent events that provide evidence about conditions that existed after the statement of net assets date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority thru March 31, 2022, the date which the financial statements were available for issue and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF UNION CITY

Required Supplementary Information

June 30, 2021

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

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

Total OPEB Liability	2021	2020	2019	2018
Service Cost	\$ 244,240	\$ 250,345	\$ 328,856	\$ 207,298
Interest on Total OPEB liability	200,505	238,893	280,365	301,387
Expected Investment Return	(3,076)	(4,239)	(3,445)	-
Administrative Expenses	3,996	3,560	3,009	-
Current Period Deferred				
Inflows/Outflows of Resources	417	(715)	(163,468)	
Changes in Assumptions or Other				
Inputs	(221,930)	(232,630)	(222,424)	-
Net Difference Between Projected and				
Actual Investments Earning on	(168,748)	(302,633)	840	
Pension Plan Investments				
Benefit Payments	(57,231)	(613,635)	-	(63,075)
Change in Investments	2,148,070	-	(3,563,397)	-
Net Change in Total OPEB Liability	2,146,243	(661,054)	(3,339,664)	445,610
Total OPEB Liability, Beginning	5,087,498	5,748,552	9,088,216	8,642,606
Total OPEB Liability, Ending	\$ 7,233,741	\$ 5,087,498	\$ 5,748,552	\$ 9,088,216
Covered, Employee Payroll	\$ 2,164,712	\$ 2,107,633	\$ 1,959,380	\$ 1,899,567
Plan Fiduciary Net Position as a				
Percentage of the Total OPEB Liability	0.91%	2.02%	2.00%	0.00%

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

HOUSING AUTHORITY OF THE CITY OF UNION CITY

Required Supplementary Information

June 30, 2021

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

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

	2021	2020	2019	2018
Housing Authority's proportion of the net pension liability	0.0189302146%	0.0190469790%	0.0180830576%	0.016496990%
Housing Authority's proportionate share of the net pension liability	\$ 3,087,023	\$ 3,431,977	\$ 3,560,464	\$ 3,840,236
Housing Authority's covered employee payroll	\$ 2,164,712	\$ 2,107,633	\$ 1,959,380	\$ 1,899,567
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	142.61%	162.84%	181.71%	202.16%
Plan fiduciary net position as a percentage of the total pension liability	24.08%	43.42%	46.41%	48.01%

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

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

HOUSING AUTHORITY OF THE CITY OF UNION CITY

Required Supplementary Information
June 30, 2021

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Housing Authority's proportion of the net pension liability	0.019359500%	0.020945250%	0.021043190%
Housing Authority's proportionate share of the net pension liability	\$ 5,733,725	\$ 4,701,790	\$ 3,939,860
Housing Authority's covered employee payroll	\$ 1,861,480	\$ 1,774,438	\$ 1,850,093
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	308.02%	264.97%	212.95%
Plan fiduciary net position as a percentage of the total pension liability	59.86%	52.07%	52.08%

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

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

HOUSING AUTHORITY OF THE CITY OF UNION CITY

Required Supplementary Information
June 30, 2021

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

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

	2021	2020	2019	2018
Contractually required contribution	\$ 207,087	\$ 185,271	\$ 179,868	\$ 152,827
Contribution in relation to the contractually required contribution	(207,087)	(185,271)	(179,868)	(152,827)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 2,164,712	\$ 2,107,633	\$ 1,959,380	\$ 1,899,567
Contribution as a percentage of covered employee payroll	9.57%	8.79%	9.18%	8.05%

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

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

HOUSING AUTHORITY OF THE CITY OF UNION CITY

Required Supplementary Information
June 30, 2021

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 171,987	\$ 180,073	\$ 173,477
Contribution in relation to the contractually required contribution	(171,987)	(180,073)	(173,477)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 1,861,480	\$ 1,774,438	\$ 1,850,093
Contribution as a percentage of covered employee payroll	9.24%	10.15%	9.38%

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

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

**HOUSING AUTHORITY OF THE CITY OF UNION CITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE TWELVE MONTHS ENDED JUNE 30, 2021**

Programs funded by:

