

**Housing Authority of the  
City of Orange**

**Financial Statements and  
Supplementary Information**

**March 31, 2022 and 2021**

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## Independent Auditor's Report

To the Board of Commissioners and Management of  
Housing Authority of the City of Orange

### Report on the Audit of the Financial Statements

#### *Modified Opinion*

I have audited the accompanying financial statements of the aggregate enterprise funds and business type activities of the Housing Authority of the City of Orange (the "Authority") as of and for the years ended March 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the accompanying table of contents.

In my opinion, except for the effects of the matter discussed in the Basis for Modified Opinion section of my report, the accompanying financial statements present fairly, in all material respects the financial position of the Housing Authority of the City of Orange as of March 31, 2022 and 2021 and the results of its operations and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

#### *Basis for Modified Opinion*

As further discussed in Note 17 to the financial statements, under GASB 75 the Authority is required to report current information on its Other Post-Employment Benefits (OPBE) liability and the related deferred inflows, deferred outflows and OPEB expense (benefit). The information to be reported is taken from the annual audit of the New Jersey State Health Benefits Program, which has not been completed as of the date of the Authority's audit report. As a result, for the year ended March 31, 2022, the amounts that should be reported could not be recorded as of the appropriate measurement date, as required by the GASB 75, and could not be reasonably estimated.

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

#### *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. Management is also responsible 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 City of Orange's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

My 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 my opinion. 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 GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, I:

- 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 City of Orange'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Housing Authority of the City of Orange' ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

### **Report on Other Legal and Regulatory Requirements**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and the required pension and OPEB information on pages 32 and 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my

audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

My audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards for the year ended March 31, 2022 is presented on page 29 for purposes 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) and is not a required part of the basic financial statements. The Financial Data Schedule presented on pages 34 through 40 are also not required parts of the financial statements, but are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development. Such 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Expenditures of Federal Awards and the Financial Data Schedule are fairly stated in all material respects in relation to the basic financial statements as a whole.

The accompanying Statement and Certification of Actual Capital Grant Costs presented on page 31 is also not a required part of the financial statements but is presented for purposes of additional information as required by the U.S. Department of Housing and Urban Development. I have applied certain limited procedures to the 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated December 19, 2022 on my consideration of the Housing Authority of the City of Orange's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Orange's internal control over financial reporting and compliance.

Cranford, New Jersey

*Frank Glien, LLC, CPA*

Frank Glien, LLC  
Certified Public Accountant  
December 19, 2022

Housing Authority of the City of Orange  
Management's Discussion and Analysis  
March 31, 2022

As management of the Housing Authority of the City of Orange, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2022. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

**A. Financial Highlights**

- The current assets of the Authority exceeded its current liabilities at the close of the most recent fiscal year by \$2,241,329 which is line with last year's results.
- The Authority's total cash and cash equivalent balances at March 31, 2022 were \$3,889,134, representing an increase of \$865,590 during the fiscal year.
- The Authority's unrestricted cash and cash equivalent balances at March 31, 2022 were \$3,193,556, representing an increase of \$623,212 during the fiscal year.
- The Authority's restricted cash balance of \$695,578 at March 31, 2022 reflects an increase of \$242,378 from the prior year. Restricted cash includes \$621,012 of Replacement Housing Factor funds received as a part of HUD's Capital Fund Program and tenant security deposits of \$74,566.
- The Authority had total operating revenues of \$10,877,029 and total operating expenses of \$10,174,666 (including depreciation of \$114,650) for the year ended March 31, 2022. Operating revenues increased by \$789,500 when compared to the prior fiscal year. Tenant revenue increased \$38,391. HUD operating grants increased \$570,618, and other revenue decreased \$166,225. These changes are discussed in detail later in this analysis.
- The Authority's capital outlays for the fiscal year totaled \$433,356, all of which were funded by HUD capital grants.
- The Authority's expenditures of federal awards amounted to \$9,562,204 for the fiscal year.

**B. Using the Annual Report**

Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements and notes to the financial statements included in this report were prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to governmental entities proprietary fund types.

Financial Statements

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

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

Housing Authority of the City of Orange  
Management's Discussion and Analysis  
March 31, 2022

**B. Using the Annual Report (Continued)**

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

The Statement of Cash Flows presents information showing how the Authority's cash and cash equivalents position changed during the year. The statement classifies cash receipts and payments as resulting from operating activities, capital and related financing activities and investing activities.

The financial statements report on the Authority's activities. The activities are primarily supported by subsidies and grants from the U.S. Department of Housing and Urban Development (HUD). 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 10 through 13.

Notes to Financial Statements

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

Supplemental Information

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). The Schedule of Expenditures of Federal Awards can be found on page 29 of this report.

**C. The Authority as a Whole**

The Authority's net position increased by \$1,177,805 during the fiscal year ended March 31, 2022. The increase in net position is attributable primarily to the adoption of Government Accounting Standards Board Statement No. 75 "Accounting and Financial Reporting for Post-Employment Benefit Excluding Pensions" (GASB 75). GASB 75 requires government entities to include its net unfunded post benefit liability and the related deferred inflows and deferred outflows of resources in its financial statements. The Authority experienced a current operating gain of \$702,365 which includes the receipt of capital grants of \$433,356. The operating gain of \$702,365 also includes depreciation expense of 114,650.

The Authority's revenues consist primarily of subsidies and grants received from HUD and rental payments received from tenants. The Authority receives subsidies each month based on an amount pre-approved by HUD. Grants are drawn down based on need against a pre-authorized funding level. Management's budgets indicate that the housing authority has been able to manage its cash flows now that Walter G. Alexander Development has been officially removed from its inventory.

Housing Authority of the City of Orange  
Management's Discussion and Analysis (Continued)  
March 31, 2022

**C. The Authority as a Whole (Continued)**

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 not available for future spending. The unrestricted net position of the Authority is available for future use to provide program services.

**D. Budgetary Highlights**

For the years ended March 31, 2022 and 2021 management prepared individual program or grant budgets that were approved by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. Also, the Authority adopted a comprehensive annual budget for the General Fund. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

During the fiscal year ended March 31, 2022, the Authority was able to operate within its budgetary guideline.

**E. Capital Assets and Debt Administration**

Capital Assets

As of March 31, 2022, the Authority's investment in capital assets for its proprietary fund was \$5,566,564 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

Major capital assets purchased from grants of \$433,356 during the fiscal year pertained to expenditures made in accordance with the Authority's Capital Fund Programs. These activities are funded by grants from HUD.

Additional informational on the Authority's capital assets can be found in Note 5 to the Financial Statements which is included in this Report.

Long Term Debt

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

**F. Significant Changes from FYE March 31, 2021 to March 31, 2022**

Changes in the Statement of Net Position

Total cash and cash equivalents (restricted and unrestricted) increased by \$865,590 during the fiscal year ended March 31, 2022. The Authority's unrestricted cash and cash equivalent balances at March 31, 2022 were \$3,193,556, representing an increase of \$623,212 during the fiscal year. The Authority's restricted cash balance of \$695,578 at March 31, 2022 reflects an increase of \$242,378 from the prior year.

Housing Authority of the City of Orange  
Management's Discussion and Analysis (Continued)  
March 31, 2022

**F. Significant Changes from FYE March 31, 2021 to March 31, 2022(Continued)**

As of March 31, 2022, the Authority had a deficit in unrestricted net position of \$6,904,817, an increase of \$457,974 from its deficit of \$7,362,791 at March 31, 2021. As of March 31, 2022, the Authority had a restricted net position of \$424,603, an increase of \$411,125 from the prior fiscal year. The Authority experienced a current operating gain of \$702,363 which includes the receipt of capital grants of \$433,356. The operating gain of \$702,363 also includes depreciation expense of \$114,650. As noted in previous discussions, the Authority recorded a payable to HUD of \$1,138,200 in 2006 due to an error in its operating subsidy computation for the fiscal year ended March 31, 2005 and for the nine-month period ended December 31, 2005. Those requisitions contained errors in the allowable utilities expense levels that resulted in the over-funding of subsidy and a recapture in subsidy for those periods of \$757,500 and \$380,700. Thus, the Authority is required to refund the overpayment of \$1,138,200 to HUD over a forty-year period without interest. Annual payments under the repayment agreement are \$28,455. Management has requested that HUD forgive this debt in order to give the Authority the ability to move forward in its efforts to restructure its operations. The Authority continues to await a response to its request to have this debt forgiven.

