

**Report On Audit**

**HOUSING AUTHORITY OF THE  
BOROUGH OF EDGEWATER**

**For the Year Ended  
December 31, 2021**

**Housing Authority of the Borough of Edgewater**  
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**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Housing Authority of the Borough of Edgewater  
300 Undercliff Avenue  
Edgewater, New Jersey 07020

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, business type activities and blended component unit of the Housing Authority of the Borough of Edgewater, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Borough of Edgewater basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities and blended component unit of the Housing Authority of the Borough of Edgewater as of December 31, 2021, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and OPEB and PERS supplemental information on pages 5 through 18 and pages 64-68 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the Borough of Edgewater's basic financial statements. The accompanying supplemental information on pages 69-78 is presented for additional analysis and is not required part of the basic financial statements.

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

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

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

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

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

***Other Information***

The financial statement of the Housing Authority of the Borough of Edgewater as of December 31, 2020, was audited by other auditors whose report dated October 29, 2021, expressed an unmodified opinion on those statements.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2022, in our consideration of the Housing Authority of the Borough of Edgewater's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the Borough of Edgewater's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the Borough of Edgewater's internal control over financial reporting and compliance.

***Giampaolo & Associates***

Lincroft, New Jersey

Date: August 19, 2022

**HOUSING AUTHORITY OF THE BOROUGH OF EDGEWATER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON DECEMBER 31, 2021**

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

**FINANCIAL HIGHLIGHTS**

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$1,554,895 an increase in the financial position of \$569,733 or 58% as compared to the prior year.

As noted above, the net position of the Authority was \$1,554,895 as of December 31, 2021. Of this amount, the unrestricted net position is \$648,488 representing an increase of \$540,788 or 502% percent from the previous year. Additional information on the Authority's unrestricted net position can be found in Note 20 the financial statements, which is included in this report.

The net investment in capital assets increased \$20,254 or 2% percent for an ending balance of \$845,600.

The restricted net position increased \$8,691 or 17% percent from the prior year for an ending balance of \$60,807. Additional information on the Authority's restricted net position can be found in Notes 19 to the financial statements, which is included in this report.

The Authority's total cash, and cash equivalents on December 31, 2021, is \$2,312,320 representing an increase of \$475,312 or 26% percent from the prior year. Operating cash increased \$637,483 or 41% percent for and ending balance of \$2,210,607. Total restricted deposits and funded reserves decreased \$162,171 or 61% percent for an ending balance of \$101,713. The Authority purchased investments in the amount of \$263 during the year for an ending balance of \$53,520. The full detail of these amounts can be found in the Statement of Cash Flows on pages 22-23 of this report.

The Authority's total assets and deferred outflows are \$5,813,667 of which capital assets net book value is \$2,725,781, other assets are \$258,345, and deferred outflow amount is \$214,196, leaving total current assets at \$2,615,345.

**HOUSING AUTHORITY OF THE BOROUGH OF EDGEWATER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON DECEMBER 31, 2021**

**FINANCIAL HIGHLIGHTS - CONTINUED**

Total current assets increased from the previous year by \$606,747 or 30% percent. Cash and cash equivalents increased by \$475,312, investments increased by \$263, accounts receivables increased by \$129,735, and prepaid expenses increased by \$1,437.

Capital assets reported a decrease in the net book value of the capital assets in the amount of \$3,585. The major factor that contributed towards the decrease was purchase of fixed assets in the amount of \$127,591, less the recording of depreciation expense in the amount of \$131,176. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The Authority's total other assets are reported at \$258,345 which consisted of capital contributions and there were no changes to report for the fiscal year 2021. Additional information on the Authority's other assets can be found in Note 9 to the financial statements, which is included in this report.

The Authority reported a decrease in the deferred outflow for the pension cost in the amount of \$117,565 for an ending balance of \$214,196. The Authority also reported a decrease in the deferred inflow for the pension cost in the amount of \$242,580 for an ending balance of \$666,286. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 10 Deferred Outflows/Inflows of Resources.