U.S. Department of Housing and Urban Development

	<u>CFDA #'s</u>	<u>Beginning Balance</u>	<u>Revenue Recognized</u>	<u>Fiscal Year Expenditures</u>	<u>Ending Balance</u>
<u>Public and Indian Housing Program</u>					
NJ026	14.850	-	2,287,862	2,287,862	-
<u>PIH CARES ACT</u>					
NJ026-DC	14.PHC	-	210,578	210,578	-
<u>COCC CARES ACT</u>					
NJ026-DC	14.CCC	-	5,994	5,994	-
Grant Total 14.850		-	<u>2,504,434</u>	<u>2,504,434</u>	-
<u>Section 8 Housing Choice Voucher Program</u>					
NJ39P026	14.871	-	7,016,811	7,016,811	-
<u>HCV CARES ACT</u>					
NJ-026	14.HCC	-	14,728	14,728	-
Grant Total 14.871		-	<u>7,031,539</u>	<u>7,031,539</u>	-
<u>Public Housing Capital Fund Program</u>					
NJ026	14.872	-	1,078,037	1,078,037	-
Grant Total 14.872		-	<u>1,078,037</u>	<u>1,078,037</u>	-
Total Expenditures of Federal Awards		\$ -	<u>\$ 10,614,010</u>	<u>\$ 10,614,010</u>	\$ -

**HOUSING AUTHORITY OF THE CITY OF UNION CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2021**

Note 1. Presentation:

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Housing Authority of the City of Union City is under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Housing Authority of the City of Union City, it is not intended to and does not present the financial position, change in net position, or cash flows of the Housing Authority of the City of Union City.

Note 2. Summary of Significant Accounting Policies:

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

Note 3. Indirect Cost Rate

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

Note 4. Loans Outstanding:

The Housing Authority of the City of Union City had \$1,224,419 as a loan balance outstanding on June 30, 2021. Note 16 presented on page 44-45 of this report have full disclosure regarding the loan activity for the Housing Authority of the City of Union City.

Note 5. Non- Cash Federal Assistance:

The Authority did not receive any non-cash Federal assistance for the year ended June 30, 2021.

Note 6. Sub recipients:

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

**HOUSING AUTHORITY OF THE CITY OF UNION CITY
STATEMENT AND CERTIFICATION OF
ACTUAL CAPITAL FUND GRANT COST
AS OF JUNE 30, 2021**

	NJ39P026501-17		
	Budget	Actual Cost	Overrun
Operations	\$ 122,983	\$ 122,983	\$ -
Management Improvements	35,000	35,000	-
Administration	66,491	66,491	-
General Capital Activity	137,486	137,486	-
Bond Debt Obligation	302,959	302,959	-
Total	\$ 664,919	\$ 664,919	\$ -
Funds Advanced	\$ 664,919		
Funds Expended	664,919		
Excess of Funds Advanced	\$ -		

1. The distribution of cost by project and account classification accompanying the Actual Capital Fund Cost Certificates submitted to HUD for approval were in agreement with the Authority's records.
2. All Capital Fund cost have been paid and all related liabilities have been discharged through payment.
3. The Capital Fund Program 501-17 was completed on February 5, 2020
4. There were no budget overruns noted.

Union City Housing Authority (NJ026)
UNION CITY, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2021