Changes in the Statement of Revenues, Expenses and Changes in Net Position

Operating revenue increased from \$10,087,529 for the fiscal year ended March 31, 2021 to \$10,877,029 for the fiscal year ended March 31, 2022, representing an increase of \$789,500 because of the following:

- Tenant revenue increased \$38,391 or 3% percent for an ending balance of \$1,164,057.
- HUD operating grants increased by \$570,618 or 7% for an ending balance of \$9,128,848 due to an increase in Housing Choice Voucher Program subsidy.
- Other operating revenues increased \$80,491 or 45% percent.

Operating expenses (including depreciation expense) decreased from \$10,395,652 for the fiscal year ended March 31, 2021 to \$10,174,666 for the fiscal year ended March 31, 2022. This decrease of \$220,986 or 2% percent is due primarily to a decrease in tenant services expense and Housing Assistance Payments expense.

**G. Economic Factors and Next Year's Budgets and Rates**

The following factors were considered in preparing the Authority's budget for the fiscal year ending March 31, 2023.

- The state of the economy, particularly its effect on tenant incomes, which are used in determining tenant rents paid to the Authority.
- Funding allocations from HUD cannot be predetermined before the expense budget is prepared.

**Housing Authority of the City of Orange  
Management's Discussion and Analysis (Continued)  
March 31, 2022**

**H. Contacting the Authority's Financial Management**

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Housing Authority of the City of Orange, 340 Thomas Boulevard, Orange, New Jersey 07051, or call (973) 675-1250.

Housing Authority of the City of Orange  
Management's Discussion and Analysis  
For the Year Ended March 31, 2022

Composition of net position is as follows:

	March 31, 2022	March 31, 2021	Increase / (Decrease)	% Change
Cash and other current assets	\$ 4,543,056	\$ 3,343,963	\$1,199,093	26.4%
Capital assets, net and other assets	5,601,564	5,292,858	308,706	5.5%
Deferred Outflows of Resources	1,545,571	1,800,074	(254,503)	-16.5%
Total assets and Deferred Outflows of Resources	11,690,191	10,436,895	1,253,296	10.7%
Total Liabilities and Deferred Inflows of resources	12,603,841	12,528,350	75,491	0.6%
Net Position	\$ (913,650)	\$ (2,091,455)	\$1,177,805	-128.9%
Net Investment in Capital Assets	\$ 5,566,564	\$ 5,257,858	\$ 308,706	5.5%
Restricted Net Position	424,603	13,478	411,125	96.8%
Unrestricted Net Position	(6,904,817)	(7,362,791)	457,974	6.6%
Total Net Position	\$ (913,650)	\$ (2,091,455)	\$1,177,805	-128.9%
<u>Revenues</u>				
Tenant Revenue	\$ 1,164,057	\$ 1,125,666	\$ 38,391	3.3%
HUD Operating Grants	9,128,848	8,558,230	570,618	6.3%
Other Income	584,124	403,633	180,491	30.9%
Total Operating Revenues	10,877,029	10,087,529	\$ 789,500	7.3%
<u>Expenses</u>				
Operating Expenses excluding depreciation	10,060,016	10,282,911	(222,895)	-2.2%
Depreciation Expense	114,650	112,741	1,909	1.7%
Total Operating Expenses	10,174,666	10,395,652	\$ (220,986)	-2.2%
Excess(Deficiency) of Operating Revenues Over Expenses	702,363	(308,123)	1,010,486	125.0%
<u>Non-Operating Revenues</u>				
Investment Income	3,436	6,988	(3,552)	-103.4%
Gain on sale of assets	38,650	50,625	(11,975)	-31.0%
Net Income Before Capital Grants	744,449	(250,510)	994,959	-397.2%
Capital Grants	433,356	357,041	76,315	21.4%
Change in Net Position	1,177,805	106,531	1,071,274	91.0%
Net position, beginning of year	(2,091,455)	(2,197,986)	106,531	100.0%
Total net position, end of year	\$ (913,650)	\$ (2,091,455)	\$1,177,805	-128.9%

Housing Authority of the City of Orange  
 Statements of Net Position  
 As of March 31,

	2022	2021
<b>Assets</b>		
<u>Current assets:</u>		
Cash and cash equivalents-unrestricted	\$ 3,193,556	\$ 2,570,344
Cash and cash equivalents-restricted	695,578	453,200
Accounts receivable	408,176	88,802
Inventories	41,043	35,066
Prepaid expenses	204,703	196,551
Total current assets	<u>4,543,056</u>	<u>3,343,963</u>
Capital assets, net	5,566,564	5,257,858
Other assets	35,000	35,000
Total assets	<u>10,144,620</u>	<u>8,636,821</u>
Deferred outflows of resources	1,545,571	1,800,074
<b>Total assets and deferred outflows of resources</b>	<u>\$11,690,191</u>	<u>\$10,436,895</u>
<b>Liabilities and net position</b>		
<u>Liabilities:</u>		
<u>Current liabilities:</u>		
Accounts payable and accrued liabilities	\$ 2,214,275	\$ 1,333,237
Tenant security deposits	74,566	69,407
Unearned revenue	12,886	204,487
Total current liabilities	<u>2,301,727</u>	<u>1,607,131</u>
<u>Long term liabilities:</u>		
Net pension liability	1,248,594	2,086,010
Net OPEB liability	4,133,643	4,133,643
Accrued compensated absences, non-current	359,372	366,929
Other long term liabilities	936,239	942,567
Total long term liabilities	<u>6,677,848</u>	<u>7,529,149</u>
Total liabilities	<u>8,979,575</u>	<u>9,136,280</u>
Deferred inflows of resources	3,624,266	3,392,070
<b>Net position:</b>		
Invested in capital assets, net of related debt	5,566,564	5,257,858
Restricted	424,603	13,478
Unrestricted	(6,904,817)	(7,362,791)
Total net position	<u>(913,650)</u>	<u>(2,091,455)</u>
<b>Total liabilities, net position and deferred inflows of resources</b>	<u>\$11,690,191</u>	<u>\$10,436,895</u>

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

Housing Authority of the City of Orange  
 Statements of Revenues, Expenses and Changes in Net Position  
 For the Year Ended March 31,

	2022	2021
<b>Operating revenues</b>		
Tenant revenue	\$ 1,164,057	\$ 1,125,666
HUD operating grants	9,128,848	8,558,230
Other revenues	584,124	403,633
<b>Total operating revenues</b>	<u>10,877,029</u>	<u>10,087,529</u>
<b>Operating expenses</b>		
Administrative	1,952,397	2,177,603
Tenant services	242,303	209,943
Utilities	502,356	415,241
Ordinary repairs and maintenance	601,177	584,122
Protective services	159,553	151,079
General expenses	338,448	299,079
Housing assistance payments	6,263,782	6,445,844
Depreciation	114,650	112,741
<b>Total operating expenses</b>	<u>10,174,666</u>	<u>10,395,652</u>
<b>Operating loss</b>	702,363	(308,123)
<b>Non operating revenues</b>		
Investment income	3,436	6,988
Gain on sale of assets	38,650	50,625
<b>Total non operating revenues</b>	<u>42,086</u>	<u>57,613</u>
<b>Net income(los) before capital grants</b>	744,449	(250,510)
<b>Capital grants</b>	<u>433,356</u>	<u>357,041</u>
<b>Change in net position</b>	1,177,805	106,531
Net position at beginning of year	(2,091,455)	(2,197,986)
<b>Net position at end of year</b>	<u>\$ (913,650)</u>	<u>\$ (2,091,455)</u>

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

Housing Authority of the City of Orange  
 Statements of Cash Flows  
 March 31,

2022

2021

**Net cash provided by(used in)**

**Operating activities:**

Cash received from:

Tenants	\$1,433,966	\$1,978,052
Grantors	9,128,848	8,558,230

Cash paid for:

Employees	(1,416,128)	(1,272,790)
Vendors and contractors	(869,727)	(976,679)
Utilities	(502,356)	(415,241)
Insurance	(8,152)	(52,831)
General expenses	(1,175,864)	605,829
Housing assistance payments	(6,263,782)	(6,445,844)

<b>Cash flows from operating activities</b>	<u>326,805</u>	<u>1,978,726</u>
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**Capital and related financing activities:**

Purchase of capital assets	(433,356)	(374,796)
Capital grants	433,356	357,041
Deferred outflows of resources	254,503	(562,005)
Increase in insurance reserve	-	-
<b>Cash flows from capital and financing activities</b>	<u>254,503</u>	<u>(579,760)</u>

**Investing activities:**

Interest received on investments	3,436	6,988
Proceeds from disposal of assets	48,650	164,344
Deferred inflows of resources	232,196	(335,753)
<b>Cash flows from investing activities</b>	<u>284,282</u>	<u>(164,421)</u>

Net increase(decrease) in cash and cash equivalents	865,590	1,234,545
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Cash and cash equivalents, beginning of year	<u>3,023,544</u>	<u>1,788,999</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$3,889,134</u>	<u>\$3,023,544</u>

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

Housing Authority of the City of Orange  
 Statements of Cash Flows  
 March 31,

2022

2021

**Reconciliation of operating income to net cash  
 used in operating activities:**

Operating loss	\$ 702,363	\$ (308,123)
<b>Items which did not use cash:</b>		
Depreciation	114,650	112,741
Gain on sale of asset	-	(50,625)
<b>Increase(decrease) in cash from:</b>		
Accounts receivable	(319,374)	454,357
Inventories	(5,977)	(4,967)
Prepaid expenses	(8,152)	(52,831)
Accounts payable	881,038	739,641
Accrued liabilities and unearned revenue	(199,158)	208,552
Security deposits	5,159	(5,604)
Unfunded pension and OPEB obligations	(837,416)	904,908
Other liabilities	(6,328)	(19,323)
	<u>\$ 326,805</u>	<u>\$ 1,978,726</u>

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

**Note 1. Nature of Organization and Description of Programs**

The Housing Authority of the City of Orange (the "Authority") is a governmental, public corporation created under federal and state housing laws as defined by State statute (NJ, S.A. 4A: 12A-1, et. Seq., the "Housing Authority Act") for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the City of Orange, New Jersey. The Authority is governed by a board of seven members who serve five year terms. The governing board is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An executive director is appointed by the Authority's board of commissioners to manage the day-to-day operations of the Authority. The Authority is responsible for operating certain low-rent housing programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended. Significant programs of the Authority include:

Low Income Public Housing Program

This program is designed to provide low-cost housing within the City of Orange. Under the program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

Section-8 Housing Choice Vouchers Program

The Authority administers a program of rental assistance payments to private owners on behalf of income eligible families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family.

Public Housing Capital Fund Program

The purpose of the Capital Fund Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing and improving the central office facilities. Funding for this program is provided by grants from HUD.

Resident Opportunity and Supportive Service Program

The Resident Opportunity and Supportive Services (ROSS) grant provides funds for job training and supportive services to help residents of public housing transition from welfare to work. The program also provides funding to connect elderly/disabled residents to critical services which help them continue to live independently.

**Note 2. Summary of Significant Accounting Policies**

Reporting Entity

The Authority's financial statements include those of the Housing Authority of the City of Orange and any component unit. Component units are legally separate, tax-exempt organizations that meet all of the following criteria:

- The economic resources received by the separate organization are almost entirely for the direct benefit of the Authority.
- The Authority has the ability to access a majority of the economic resources held by the separate organization.
- The economic resources referred to above are significant to the Authority.

**Note 2. Summary of Significant Accounting Policies(Continued)**

Based upon the application of these criteria, this report includes all programs and activities operated by the Authority. There were no entities required to be included in the reporting entity under these criteria in the current fiscal year. Furthermore, the Authority is not included in any other reporting entity on the basis of such criteria.

Basis of Accounting

Financial statements of the Authority are prepared in accordance the Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The GASB is responsible for establishing GAAP for state and local governments through its pronouncements. In following this standard, the Authority prepares its financial statements using the economic resources measurement focus and the accrual basis of accounting. The standard requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows and it requires the Authority to include management's discussion and analysis and pension and OPEB information as required supplementary information.

The programs of the Authority are organized as separate accounting entities (funds). Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The funds of the Authority combined are considered enterprise funds that are used to account for activities that are operated in a manner similar to those found in the private sector.

The Authority's enterprise funds are reported on the accrual basis of accounting and are accounted for using the economic resources measurement focus. Revenue, expenses, gains, and losses resulting from exchange and exchange-like transactions are recognized when exchanges take place.

- The Authority accounts for non-exchange transaction in accordance with GASB Statement 33, *Accounting and Financial Reporting for Non-exchange Transactions*, which establishes accounting and financial reporting standards for non-exchange transactions, including financial or capital resources. The Authority's primary source of non-exchange revenue relates to grants and subsidies. Grant and subsidy revenues are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

The Authority follows HUD's *PIH Notice 2008-9* which requires unused housing assistance payments(HAP) under proprietary fund reporting to be reported as restricted net position, with the associated cash and investments also reported on HUD's Financial Data Schedule(FDS) as unrestricted. Any unused administrative fees are reported as unrestricted net position, with the associated assets reported on the FDS as unrestricted.

Revenues from administrative fees and Housing Assistance Payments (HAP) of the Section 8 Housing Choice Vouchers program continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions as defined by GASB 33 are met when these funds are available and measurable, not when funds are expended. The Housing Choice Vouchers program is no longer a cost reimbursement grant, therefore the Authority recognizes unspent administrative fees in the reporting period as revenue from financial statement reporting.

**Note 2. Summary of Significant Accounting Policies(Continued)**

**Budgets and Budgetary Accounting**

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its enterprise funds receiving federal expenditure awards. The budgets are submitted to the State of New Jersey Department of Community Affairs (DCA) in accordance with New Jersey statute. After the New Jersey DCA approves the budget, it is formally adopted by resolution by the Authority's Board of Commissioners. Once adopted, the Board of Commissioners may amend the adopted budget when unexpected modifications are required in estimated revenues and expenses. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the estimated allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of properties and equipment, amortization of leasehold improvements and contingencies. Actual results could differ significantly from these estimates.

**Taxes**

The Authority is a federally subsidized unit of local government under New Jersey law and is not subject to Federal or state income , real estate, or sales taxes.

**Cash and Cash Equivalents**

New Jersey statutes require authorities to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or State of New Jersey or the New Jersey Cash Management Fund. State law provides a list of securities that may be purchased by New Jersey authorities.

In accordance with the statutes, the Authority deposits funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted to protect governmental units from loss of funds on deposit with failed banking institutions in New Jersey. All of the Authority's funds are deposited in accordance with N.J.S.A. 17:9-42, which requires government units to deposit public funds only in public depositories located in New Jersey, when funds are secured in accordance with the act.

HUD requires housing authorities to invest excess funds in obligations of the United State, Certificates of Deposit or any other federally insured investment. HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an affiliated bank or trust company for the account of the Authority. The Authority maintains collateralization in accordance with state and HUD requirements.

For statement of cash flow purposes, cash and cash equivalents include all cash balances and highly liquid investments with initial maturity of three months or less.

**Note 2. Summary of Significant Accounting Policies(Continued)**

Accounts Receivable and Collection Losses

Accounts receivable includes tenant rents which are due from tenants on the first day of each month. Tenants' receivable balances primarily consist of rents past due and vacated tenants. The Authority periodically reviews for the collectability of tenant accounts. When accounts are deemed to be uncollectible the Authority establishes an appropriate reserve. Write offs of tenant accounts must be approved by the Board of Commissioners. When this occurs the amounts are charged against the allowance account.

Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

Inventory

The Authority's inventory is comprised of office supplies and maintenance materials. Inventory is valued at the lower cost or market, and the Authority uses the first-in, first-out (FIFO) flow assumption in determining cost. If inventory falls below cost due to damage, deterioration or obsolescence, the Authority establishes an allowance for obsolete inventory.

Capital Assets

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of a capital asset, the cost and related accumulated depreciation are eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

- Furniture and Equipment                      3-5 Years
- Site Improvements                              15 Years
- Buildings    40 Years

The Authority has established a capitalization threshold of \$1,000.

Asset Impairment

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset, and long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell. As of March 31, 2022 and 2021, the Authority has not recognized any reduction in the carrying value of its capital assets.

Compensated Absences

Compensated absences represent amounts to which employees are entitled to based on accumulated leave earned in accordance with the Authority's personnel policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service at the current salary up to a maximum of 25 days. Employees may be compensated for sick leave at retirement at the current salary to a maximum of 120 days, plus 20% of the days in excess of 120.

Unearned Revenue

The Authority's unearned revenue primarily consists of the prepayment of rent by residents and the receipt of HUD and other governmental program funding applicable to future periods.

**Note 2. Summary of Significant Accounting Policies(Continued)**

Inter-program Receivables and Payables

Inter-program receivables/payables are current, and are the result of the use of the public housing program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all inter-program balances net zero. Inter-program receivables and payables are eliminated for financial statement purposes. However, they are reflected in the accompanying Financial Data Schedule as required by HUD.

Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues as non-operating.

Equity Classifications

Equity is classified as net position and is displayed in three components:

*Invested in Capital Assets, Net of Related Debt* – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

*Restricted Net Position* - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted Net Position includes the Housing Assistance Payment reserve.

*Unrestricted Net Position* – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Pensions(GASB 68)

The Authority has adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. Accordingly, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, 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 PERS. 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.

Other Post Employment Benefits-OPEB(GASB 75)

In accordance with GASB 75, the Authority accounts for its other postemployment benefits in essentially the same way as it accounts for pension benefits. Other post-employment benefits include medical, prescription drug, dental, vision, life insurance and disability benefits provided to retirees and certain terminated employees.

New GASB Pronouncements

The Authority is in the process of reviewing recent GASB pronouncements that are expected to become effective in year 2021 and thereafter. Currently, the Authority has not determined whether or not the adoption of any of these pronouncements will have a material effect on the Authority's financial statements. A final determination will be made upon the completion of the evaluation.

Housing Authority of the City of Orange  
Notes to the Financial Statements  
March 31, 2022 and 2021

**Note 3. Cash and Cash Equivalents**

At March 31, 2022 and 2021, the Authority had funds on deposit in checking and money market accounts. All bank deposits as of the balance sheet date are covered by the Government Unit Depository Protection Act of the State of New Jersey, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the Authority's name.

For the fiscal years ended March 31, 2022 and 2021, the carrying amount of the Authority's cash was \$3,023,544 and \$1,788,999 and the bank balances approximated \$ 2,377,090 and \$2,076,978 respectively.

**Note 4. Accounts Receivable**

As of March 31, accounts receivable consisted of the following:

	2022	2021
Due from State of New Jersey, Congregate Housing	\$ 331,265	\$ -
Tenant receivables, net	31,449	22,398
Fraud recovery receivables, net	45,462	66,404
	<u>\$ 408,176</u>	<u>\$ 88,802</u>

**Note 5. Capital Assets**

A summary of the changes in capital assets during the period ended March 31, 2021 is as follows:

	April 1, 2021	Additions (Disposals)	Transfers	March 31, 2022
Land	\$ 772,671	\$ (10,000)		\$ 762,671
Buildings and improvements	9,061,604	32,797	-	9,094,401
Furniture and equipment	346,792	(32,797)	-	313,995
	<u>10,181,067</u>	<u>(10,000)</u>	<u>-</u>	<u>10,171,067</u>
Less; accumulated depreciation	(5,888,997)	(114,650)	-	(6,003,647)
	<u>4,292,070</u>	<u>(124,650)</u>	<u>-</u>	<u>4,167,420</u>
Construction in progress	965,788	433,356	-	1,399,144
	<u>\$5,257,858</u>	<u>\$ 308,706</u>	<u>\$ -</u>	<u>\$5,566,564</u>

Depreciation expense for the years ended March 31, 2022 and 2021 amounted to \$ 114,650 and 112,741 respectively.

**Note 6. Other Assets**

Other assets consist of surplus insurance deposits held with the Housing Authority Risk Retention Group & Housing Authority Property Insurance, Inc. Amounts are initially invested to provide excess insurance to housing authorities and equity dividends are earned and reinvested annually.

Housing Authority of the City of Orange  
Notes to the Financial Statements  
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**Note 7. Non-current Liabilities**

Non-current liabilities as of March 31, 2022 and 2021 consist of the following:

Description	Balance at March 31, 2021	Additions	Deletions	Balance at March 31, 2022	Due Within One Year
Pension liability	\$ 2,086,010		\$ 837,416	\$ 1,248,594	\$ -
OPEB liability	4,133,643	-	-	4,133,643	-
Compensated absences	405,882	(6,580)	-	399,302	39,930
Other long term liabilities	942,567	-	6,328	936,239	28,455
	<u>\$ 7,568,102</u>	<u>\$ (6,580)</u>	<u>\$ 843,744</u>	<u>\$ 6,717,778</u>	<u>\$ 68,385</u>

**Note 8. Tenant Security Deposits**

Tenant security deposits represent amounts held by the Authority on behalf of tenants participating in the Low Income Public Housing Program. Upon termination from the program, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

**Note 9. Payments in Lieu of Taxes**

Under Federal, state, and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA owned housing program in accordance with the provisions of its cooperation agreement with the City of Orange. Under the cooperation agreement, the Authority must pay the City the smaller of 10% of its net shelter rent or the approximate full real property taxes. For the years ended March 31, 2022 and 2021 liability for PILOT amounted to \$190,399 and \$143,342 respectively. The Authority is currently negotiating with the city of Orange to have the PILOT forgiven.

**Note 10. Accounts Payable-HUD and Other**

During the fiscal year ending March 31, 2007, the Authority received \$1,138,200 in excess funding due to an error in calculating utility expenses. During the same fiscal year, the Authority reached a preliminary agreement to pay the amount back to HUD over a period of 40 years at 0% interest, with payments of \$ 28,455 due annually. As of March 31, 2022 and 2021, the Authority has recorded current amounts due of \$ 398,370 and \$ 369,915 recorded as other current liabilities and non-current amounts due of \$ 739,830 and \$ 768,285 recorded as other long term liabilities in relation to this agreement. Management has requested that HUD forgive this debt in order to give the Authority the ability to move forward in its efforts to restructure its operations in light of the demolition of one of its low income housing projects. The Authority continues to await a response to have this debt forgiven.

**Note 11. Construction Commitments**

At March 31, 2022 and 2021, the Authority retained outstanding construction commitments pertaining to its capital fund. The costs pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

**Note 12. Pension Plan**

General Information about the Pension Plan

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

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

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

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

Contributions - The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

The local employers' contribution amounts are based on the actuarially determined rate which includes normal cost and unfunded accrued liability. Chapter 9, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Contributions to the pension plan from the Authority for the year ended March 31, 2022 and 2021 amounted to \$ 222,337 and \$250,000 respectively.

**Note 12. Pension Plan(Continued)**

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions- At March 31, 2022 and 2021, the Authority reported \$2,086,010 and \$2,086,010 respectively, for its proportionate share of the net pension liability. The Authority's portion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's allocation percentages as of March 31, 2022 and 2021 were 0.0105397737% and 0.0127918146%, respectively. For the year ended March 31, 2022 the Authority recognized pension benefit of \$346,716 and a pension expenses of \$67,787 in the period ended March 31, 2021. At March 31, 2022 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Change in assumptions	\$ 6,503	\$ (444,508)
Net difference between projected and actual earnings	19,692	(328,913)
Difference between expected and actual experience	-	(8,938)
Change in proportion	<u>197,836</u>	<u>(639,891)</u>
Total	<u>\$ 224,031</u>	<u>\$ (1,422,250)</u>

There is no amount reported as deferred outflows of resources resulting from Authority contributions subsequent to the measurement date and \$41,040 reported as deferred outflows related to changes in the housing authority's proportion will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods.