The Authority's total liabilities are reported at \$3,592,486 of which current liabilities are stated at \$752,682 and noncurrent liabilities are stated at \$2,839,804. Total liabilities increased during the year as compared to the prior year in the amount of \$158,444 or 5% percent. Total current liabilities decreased during the year by \$21,091, leaving non-current liabilities for an increase of \$179,535 as compared to the previous year.

As previously stated, total current liabilities decreased from the previous year by \$21,091 or 3% percent. Accounts payables increased by \$49,842, accrued liabilities increased by \$98,926, tenant security deposit payable decreased by \$5,564, unearned revenue decreased \$165,350 and the current portion of long-term debt increased by \$1,055.

Total noncurrent liabilities increased by \$179,535 or 7% percent. Long-term obligations such as noncurrent compensated absences with an ending balance of \$29,65, with no offsetting assets, increased \$1 from the previous year, and long-term debt (mortgage payable) decreased \$24,894 for an ending balance of \$1,854,771.

Accrued pension and OPEB liabilities increased \$204,428 or 27% percent for an ending balance of \$955,968. Additional information on GASB #68 and #75 effect and the Authority's accrued OPEB liabilities at December 31, 2021 can be found in Notes 16-17 to the financial statements, which is included in this report.



**HOUSING AUTHORITY OF THE BOROUGH OF EDGEWATER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON DECEMBER 31, 2021**

**FINANCIAL HIGHLIGHTS - CONTINUED**

The Authority had total operating revenue of \$6,439,834 as compared to \$5,719,242 from the prior year for an increase of \$720,592 or 13% percent. The Authority had total operating expenses of \$5,880,212 as compared to \$5,202,255 from the previous year for an increase of \$677,957 or 13% percent, resulting in excess revenue from operations in the amount of \$559,622 for the current year as compared to excess revenue from operations in the amount of \$516,987 for an increase in surplus revenue in the amount of \$42,635 or 8% percent from the previous year.

The Authority had capital outlays in the amount of \$127,591 for the fiscal year. These expenditures were funded from the Authority's reserves. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The Authority's Expenditures of Federal Awards amounted to \$5,460,543 for the year 2021 as compared to \$4,965,959 for the previous year 2020 for an increase of \$494,584 or 10% percent.

**USING THIS ANNUAL REPORT**

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

1. Section 8 Housing Choice Vouchers

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

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION**

This discussion and analysis are intended to serve as an introduction to the Housing Authority's basic financial statements. The basic financial statements are prepared on an entity wide basis and consist of:

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

**HOUSING AUTHORITY OF THE BOROUGH OF EDGEWATER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON DECEMBER 31, 2021**

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED**

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

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

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

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

Notes to the Financial Statements - Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Housing Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Housing Authority may face. The Notes to Financial Statements can be found in this Report beginning on page 24 through 63.

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

**HOUSING AUTHORITY OF THE BOROUGH OF EDGEWATER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON DECEMBER 31, 2021**

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED**

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Audits of States, Local Governments and Non-profit Organizations. The schedule of Expenditures of Federal Awards can be found on page 69-70 of this report.

- 1. Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), federal award is defined as federal financial assistance and federal cost reimbursement contracts that non-federal agencies receive directly or indirectly from federal agencies or pass-through entities. Federal financial assistance is defined as assistance that nonfederal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, direct appropriations, and other assistance.
  
- 2. Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and the Uniform Guidance establish the levels of expenditures or expenses to be used in defining Type A and Type B Federal financial assistance programs. Type A programs for the Housing Authority of the Borough of Edgewater are those which equal or exceeded \$750,000 in expenditures for the fiscal year ended December 31, 2021. Type B programs for the Housing Authority of the Borough of Edgewater are those which are less than \$750,000 in expenditures for the fiscal year ended December 31, 2021.