	Project Total	14.PHC Public Housing CARES.Act	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.CCC Central Office Cost Center CARES.Act	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$2,578,390		\$649,175	\$318,975				\$3,546,540		\$3,546,540
112 Cash - Restricted - Modernization and Development										
113 Cash - Other Restricted	\$937			\$127,883	\$246,335			\$381,844		\$381,844
114 Cash - Tenant Security Deposits	\$146,798	\$6,689	\$59,328					\$206,126		\$206,126
115 Cash - Restricted for Payment of Current Liabilities										
100 Total Cash	\$2,726,125	\$6,689	\$708,503	\$446,858	\$246,335	\$0	\$0	\$4,134,510	\$0	\$4,134,510
121 Accounts Receivable - PHA Projects				\$23,078				\$23,078		\$23,078
122 Accounts Receivable - HUD Other Projects										
124 Accounts Receivable - Other Government			\$0					\$0		\$0
125 Accounts Receivable - Miscellaneous	\$104,428		\$55,597					\$160,025		\$160,025
126 Accounts Receivable - Tenants	-\$102,459		-\$13,283					-\$115,742		-\$115,742
126.1 Allowance for Doubtful Accounts - Tenants			\$0	\$0				\$0		\$0
126.2 Allowance for Doubtful Accounts - Other										
127 Notes, Loans, & Mortgages Receivable - Current										
128 Fraud Recovery	\$34,158		\$3,672	\$110,892				\$148,722		\$148,722
128.1 Allowance for Doubtful Accounts - Fraud	-\$27,775		\$0	-\$73,327				-\$101,102		-\$101,102
129 Accrued Interest Receivable			\$3,319					\$3,319		\$3,319
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$8,352	\$0	\$49,305	\$60,643	\$0	\$0	\$0	\$118,300	\$0	\$118,300
131 Investments - Unrestricted			\$176,449					\$176,449		\$176,449
132 Investments - Restricted										
135 Investments - Restricted for Payment of Current Liability										
142 Prepaid Expenses and Other Assets	\$80,920		\$2,754	\$1,675			\$36,564	\$121,913		\$121,913
143 Inventories	\$140,173		\$7,983					\$148,156		\$148,156
143.1 Allowance for Obsolete Inventories	\$0		\$0				\$0	\$0		\$0
144 Inter Program Due From	\$0		\$1,240,752					\$1,240,752	-\$1,240,752	\$0
145 Assets Held for Sale										
150 Total Current Assets	\$2,955,570	\$6,689	\$2,185,746	\$509,176	\$246,335	\$0	\$36,564	\$5,940,080	-\$1,240,752	\$4,699,328
161 Land	\$660,990		\$36,400					\$697,390		\$697,390
162 Buildings	\$32,944,808		\$1,049,900				\$158,180	\$34,152,888		\$34,152,888
163 Furniture, Equipment & Machinery - Dwellings	\$8,307		\$27,673					\$35,980		\$35,980
164 Furniture, Equipment & Machinery - Administration	\$503,596						\$103,347	\$606,943		\$606,943
165 Leasehold Improvements										
166 Accumulated Depreciation	-\$24,454,645		-\$672,771				-\$221,814	-\$25,349,230		-\$25,349,230
167 Construction in Progress	\$1,190,080		\$0					\$1,190,080		\$1,190,080
168 Infrastructure										
160 Total Capital Assets, Net of Accumulated Depreciation	\$10,853,136	\$0	\$441,202	\$0	\$0	\$0	\$39,773	\$11,334,051	\$0	\$11,334,051
171 Notes, Loans and Mortgages Receivable - Non-Current			\$0					\$0		\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due										
173 Grants Receivable - Non Current										
174 Other Assets										
176 Investments in Joint Ventures										

