

**HOUSING AUTHORITY OF THE
BOROUGH OF GLASSBORO**

**REPORT OF AUDIT
FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Table of Contents

December 31, 2020 and 2019

	Page Number
<u>PART I - FINANCIAL SECTION</u>	
Independent Auditor's Report	2
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	4
Management's Discussion and Analysis	6
Basic Financial Statements	
Statements of Net Position	12
Statements of Revenue, Expenses, and Changes in Net Position	13
Statements of Cash Flows	14
Notes to Financial Statements	16
Other Required Supplementary Information	
Schedule of the Authority's Proportionate Share of the Net Pension Liability - PERS	43
Schedule of the Authority's Contributions - PERS	44
Note to Other Required Supplementary Information	45
Supplementary Information	
Financial Data Schedule	47
<u>PART II - SINGLE AUDIT SECTION</u>	
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	55
Schedule of Expenditures of Federal Awards	57
Notes to Schedule of Expenditures of Federal Awards	58
<u>PART III – SCHEDULE OF FINDINGS & QUESTIONED COSTS</u>	
Schedule of Findings and Questioned Costs	60
Summary Schedule of Prior Year Audit Findings and Questioned Costs As Prepared by Management	62
APPRECIATION	63

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

PART I - FINANCIAL SECTION

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Borough of Glassboro

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the Borough of Glassboro ("Authority"), a component unit of the Borough of Glassboro, and its blended component unit, as of and for the years ended December 31, 2020 and 2019 and the related notes to the financial statements, which collectively comprise the Authority's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and in compliance with the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Housing Authority of the Borough of Glassboro, and its blended component unit, as of December 31, 2020 and 2019, and its changes in financial position and cash flows thereof for the years 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 required supplementary information as listed in the table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements. The 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* and the Financial Data Schedule as required by the U.S. Department of Housing and Urban Development are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Financial Data Schedule as required by the U.S. Department of Housing and Urban Development are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Financial Data Schedule are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Bowman & Company LLP
BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
July 15, 2021

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

Board of Commissioners
Housing Authority of the Borough of Glassboro

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Housing Authority of the Borough of Glassboro, a component unit of the Borough of Glassboro ("Authority"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated July 15, 2021.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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* and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
July 15, 2021

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

Unaudited

As management of the Housing Authority of the Borough of Glassboro (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activity of the Authority for the year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this audit report.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT:

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed in care of Kimberly Gober, Executive Director, Housing Authority of the Borough of Glassboro, 181 Delsea Manor Drive, Glassboro New Jersey, 08028.

OVERVIEW OF THE FINANCIAL STATEMENTS:

This annual financial report consists of two parts; Management's Discussion and Analysis and the basic financial statements. The Management's Discussions and Analysis is intended to share management's analysis of the Authority's financial performance. The Authority's financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to private businesses, such as real estate development and management. The financial statements included in this report were prepared in accordance with GAAP applicable to governmental entities for proprietary fund types (business-type activities). The financial statements and accompanying data include the following:

- Statements of Net Position – presenting information on all the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (equity).
- Statements of Revenues, Expenses and Changes in Net Position – presenting information on revenues and expenses showing how the Authority performed.
- Statements of Cash Flows – presenting the inflows and outflows of cash and cash equivalents.
- Notes to Financial Statements – providing additional information essential to fully understanding the data provided in the financial statements.
- Supplemental Information – presenting the schedule of expenditures of federal awards as required by the US Office of Management and Budget (2 CFR 200 *Uniform Guidance*). Also included are the Financial Data Schedule, Capital Grant Schedule, and schedules related to the State-administered pension plan.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

Unaudited

FINANCIAL HIGHLIGHTS:

- The assets of the Authority exceeded its liabilities by \$1,635,551 (net position) as of December 31, 2020.
- The Authority had total revenues of \$3,432,259 and total expenses of \$ 3,439,659 for the year ended December 31, 2020.
- The Authority's capital outlays for the fiscal year 2020 were \$4,597.
- The Authority's expenditures of federal awards amounted to \$2,057,807 for the fiscal year 2020.
 - Housing Choice Voucher Administrative Fees funded were prorated at 81.047% of the total fee eligible due to federal funding limitations.
- The Authority has a long-term pension liability of \$252,195 at the end of fiscal year 2020.
- The Authority received additional cares funding for the HCV program in the amount of \$103,907.

OTHER FINANCIAL INFORMATION

In 2020, the State of New Jersey Pension System (PERS) hired an actuary to allocate the unfunded pension liability among participants in the plan, which was then audited, by an independent auditing firm. An analysis of these liabilities resulted in a decrease in liabilities for 2020 of \$22,368. This amount is reflected in the financial statements presented in this report.

THE AUTHORITY AS A WHOLE:

The Authority's net position decreased during the fiscal year as detailed on the following page. The Authority's revenue includes subsidies and grants received from HUD.

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

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

Unaudited

The following table provides a summary of the Authority's net position:

	2020	2019	2018
Assets:			
Current assets	\$ 1,212,716	\$ 1,179,489	\$ 969,671
Non current assets	675,333	577,543	786,441
Capital assets	1,448,121	1,559,273	1,597,090
TOTAL ASSETS:	\$ 3,336,170	\$ 3,316,305	\$ 3,353,202
Deferred Outflows of Resources:	\$ 58,719	\$ 89,459	\$ 132,836
Liabilities:			
Current liabilities	\$ 212,427	\$ 163,132	\$ 243,669
Non-current liabilities	1,423,398	1,457,171	1,480,649
TOTAL LIABILITIES	\$ 1,635,825	\$ 1,620,303	\$ 1,724,318
Deferred Inflows of Resources:	\$ 123,513	\$ 145,935	\$ 179,728
Net Position:			
Net investment in capital assets	\$ 1,448,121	\$ 1,559,273	\$ 1,597,090
Restricted	648,844	461,702	763,573
Unrestricted	(461,414)	(381,449)	(778,671)
TOTAL NET POSITION	\$ 1,635,551	\$ 1,639,526	\$ 1,581,992

During 2020, total assets increased by \$19,865, primarily due to an increase in non-current assets of \$97,790 and a increase in current assets of \$33,227, which was offset by a decrease in capital assets of \$111,152. During 2019, total assets decreased by \$36,897, primarily due to a decrease in non-current assets of \$208,898 and a decrease in capital assets of \$37,817, which was offset by an increase in current assets of \$209,818.