Actuarial assumptions - The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial evaluation as of July 1, 2020, which was rolled forward to June 30, 2021. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial evaluation as of July 1, 2020. That actuarial valuation used the following assumptions, applied to all periods in the measurement:

	<u>6/30/2022</u>	<u>6/30/2021</u>
Inflation rate, based on price/wage	2.75%/3.25%	2.75%/3.25%
Salary increase through 2026, based years of service	2.00% - 6.00%	2.00% - 6.00%
Salary increases thereafter, based on years of service	3.00% - 7.00%	3.00% - 7.00%
Investment rate of return	7.00%	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 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. 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 the Scale MP-2021.

**Note 12. Pension Plan (Continued)**

In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2021) is determined by the State Treasurer after consultation with the Director of the Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in the PERS’s target allocation as of June 30, 2020 are summarized in the following table:

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

Discount rate - The discount rate used to measure the total pension liability was 7.0% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of the actuarily determined contributions for local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Authority’s proportionate share of the net pension liability to changes in the discount rate - The following presents the collective net pension liability of the Authority as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

At 1% decrease(6.00%)	At current discount rate(7.00%)	At 1% increase (8.00%)
<u>\$ 2,646,594</u>	<u>\$2,086,010</u>	<u>\$ 1,640,671</u>

**Note 12. Pension Plan (Continued)**

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

Year ended June 30		
2022	\$	(294,614)
2023		(210,354)
2024		(143,425)
2025		(107,813)
2026		42
	\$	<u>(756,164)</u>

Pension Plan Fiduciary Net Position - Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS financial report issued by the State of New Jersey, Division of Pension and Benefits, Public Employees Retirement System Employer Allocations and Schedule of Pension Amounts.

**Note 13. Economic Dependency**

The Housing Choice Voucher and the Low Income Public Housing programs are economically dependent on annual grants from HUD.

**Note 14. Risk Management**

Significant losses are covered by commercial insurance for all major programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in any of the past three fiscal years.

**Note 15. Contingencies**

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of March 31, 2022 and 2021, the Authority estimates that no material liabilities will result from such audits.

**Note 16. Restricted Net Position**

As of March 31, 2022, the Authority had a restricted net position of \$424,603. For the year ended March 31, 2021, the Authority’s had a restricted net position of 13,478.

**Note 17. Other Post-Employment Benefits-OPEB**

Plan description

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

Benefits

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

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

OPEB liabilities, expense and deferred outflows and deferred inflows of resources related to OPEB

For the years ended March 31, 2021 the Authority reported a liability of \$3,028,224 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and rolled forward to June 30, 2020 for the March 31, 2021 fiscal year and June 30, 2018 rolled forward to June 30, 2019 for the March 31, 2020 fiscal year.

As of the date of the audit report, the New Jersey State Health Benefits Plan had not completed its annual audit. Accordingly the information regarding OPEB liability and related information is not available for the fiscal year ended March 31, 2022.

Housing Authority of the City of Orange  
 Notes to the Financial Statements  
 March 31, 2022 and 2021

**Note 17. Other Post-Employment Benefits-OPEB(Continued)**

For the fiscal year ended March 31, 2021, with a measurement date of June 30, 2020, the Authority recognized OPEB benefit of \$18,086. At March 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows	Deferred Inflows
Change in assumptions	\$ 618,263	\$ (919,258)
Net difference between projected and actual earnings	111,502	(769,762)
Change in proportion	587,775	(492,997)
Total	<u>\$1,317,540</u>	<u>\$ (2,182,017)</u>

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

Year ended June 30	
2021	(123,405)
2022	(123,517)
2023	(123,698)
2024	(123,863)
2025	(84,459)
Thereafter	46,202
	<u>\$ (532,742)</u>

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

Inflation rate	2.50%
Salary increase	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%

Health care trend assumptions

For pre medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.35% respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decreases to a 4.5% long-term trend rate after years.

Discount rate

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

**Note 17. Other Post-Employment Benefits-OPEB(Continued)**

Sensitivity of net OPEB liability to changes in the discount rate

The following presents the collective net OPEB liability as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Current Discount Rate (2.21%)	At 1% Increase (3.21%)
At 1% Decrease (1.21%)		
\$ 4,886,840	\$ 4,133,643	\$ 3,537,420

Sensitivity of net OPEB liability to changes in the healthcare trends rate

The following presents the collective net OPEB liability as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	Healthcare cost trend rate	1% Increase
1% Decrease		
\$ 3,420,594	\$ 4,133,643	\$ 5,067,391

**Note 18. Related Parties**

The Housing Authority of the City of Orange and the Orange Housing Development Corporation (OHDC) are related parties. The Authority appoints the majority of OHDC’s governing board and shares common management. Management has determined that OHDC does not meet the requirement of a component unit as set forth by GASB 39. Consequently, these financial statements do not include the activities of OHDC.

Since 2009, the OHDC has been involved with numerous housing construction projects throughout the City of Orange, New Jersey. These projects involve construction and/or rehabilitation of low income, multi-family and single family dwelling units with funding from the U.S. Department of Housing and Urban Development, State of New Jersey and the County of Essex. From time to time the Authority advances funds to the OHDC as initial funding for the projects. There were no significant transactions between the two organizations for the years ended March 31, 2022 and 2021. However, as of March 31, 2022 and 2021 the Authority had advanced approximately \$ 331,265 to OHDC for the development of various properties. The amount was reflected in Other Receivables in the Statements of Net Position.

**Note 19. Risks and Uncertainties**

The COVID-19 pandemic in the United States has continued to cause business disruption and a reduction in economic activity. With current efforts by the U.S. government to get a large part of the population vaccinated, the disruption may soon come to an end. Although the Authority has experienced some reduction in revenues from its tenant rents, it continues to receive sufficient funding from the U.S. Department of Housing and Urban Development. Accordingly, management does not anticipate a significant financial impact or disruption in services as a result of the virus. However the full impact of the coronavirus cannot be reasonably estimated at this time and will depend on future developments, which currently are still uncertain.

**Note 20. Litigation**

The Housing Authority and the Orange Housing Development Corporation are two of multiple defendants in a case entitled Feld vs. The City of Orange, Orange Housing Development Corporation, Orange Housing Authority, et al. Among other actions, Feld has challenged the City of Orange's ordinances that granted tax abatements for certain construction projects undertaken by the Orange Housing Development Corporation and has challenged the payment in lieu of taxes agreement related to these projects. Feld is seeking the have the ordinances rescinded. Although the lower and appellate courts have dismissed most of these claims, Feld continues to file suits challenging the ordinances. The Authority is not directly involved with the litigation. However significant amounts of time and the cost legal counsel have been required in preparing a defense. Most of the legal costs will be borne by the OHDC but the Authority could incur additional legal expenses if Feld continues to pursue legal action in this matter. No amount has been reflected in the financial statements for potential legal costs as the amount is not readily determinable and cannot be reasonably estimated.

**Note 21. Subsequent Events**

No events or transactions have occurred subsequent to the date of the financial statements that would require adjustment to, or disclosure in the financial statements.

All subsequent events have been evaluated by management through December 19, 2022, which is the date of the financial statements.

Housing Authority of the City of Orange  
 Schedule of Expenditures of Federal Awards  
 Year Ended March 31, 2022

Federal Grantor Pass-Through Grantor/ Program Title	Federal CFDA Number	Current Year Expenditures
<b>U.S. Department of Housing and Urban Development</b>		
<u>Direct programs:</u>		
Public Housing CARES Act Funding	14.PHC	\$ 71,351
Low-Income Public Housing	14.850	1,256,876
Section 8 Housing Choice Vouchers	14.871	7,279,564
Public Housing Capital Fund	14.872	708,999
Resident Opportunity and Supportive Services	14.870	79,334
HCV CARES Act Funding	14.HCC	166,080
		<u>\$ 9,562,204</u>

*See accompanying notes to schedule of expenditures of federal awards.*

**Note 1. General Information**

The accompanying Schedule of Expenditures of Federal Awards presents the activities in all the federal programs of the Housing Authority of the City of Orange. All financial assistance received directly from federal agencies as well as financial assistance passed through other governmental agencies is included on the schedule.