Union City Housing Authority (NJ026)
UNION CITY, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2021								
	Project Total	14.PHC Public Housing CARES Act	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.CCC Central Office Cost Center CARES Act	COCC	Subtotal	ELIM	Total
180 Total Non-Current Assets	\$10,853,136	\$0	\$441,202	\$0	\$0	\$0	\$39,713	\$11,334,051	\$0	\$11,334,051
200 Deferred Outflow of Resources	\$1,922,772		\$47,385	\$695,535			\$707,591	\$3,373,283		\$3,373,283
290 Total Assets and Deferred Outflow of Resources	\$15,731,478	\$6,689	\$2,674,333	\$1,204,711	\$246,335	\$0	\$783,868	\$20,647,414	-\$1,240,752	\$19,406,662
311 Bank Overdraft										
312 Accounts Payable <= 90 Days	\$109,477		\$42,460	\$2,340			\$13,239	\$167,516		\$167,516
313 Accounts Payable >90 Days Past Due										
321 Accrued Wage/Payroll Taxes Payable	\$54,194			\$8,607			\$11,908	\$74,709		\$74,709
322 Accrued Compensated Absences - Current Portion	\$39,333			\$10,426			\$6,239	\$55,998		\$55,998
324 Accrued Contingency Liability										
325 Accrued Interest Payable	\$9,401							\$9,401		\$9,401
331 Accounts Payable - HUD PHA Programs										
332 Account Payable - PHA Projects			\$29,899	\$51,745				\$81,644		\$81,644
333 Accounts Payable - Other Government	\$111,767							\$111,767		\$111,767
341 Tenant Security Deposits	\$146,797		\$59,328					\$206,125		\$206,125
342 Unearned Revenue	\$17,468	\$6,689	\$5,493		\$246,335			\$275,985		\$275,985
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$249,900							\$249,900		\$249,900
344 Current Portion of Long-term Debt - Operating Borrowings										
345 Other Current Liabilities										
346 Accrued Liabilities - Other	\$43,136		\$22					\$43,158		\$43,158
347 Inter Program - Due To							\$1,240,752	\$1,240,752	-\$1,240,752	\$0
348 Loan Liability - Current			\$24,419					\$24,419		\$24,419
310 Total Current Liabilities	\$781,473	\$6,689	\$161,621	\$73,118	\$246,335	\$0	\$1,272,138	\$2,541,374	-\$1,240,752	\$1,300,622
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$950,100							\$950,100		\$950,100
352 Long-term Debt, Net of Current - Operating Borrowings										
353 Non-current Liabilities - Other				\$8,927				\$8,927		\$8,927
354 Accrued Compensated Absences - Non Current	\$354,009			\$93,831			\$56,149	\$503,989		\$503,989
355 Loan Liability - Non Current										
356 FASB 5 Liabilities										
357 Accrued Pension and OPEB Liabilities	\$5,970,765		\$120,380	\$1,975,412			\$2,254,207	\$10,320,764		\$10,320,764
350 Total Non-Current Liabilities	\$7,274,874	\$0	\$120,380	\$2,078,170	\$0	\$0	\$2,310,356	\$11,783,780	\$0	\$11,783,780
300 Total Liabilities	\$8,056,347	\$6,689	\$282,001	\$2,151,288	\$246,335	\$0	\$3,582,494	\$14,325,154	-\$1,240,752	\$13,084,402
400 Deferred Inflow of Resources	\$2,554,276		\$40,314	\$833,436			\$1,053,161	\$4,481,187		\$4,481,187
508.4 Net Investment in Capital Assets	\$9,653,136		\$416,783				\$39,713	\$10,109,632		\$10,109,632
511.4 Restricted Net Position	\$937			\$118,956				\$119,893		\$119,893
512.4 Unrestricted Net Position	-\$4,533,218	\$0	\$1,935,235	-\$1,998,969	\$0	\$0	-\$3,891,500	-\$8,388,452	\$0	-\$8,388,452
513 Total Equity - Net Assets / Position	\$5,120,855	\$0	\$2,352,018	-\$1,780,013	\$0	\$0	-\$3,851,787	\$1,841,073	\$0	\$1,841,073

Union City Housing Authority (NJ026)
 UNION CITY, NJ
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2021								
		14.PHC	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCY CARES Act Funding	14.CCC Central Office Cost Center CARES Act	COCC	Subtotal	ELIM	Total
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	Project Total	14.PHC Public Housing CARES Act	\$2,674,333	\$1,204,711	\$246,335	\$0	\$783,868	\$20,647,414	-\$1,240,752	\$19,406,662
			\$6,689							

Union City Housing Authority (NJ026)
UNION CITY, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