During 2020 total liabilities increased by \$15,522, primarily due to an increase in current debt of \$49,295 which was offset by a decrease in non-current debt of \$33,773. Deferred inflows of resources decreased by \$22,422. During 2019, total liabilities decreased by \$104,015, primarily due to a decrease in current debt of \$80,537. Deferred inflows of resources decreased by \$33,793.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

Unaudited

The following table provides a summary of the Authority's changes in net position:

	2020	2019	2018
Operating Revenues:			
HUD Grant awards	\$ 2,437,688	\$ 1,951,378	\$ 2,671,949
Tenant charges	449,862	444,145	428,348
Other governmental grants	52,194	52,094	52,094
RAD Housing Assistance			
Payments	469,566	474,010	464,762
Other income	22,949	15,698	6,095
Total Operating revenues	\$ 3,432,259	\$ 2,937,325	\$ 3,623,248
Operating Expenses:			
General Oper. Exp.	\$ 1,266,102	\$ 1,310,432	\$ 1,225,669
Housing assistance payments	2,057,807	1,988,651	2,128,325
Depreciation	115,750	121,168	114,554
Total Operating Expenses	\$ 3,439,659	\$ 3,420,251	\$ 3,468,548
Non-operating revenue (expense):			
Capital Grants	\$ 649	\$ 3,202	
Gain on disposal of capital assets		530,100	
Loss on disposal of capital asset			(66,651)
Interest income	2,776	7,158	2,564
Total non-operating revenue (expense)	\$ 3,425	\$ 540,460	(\$64,087)
Change in Net Position	(3,975)	57,534	90,613
Beginning Net Position	1,639,526	1,581,992	1,491,379
Ending Net Position	\$1,635,551	\$1,639,526	\$1,581,992

In 2020, total revenue increased by \$494,934. HUD Grant revenues increased by \$486,310 overall. Tenant charges increased by \$5,717. In 2019, total revenue decreased by \$148,027. HUD Grant revenues decreased by \$720,571 overall. Tenant charges increased by \$15,797.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION:

CAPITAL ASSETS

As of December 31, 2020, 2019, and 2018, the Authority's investment in capital assets (net of accumulated depreciation) for its proprietary fund was \$1,448,121, \$1,559,273, and \$1,597,090, and respectively. This investment in capital assets includes land, building and equipment.

During the years ended December 31, 2020, 2019, and 2018, major capital assets were purchased in the amounts of \$4,597, \$83,351 and \$52,726, and during the year pertained to expenditures made in accordance with the Authority's Modernization and Capital Fund Programs. These activities are funded by grants from HUD.

The following table provides a summary of the Authority's capital assets as of December 31, 2020, 2019, 2018:

	2020	2019	2018
<i>Non-depreciable assets:</i>			
Land	\$160,499	\$160,499	\$160,499
<i>Depreciable assets:</i>			
Building & Improvements	6,851,144	6,851,144	6,797,469
Furniture, equipment & machinery - dwellings	38,000	38,000	38,000
Furniture, equipment & machinery – administration	114,454	109,856	80,180
TOTAL	7,003,597	6,999,000	6,915,649
Less: accumulated depreciation	5,715,976	5,600,226	5,479,058
Net Capital Assets	\$1,448,121	\$1,559,273	\$1,597,090

LONG –TERM DEBT

As of December 31, 2020, the Authority had \$1,132,819 in outstanding debt, borrowed from the Borough of Glassboro to finance the demolition of Ellis Manor and Whitney Gardens A.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2020

Unaudited

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET:

Significant economic factors affecting the Authority are as follows:

- The current state of the economy is indicating higher prices in general.
- HUD funding should remain stable overall.

Should it become necessary, the Authority will utilize its unrestricted net position to fund any operating shortfalls.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Unrestricted cash and cash equivalents	\$ 1,165,095	\$ 1,145,437
Accounts receivable, net of allowance for doubtful accounts of \$12,110 in 2020 and \$4,210 in 2019	11,991	6,137
Due from HUD	4,956	1,053
Due from other governments	19,012	14,348
Other receivables	20,376	12,514
	1,221,430	1,179,489
Non-current restricted assets		
Cash and cash equivalents	675,333	577,543
	1,448,121	1,559,273
Capital assets, net of accumulated depreciation		
	\$ 3,344,884	\$ 3,316,305
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions	\$ 58,719	\$ 89,459
LIABILITIES		
Current liabilities		
Accounts payable	\$ 31,616	\$ 20,813
Accounts payable related to pension	16,918	7,660
Due to Housing Authority of Gloucester County	90,981	26,540
Accrued expenses and other liabilities	40,670	57,898
Accrued compensated absences	5,952	15,670
Due to other governments	27,768	28,510
Unearned revenue	7,235	6,041
	221,140	163,132
Non-current liabilities		
Accrued compensated absences	3,436	7,468
Pension liability - contribution subsequent to measurement date	8,459	7,660
Pension liability	252,195	283,771
Tenant security deposits	26,489	25,453
Long term debt	1,132,819	1,132,819
	1,423,398	1,457,171
Total liabilities		
	\$ 1,644,538	\$ 1,620,303
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	\$ 123,513	\$ 145,935
NET POSITION		
Net investment in capital assets	\$ 1,448,121	\$ 1,559,273
Restricted	648,844	461,702
Unrestricted (deficit)	(461,413)	(381,449)
	\$ 1,635,552	\$ 1,639,526

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Statements of Revenue, Expenses, and Changes in Net Position
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenue		
Tenant charges	\$ 450,108	\$ 444,145
Federal grant awards - HUD	2,437,687	1,951,378
Federal grant awards - other	52,194	52,094
RAD Housing assistance payments	469,566	474,010
Other income	<u>22,950</u>	<u>15,698</u>
Total operating revenue	<u>3,432,505</u>	<u>2,937,325</u>
Operating expenses		
Administration	720,544	681,643
Tenant services	58,894	78,904
Utilities	172,990	183,588
Housing assistance payments	2,057,807	1,988,651
Ordinary maintenance and operations	211,647	234,953
Protective services	-	894
Insurance	65,659	66,210
General expenses	36,614	64,240
Depreciation expense	<u>115,750</u>	<u>121,168</u>
Total operating expenses	<u>3,439,905</u>	<u>3,420,251</u>
Operating loss	<u>(7,400)</u>	<u>(482,926)</u>
Non-operating revenue		
Capital grants	649	3,202
Gain on disposal of capital assets	-	530,100
Interest income	<u>2,777</u>	<u>7,158</u>
Total non-operating revenue	<u>3,426</u>	<u>540,460</u>
Increase (decrease) in net position	<u>(3,974)</u>	<u>57,534</u>
Net position at the beginning of the year	<u>1,639,526</u>	<u>1,581,992</u>
Net position at the end of the year	<u>\$ 1,635,552</u>	<u>\$ 1,639,526</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Cash received from federal programs	\$ 2,956,825	\$ 2,492,279
Cash received from tenants	446,238	446,667
Other operating cash receipts	22,950	6,064
Payments for goods and services	(1,154,299)	(1,345,635)
Payments to employees	(95,286)	(64,322)
Payments to landlords for rent	<u>(2,057,808)</u>	<u>(1,988,651)</u>
Net cash provided by (used in) operating activities	<u>118,620</u>	<u>(453,598)</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	(4,598)	(75,691)
Proceeds from sale of capital assets	-	530,100
Capital grants received	<u>649</u>	<u>3,202</u>
Net cash provided by (used in) capital and related financing activities	<u>(3,949)</u>	<u>457,611</u>
Cash flows from investing activities		
Interest income received	<u>2,777</u>	<u>7,158</u>
Net cash provided by investing activities	<u>2,777</u>	<u>7,158</u>
Increase in cash and cash equivalents	117,448	11,171
Cash and cash equivalents, beginning of year	<u>1,722,980</u>	<u>1,711,809</u>
Cash and cash equivalents, end of year	<u>\$ 1,840,428</u>	<u>\$ 1,722,980</u>