**Note 2. Basis of Accounting**

The accompanying schedule is presented on the accrual basis of accounting. The amounts reported in this schedule are presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**Note 3. Non-Cash Federal Assistance**

The Authority did not receive any non-cash federal assistance for the year ended March 31, 2021.

**Note 4. Loan Guarantees**

At March 31, 2021, the Authority is not the guarantor of any loans outstanding.

**Note 5. Sub-Recipients**

Of the federal expenditures presented in this schedule, no expenditures were used to provide federal awards to sub-recipients.

**Note 6. Indirect Cost Rate**

The Authority has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

Housing Authority of the City of Orange  
Statement and Certification of Actual Capital Grant Costs  
For the Year Ended March 31, 2018

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There were no Capital Fund Projects closed in the fiscal year ended March 31, 2022.

Housing Authority of the City of Orange

Required Pension Information

As of March 31, 2022

**Schedule of the Authority's Contributions for the Last Ten Fiscal Years(a)**

Year ended March 31	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 222,337	\$ 250,000	\$ 123,435	\$ 131,916	\$ 146,196	\$ 114,947	\$ 107,106
Contributions in relation to the contractual required contribution	222,337	250,000	123,435	131,916	146,196	\$ 114,947	\$ 107,106
(Over)/underfunded	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	<u>\$ 1,359,662</u>	<u>\$ 1,434,209</u>	<u>\$ 1,356,606</u>	<u>\$ 1,424,110</u>	<u>\$ 1,253,769</u>	<u>\$ 1,245,498</u>	<u>\$ 1,136,040</u>
Contributions as a percentage of covered employee payroll	16.35%	17.43%	9.10%	9.26%	11.66%	9.23%	9.43%

**Schedule of the Authority's Proportionate Share of Net Pension Liability for the Last Ten Fiscal Years**

Authority's proportion of net pension liability	0.01053977%	0.01279181%	0.0126899%	0.0132622%	0.0121000%	0.0118000%	0.0126600%
Authority's proportionate share of net pension liability	<u>\$ 1,248,594</u>	<u>\$ 2,086,010</u>	<u>\$ 2,286,521</u>	<u>\$ 2,611,260</u>	<u>\$ 2,817,778</u>	<u>\$ 3,650,092</u>	<u>\$ 2,655,513</u>
Authority's covered-employee payroll	<u>\$ 1,359,662</u>	<u>\$ 1,434,209</u>	<u>\$ 1,356,606</u>	<u>\$ 1,424,110</u>	<u>\$ 1,253,769</u>	<u>\$ 1,245,498</u>	<u>\$ 1,136,040</u>
Authority's proportionate share of net pension liability(asset) as percentage of covered employee payroll	91.83%	145.45%	168.55%	183.36%	224.74%	293.06%	233.75%
Plan fiduciary net position as percentage of total pension liability	70.33%	58.32%	56.3%	53.6%	48.1%	43.5%	47.9%

(a)=Ten year trend has not been compiled. The Authority is presenting the years that are available

Housing Authority of the City of Orange  
 Required Other Post Employment Benefits Information  
 March 31, 2022

Schedule of Authority Contributions for the Past Ten Fiscal Years(a)

Measurement date	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Authority's Fiscal Year End March 31,	2022(b)	2021	2020	2019
Service cost	\$ 139,570	\$ 149,013	\$ 110,794	
Interest on total OPEB liability	114,577	142,196	94,457	
Expected investment return	(1,758)	-	-	
Administrative expense	2,283	-	-	
Changes in benefits terms	238	(426)	-	
Current period recognition(amortization of deferred inflows/outflows of resources	-	-	-	
Difference between expected and actual experience	(126,820)	(312,953)	(173,061)	
Changes in assumptions	(96,430)	(365,674)	(202,216)	
Difference between projected and actual earnings on OPEB plan investments	1,045	-	-	
Contribution made during the year	-	9,669	6,674	
Benefits payments	-	(105,109)	(52,122)	
Other changes in pension liability	1,072,714	(1,676,599)	4,322,360	
Total OPEB expense(benefit)	1,105,419	(2,159,883)	4,106,887	
OPEB liability, beginning	3,028,224	5,188,107	1,081,220	
OPEB liability, ending	<u>\$4,133,643</u>	<u>\$3,028,224</u>	<u>\$5,188,107</u>	
Authority's proportion of net OPEB liability	<u>0.0230%</u>	<u>0.0224%</u>	<u>0.0124%</u>	
Authority's covered payroll	<u>\$1,434,209</u>	<u>\$1,356,606</u>	<u>\$1,424,110</u>	
Total OPEB liability as a percentage of covered payroll	288.22%	223.22%	364.31%	

(a)=Ten year trend has not been compiled. The Authority is presenting the years that are available

(b)=Fiscal year 2022 information not available at this time.

Housing Authority of the City of Orange (NJ025)

ORANGE, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

03/31/2022

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$2,023,759			\$1,169,797				\$3,193,556		\$3,193,556
112 Cash - Restricted - Modernization and Development										
113 Cash - Other Restricted				\$621,012				\$621,012		\$621,012
114 Cash - Tenant Security Deposits	\$73,064		\$1,502					\$74,566		\$74,566
115 Cash - Restricted for Payment of Current Liabilities										
100 Total Cash	\$2,096,823	\$0	\$1,502	\$1,790,809	\$0	\$0	\$0	\$3,889,134		\$3,889,134
121 Accounts Receivable - PHA Projects										
122 Accounts Receivable - HUD Other Projects										
124 Accounts Receivable - Other Government										
125 Accounts Receivable - Miscellaneous	\$11,470						\$331,265	\$342,735		\$342,735
126 Accounts Receivable - Tenants	\$143,948		\$53,810					\$197,758		\$197,758
126.1 Allowance for Doubtful Accounts - Tenants	-\$119,422		-\$46,887					-\$166,309		-\$166,309
126.2 Allowance for Doubtful Accounts - Other	-\$11,470						\$0	-\$11,470		-\$11,470
127 Notes, Loans, & Mortgages Receivable - Current										
128 Fraud Recovery				\$129,791				\$129,791		\$129,791
128.1 Allowance for Doubtful Accounts - Fraud				-\$84,329				-\$84,329		-\$84,329
129 Accrued Interest Receivable										
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$24,526	\$0	\$6,923	\$45,462	\$0	\$0	\$331,265	\$408,176		\$408,176
131 Investments - Unrestricted										
132 Investments - Restricted										
135 Investments - Restricted for Payment of Current Liability										
142 Prepaid Expenses and Other Assets	\$148,246		\$45,694	\$8,680			\$2,083	\$204,703		\$204,703
143 Inventories	\$35,890		\$11,708					\$47,598		\$47,598
143.1 Allowance for Obsolete Inventories	-\$5,384		-\$1,171					-\$6,555		-\$6,555
144 Inter Program Due From										
145 Assets Held for Sale							\$35,000	\$35,000		\$35,000
150 Total Current Assets	\$2,300,101	\$0	\$64,656	\$1,844,951	\$0	\$0	\$368,348	\$4,578,056		\$4,578,056
161 Land	\$472,671		\$290,000					\$762,671		\$762,671
162 Buildings	\$8,455,668		\$408,193					\$8,863,861		\$8,863,861
163 Furniture, Equipment & Machinery - Dwellings	\$47,534		\$5,222					\$52,756		\$52,756