**HOUSING AUTHORITY OF THE BOROUGH OF EDGEWATER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON DECEMBER 31, 2021**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)**

The following summarizes the computation of Net Position between December 31, 2021 and December 31, 2020:

Computations of Net Position are as follows:

	<u>Year Ended</u>		Increase
	December-21	December-20	(Decrease)
Cash	\$ 2,312,320	\$ 1,837,008	\$ 475,312
Other Current Assets	303,025	171,590	131,435
Capital Assets - Net	2,725,781	2,729,366	(3,585)
Other Assets	258,345	258,345	-
Deferred Outflows	214,196	331,761	(117,565)
Total Assets	5,813,667	5,328,070	485,597
Less: Current Liabilities	(752,682)	(773,773)	21,091
Less: Non Current Liabilities	(2,839,804)	(2,660,269)	(179,535)
Less: Deferred Inflows	(666,286)	(908,866)	242,580
Net Position	<u>\$ 1,554,895</u>	<u>\$ 985,162</u>	<u>\$ 569,733</u>
Net Investment in Capital Assets	\$ 845,600	\$ 825,346	\$ 20,254
Restricted Net Position	60,807	52,116	8,691
Unrestricted Net Position	648,488	107,700	540,788
Net Position	<u>\$ 1,554,895</u>	<u>\$ 985,162</u>	<u>\$ 569,733</u>

Cash increased by \$475,312 or 26% percent. Net cash provided by operating activities was \$537,481, net cash used by capital and related financing activities was \$(72,017), and net cash provided by investing activities was \$9,848. The full detail of this amount can be found in the Statement of Cash Flows on page 22-23 of this audit report.

Total other current assets increased from the previous year by \$131,435. Purchase of investments was \$263, accounts receivables increased by \$129,735, and prepaid expenses increased \$1,437.

Capital assets reported a decrease in the net book value of the capital assets in the amount of \$3,585. The major factor that contributed towards the decrease was purchase of fixed assets in the amount of \$127,591, less the recording of depreciation expense in the amount of \$131,176.

**HOUSING AUTHORITY OF THE BOROUGH OF EDGEWATER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON DECEMBER 31, 2021**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED**

The Authority's total other assets are reported at \$258,345 which consisted of capital contributions and there was no change to report for the fiscal year 2021. Additional information on the Authority's other assets can be found in Note 9 to the financial statements, which is included in this report.

The Authority reported a decrease in the deferred outflow for the pension cost in the amount of \$117,565 for an ending balance of \$214,196. The Authority reported a decrease in the deferred inflow for the pension cost in the amount of \$242,580 for an ending balance of \$666,286.

Total current liabilities decreased from the previous year by \$21,091 or 3% percent. Accounts payable increased by \$49,842, accrued liabilities increased by \$98,926, tenant security deposit payable decreased by \$5,564 unearned revenue decreased \$165,350 and the current portion of long-term debt increased by \$1,055.

Total noncurrent liabilities increased by \$179,535 or 7% percent. Long-term obligations such as noncurrent compensated absences with an ending balance of \$29,065, with no offsetting assets, increased \$1 from the previous year and long-term debt (mortgage payable) decreased \$24,894 for an ending balance of \$1,854,771.

Accrued pension and OPEB liabilities increased \$204,428 or 27% percent for an ending balance of \$955,968. Additional information on GASB #68 and #75 effect and the Authority's accrued OPEB liabilities at December 31, 2021 can be found in Notes 16-17 to the financial statements, which is included in this report.

The Authority's reported net position of \$1,554,895 is made up of three categories. The net investment in capital assets in the amount of \$845,600 represents 54% percent of the total account balance. The net investment in capital assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending. The schedule below reflects the activity in this account for the current year:

Balance December 31, 2020	\$	825,346
Payment of Debt		23,839
Capital Additions		127,591
Depreciation Expense		(131,176)
Balance December 31, 2021	\$	<u>845,600</u>

**HOUSING AUTHORITY OF THE BOROUGH OF EDGEWATER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON DECEMBER 31, 2021**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED**

The Authority reported a restricted net position of \$60,807, representing an increase of \$8,691 or 17% percent from the prior year. This balance represents available resources that may be used only for specific purposes stipulated by the grantor. The account balance consists of the amount of cash that is restricted for the Housing Choice Voucher program, and the business activities program. Additional information on these funds can be found in Note 4 Restricted Cash and Note 19 Restricted Net Position.