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Statements of Cash Flows (continued)
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of operating income (loss) to net cash provided		
by (used in) operating activities		
Operating loss	\$ (7,400)	\$ (482,926)
Adjustments to reconcile operating loss to net cash provided		
by (used in) operating activities		
Depreciation	115,750	121,168
Adjustment to actuarial pension expense	(20,860)	(17,277)
Adjustment to actuarial accounts payable amount	(1,599)	(7,876)
Provision for allowance for doubtful accounts	7,900	-
(Increase) decrease in assets		
Receivables from tenants	(13,754)	(1,287)
Due from Housing Authority of Gloucester County	-	6,375
Due from HUD	(3,903)	15,105
Due from other governments	(4,664)	(308)
Other receivables	(7,862)	(9,634)
Increase (decrease) in liabilities		
Accounts payable	10,803	(65,129)
Accounts payable related to pension	9,258	(187)
Due to Housing Authority of Gloucester County	64,441	(33,776)
Unearned revenue	1,194	1,223
Accrued expenses and other liabilities	(17,228)	16,049
Tenant security deposits	1,036	2,586
Due to other governments	(742)	(5,743)
Liability for compensated absences	(13,750)	8,039
	<u>\$ 118,620</u>	<u>\$ (453,598)</u>
Net cash provided by (used in) operating activities		
	<u>\$ 118,620</u>	<u>\$ (453,598)</u>
Reconciliation of cash and cash equivalents to the statements of net position		
Unrestricted cash and cash equivalents - current	\$ 1,165,095	\$ 1,145,437
Restricted cash and cash equivalents - current	675,333	577,543
	<u>\$ 1,840,428</u>	<u>\$ 1,722,980</u>
Total cash and cash equivalents	<u>\$ 1,840,428</u>	<u>\$ 1,722,980</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 1: **ORGANIZATION AND ACTIVITY**

Reporting entity

The Housing Authority of the Borough of Glassboro (the "Authority") was created under federal and state housing laws as defined by state statute (N.J.S.A. 40A:12A-1, et seq., the "Housing Authority Act"). The Authority is governed by a Board of seven members who serve five-year terms. The governing Board is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the New Jersey State Department of Community Affairs. An Executive Director is appointed by the Authority's Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance and management of affordable housing for low and moderate income families residing in the Borough of Glassboro, New Jersey. Rent subsidies are provided to eligible tenants under the Housing Choice Vouchers (Section 8) Program.

Component unit

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, The Financial Reporting Entity, as amended. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit would be or is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Authority is a component unit of the Borough of Glassboro (the "Borough"). These financial statements would be either blended or discretely presented as a part of the Borough's financial statements if the Borough reported using generally accepted accounting principles applicable to governmental entities.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 1: **ORGANIZATION AND ACTIVITY (continued)**

Component unit (continued)

As of December 31, 2020, based upon the application of these criteria, the Authority considers the Affordable Housing Corporation of Glassboro, Inc. ("AHCG") to be a component unit because of the significance of their operational or financial relationships with the Authority. AHCG is a separate entity from the Housing Authority of the Borough of Glassboro but is related by common management. AHCG is a blended component unit which is included in the financial statements of the Authority. AHCG is a nonprofit entity incorporated September 12, 2017. The component unit's year covers the period ending December 31, 2020. The purpose of AHCG is to provide low and moderate income individuals with affordable housing opportunities.

Programs

As of December 31, 2020, the activities of the Authority include the ownership and/or management of the following housing projects in Glassboro, New Jersey:

The Housing Assistance Payments Programs includes tenant and project-based vouchers. This program provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe, and sanitary housing for extremely low and very low income families as defined by the Housing Act of 1998, at rents that they can afford. The U.S. Department of Housing and Urban Development ("HUD") provides assistance for approximately 112 tenant based vouchers to the Authority. Effective January 1, 2009, this is part of the Housing Choice Voucher program managed by the Housing Authority of Gloucester County (see Note 9). Additionally, HUD also provides tenant based relocation voucher assistance for approximately 21 units at Hollybush II Apartments and 41 units related to the Ellis and Whitney Gardens A demolition/disposition project (see Note 12).

The Rental Assistance Demonstration ("RAD") program was created to assist housing authorities with preserving and/or improving public housing properties. The RAD program allows housing authorities to leverage public housing stock and public and private debt to make these improvements in the absence of federal funding for this purpose. In addition, RAD provides for a more stable funding stream. The Authority has 104 rental units of project-based vouchers.

Basis of presentation

The financial statements of the Housing Authority of the Borough of Glassboro have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation (continued)

The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activities; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

Basis of accounting

Basis of accounting determines when transactions are being recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

Revenues - Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. Tenant charges are recognized as revenue when services are provided.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Budgets and budgetary control

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current year and to adopt not later than the beginning of the Authority's year. The governing body may amend the budget at any point during the year. The budget is adopted on the accrual basis of accounting with provisions for cash payments for bond principal. Depreciation expense is not included in the budget appropriations.

The legal level of budgetary control is established at the detail shown on the Statements of Revenue, Expenses and Changes in Net Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended. The Authority did not adopt an amending budget resolution during the year.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgets and budgetary control (continued)

Non-appropriated capital budgets were prepared for the Capital Fund Program. Expenditures for these funds were controlled on the basis of applicable separate annual grant awards from HUD and were carried forward each year until the projects are completed or the grant award had been expended.

Cash and cash equivalents

Cash and cash equivalents include petty cash, change funds and cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value, as applicable.

Cash and cash equivalents (continued)

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services, Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Additionally, the Authority has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the GUDPA. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Restricted assets

Certain cash of the Authority is restricted by HUD for use to fund future housing assistance payments, for tenant security deposits, or for other specified purposes. In the RAD program, the Authority is required to fund a repair and replacement reserve.

Capital assets and depreciation

Land, buildings, furniture, and equipment are carried substantially at cost. All additions and betterments are charged to the capital asset accounts. The Authority has no infrastructure capital assets.

Expenditures, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the capital asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Interest has been capitalized during the construction period on buildings and equipment.

Assets capitalized generally have an original cost of \$2,000 or more and a useful life in excess of three years. Depreciation has been provided on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings & building improvements	15 to 40 years
Furniture and equipment	3 to 10 years

Deferred outflows and deferred inflows of resources

The statements of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report amounts related to the defined benefit pension plan that are applicable to future periods as deferred outflows of resources and deferred inflows of resources.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Compensated absences

Compensated absences are those absences for which employees will be paid, such as vacation, and sick leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

Unearned revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are recorded as a liability until the revenue is both measureable and the Authority is eligible to realize the revenue.

Pensions

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

Net position

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

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

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

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

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Income taxes

The Authority operates as defined by applicable Internal Revenue Code Sections and are exempt from income taxes under Sections 115 and 501(c)(3).

Operating and non-operating revenue and expenses

The major sources of revenue are various subsidies from the U.S. Department of Housing and Urban Development, charges to tenants, and other miscellaneous revenue as discussed below.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

Federal grant revenue - Operating subsidies, Section 8 housing assistance payments, and Capital Fund program revenue received from the U.S. Department of Housing and Urban Development are susceptible to accrual and are recognized during the year earned in accordance with applicable HUD program guidelines. The Authority is generally entitled to receive monies under an established payment schedule or, for the Capital Fund program, as expenditures are made. Housing Choice Voucher Program income is recognized based on amounts reported per HUD's Voucher Management System (VMS), with subsequent adjustments computed by HUD in accordance with current regulations. Adjustments made by HUD in periods subsequent to the year end are reflected in the financial statements when they become known and are not anticipated to be material in amount. Advance payments received for the subsequent year are recorded as unearned revenue.