	Project Total	14.PHC Public Housing CARES Act	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.CCC Central Office Cost Center CARES Act	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$2,340,359							\$3,564,992		\$3,564,992
70400 Tenant Revenue - Other			\$1,224,633							
70500 Total Tenant Revenue	\$2,340,359	\$0	\$1,224,633	\$0	\$0	\$0	\$0	\$3,564,992	\$0	\$3,564,992
70600 HUD PHA Operating Grants	\$2,724,583	\$210,578		\$7,016,811	\$14,728	\$5,994		\$9,972,694		\$9,972,694
70610 Capital Grants	\$641,316							\$641,316		\$641,316
70700 Management Fee								\$546,673	-\$546,673	\$0
70720 Asset Management Fee								\$54,600	-\$54,600	\$0
70730 Book Keeping Fee								\$40,531	-\$40,531	\$0
70740 Front Line Service Fee										
70750 Other Fees										
70700 Total Fee Revenue							\$641,804	\$641,804	-\$641,804	\$0
70800 Other Government Grants										
71100 Investment Income - Unrestricted	\$2,715		\$422	\$6,397			\$2,278	\$11,812		\$11,812
71200 Mortgage Interest Income										
71300 Proceeds from Disposition of Assets Held for Sale										
71310 Cost of Sale of Assets	\$4,246			\$57,715				\$61,961		\$61,961
71400 Fraud Recovery	\$836,442		\$4,413	\$545,606				\$1,386,461		\$1,386,461
71500 Other Revenue										
71600 Gain or Loss on Sale of Capital Assets										
72000 Investment Income - Restricted										
70000 Total Revenue	\$6,549,661	\$210,578	\$1,229,468	\$7,626,529	\$14,728	\$5,994	\$644,082	\$16,281,040	-\$641,804	\$15,639,236
91100 Administrative Salaries	\$679,697		\$6,624	\$183,862			\$416,768	\$1,286,951		\$1,286,951
91200 Auditing Fees	\$11,600		\$720	\$2,900				\$15,220		\$15,220
91300 Management Fee	\$521,673		\$25,000					\$546,673	-\$546,673	\$0
91310 Book-keeping Fee	\$40,531							\$40,531	-\$40,531	\$0
91400 Advertising and Marketing										
91500 Employee Benefit contributions - Administrative	\$291,187		\$451	\$195,188			\$191,724	\$678,550		\$678,550
91600 Office Expenses	\$153,938		\$33,839	\$40,202			\$93,828	\$321,807		\$321,807
91700 Legal Expense	\$12,127		\$5,848	\$2,614			\$2,614	\$23,203		\$23,203
91800 Travel	\$2,478		\$1,172	\$1,239				\$4,889		\$4,889
91810 Allocated Overhead										
91900 Other										
91000 Total Operating - Administrative	\$1,713,231	\$0	\$73,654	\$426,005	\$0	\$0	\$704,934	\$2,917,824	-\$587,204	\$2,330,620
92000 Asset Management Fee	\$54,600							\$54,600	-\$54,600	\$0
92100 Tenant Services - Salaries	\$0							\$0		\$0
92200 Relocation Costs										
92300 Employee Benefit Contributions - Tenant Services										
92400 Tenant Services - Other	\$10,646	\$127,722	\$7,165	\$0	\$14,728	\$5,994	\$0	\$166,255		\$166,255
92500 Total Tenant Services	\$10,646	\$127,722	\$7,165	\$0	\$14,728	\$5,994	\$0	\$166,255	\$0	\$166,255
93100 Water	\$220,325		\$66,161					\$286,486		\$286,486
93200 Electricity	\$137,729		\$49,846				\$12,000	\$199,575		\$199,575

Union City Housing Authority (NJ026)
UNION CITY, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2021