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
164 Furniture, Equipment & Machinery - Administration	\$214,740		\$17,755				\$28,744	\$261,239		\$261,239
165 Leasehold Improvements	\$197,743			\$32,797				\$230,540		\$230,540
166 Accumulated Depreciation	-\$5,810,729		-\$131,377	-\$32,797			-\$28,744	-\$6,003,647		-\$6,003,647
167 Construction in Progress	\$1,399,144							\$1,399,144		\$1,399,144
168 Infrastructure										
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,976,771	\$0	\$589,793	\$0	\$0	\$0	\$0	\$5,566,564		\$5,566,564
171 Notes, Loans and Mortgages Receivable - Non-Current										
172 Notes, Loans, & Mortgages Receivable - Non Current - Past										
173 Grants Receivable - Non Current										
174 Other Assets										
176 Investments in Joint Ventures										
180 Total Non-Current Assets	\$4,976,771	\$0	\$589,793	\$0	\$0	\$0	\$0	\$5,566,564		\$5,566,564
200 Deferred Outflow of Resources	\$649,139			\$272,871			\$623,561	\$1,545,571		\$1,545,571
290 Total Assets and Deferred Outflow of Resources	\$7,926,011	\$0	\$654,449	\$2,117,822	\$0	\$0	\$991,909	\$11,690,191		\$11,690,191
311 Bank Overdraft										
312 Accounts Payable <= 90 Days	\$18,284		\$2,351	\$589			\$22,305	\$43,529		\$43,529
313 Accounts Payable >90 Days Past Due			\$547,883				\$719,743	\$1,267,626		\$1,267,626
321 Accrued Wage/Payroll Taxes Payable	\$30,209			\$7,821			\$18,041	\$56,071		\$56,071
322 Accrued Compensated Absences - Current Portion	\$13,476		\$3,546	\$4,467			\$18,441	\$39,930		\$39,930
324 Accrued Contingency Liability										
325 Accrued Interest Payable										
331 Accounts Payable - HUD PHA Programs							\$1,138,200	\$1,138,200		\$1,138,200
332 Account Payable - PHA Projects										
333 Accounts Payable - Other Government	\$190,399							\$190,399		\$190,399
341 Tenant Security Deposits	\$73,064		\$1,502					\$74,566		\$74,566
342 Unearned Revenue	\$12,099		\$787					\$12,886		\$12,886
343 Current Portion of Long-term Debt - Capital Projects/Mortgage										
344 Current Portion of Long-term Debt - Operating Borrowings										
345 Other Current Liabilities							\$183,350	\$183,350		\$183,350
346 Accrued Liabilities - Other							\$35,000	\$35,000		\$35,000
347 Inter Program - Due To										
348 Loan Liability - Current										
310 Total Current Liabilities	\$337,531	\$0	\$556,069	\$12,877	\$0	\$0	\$2,135,080	\$3,041,557		\$3,041,557

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage R										
352 Long-term Debt, Net of Current - Operating Borrowings										
353 Non-current Liabilities - Other				\$196,409				\$196,409		\$196,409
354 Accrued Compensated Absences - Non Current	\$121,285		\$31,917	\$40,200			\$165,970	\$359,372		\$359,372
355 Loan Liability - Non Current										
356 FASB 5 Liabilities										
357 Accrued Pension and OPEB Liabilities	\$2,260,539			\$962,786			\$2,158,911	\$5,382,236		\$5,382,236
350 Total Non-Current Liabilities	\$2,381,824	\$0	\$31,917	\$1,199,395	\$0	\$0	\$2,324,881	\$5,938,017		\$5,938,017
300 Total Liabilities	\$2,719,355	\$0	\$587,986	\$1,212,272	\$0	\$0	\$4,459,961	\$8,979,574		\$8,979,574
400 Deferred Inflow of Resources	\$1,522,192			\$807,535			\$1,294,539	\$3,624,266		\$3,624,266
508.4 Net Investment in Capital Assets	\$4,976,771		\$589,793					\$5,566,564		\$5,566,564
511.4 Restricted Net Position	\$0			\$424,603				\$424,603		\$424,603
512.4 Unrestricted Net Position	-\$1,292,307	\$0	-\$523,330	-\$326,588	\$0	\$0	-\$4,762,591	-\$6,904,816		-\$6,904,816
513 Total Equity - Net Assets / Position	\$3,684,464	\$0	\$66,463	\$98,015	\$0	\$0	-\$4,762,591	-\$913,649		-\$913,649
600 Total Liabilities, Deferred Inflows of Resources and Equity - N	\$7,926,011	\$0	\$654,449	\$2,117,822	\$0	\$0	\$991,909	\$11,690,191		\$11,690,191

Housing Authority of the City of Orange (NJ025)

ORANGE, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

03/31/2022

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$958,745		\$198,772					\$1,157,517		\$1,157,517
70400 Tenant Revenue - Other	\$5,420							\$5,420		\$5,420
70500 Total Tenant Revenue	\$964,165	\$0	\$198,772	\$0	\$0	\$0	\$0	\$1,162,937	\$0	\$1,162,937
70600 HUD PHA Operating Grants	\$1,532,519	\$71,351		\$7,279,564	\$79,334	\$166,080		\$9,128,848		\$9,128,848
70610 Capital Grants	\$433,356							\$433,356		\$433,356
70710 Management Fee							\$298,395	\$298,395	-\$298,395	\$0
70720 Asset Management Fee										
70730 Book Keeping Fee							\$73,365	\$73,365	-\$73,365	\$0
70740 Front Line Service Fee										
70750 Other Fees										
70700 Total Fee Revenue							\$371,760	\$371,760	-\$371,760	\$0
70800 Other Government Grants										
71100 Investment Income - Unrestricted	\$3,281		\$5	\$148			\$2	\$3,436		\$3,436
71200 Mortgage Interest Income										
71300 Proceeds from Disposition of Assets Held for Sale										
71310 Cost of Sale of Assets										
71400 Fraud Recovery				\$54,110				\$54,110		\$54,110
71500 Other Revenue	\$151,369		\$105,130	\$142,154			\$131,362	\$530,015		\$530,015
71600 Gain or Loss on Sale of Capital Assets			\$38,650					\$38,650		\$38,650
72000 Investment Income - Restricted										
70000 Total Revenue	\$3,084,690	\$71,351	\$342,557	\$7,475,976	\$79,334	\$166,080	\$503,124	\$11,723,112	-\$371,760	\$11,351,352
91100 Administrative Salaries	\$174,462		\$146,173	\$167,175	\$53,154		\$311,590	\$852,554		\$852,554
91200 Auditing Fees	\$11,154			\$11,154			\$2,583	\$24,891		\$24,891
91300 Management Fee	\$215,871			\$82,524				\$298,395	-\$298,395	\$0
91310 Book-keeping Fee	\$21,788			\$51,577				\$73,365	-\$73,365	\$0
91400 Advertising and Marketing							\$0	\$0		\$0
91500 Employee Benefit contributions - Administrative	\$46,148		\$48,091	\$433,653	\$26,180		\$118,701	\$672,773		\$672,773
91600 Office Expenses	\$42,067		\$14,538	\$21,413			\$24,127	\$102,145		\$102,145
91700 Legal Expense	\$6,858		\$832	\$0			\$10,718	\$18,408		\$18,408
91800 Travel	\$45,115		\$423	\$2,085			\$3,898	\$51,521		\$51,521