Tenant charges - Tenant charges consist of rental income and fees. Charges are determined and billed monthly and are recognized as revenues when assessed because they are measurable and are collectible within the current period. Amounts not received by year-end are considered to be accounts receivable, and amounts paid for the subsequent year are recorded as unearned revenue.

Other income - Other income is composed primarily of miscellaneous service fees. This revenue is recorded as earned since it is measurable and available.

Use of estimates

Management of the Authority has made certain estimates and assumptions relating to the reporting of assets, liabilities and revenues and expenses to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results may differ from those estimates.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

New accounting standards adopted

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement originally would have become effective for the Authority in the year ending December 31, 2019, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2020. This Statement did not have a material impact on the financial statements.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement originally would have become effective for the Authority in the year ending December 31, 2019, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2020. This Statement did not have a material impact on the financial statements.

Statement No. 90, *Major Equity Interests*. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement originally would have become effective for the Authority in the year ending December 31, 2019, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2020. This Statement did not have a material impact on the financial statements.

New accounting standards to be implemented in the future

The Authority plans to implement the following pronouncements by the required implementation dates or earlier, when deemed feasible:

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement originally would have become effective for the Authority in the year ending December 31, 2020, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2022. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement originally would have become effective for the Authority in the year ending December 31, 2021, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2022. Management has not yet determined the impact of this Statement on the financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

New accounting standards to be implemented in the future (continued)

Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statements are effective as follows:

1. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
2. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 originally would have become effective for the Authority in the year ending December 31, 2021, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2022.
3. The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities originally would have become effective for the Authority in the year ending December 31, 2021, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2022.
4. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition originally would have become effective for the Authority in the year ending December 31, 2021, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2022.

Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. This Statement will become effective for the Authority in the year ending December 31, 2021. GASB Statement 95 changed the effective date for paragraphs 13 and 14 to the year ending December 31, 2022. Management does not expect this Statement will have an impact on the financial statements.

Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The Statement will become effective for the Authority in the year ending December 31, 2023. Management does not expect this Statement will have an impact on the financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

New accounting standards to be implemented in the future (continued)

Statement 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Statement will become effective for the Authority in the year ending December 31, 2023. Management does not expect this Statement will have an impact on the financial statements.

Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The portions of the statement effect component unit criteria are effective immediately, but the other portions of the Statement will become effective for the Authority in the year ending December 31, 2022. Management does not expect this Statement will have an impact on the financial statements.

Subsequent events

Management of the Glassboro Housing Authority has evaluated subsequent events through July 15, 2021, the date the financial statements were available to be issued.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 3: CASH AND CASH EQUIVALENTS

Custodial credit risk – Custodial credit risk is the risk that, in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority’s formal policy regarding custodial credit risk is the same as described in Note 1, N.J.S.A. 17:9-41 et seq. and included in its cash management plan. The Authority shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (“GUDPA”). As of December 31, 2020 and 2019, the bank balances of \$938,498 and \$1,111,910, respectively, were insured or collateralized as follows:

	December 31,	
	2020	2019
Insured	\$ 250,000	\$ 250,000
Collateralized under GUDPA	688,498	861,910
Uninsured or uncollateralized	-	-
	\$ 938,498	\$ 1,111,910

Note 4: RESTRICTED ASSETS

The Authority established restricted cash accounts as required by HUD to report the cash associated with unused Housing Assistance Payments, to hold tenant security deposits, and funds in the repair and replacement reserve.

The Authority’s restricted cash is as follows:

	December 31,	
	2020	2019
Repair and replacement reserve	\$ 638,619	\$ 547,943
Housing Assistance Payments	10,225	4,147
Tenant security deposits	26,489	25,453
	\$ 675,333	\$ 577,543

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 5: **CAPITAL ASSETS**

The Authority's capital asset activity for the years ended December 31, 2020 and 2019 was as follows:

	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020
Capital assets not being depreciated				
Land	\$ 160,499	\$ -	\$ -	\$ 160,499
Capital assets not being depreciated	<u>160,499</u>	<u>-</u>	<u>-</u>	<u>160,499</u>
Capital assets being depreciated				
Buildings	6,851,144	-	-	6,851,144
Furniture, equipment & machinery - dwelling	38,000	-	-	38,000
Furniture, equipment & machinery - administration	<u>109,856</u>	<u>4,598</u>	<u>-</u>	<u>114,454</u>
Total capital assets being depreciated	<u>6,999,000</u>	<u>4,598</u>	<u>-</u>	<u>7,003,598</u>
Total capital assets	7,159,499	4,598	-	7,164,097
Less accumulated depreciation	<u>5,600,226</u>	<u>115,750</u>	<u>-</u>	<u>5,715,976</u>
Capital assets, net	<u>\$ 1,559,273</u>	<u>\$ (111,152)</u>	<u>\$ -</u>	<u>\$ 1,448,121</u>

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 5: **CAPITAL ASSETS (continued)**

	Balance December 31, 2018	Additions	Reductions	Balance December 31, 2019
Capital assets not being depreciated				
Land	\$ 160,499	\$ -	\$ -	\$ 160,499
Total capital assets not being depreciated	160,499	-	-	160,499
Capital assets being depreciated				
Buildings	6,797,469	53,675	-	6,851,144
Furniture, equipment & machinery - dwelling	38,000	-	-	38,000
Furniture, equipment & machinery - administration	80,180	29,676	-	109,856
Total capital assets being depreciated	6,915,649	83,351	-	6,999,000
Total capital assets	7,076,148	83,351		7,159,499
Less accumulated depreciation	5,479,058	121,168	-	5,600,226
Net capital assets	<u>\$ 1,597,090</u>	<u>\$ (37,817)</u>	<u>\$ -</u>	<u>\$ 1,559,273</u>

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 6: COMPENSATED ABSENCES

Employees earn vacation and sick leave in varying amounts based upon length of service in accordance with the Authority's Personnel Policy and Union Contract. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service based on any accumulated and unpaid annual leave at the current rate of pay under the Personnel Policy and Union Contract. Employees may not be compensated for sick leave taken upon retirement or separation under the Personnel Policy. However, under the Union Contract, upon retirement, sick leave may be paid at a rate of one day's pay for every two days of sick leave accumulated, subject to a maximum sick leave payment of \$2,500 per employee. The following summarizes compensated absences at year end:

	December 31,	
	2020	2019
Beginning balance	\$ 23,138	\$ 15,099
Increase	4,684	22,398
Decrease	18,434	14,359
Ending balance	\$ 9,388	\$ 23,138
Current portion	\$ 5,952	\$ 15,670

Note 7: LONG TERM DEBT

During 2017, the Authority entered into an unsecured loan agreement with the Borough to secure funds to be used in the demolition of Ellis Manor and Whitney Gardens A. Funds were drawn in the amount of \$1,132,819. The loan has an interest rate of 0%. Payments to the Borough are required as various milestones in the redevelopment project are achieved, as outlined in the loan agreement. Demolition was completed in August 2017. The first payment will be due at the closing with the New Jersey Housing and Mortgage Finance Agency ("NJHMFA"). No payments have been made to date as the project has not closed. See also Note 12.