	Project Total	14.PHC Public Housing CARES.Act	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.CCC Central Office Cost Center CARES.Act	COCC	Subtotal	ELIM	Total
93300 Gas	\$246,365		\$4,289					\$250,654		\$250,654
93400 Fuel	\$175,706							\$175,706		\$175,706
93500 Labor	\$68,140							\$68,140		\$68,140
93600 Sewer	\$357,850		\$106,887					\$464,737		\$464,737
93700 Employee Benefit Contributions - Utilities	\$16,581							\$16,581		\$16,581
93800 Other Utilities Expense										
93900 Total Utilities	\$1,222,696	\$0	\$227,183	\$0	\$0	\$0	\$12,000	\$1,461,879	\$0	\$1,461,879
94100 Ordinary Maintenance and Operations - Labor	\$526,540		\$919				\$12,672	\$540,131		\$540,131
94200 Ordinary Maintenance and Operations - Materials and Other	\$592,489		\$48,028				\$13,683	\$654,200		\$654,200
94300 Ordinary Maintenance and Operations Contracts	\$131,584		\$68,585				\$5,916	\$206,085		\$206,085
94500 Employee Benefit Contributions - Ordinary Maintenance	\$257,583						\$3,830	\$261,413		\$261,413
94000 Total Maintenance	\$1,508,196	\$0	\$117,532	\$0	\$0	\$0	\$36,101	\$1,661,829	\$0	\$1,661,829
95100 Protective Services - Labor	\$161,594							\$161,594		\$161,594
95200 Protective Services - Other Contract Costs										
95300 Protective Services - Other										
95500 Employee Benefit Contributions - Protective Services	\$74,662							\$74,662		\$74,662
95000 Total Protective Services	\$236,256	\$0	\$0	\$0	\$0	\$0	\$0	\$236,256	\$0	\$236,256
96110 Property Insurance	\$67,543		\$56,173	\$4,427				\$128,143		\$128,143
96120 Liability Insurance	\$33,770		\$20,209	\$520			\$3,146	\$57,645		\$57,645
96130 Workmen's Compensation	\$33,770		\$20,209	\$3,176			\$3,146	\$60,301		\$60,301
96140 All Other Insurance										
96100 Total Insurance Premiums	\$135,083	\$0	\$96,591	\$8,123	\$0	\$0	\$6,292	\$246,089	\$0	\$246,089
96200 Other General Expenses	\$2,890			\$21,969				\$24,859		\$24,859
96210 Compensated Absences	\$46,751							\$46,751		\$46,751
96300 Payments in Lieu of Taxes	\$111,767							\$111,767		\$111,767
96400 Bad debt - Tenant Rents	\$94,119		\$2,488					\$96,607		\$96,607
96500 Bad debt - Mortgages										
96600 Bad debt - Other										
96800 Severance Expense										
96000 Total Other General Expenses	\$255,527	\$0	\$2,488	\$21,969	\$0	\$0	\$0	\$279,984	\$0	\$279,984
96710 Interest of Mortgage (or Bonds) Payable	\$62,901							\$62,901		\$62,901
96720 Interest on Notes Payable (Short and Long Term)			\$1,321					\$1,321		\$1,321
96730 Amortization of Bond Issue Costs										
96700 Total Interest Expense and Amortization Cost	\$62,901	\$0	\$1,321	\$0	\$0	\$0	\$0	\$64,222	\$0	\$64,222
96900 Total Operating Expenses	\$5,199,136	\$127,722	\$525,934	\$456,097	\$14,728	\$5,994	\$759,327	\$7,088,938	-\$641,804	\$6,447,134
97000 Excess of Operating Revenue over Operating Expenses	\$1,350,525	\$82,856	\$703,534	\$7,170,432	\$0	\$0	-\$115,245	\$9,192,102	\$0	\$9,192,102

Union City Housing Authority (NJ026)
UNION CITY, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2021

	Project Total	14-PHC Public Housing CARES Act	1 Business Activities	14-871 Housing Choice Vouchers	14-HCC HCV CARES Act Funding	14-COC Central Office Cost Center CARES Act	COCC	Subtotal	ELIM	Total
97100 Extraordinary Maintenance										
97200 Casualty Losses - Non-capitalized								\$6,397,858		\$6,397,858
97300 Housing Assistance Payments				\$6,397,858				\$517,054		\$517,054
97350 HAP Portability-In				\$517,054				\$827,390		\$827,390
97400 Depreciation Expense	\$776,649		\$43,810				\$6,931			
97500 Fraud Losses										
97600 Capital Outlays - Governmental Funds										
97700 Debt Principal Payment - Governmental Funds										
97800 Dwelling Units Rent Expense										
90000 Total Expenses	\$5,975,785	\$127,722	\$569,744	\$7,371,009	\$14,728	\$5,994	\$766,258	\$14,831,240	-\$641,804	\$14,189,436
10010 Operating Transfer In	\$232,173							\$232,173		\$232,173
10020 Operating transfer Out	-\$232,173							-\$232,173		-\$232,173
10030 Operating Transfers from/to Primary Government										
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										
10080 Special Items (Net Gain/Loss)										
10091 Inter Project Excess Cash Transfer In	\$201,851							\$201,851		\$201,851
10092 Inter Project Excess Cash Transfer Out	-\$201,851							-\$201,851		-\$201,851
10093 Transfers between Program and Project - In										
10094 Transfers between Project and Program - Out										
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under)	\$573,876	\$82,856	\$659,724	\$255,520	\$0	\$0	-\$122,176	\$1,449,800	\$0	\$1,449,800
Total Expenses										
11020 Required Annual Debt Principal Payments	\$235,000	\$0	\$0	\$0	\$0	\$0	\$0	\$235,000	\$0	\$235,000
11030 Beginning Equity	\$4,464,124	\$0	\$1,686,874	-\$2,035,533	\$0	\$0	-\$3,729,611	\$385,854	\$0	\$385,854
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$82,855	-\$82,856	\$5,420					\$5,419	\$0	\$5,419
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				-\$1,898,969				-\$1,898,969		-\$1,898,969
11180 Housing Assistance Payments Equity				\$118,956				\$118,956		\$118,956
11190 Unit Months Available	5460	0	1932	8316	0	0	0	15708	0	15708
11210 Number of Unit Months Leased	5404	0	1858	7723	0	0	0	14985	0	14985
11270 Excess Cash	\$1,538,698							\$1,538,698		\$1,538,698
11610 Land Purchases	\$0						\$0	\$0		\$0
11620 Building Purchases	\$407,325						\$0	\$407,325		\$407,325