The Housing Authority of the Borough of Edgewater operating results for December 31, 2021, reported an increase in unrestricted position of \$540,788 for an ending balance of \$648,488. During the year, the Authority had no prior period adjustment. A full detail of these accounts can be found in the Notes to the Financial Statements Section Note - 20 Unrestricted Net Position.

The following summarizes the changes in Net Position between December 31, 2021, and December 31, 2020:

Computation of Changes in Net Position are as follows:

	<u>Year Ended</u>		Increase (Decrease)
	<u>December-21</u>	<u>December-20</u>	
<u>Revenues</u>			
Tenant Revenues	\$ 636,756	\$ 613,389	\$ 23,367
HUD Subsidies	5,417,758	4,871,349	546,409
Other Revenues	385,320	234,504	150,816
Total Operating Income	<u>6,439,834</u>	<u>5,719,242</u>	<u>720,592</u>
<u>Expenses</u>			
Operating Expenses	5,749,036	5,078,297	670,739
Depreciation Expense	131,176	123,958	7,218
Total Operating Expenses	<u>5,880,212</u>	<u>5,202,255</u>	<u>677,957</u>
Operating (Loss)			
Before Non Operating Income	559,622	516,987	42,635
Interest Income	10,111	13,905	(3,794)
Change in Net Position	<u>569,733</u>	<u>530,892</u>	<u>38,841</u>
Capital Grant Contributions	-	94,610	(94,610)
Net Position Prior Year	<u>985,162</u>	<u>359,660</u>	<u>625,502</u>
Total Net Position	<u>\$ 1,554,895</u>	<u>\$ 985,162</u>	<u>\$ 569,733</u>

**HOUSING AUTHORITY OF THE BOROUGH OF EDGEWATER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON DECEMBER 31, 2021**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED**

Approximately 84% percent of the Authority's total revenue was provided by HUD operating subsidy, while 10% percent resulted from tenant revenue. Charges for various services, and other income provided for the remaining 6% percent of the total operating income.

The Authority had capital expenditures of \$127,591 during the fiscal year. The current year additions included tenant bathroom renovations, HVAC upgrades, the purchase of new laptops for administration, air conditioning units, repaving the parking lot, and the purchase of various appliances.

The Authority operating expenses cover a range of expenses. The largest expense was for Housing Assistance Payments representing 75% percent of total operating expenses. Administrative expenses accounted for 5% percent, tenant services expense accounted for 3% percent, utilities expense accounted for 2% percent, maintenance expense accounted for 4% percent, other operating expenses accounted for 8% percent, interest expense accounted for 1% percent, and depreciation accounted for the remaining 2% of the total operating expenses.

The Authority's operating revenue exceeded its operating expenses resulting in excess revenue from operations in the amount of \$559,622 as compared to excess revenue from operations of \$516,987 for the previous year. The key elements for the increase in surplus in comparison to the prior year are as follows:

- Tenant rental revenue increased \$23,367 or 4% percent due to an increase in tenant income.
- The Authority experienced an increase in HUD operating grants in the amount of \$546,409, or 11% percent due to the administration of additional Housing Choice Vouchers.
- The Authority experienced an increase in the following expense accounts:
  - Administrative expenses increased \$104,860 or 50% percent.
  - Tenant services expenses increased \$12,201 or 9% percent.
  - Utilities expenses increased \$21,595 or 26% percent.
  - Maintenance expenses increased \$16,559 or 8% percent.
  - Other operating expenses increased \$298,146 or 183% percent.
  - Housing Assistance Payments increased \$210,291 or 5% percent.
  - Interest expense increased \$7,087 or 14% percent.
  - Depreciation expense increased \$7,218 or 6% percent.

Total net cash provided by operating activities during the year was \$537,481. A full detail of this amount can be found on the Statement of Cash Flows on page 22-23 of this report.