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
91810 Allocated Overhead										
91900 Other	\$82,947		\$42,177	\$28,287			\$76,694	\$230,105		\$230,105
91000 Total Operating - Administrative	\$646,410	\$0	\$252,234	\$797,868	\$79,334	\$0	\$548,311	\$2,324,157	-\$371,760	\$1,952,397
92000 Asset Management Fee										
92100 Tenant Services - Salaries		\$38,617				\$84,766		\$123,383		\$123,383
92200 Relocation Costs										
92300 Employee Benefit Contributions - Tenant Services		\$12,873						\$12,873		\$12,873
92400 Tenant Services - Other	\$4,872	\$19,861				\$81,314		\$106,047		\$106,047
92500 Total Tenant Services	\$4,872	\$71,351	\$0	\$0	\$0	\$166,080	\$0	\$242,303	\$0	\$242,303
93100 Water	\$182,662		\$7,384					\$190,046		\$190,046
93200 Electricity	\$197,981		\$1,375					\$199,356		\$199,356
93300 Gas	\$112,954							\$112,954		\$112,954
93400 Fuel										
93500 Labor										
93600 Sewer										
93700 Employee Benefit Contributions - Utilities										
93800 Other Utilities Expense										
93000 Total Utilities	\$493,597	\$0	\$8,759	\$0	\$0	\$0	\$0	\$502,356	\$0	\$502,356
94100 Ordinary Maintenance and Operations - Labor	\$278,482							\$278,482		\$278,482
94200 Ordinary Maintenance and Operations - Materials and Other	\$57,048		\$7,816	\$309			\$215	\$65,388		\$65,388
94300 Ordinary Maintenance and Operations Contracts	\$137,367		\$45,759					\$183,126		\$183,126
94500 Employee Benefit Contributions - Ordinary Maintenance	\$74,181							\$74,181		\$74,181
94000 Total Maintenance	\$547,078	\$0	\$53,575	\$309	\$0	\$0	\$215	\$601,177	\$0	\$601,177
95100 Protective Services - Labor	\$154,152							\$154,152		\$154,152
95200 Protective Services - Other Contract Costs										
95300 Protective Services - Other										
95500 Employee Benefit Contributions - Protective Services	\$5,401							\$5,401		\$5,401
95000 Total Protective Services	\$159,553	\$0	\$0	\$0	\$0	\$0	\$0	\$159,553	\$0	\$159,553
96110 Property Insurance										
96120 Liability Insurance				\$38,025				\$38,025		\$38,025
96130 Workmen's Compensation										
96140 All Other Insurance	\$68,812		\$5,820				\$12,775	\$87,407		\$87,407
96100 Total insurance Premiums	\$68,812	\$0	\$5,820	\$38,025	\$0	\$0	\$12,775	\$125,432	\$0	\$125,432

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
96200 Other General Expenses										
96210 Compensated Absences	\$13,933			\$8,502			\$17,695	\$40,130		\$40,130
96300 Payments in Lieu of Taxes	\$47,057							\$47,057		\$47,057
96400 Bad debt - Tenant Rents	\$53,187		\$27,621	\$45,021				\$125,829		\$125,829
96500 Bad debt - Mortgages										
96600 Bad debt - Other										
96800 Severance Expense										
96000 Total Other General Expenses	\$114,177	\$0	\$27,621	\$53,523	\$0	\$0	\$17,695	\$213,016	\$0	\$213,016
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	\$0	\$0
96900 Total Operating Expenses	\$2,034,499	\$71,351	\$348,009	\$889,725	\$79,334	\$166,080	\$578,996	\$4,167,994	-\$371,760	\$3,796,234
97000 Excess of Operating Revenue over Operating Expenses	\$1,050,191	\$0	-\$5,452	\$6,586,251	\$0	\$0	-\$75,872	\$7,555,118	\$0	\$7,555,118
97100 Extraordinary Maintenance										
97200 Casualty Losses - Non-capitalized										
97300 Housing Assistance Payments				\$6,263,782				\$6,263,782		\$6,263,782
97350 HAP Portability-In										
97400 Depreciation Expense	\$100,879		\$13,771	\$0				\$114,650		\$114,650
97500 Fraud Losses										
97600 Capital Outlays - Governmental Funds										
97700 Debt Principal Payment - Governmental Funds										
97800 Dwelling Units Rent Expense										
90000 Total Expenses	\$2,135,378	\$71,351	\$361,780	\$7,153,507	\$79,334	\$166,080	\$578,996	\$10,546,426	-\$371,760	\$10,174,666
10010 Operating Transfer In	\$197,531							\$197,531		\$197,531
10020 Operating transfer Out	-\$197,531							-\$197,531		-\$197,531
10030 Operating Transfers from/to Primary Government										
10040 Operating Transfers from/to Component Unit										
10050 Proceeds from Notes, Loans and Bonds										
10060 Proceeds from Property Sales										
10070 Extraordinary Items, Net Gain/Loss										
10080 Special Items (Net Gain/Loss)										

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
10091 Inter Project Excess Cash Transfer In										
10092 Inter Project Excess Cash Transfer Out										
10093 Transfers between Program and Project - In										
10094 Transfers between Project and Program - Out										
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$949,312	\$0	-\$19,223	\$322,469	\$0	\$0	-\$75,872	\$1,176,686	\$0	\$1,176,686
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$2,735,152	\$0	\$85,686	-\$224,454	\$0	\$0	-\$4,686,719	-\$2,090,335		-\$2,090,335
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors										
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				-\$326,588				-\$326,588		-\$326,588
11180 Housing Assistance Payments Equity				\$424,603				\$424,603		\$424,603
11190 Unit Months Available	3108		132	7256				10496		10496
11210 Number of Unit Months Leased	3025		132	6941				10098		10098
11270 Excess Cash	\$1,625,049							\$1,625,049		\$1,625,049
11610 Land Purchases	\$0						\$0	\$0		\$0
11620 Building Purchases	\$419,201						\$0	\$419,201		\$419,201
11630 Furniture & Equipment - Dwelling Purchases	\$14,155						\$0	\$14,155		\$14,155
11640 Furniture & Equipment - Administrative Purchases	\$0						\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0						\$0	\$0		\$0
11660 Infrastructure Purchases	\$0						\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0						\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0						\$0	\$0		\$0

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*

Independent Auditor's Report

To the Board of Commissioners and Management of  
Housing Authority of the City of Orange

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the aggregate enterprise funds and business activities of the Housing Authority of the City of Orange (the "Authority") as of and for the year ended March 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated December 19, 2022

**Internal Control over Financial Reporting**

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

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

My 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 my audit I did not identify any deficiencies in internal control that I 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, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

Cranford, New Jersey

*Frank Glien, LLC, CPA*

Frank Glien, LLC  
Certified Public Accountant  
December 19, 2022

Report on Compliance for Each Major Program and on Internal Control over Compliance  
as Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Commissioners and Management of  
Housing Authority of the City of Orange

**Report on Compliance for Each Major Federal Program**

*Opinion on Each Major Federal Program*

I have audited Housing Authority of the City of Orange's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Housing Authority of the City of Orange's major federal programs for the year ended March 31, 2022. Housing Authority of the City of Orange's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Housing Authority of the City of Orange complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2022.

*Basis for Opinion on Each Major Federal Program*

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

I am required to be independent of Housing Authority of the City of Orange and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Housing Authority of the City of Orange's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control over Compliance**

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I 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 my 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.

Cranford, New Jersey

*Frank Glien, LLC, CPA*

Frank Glien, LLC  
Certified Public Accountant  
December 19, 2022

Housing Authority of the City of Orange  
 Schedule of Findings and Questioned Costs  
 For the Year Ended March 31, 2022

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**Section I-Summary of Auditor's Results**

Financial Statement Section

1. Type of auditor's report issued	Modified opinion
2. Internal control over financial reporting	
• Material weakness (es) identified?	None noted
• Were significant deficiencies identified not considered to be material weaknesses?	None noted
3. Non-compliance material to the financial statements?	None noted

Federal Awards Section

1. Dollar threshold used to determine Type A programs	\$ 750,000
2. Dollar threshold used to determine Type B programs	Not applicable
3. Auditee qualified as a low-risk auditee	Yes
4. Type of auditor's report on compliance	Unmodified
5. Internal control over compliance	
• Material weakness (es) identified?	None noted
• Were significant deficiencies identified not considered to be material weaknesses?	None noted
• Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	None noted
6. Identification of major programs	

CFDA Number

Name of Federal Program

14.871  
 14.872

Section-8 Housing Choice Voucher Program  
 Public Housing Capital Fund Program

Housing Authority of the City of Orange  
Schedule of Findings and Questioned Costs  
For the Year Ended March 31, 2022

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**Section II- Financial Statement Findings**

None

**Section III-Federal Award Findings and Questioned Costs**

None

**Section IV-Follow up on Prior Audit Findings**

There were no Federal awards findings or questioned costs in the March 31, 2021 audit.