Union City Housing Authority (NJ026)
UNION CITY, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 06/30/2021								
	Project Total	14.PHC Public Housing CARES Act	1 Business Activities	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.CCC Central Office Cost Center CARES Act	COCC	Subtotal	ELIM	Total
11630 Furniture & Equipment - Dwelling Purchases	\$825						\$0	\$825		\$825
11640 Furniture & Equipment - Administrative Purchases	\$0						\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0						\$0	\$0		\$0
11660 Infrastructure Purchases	\$0						\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$302,459						\$0	\$302,459		\$302,459
13901 Replacement Housing Factor Funds	\$0						\$0	\$0		\$0

HOUSING AUTHORITY OF THE CITY OF UNION CITY

Schedule of Findings and Questioned Cost

Year Ended June 30, 2021

Prior Audit Findings

None reported

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control over Financial Reporting:

Material Weakness (es) Identified? _____ yes X no

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

Noncompliance Material to Financial Statements Noted? _____ yes X no

Federal Awards

Internal Control over Major Programs:

Material Weakness (es) Identified? _____ yes X no

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

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

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

Identification of Major Programs

CFDA#	Name of Federal Program	Amount
14.871	Section 8 Housing Choice Voucher Program	\$ 7,031,539

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

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

FINDINGS – FINANCIAL STATEMENT AUDIT

None reported

FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAM AUDIT

None reported

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Union City
3911 Kennedy Boulevard
Union City, New Jersey 07087

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Union City (a governmental public corporation) in the City of Union City, New Jersey, hereafter referred to as the Authority, which comprise the statements of net position as of June 30, 2021, and the related statements of revenue, expenses and changes in net position, statements of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing Authority of the City of Union City preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Union City internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of the City of Union City as of June 30, 2021, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and OPEB and PERS supplemental information on pages 4 through 17 and pages 61-65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the method 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 an opinion on the basic financial statements Housing Authority of the City of Union City. The accompanying supplemental information on pages 66-75 is presented for additional analysis and is not required part of the basic financial statements.

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

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

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

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, Capital Fund cost certification and the Financial Data Schedule, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The financial statement of the Housing Authority of the City of Union City as of June 30, 2020, was audited by other auditors whose report dated March 31, 2021, expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued reports dated March 31, 2022, on our consideration of the Housing Authority of the City of Union City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Union City internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Union City's internal control over financial reporting and compliance.

Giampaolo & Associates

Lincroft, New Jersey

Date: March 31, 2022

INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Housing Authority of the City of Union City
3911 Kennedy Boulevard
Union City, New Jersey 07087

We have performed the procedures enumerated below on whether the electronic submission of certain information agrees with the hard copy documents within the reporting package for the year ended June 30, 2021. The U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC) is responsible for the Uniform Financial Reporting Standards (UFRS) procedures.

Housing Authority of the City of Union City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with the REAC’s UFRS requirements for the submission of the PHA financial data for the year ended June 30, 2021. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

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

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

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

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

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

Giampaolo & Associates

Lincroft, New Jersey

March 31, 2022

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

Board of Commissioners
Housing Authority of the City of Union City
3911 Kennedy Boulevard
Union City, New Jersey 07087

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Housing Authority of the City of Union City (hereafter referred to as the Authority), which comprise the statement of net position as of June 30, 2021 and the related statement of revenue, expenses and changes in net position, statement of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Giampaolo & Associates

Lincroft, New Jersey

Date: March 31, 2022

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

Board of Commissioners
Housing Authority of the City of Union City
3911 Kennedy Boulevard
Union City, New Jersey 07087

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Housing Authority of the City of Union City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

Purpose of This Report

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

Giampaolo & Associates

Lincroft, New Jersey

Date: March 31, 2022