Note 8: PENSION PLAN

Public Employees' Retirement System

A substantial number of the Authority employees participate in the Public Employees' Retirement System ("PERS"), a defined benefit pension plan, which is administered by the New Jersey Division of Pensions and Benefits ("the Division"). This plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 8: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

General Information about the Pension Plan

Plan Descriptions

The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Vesting and Benefit Provisions

The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier Definition

- 1 Members who were enrolled prior to July 1, 2007
- 2 Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
- 3 Members who were eligible to enroll on or after November 2, 2008 and prior to May 21, 2010
- 4 Members who were eligible to enroll after May 21, 2010 and prior to June 28, 2011
- 5 Members who were eligible to enroll on or after June 28, 2011

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

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 8: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Contributions

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2020. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10.0% in State fiscal year 2020. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Authority's contractually required contribution rate for the years ended December 31, 2020 and 2019 was 19.86% and 12.09% of the Authority's covered payroll. These amounts were actuarially determined as an amount that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2020, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2020 was \$16,918, and was paid by April 1, 2021. Based on the PERS measurement date of June 30, 2019, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$15,319, which was paid by April 1, 2020. Employee contributions to the Plan during the years ended December 31, 2020 and 2019 were \$16,918 and \$10,612, respectively.

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

At December 31, 2020, the Authority's proportionate share of the net pension liability was \$252,195. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2020 measurement date, the Authority's proportion was 0.0015465064%, which was a decrease of 0.0000283794% from its proportion measured as of June 30, 2019.

At December 31, 2019, the Authority's proportionate share of the net pension liability was \$283,771. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2019 measurement date, the Authority's proportion was 0.0015748858%, which was a decrease of 0.0000029130% from its proportion measured as of June 30, 2018.

For the years ended December 31, 2020 and 2019, the Authority recognized pension benefit of \$5,542 and \$2,175, respectively. These amounts were based on the plan's June 30, 2020 and 2019 measurement dates, respectively.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 8: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	Measurement Date		Measurement Date	
	June 30, 2020		June 30, 2019	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,592	\$ 892	\$ 5,093	\$ 1,254
Change of assumptions	8,181	105,596	28,336	98,496
Net difference between projected and actual earnings on pension plan investments	8,620	-	-	4,479
Changes in proportion and differences between Authority contributions and proportionate share of contributions	28,867	17,025	48,370	41,706
Authority contributions subsequent to the measurement date	8,459	-	7,660	-
	<u>\$ 58,719</u>	<u>\$ 123,513</u>	<u>\$ 89,459</u>	<u>\$ 145,935</u>

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 8: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

The deferred outflows of resources related to pensions totaling \$8,459 and \$7,660 will be included as a reduction of the net pension liability in the years ended December 31, 2021 and 2020, respectively. This amount is based on an estimated April 1, 2022 and April 1, 2021 contractually required contribution, prorated from the pension plans measurement date of June 30, 2020 and June 30, 2019 to the Authority's year end of December 31, 2019 and 2018.

The Authority will amortize the other deferred outflow of resources and deferred inflows of resources related to PERS over the following number of years:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Year of pension plan deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
Changes of assumptions		
Year of pension plan deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
Net difference between projected and actual earnings on pension plan investments		
Year of pension plan deferral:		
June 30, 2014	-	-
June 30, 2015	-	-
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 8: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

	Deferred Outflow of Resources	Deferred Inflows of Resources
Changes in proportion and differences between Authority contributions and proportionate share of contributions		
Year of pension plan deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16

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

Year Ending December 31,	
2021	\$ (23,568)
2022	(21,720)
2023	(18,394)
2024	(7,932)
2025	(1,639)
	\$ (73,253)

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 8: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Actuarial Assumptions

The net pension liability was measured as of June 30, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020 and 2019. These actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	Measurement Date June 30, 2020	Measurement Date June 30, 2019
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary increases:		
Through 2026	2.00% - 6.00%	2.00% - 6.00%
Thereafter	Based on years of service 3.00% - 7.00%	Based on years of service 3.00% - 7.00%
Investment rate of return	7.00%	7.00%
Period of actuarial experience Study upon which actuarial assumptions were based	July 1, 2014 – June 30, 2018	July 1, 2014 – June 30, 2018

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 8: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Actuarial Assumptions (continued)

For the June 30, 2020 measurement date, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

For the June 30, 2019 measurement date, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. 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 2013 using a generational approach based on the Conduit modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent modified 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020 and 2019) 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. 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' target asset allocation as of June 30, 2020 and 2019 are summarized in the table on the following page.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 8: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Actuarial Assumptions (continued)

Asset Class	Measurement Date June 30, 2020		Measurement Date June 30, 2019	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
High Yield	2.00%	5.95%	2.00%	5.37%
Private Credit	8.00%	7.59%	6.00%	7.92%
Global Diversified Credit				
Credit Oriented Hedge Funds				
Debt Related Private Equity				
Debt Related Real Estate				
Real Assets	3.00%	9.73%	2.50%	9.31%
Real Estate	8.00%	9.56%	7.50%	8.33%
U.S. Equity	27.00%	7.71%	28.00%	8.26%
Non-U.S. Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
Buyouts/Venture Capital				
Private Equity	<u>13.00%</u>	11.42%	<u>12.00%</u>	10.85%
	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2020 was 7.00%. The single blended discount rate as based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% 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 pension plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current pension plan members through 2057. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 8: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Actuarial Assumptions (continued)

Discount Rate (continued) - The discount rate used to measure the total pension liability at June 30, 2019 was 6.28%. The respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from pension plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. 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 pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current pension plan members through 2046; therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

Sensitivity of Authority's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability at June 30, 2020, the plan's measurement date, calculated using a discount rate of 7.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	\$ 351,672	\$ 252,195	\$ 216,669

The following presents the Authority's proportionate share of the net pension liability at June 30, 2019, the plan's measurement date, calculated using a discount rate of 6.28%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Authority's proportionate share of the net pension liability	\$ 358,448	\$ 283,771	\$ 220,844

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 8: **PENSION PLAN (continued)**

Pension Plan Fiduciary Net Position

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

Note 9: **MANAGEMENT AGREEMENTS**

The Housing Authority of Gloucester County manages operations for the Authority. The total management fees paid for the years ended December 31, 2020 and 2019 were \$625,262 and \$584,891 respectively.

Note 10: **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered through a joint insurance pool as described below. Settled claims from these risks have not exceeded coverage for the past several years.

The Authority is a member of the New Jersey Public Housing Authority Joint Insurance Fund. The Fund provides its members with the following coverage:

Property and Physical Damage
General and Automobile Liability
Workers' Compensation
Public Official Liability/Employment Practices Liability

Contributions to the Fund are payable in an annual premium and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment to the Fund's obligation.