**HOUSING AUTHORITY OF THE BOROUGH OF EDGEWATER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON DECEMBER 31, 2021**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED**

Overall, the Authority reported an increase in unrestricted net position of \$540,788 or 502% percent for an ending balance \$648,488. Additional information on the Authority's unrestricted net position can be found in Note 20 to the financial statements, which is included in this report.

The following are financial highlights of significant items for a four-year period ending on December 31, 2021:

	December-21	December-20	December-19	December-18
<b>Significant Income</b>				
Total Tenant Revenue	\$ 636,756	\$ 613,389	\$ 593,915	\$ 469,268
HUD Operating Grants	5,417,758	4,871,349	4,392,959	4,717,552
Investment Income	10,111	13,905	13,648	6,101
Other Income	385,320	234,504	325,097	141,634
Capital Grants	-	94,610	-	-
<b>Total</b>	<b>\$ 6,449,945</b>	<b>\$ 5,827,757</b>	<b>\$ 5,325,619</b>	<b>\$ 5,334,555</b>
<b>Payroll Expense</b>				
Administrative Salaries	\$ 42,499	\$ 40,487	\$ 33,474	\$ 32,225
Utilities Labor	13,750	13,750	13,500	16,750
Maintenance Labor	48,942	47,075	39,334	28,170
Employee Benefits Expense	143,359	39,417	42,510	124,699
<b>Total Payroll Expense</b>	<b>\$ 248,550</b>	<b>\$ 140,729</b>	<b>\$ 128,818</b>	<b>\$ 201,844</b>
<b>Other Significant Expenses</b>				
Other Administrative Expenses	\$ 202,542	\$ 140,198	\$ 282,711	\$ 210,896
Utilities Expense	66,884	62,907	63,985	65,078
Maintenance Supplies	20,911	24,666	33,086	32,525
Maintenance Contract Cost	109,352	116,275	114,592	102,916
Insurance Premiums	36,064	30,514	30,332	27,402
Housing Assistance Payments	4,432,560	4,222,269	4,412,811	3,555,184
<b>Total</b>	<b>\$ 4,868,313</b>	<b>\$ 4,596,829</b>	<b>\$ 4,937,517</b>	<b>\$ 3,994,001</b>
<b>Total Operating Expenses</b>	<b>\$ 5,880,212</b>	<b>\$ 5,202,255</b>	<b>\$ 5,794,693</b>	<b>\$ 4,522,316</b>
<b>Total of Federal Awards</b>	<b>\$ 5,460,543</b>	<b>\$ 4,965,959</b>	<b>\$ 4,392,959</b>	<b>\$ 4,717,552</b>



**HOUSING AUTHORITY OF THE BOROUGH OF EDGEWATER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON DECEMBER 31, 2021**

**THE AUTHORITY AS A WHOLE**

The Authority's revenues consist primarily of rents and subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level.

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

**HOUSING AUTHORITY OF THE BOROUGH OF EDGEWATER PROGRAMS**

Section 8 Housing Choice Voucher Program

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

Rental Assistance Demonstration Program

The Rental Assistance Demonstration was created in order to give public housing authorities (PHAs) a powerful tool to preserve and improve public housing properties. RAD allows public housing agencies to leverage public and private debt and equity in order to reinvest in the public housing stock. Public housing units move to a Section 8 platform with a long-term contract under which residents continue to pay 30% of their income towards the rent and they maintain the same basic rights as they possess in the public housing program.

Housing Choice Voucher CARES Act Program

The CARES Act requires that recipients use of CARES grants be tied to preventing, preparing for, and responding to COVID-19, including maintaining normal operations and funding eligible affordable housing activities under NAHASDA during the period the program is impacted by COVID-19. These funds may also be used to maintain normal operations and fund eligible activities during the period that a recipient's program is impacted by COVID-19. HUD expects and encourages recipients to expend funds expeditiously given the ongoing COVID-19 National Emergency.