The Fund publishes its own financial report which can be obtained from:

New Jersey Public Housing Authorities Joint Insurance Fund
9 Campus Drive, Suite 16
Parsippany, New Jersey 07054-4412

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 11: OTHER MATTERS

In the opinion of management, any potential claims against the Authority are adequately covered by insurance or are without merit.

Note 12: REDEVELOPMENT PROJECT AND PUBLIC HOUSING CONVERSION

During 2012, the Authority began the process of obtaining approval and funding for a demolition/disposition plan at the Ellis Manor and Whitney Gardens A properties. These are two public housing projects of the Authority, and such a plan is authorized in accordance with Section 18 of the Housing Act of 1937.

The Authority's Board approved the Authority's Relocation Plan at the May 21, 2012 meeting. This plan was approved by HUD in addition to funding for 51 relocation vouchers during 2013. The Authority issued an 18-month notice to the residents to relocate in May 2013.

The Authority began preparing the residents for the relocation process in 2012. As a result, vacancies increased beginning in 2012 and through 2013. Some residents moved to live with relatives, were removed for cause, and some used relocation vouchers.

In July 2012, HUD approved the Authority's plan for disposition of portions of Ellis and Whitney Gardens A. In September 2013, a request for proposal for a developer for the Ellis Manor and Whitney Gardens A properties was issued.

In March 2014, the Authority designated Pennrose Properties, LLC as the developer for the project. The Authority and Pennrose approved the Master Development Agreement (MDA) in December 2014.

Pennrose applied for 9% Low Income Housing Tax Credits through the NJHMFA in July 2015 and July 2017, but was not awarded funding for the Lincoln Boulevard Redevelopment Project.

During 2017, the Authority applied for permission from HUD and was approved to demolish the Ellis Manor and Whitney Gardens A properties. The Authority also entered into a loan agreement with the Borough to secure funds to be used in the demolition of Ellis Manor and Whitney Gardens A. Upon closing for the financing of the development project, a mortgage and note will be executed between the Borough of Glassboro and Lincoln Senior Urban Renewal I LP. Demolition was completed in August 2017. See also Note 7.

Pennrose applied for 9% Low Income Housing Tax Credits through the NJHMFA again in August 2018 to fund the Lincoln Boulevard Redevelopment Project. The NJHMFA notified Pennrose of the award of the Low-Income Housing Tax Credits in November 2018. The NJHMFA approved a resolution of commitment for Special Needs Housing Trust Funds towards the project on June 25, 2020. The Authority is working toward a closing with HUD for the conversion of the remaining 24 PH units to RAD, which will be committed to the redevelopment project.

The redevelopment team is working toward closing with the NJHMFA during 2021 with construction to commence immediately after closing.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Financial Statements (continued)

Note 13: **COVID-19 PANDEMIC**

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Authority, its performance, and its financial results.

As a result of the COVID-19 Pandemic, on March 27, 2020 the CARES Act was signed into law. This law provided regulatory waivers and additional funding to Public Housing Authorities across the nation. The Authority accepted many of the blanket waivers available from HUD as well as \$103,907 in additional administrative fees for the Section 8 Housing Choice Voucher Program. The additional funding is for expenditures incurred between March 27, 2020 and December 31, 2021 for activity relating to the preparation of, response to, and prevention of coronavirus. All CARES Act funding was expended by November 20, 2020.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Other Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last Seven Plan Years

	<u>Measurement Date Ending June 30,</u>						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.0015465064%	0.0015748858%	0.0015777988%	0.0015993209%	0.0011090903%	0.0015615335%	0.0020831272%
Proportionate share of the net pension liability	\$ 252,195	\$ 283,771	\$ 310,661	\$ 372,296	\$ 328,481	\$ 350,533	\$ 390,018
Covered payroll (plan measurement period)	\$ 111,912	\$ 111,912	\$ 110,804	\$ 110,804	\$ 76,308	\$ 107,712	\$ 144,068
Proportionate share of the net pension liability as a percentage of covered payroll	225.35%	253.57%	280.37%	336.00%	430.47%	325.44%	270.72%
Plan fiduciary net position as a percentage of the total pension liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Other Required Supplementary Information
Schedule of the Authority's Contributions
Public Employees' Retirement System (PERS)
Last Seven Years

	<u>Year Ended December 31,</u>						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 16,918	\$ 15,319	\$ 15,694	\$ 14,816	\$ 9,853	\$ 13,425	\$ 17,173
Contributions in relation to the contractually required contribution	<u>(16,918)</u>	<u>(15,319)</u>	<u>(15,694)</u>	<u>(14,816)</u>	<u>(9,853)</u>	<u>(13,425)</u>	<u>(17,173)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 85,194	\$ 126,739	\$ 111,912	\$ 111,358	\$ 110,804	\$ 86,408	\$ 107,712
Contributions as a percentage of covered payroll	19.86%	12.09%	14.02%	13.30%	8.89%	15.54%	15.94%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Note to Other Required Supplementary Information
For the Year Ended December 31, 2020

Note to Required Supplementary Information

Public Employees' Retirement System (PERS)

Change in Benefit Terms:

The June 30, 2020 measurement date includes two changes o the plan provisions. Chapter 157, P.L 2019 expanded the definition of regular or assigned duties for purposes of accidental disability. The Division of Pension and Benefits (DPB) also adopted a new policy regarding the crediting of interest on a member contributions for the purpose of refund of accumulated deductions.

Change in Assumptions:

The Discount rate used as of June 30 measurement date is as follows

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	3.98%
2019	6.28%	2015	4.90%
2018	5.66%	2014	5.39%
2017	5.00%		

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%
2017	7.00%		

The mortality assumption was updated upon direction from the DPB

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

SUPPLEMENTARY INFORMATION

**(AS REQUIRED BY U.S. DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT)**

DECEMBER 31, 2020

Glassboro Housing Authority (NJ051)
GLASSBORO, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	6.2 Component Unit - Blended	1 Business Activities	93.044 Special Programs for the Aging Title III, Part B Grants for Supportive	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$18,087	\$266,780	\$755,068		\$125,160		\$1,165,095		\$1,165,095
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted		\$638,619			\$10,225		\$648,844		\$648,844
114 Cash - Tenant Security Deposits			\$26,489				\$26,489		\$26,489
115 Cash - Restricted for Payment of Current Liabilities									
100 Total Cash	\$18,087	\$905,399	\$781,557	\$0	\$135,385	\$0	\$1,840,428	\$0	\$1,840,428
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects					\$4,956		\$4,956		\$4,956
124 Accounts Receivable - Other Government			\$5,422	\$13,590			\$19,012		\$19,012
125 Accounts Receivable - Miscellaneous	\$17,484		\$2,891				\$20,375		\$20,375
126 Accounts Receivable - Tenants	\$658		\$23,444				\$24,102		\$24,102
126.1 Allowance for Doubtful Accounts - Tenants	-\$811		-\$11,300				-\$12,111		-\$12,111
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current									
128 Fraud Recovery									
128.1 Allowance for Doubtful Accounts - Fraud									
129 Accrued Interest Receivable									
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$17,331	\$0	\$20,457	\$13,590	\$4,956	\$0	\$56,334	\$0	\$56,334
131 Investments - Unrestricted									
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets									
143 Inventories									
143.1 Allowance for Obsolete Inventories									
144 Inter Program Due From	\$249,657		\$236,282				\$485,939	-\$485,939	\$0
145 Assets Held for Sale									
150 Total Current Assets	\$285,075	\$905,399	\$1,038,296	\$13,590	\$140,341	\$0	\$2,382,701	-\$485,939	\$1,896,762
161 Land	\$70,400		\$90,099				\$160,499		\$160,499
162 Buildings			\$6,851,144				\$6,851,144		\$6,851,144
163 Furniture, Equipment & Machinery - Dwellings			\$38,000				\$38,000		\$38,000
164 Furniture, Equipment & Machinery - Administration	\$3,202		\$111,251				\$114,453		\$114,453
165 Leasehold Improvements									
166 Accumulated Depreciation	-\$160		-\$5,715,815				-\$5,715,975		-\$5,715,975

Glassboro Housing Authority (NJ051)
GLASSBORO, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	6.2 Component Unit - Blended	1 Business Activities	93.044 Special Programs for the Aging Title III, Part B Grants for Supportive	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
167 Construction in Progress									
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$73,442	\$0	\$1,374,679	\$0	\$0	\$0	\$1,448,121	\$0	\$1,448,121
171 Notes, Loans and Mortgages Receivable - Non-Current									
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									
174 Other Assets									
176 Investments in Joint Ventures									
180 Total Non-Current Assets	\$73,442	\$0	\$1,374,679	\$0	\$0	\$0	\$1,448,121	\$0	\$1,448,121
200 Deferred Outflow of Resources			\$58,719				\$58,719		\$58,719
290 Total Assets and Deferred Outflow of Resources	\$358,517	\$905,399	\$2,471,694	\$13,590	\$140,341	\$0	\$3,889,541	-\$485,939	\$3,403,602
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	\$7,005	\$32,053	\$1,018				\$40,076		\$40,076
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable			\$31,718				\$31,718		\$31,718
322 Accrued Compensated Absences - Current Portion			\$5,952				\$5,952		\$5,952
324 Accrued Contingency Liability									
325 Accrued Interest Payable									
331 Accounts Payable - HUD PHA Programs									
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government	\$649	\$30	\$74,312		\$43,757		\$118,748		\$118,748
341 Tenant Security Deposits			\$26,489				\$26,489		\$26,489
342 Unearned Revenue			\$7,234				\$7,234		\$7,234
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue									
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities					\$170		\$170		\$170
346 Accrued Liabilities - Other			\$25,700				\$25,700		\$25,700
347 Inter Program - Due To		\$309,253	\$146,713	\$13,590	\$16,383		\$485,939	-\$485,939	\$0
348 Loan Liability - Current									
310 Total Current Liabilities	\$7,654	\$341,336	\$319,136	\$13,590	\$60,310	\$0	\$742,026	-\$485,939	\$256,087
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$1,132,819						\$1,132,819		\$1,132,819

Glassboro Housing Authority (NJ051)
GLASSBORO, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	6.2 Component Unit - Blended	1 Business Activities	93.044 Special Programs for the Aging Title III, Part B Grants for Supportive	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other									
354 Accrued Compensated Absences - Non Current			\$3,436				\$3,436		\$3,436
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities			\$252,195				\$252,195		\$252,195
350 Total Non-Current Liabilities	\$1,132,819	\$0	\$255,631	\$0	\$0	\$0	\$1,388,450	\$0	\$1,388,450
300 Total Liabilities	\$1,140,473	\$341,336	\$574,767	\$13,590	\$60,310	\$0	\$2,130,476	-\$485,939	\$1,644,537
400 Deferred Inflow of Resources			\$123,513				\$123,513		\$123,513
508.4 Net Investment in Capital Assets	\$73,442		\$1,374,680				\$1,448,122		\$1,448,122
511.4 Restricted Net Position		\$638,619			\$10,225		\$648,844		\$648,844
512.4 Unrestricted Net Position	-\$855,398	-\$74,556	\$398,734	\$0	\$69,806	\$0	-\$461,414		-\$461,414
513 Total Equity - Net Assets / Position	-\$781,956	\$564,063	\$1,773,414	\$0	\$80,031	\$0	\$1,635,552	\$0	\$1,635,552
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$358,517	\$905,399	\$2,471,694	\$13,590	\$140,341	\$0	\$3,889,541	-\$485,939	\$3,403,602

Glassboro Housing Authority (NJ051)
GLASSBORO, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	6.2 Component Unit - Blended	1 Business Activities	93.044 Special Programs for the Aging Title III, Part B Grants for Supportive	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue			\$445,542				\$445,542		\$445,542
70400 Tenant Revenue - Other			\$4,566				\$4,566		\$4,566
70500 Total Tenant Revenue	\$0	\$0	\$450,108	\$0	\$0	\$0	\$450,108		\$450,108
70600 HUD PHA Operating Grants	\$30,027				\$2,303,754	\$103,907	\$2,437,688		\$2,437,688
70610 Capital Grants	\$649						\$649		\$649
70710 Management Fee									
70720 Asset Management Fee									
70730 Book Keeping Fee									
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue									
70800 Other Government Grants			\$469,566	\$52,194			\$521,760		\$521,760
71100 Investment Income - Unrestricted	\$13	\$257	\$931		\$531		\$1,732		\$1,732
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery					\$330		\$330		\$330
71500 Other Revenue	\$19,268		\$3,352				\$22,620		\$22,620
71600 Gain or Loss on Sale of Capital Assets									
72000 Investment Income - Restricted		\$1,045			\$0		\$1,045		\$1,045
70000 Total Revenue	\$49,957	\$1,302	\$923,957	\$52,194	\$2,304,615	\$103,907	\$3,435,932		\$3,435,932
91100 Administrative Salaries									
91200 Auditing Fees			\$15,751		\$9,950		\$25,701		\$25,701
91300 Management Fee	\$4,817		\$370,869		\$145,670	\$103,907	\$625,263		\$625,263
91310 Book-keeping Fee									
91400 Advertising and Marketing			\$1,186				\$1,186		\$1,186
91500 Employee Benefit contributions - Administrative									
91600 Office Expenses	\$10,498	\$50	\$17,618		\$243		\$28,409		\$28,409
91700 Legal Expense			\$12,634				\$12,634		\$12,634
91800 Travel		\$5	\$335				\$340		\$340
91810 Allocated Overhead									
91900 Other	\$20,930	\$3,953	\$2,130				\$27,013		\$27,013
91000 Total Operating - Administrative	\$36,245	\$4,008	\$420,523	\$0	\$155,863	\$103,907	\$720,546		\$720,546