**HOUSING AUTHORITY OF THE BOROUGH OF EDGEWATER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON DECEMBER 31, 2021**

**HOUSING AUTHORITY OF THE BOROUGH OF EDGEWATER PROGRAMS -  
CONTINUED**

Business Activities Program

Under the Business Activities program the Authority used this program for the transition of the public housing units to the RAD conversion.

Blended Component Unit

The Authority has identified one Component Unit which is included in the Authority financial statements.

A. Edgewater Housing Finance Corporation – 31 rental units

The method of accounting for the component unit is in accordance with accounting principles generally accepted in the United States of America. The financial data included in this report is based on the information for the entity at the end of its year, which was December 31, 2021.

**BUDGETARY HIGHLIGHTS**

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

**NEW INITIATIVES**

For the year 2021 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 85% percent of its revenue from the Department of Housing and Urban Development, (2020 was 85% percent), the Authority is constantly monitoring for any appropriation changes especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy.

The current administration of the Authority is determined to improve the financial results of the Authority's operations. The Authority completed the process of converting the Public and Indian Housing Program rental units into RAD subsidy units.

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

**HOUSING AUTHORITY OF THE BOROUGH OF EDGEWATER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON DECEMBER 31, 2021**

**APITAL ASSETS AND DEBT ADMINISTRATION**

1 – Capital Assets

The Authority's investment in capital assets as of December 31, 2021, was \$2,725,781 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, equipment, and construction in progress. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$127,591 less the recording of depreciation expense in the amount of \$131,176. Major capital assets events during the year included the following:

- Bathroom Renovations
- Parking Lot Replacement
- New Laptops
- HVAC Upgrades

	December-21	December-20	Increase (Decrease)
Land	\$ 483,400	\$ 483,400	\$ -
Building	6,407,369	6,231,861	175,508
Furniture, Equipment - Dwelling	299,231	283,395	15,836
Furniture, Equipment - Administration	217,305	201,754	15,551
Construction in Progress	42,785	122,089	(79,304)
Total Fixed Assets	\$ 7,450,090	\$ 7,322,499	\$ 127,591
Accumulated Depreciation	(4,724,309)	(4,593,133)	(131,176)
Net Book Value	\$ 2,725,781	\$ 2,729,366	\$ (3,585)

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

2 - Debt Administration

As of December 31, 2021, the Authority, had debt outstanding in the amount of \$1,880,181 of which \$1,854,771 is stated as long term. Interest is payable at various rates. Additional information on the Authority's debt can be found in Note 15 of the notes to the financial statements, which is included in this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

**HOUSING AUTHORITY OF THE BOROUGH OF EDGEWATER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON DECEMBER 31, 2021**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

- State of New Jersey economy including the impact on tenant income. Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income. Tenant rental payments are based on tenant income.
- Continued increases in health care insurance are expected to impact employee benefits cost over the next several years.
- Inflationary pressure on utility rates, supplies and other cost.
- Trends in the housing market which affect rental housing available for the Section 8 tenants, along with the amount of the rents charged by the private landlords, are expected to have a continued impact on Section 8 HAP payments.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Joseph Capano, Executive Director, Housing Authority of the Borough of Edgewater, 300 Undercliff Avenue, Edgewater, N.J. 07020, or call (201) 943-6000.

**HOUSING AUTHORITY OF THE BOROUGH OF EDGEWATER**  
**STATEMENT OF NET POSITION - 1**  
**AS OF DECEMBER 31, 2021**

	2021
<b>Assets</b>	
<b>Current Assets:</b>	
Cash and Cash Equivalents	
Operating	\$ 2,210,607
Restricted	101,713
Total cash and equivalents	2,312,320
Investments	53,520
Accounts Receivables, Net of Allowances	244,088
Prepaid Expenses	5,417
Total Current Assets	2,615,345
<b>Noncurrent Assets</b>	
Capital Assets	
Land	483,400
Building	6,407,369
Furniture, Equipment - Dwelling	299,231
Furniture, Equipment - Administration	217,305
Construction In Process	42,785
Total Capital Assets	7,450,090
Less: Accumulated Depreciation	(4,724,309)
Net Book Value	2,725,781
<b>Other Assets</b>	
Investment in Joint Ventures	258,345
Total Noncurrent Assets	2,984,126
Total Assets	5,599,471
<b>Deferred Outflow of Resources</b>	
NJ Pension and OPEB	214,196
Total Assets and Deferred Outflow of Resources	\$ 5,813,667

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF THE BOROUGH OF EDGEWATER**  
**STATEMENT OF NET POSITION - 2**  
**AS OF DECEMBER 31, 2021**

	2021
<b>Liabilities</b>	
<b>Current Liabilities:</b>	
Accounts Payable	\$ 242,490
Accrued Liabilities	443,844
Tenant Security Deposit Payable	40,906
Unearned Revenue	32
Long Term Debt - Current	25,410
Total Current Liabilities	752,682
<b>Noncurrent Liabilities</b>	
Long Term Debt - Non Current	1,854,771
Accrued Compensated Absences - Long-Term	29,065
Accrued Other Post-Employment Benefits Liabilities	955,968
Total Noncurrent Liabilities	2,839,804
Total Liabilities	3,592,486
<b>Deferred Inflow of Resources</b>	
NJ Pension and OPEB	666,286
<b>Net Position:</b>	
Net Investment in Capital Assets	845,600
Restricted	60,807
Unrestricted	648,488
Total Net Position	1,554,895
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 5,813,667

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF THE BOROUGH OF EDGEWATER  
STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2021**

	2021
<b>Revenue:</b>	
Tenant Rental Revenue	\$ 636,756
HUD PHA Operating Grants	5,417,758
Fraud Recovery	12,876
Other Governmental Grant	42,785
Other Revenue	329,659
Total Revenue	6,439,834
 <b>Operating Expenses:</b>	
Administrative Expenses	313,441
Tenant Services	149,986
Utilities Expense	104,471
Maintenance Expense	230,327
Other Operating Expenses	461,115
Housing Assistance Payments	4,432,560
Interest Expense	57,136
Depreciation Expense	131,176
Total Operating Expenses	5,880,212
 Excess Revenue From Operations	 559,622
 <b>Nonoperating Revenue</b>	
Investment Income	10,111
 <b>Change in Net Position</b>	 569,733
 Beginning Net Position	 985,162
 Ending Net Position	 \$ 1,554,895

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF THE BOROUGH OF EDGEWATER**  
**STATEMENT OF CASH FLOWS - 1**  
**FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2021**

	2021
<b>Cash Flow From Operating Activities</b>	
Receipts from Tenants	\$ 636,146
Receipts from Federal Grants	5,301,457
Receipts from Misc. Sources	372,086
Payments to Vendors and Suppliers	(1,064,295)
Payments for Housing Assistance Payments	(4,432,560)
Payments to Employees	(131,994)
Payment of Employee Benefits	(143,359)
Net Cash Provided by Operating Activities	537,481
<b>Cash Flow From Capital and Related Financing Activities</b>	
Acquisitions and Construction of Capital Assets	(127,591)
Principal Payment on Debt	(23,839)
Change in Pension and OPEB Liabilities	204,428
Net Effect of Deferred Inflows and Outflows	(125,015)
Net Cash (Used) by Capital and Related Financing Activities	(72,017)
<b>Cash Flow From Investing Activities</b>	
Interest Income	10,111
Purchase of Investments	(263)
Net Cash Provided by Investing Activities	9,848
Net Increase in Cash and Cash Equivalents	475,312
<b>Beginning Cash, Cash Equivalents and Restricted Cash</b>	1,837,008
<b>Ending Cash, Cash Equivalents and Restricted Cash</b>	\$ 2,312,320
<b>Reconciliation of Cash Balances:</b>	
Cash and Cash Equivalents - Unrestricted	2,210,607
Cash and Cash Equivalents - Restricted	101,713
Total Ending Cash	\$ 2,312,320

See accompanying notes to the financial statements.