Glassboro Housing Authority (NJ051)
GLASSBORO, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	6.2 Component Unit - Blended	1 Business Activities	93.044 Special Programs for the Aging Title III, Part B Grants for Supportive	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
92000 Asset Management Fee									
92100 Tenant Services - Salaries			\$4,919	\$33,040			\$37,959		\$37,959
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services			\$1,080	\$15,338			\$16,418		\$16,418
92400 Tenant Services - Other			\$4,517				\$4,517		\$4,517
92500 Total Tenant Services	\$0	\$0	\$10,516	\$48,378	\$0	\$0	\$58,894		\$58,894
93100 Water			\$26,993				\$26,993		\$26,993
93200 Electricity			\$45,560				\$45,560		\$45,560
93300 Gas			\$49,631				\$49,631		\$49,631
93400 Fuel									
93500 Labor									
93600 Sewer			\$50,806				\$50,806		\$50,806
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense									
93000 Total Utilities	\$0	\$0	\$172,990	\$0	\$0	\$0	\$172,990		\$172,990
94100 Ordinary Maintenance and Operations - Labor			\$53,982				\$53,982		\$53,982
94200 Ordinary Maintenance and Operations - Materials and Other	\$649	\$106	\$46,004				\$46,759		\$46,759
94300 Ordinary Maintenance and Operations Contracts			\$92,237				\$92,237		\$92,237
94500 Employee Benefit Contributions - Ordinary Maintenance			\$18,670				\$18,670		\$18,670
94000 Total Maintenance	\$649	\$106	\$210,893	\$0	\$0	\$0	\$211,648		\$211,648
95100 Protective Services - Labor									
95200 Protective Services - Other Contract Costs									
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services									
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
96110 Property Insurance			\$27,844				\$27,844		\$27,844
96120 Liability Insurance			\$25,595				\$25,595		\$25,595
96130 Workmen's Compensation			\$1,909	\$3,816			\$5,725		\$5,725
96140 All Other Insurance			\$4,760		\$1,736		\$6,496		\$6,496
96100 Total insurance Premiums	\$0	\$0	\$60,108	\$3,816	\$1,736	\$0	\$65,660		\$65,660

Glassboro Housing Authority (NJ051)
GLASSBORO, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	6.2 Component Unit - Blended	1 Business Activities	93.044 Special Programs for the Aging Title III, Part B Grants for Supportive	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
96200 Other General Expenses					\$1,459		\$1,459		\$1,459
96210 Compensated Absences			\$27,254				\$27,254		\$27,254
96300 Payments in Lieu of Taxes			\$7,900				\$7,900		\$7,900
96400 Bad debt - Tenant Rents									
96500 Bad debt - Mortgages									
96600 Bad debt - Other									
96800 Severance Expense									
96000 Total Other General Expenses	\$0	\$0	\$35,154	\$0	\$1,459	\$0	\$36,613		\$36,613
96710 Interest of Mortgage (or Bonds) Payable									
96720 Interest on Notes Payable (Short and Long Term)									
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
96900 Total Operating Expenses	\$36,894	\$4,114	\$910,184	\$52,194	\$159,058	\$103,907	\$1,266,351		\$1,266,351
97000 Excess of Operating Revenue over Operating Expenses	\$13,063	-\$2,812	\$13,773	\$0	\$2,145,557	\$0	\$2,169,581		\$2,169,581
97100 Extraordinary Maintenance									
97200 Casualty Losses - Non-capitalized									
97300 Housing Assistance Payments					\$2,057,807		\$2,057,807		\$2,057,807
97350 HAP Portability-In									
97400 Depreciation Expense			\$115,749				\$115,749		\$115,749
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	\$36,894	\$4,114	\$1,025,933	\$52,194	\$2,216,865	\$103,907	\$3,439,907		\$3,439,907
10010 Operating Transfer In									
10020 Operating transfer Out									
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									

Glassboro Housing Authority (NJ051)
GLASSBORO, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	6.2 Component Unit - Blended	1 Business Activities	93.044 Special Programs for the Aging Title III, Part B Grants for Supportive	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$13,063	-\$2,812	-\$101,976	\$0	\$87,750	\$0	-\$3,975		-\$3,975
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	-\$795,019	\$566,875	\$1,875,390	\$0	-\$7,719	\$0	\$1,639,527		\$1,639,527
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0						\$0		\$0
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					\$69,807		\$69,807		\$69,807
11180 Housing Assistance Payments Equity					\$10,224		\$10,224		\$10,224
11190 Unit Months Available	0		1248		4032		5280		5280
11210 Number of Unit Months Leased	0		1190		3113		4303		4303
11270 Excess Cash	\$274,347						\$274,347		\$274,347
11610 Land Purchases	\$0						\$0		\$0
11620 Building Purchases	\$0						\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0						\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0						\$0		\$0
11650 Leasehold Improvements Purchases	\$0						\$0		\$0
11660 Infrastructure Purchases	\$0						\$0		\$0
13510 CFFP Debt Service Payments	\$0						\$0		\$0
13901 Replacement Housing Factor Funds	\$0						\$0		\$0

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

PART II - SINGLE AUDIT SECTION

DECEMBER 31, 2020

**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 Borough of Glassboro

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the Borough of Glassboro's (Authority) compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2020. The Authority's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

The Authority's blended component unit, is not subject to Single Audit requirements and is not covered by this report.

Management's Responsibility

Management is responsible for compliance with the 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 the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the Borough of Glassboro complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Bowman & Company LLP
BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
July 15, 2021

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development Direct Programs				
Housing Choice Voucher Cluster				
Section 8 Housing Choice Voucher Program	14.871	N/A	\$ -	\$ 2,303,754
Public Housing - Capital Fund Program	14.872	N/A	-	30,676
HCV CARES Act Funding	14.HCC	N/A	-	103,907
Total U.S. Department of Housing and Urban Development			-	2,438,337
U.S. Department of Health and Human Services Passed through County of Gloucester				
Grants for Supportive Services & Senior Centers	93.044	036	-	52,194
Total expenditures of federal awards			\$ -	\$ 2,490,531

See accompanying notes to schedule of expenditures of federal awards.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Schedule of Expenditures of Federal Awards

Note 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Housing Authority of the Borough of Glassboro (the "Authority") under programs of the federal government for the year ended December 31, 2020. 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 Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Expenditures reported on this Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree with, in all material respects, the amounts reported in the related general purpose financial statements.

Note 4: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

All amounts in the accompanying schedule agree with, in all material respects, the amounts reported in the related federal financial reports.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

PART III – SCHEDULE OF FINDINGS & QUESTIONED COSTS

DECEMBER 31, 2020

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Section 1 – Summary of Auditor’s Results

Financial Statements

- | | |
|--|------------|
| A. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP | Unmodified |
| B. Internal control over financial reporting: | |
| 1. Material weakness(es) identified? | None noted |
| 2. Significant deficiency(ies) identified? | None noted |
| C. Noncompliance material to financial statements noted? | None noted |

Federal Awards Section

- | | |
|---|------------|
| D. Internal control over major federal programs: | |
| 1. Material weakness(es) identified? | None noted |
| 2. Significant deficiency(ies) identified? | None noted |
| E. Type of auditor’s report on compliance for major federal programs: | Unmodified |
| F. Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a): | None noted |
| G. Identification of major federal programs: | |

CFDA Numbers	Name of Federal Program or Cluster
14.871	Section 8 Housing Choice Voucher Program

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

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Section 2- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts and grant agreements related to financial statements for which Government Auditing Standards and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires.

No Current Year Findings.

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs, and significant instances of abuse related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

No Current Year Findings.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and Federal Awards that are required to be reported in accordance with Government Auditing Standards, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

FINANCIAL STATEMENT FINDINGS

No Prior Year Findings.

FEDERAL AWARDS

No Prior Year Findings.

APPRECIATION

We express our appreciation for the courtesies extended and assistance rendered to us during the course of this audit.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants