

HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL DATA**

YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Housing Authority of the Borough of Freehold
Freehold, New Jersey

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statement referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of the Borough of Freehold (herein called the Authority) as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. 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 Authority, 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 qualified audit opinion.

I was unable to obtain sufficient audit evidence for the balances of the net OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and OPEB expense relating to the Authority's defined benefit OPEB plan because the plan for the year ended December 31, 2021 had not yet been audited. Accordingly, the authority's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are reported at their 2020 amounts. I was unable to obtain sufficient appropriate audit evidence for the balances of both liabilities, deferred outflows of resources, deferred inflows of resources, and expenses relating to both defined plans by other auditing procedures. Because the audited actuarial report for both plans has not been released, it is not practicable to quantify the financial effects of this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of the Authority's Proportionate Share of the Net Pension and OPEB Liability as listed in the table of contents 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 our 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying financial information, the combining statements of net position, activities and changes in net position and Financial Data Schedule as listed in other supplementary Information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The combining statement of net position, activities and changes in net position, Financial Data Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining statements of net position, activities and changes in net position, financial data schedule are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated August 31, 2022, on my consideration of the Housing Authority'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

Francis J. McConnell
Francis J. McConnell
Certified Public Accountant

August 31, 2022

HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2021

As management of the Housing Authority of the Borough of Freehold, New Jersey we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

2021

- The Assets and deferred outflows of the Authority exceeded its assets by \$34,283 (deficit net position).
- The Authority's unrestricted cash balance at December 31, 2021 was \$ 533,426 representing an increase of \$76,499 from December 31, 2020.
- The Authority had intergovernmental revenues of \$ 372,329 HUD operating grants for the year ended December 31, 2021.

2020

- The Liabilities and deferred outflows of the Authority exceeded its assets by \$121,163 (deficit net position).
- The Authority's unrestricted cash balance at December 31, 2020 was \$ 456,927 representing a decrease of \$17,094 from December 31, 2019.
- The Authority had intergovernmental revenues of \$ 239,700 HUD operating grants for the year ended December 31, 2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements included in this annual report are those of a special-purpose government engaged only in a business-type activity. The following statements are included:

- Statement of Net Position – reports the Authority's current financial resources (short term spend able resources) with capital assets and long-term debt obligations.
- Statement of Revenues, Expenses and Changes in Fund Net Position – reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions.
- Statement of Cash Flows – reports the Authority's cash flows from operating, investing, capital and non-capital activities

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position: may serve over time as a useful indicator of an agency's financial position. In the case of the Housing Authority of the Borough of Freehold there was a deficit position by \$128 thousand at the close of the most recent fiscal year. The following table shows a summary of changes from the prior years

	<u>2021</u>	<u>2020</u>
Current and Other Assets	726,251	521,191
Capital Assets, net of depreciation	865,883	935,680
Total Assets	<u>1,592,134</u>	<u>1,456,871</u>
Deferred Outflows of Resources	203,026	226,195
Current Liabilities	187,290	151,407
Noncurrent Liabilities	1,062,023	1,153,906
Total Liabilities	<u>1,249,313</u>	<u>1,305,313</u>
Deferred Inflows of Resources	511,564	498,916
Net Investment in Capital Assets	745,883	795,680
Restricted	157	149
Unrestricted	(711,757)	(916,992)
Net Position	<u>34,283</u>	<u>(121,163)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets The following table summarizes the changes in capital assets between fiscal years 2021 and 2020:

	2021	2020
LAND	\$ 145,000	\$ 145,000
BUILDINGS AND IMPROVEMENTS	4,968,693	4,968,693
EQUIPMENT	118,757	118,757
CONSTRUCTION IN PROGRESS	31,284	-
TOTAL CAPITAL ASSETS	<u>5,263,734</u>	<u>5,232,450</u>
ACCUMULATED DEPRECIATION	4,397,851	4,296,770
NET CAPITAL ASSETS	<u>865,883</u>	<u>935,680</u>

Debt

At the end of December 31, 2021, the Authority had outstanding debt in the amount of \$ 120,000 from the Authority entering into a Capital Fund Leveraging Pool in 2004.

Statement of Activities. The Statement of Activities shows the sources of the authority's changes in net position as they arise through its various programs and functions. A condensed Statement of Activities comparing fiscal year 2021 and 2020.

	12/31/2021	12/31/2020	Diff
tenant revenue	536,122	513,149	22,973
Hud revenue	372,329	239,700	132,629
other revenue	14,306	10,188	4,118
total revenue	<u>922,757</u>	<u>763,037</u>	<u>159,720</u>
Operating expenses			-
Administrative	176,108	189,153	(13,045)
tenant services	10,994	15,679	(4,685)
utilities	195,363	186,531	8,832
Maintenance	248,983	277,625	(28,642)
Other operating	80,064	73,506	6,558
Depreciation	101,081	115,125	(14,044)
total expenses	<u>812,593</u>	<u>857,619</u>	<u>(45,026)</u>
			-
Operating Income	110,164	(94,582)	204,746
Nonoperating Income	45,282	101,053	(55,771)
			-
Change in Net Position	155,446	6,471	148,975

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

Statement of Activities – continued

Governmental operating revenue includes the annual operating subsidies for the low rent and capital grants made available by the U.S. Housing and Urban Development (“HUD”). The authority also generated over 500 thousand in tenant revenue which helped offset the Authority's administrative expenses.

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 information should be addressed to the Office of the Executive Director, Housing Authority of the Borough of Freehold, New Jersey, 107 Throckmorton Street, Freehold, New Jersey 07728.

FINANCIAL SECTION

HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
STATEMENTS OF NET POSITION
DECEMBER 31, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS

Current Assets

Cash and cash equivalents	\$ 533,426
Restricted cash and cash equivalents	49,501
Accounts receivable, net	143,088
Prepaid Expenses	236
Total Current Assets	<u><u>726,251</u></u>

Noncurrent assets

Capital assets, net of deprecation	865,883
Total Noncurrent Assets	<u><u>865,883</u></u>

Deferred Outflow of Resources

Deferred outflows related to pensions	23,382
Deferred outflows related to OPEB	179,644
Total deferred outflows of resources	<u><u>203,026</u></u>

Total Assets and Deferred Outflow of Resources	<u><u>1,795,160</u></u>
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LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

LIABILITIES:

Current Liabilities

Accounts Payable	21,347
Accrued Liabilities	40,012
Accounts payable - Other Government	36,188
Compensated Absences	19,703
Tenant Security deposits	49,344
Deferred credits and other liabilities	696
Current portion of long-term debt	20,000
Total Current Liabilities	<u><u>187,290</u></u>

Noncurrent liabilities

Long-term debt, net of current portion	100,000
Accrued Pension	219,498
Accrued OPEB	688,970
Compensated Absences - net of current	53,555
Total Noncurrent Liabilities	<u><u>1,062,023</u></u>

Total Liabilities	<u><u>1,249,313</u></u>
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Deferred Inflows of Resources

Deferred inflows related to pensions	137,535
Deferred inflows related to OPEB	374,029
Total Deferred Inflow of Resources	<u><u>511,564</u></u>

NET POSITION

Net Investments in capital assets	745,883
Restricted Net Assets	157
Unrestricted net assets (Deficit)	(711,757)
Total net position	<u><u>34,283</u></u>

Total Liabilities, Deferred Inflow of Resources, and Net Position	<u><u>\$ 1,795,160</u></u>
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The accompanying notes are an integral part of this statement

HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021

OPERATING REVENUES	
Tenant Revenue	\$ 536,122
HUD Operating grants	372,329
Other Income	14,306
Total operating revenues	<u>922,757</u>
OPERATING EXPENSES	
Administrative	176,108
Tenant services	10,994
Utilities	195,363
Maintenance	248,983
General	80,064
Depreciation Expense	101,081
Total Operating Expenses	<u>812,593</u>
NET OPERATING INCOME (LOSS)	110,164
NONOPERATING REVENUES (EXPENSES)	
Capital Grants	51,284
Interest Expense	(6,345)
Investment Income	343
Total nonoperating revenues	<u>45,282</u>
Change in net position	155,446
Total net position - beginning	<u>(121,163)</u>
Total net position - ending	<u>\$ 34,283</u>

The accompanying notes are an integral part of this statement

**HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021**

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Hud operating grants	\$ 246,129
Receipts from residents and others	550,428
Payments to suppliers	(500,095)
Payments to and on behalf of employees	<u>(157,659)</u>
Net cash provided by (used) in operating activities	<u>138,803</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Interest paid on debt	(6,345)
Principal payments on long term debt	<u>(20,000)</u>
Net cash (used) in capital and related financing activities	<u>(26,345)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Purchase of Capital assets	(31,284)
Investment Income	<u>343</u>
Net cash provided by investing activities	<u>(30,941)</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>81,517</u>
<u>CASH AND CASH EQUIVALENTS, JANUARY 1</u>	<u>501,410</u>
<u>CASH AND CASH EQUIVALENTS, DECEMBER 31</u>	<u>\$ 582,927</u>
DECEMBER 31, CASH AND CASH EQUIVALENTS	
Unrestricted	\$ 533,426
Restricted	49,501
Total Unrestricted and Restricted	<u>\$ 582,927</u>

The accompanying notes are an integral part of this statement

**HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021**

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Net Operating Loss	\$ 110,164
Add back non-cash Items:	
Depreciation expense	101,081
Pension and OPEB Credit	10,831
bad debts	138
Decrease (Increase) in Assets/Deferred outflows/inflows	
Accounts Receivable	<u>(123,681)</u>
	<u>98,533</u>
Increase (Decrease) in Liabilities	
Accounts Payable and Accrued Expenses	34,589
other Liabilities and deferred credits	<u>5,681</u>
	<u>40,270</u>
Net Cash provided by operating activities	<u><u>\$ 138,803</u></u>

The accompanying notes are an integral part of this statement

**HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Program Description

The Housing Authority of the Borough of Freehold (herein referred to as the Housing Authority) was organized under the laws of the State of New Jersey and operates under an Annual Contributions Contract (ACC) with the United States Department of Housing and Urban Development (HUD) to provide low-income housing to eligible participants under the United States Housing Act of 1937, as amended. The formation and operation of the Housing Authority is governed by the Act, and administered by HUD under the Annual Contributions Contracts.

The Authority is governed by a board of Directors appointed locally. An Executive Director is appointed by the housing authority's Board to manage the day-to-day operations of the Authority.

Low Rent Housing Program

This program provides low-rent housing to qualified residents of the Borough of Freehold, New Jersey. All units are owned and operated by the Housing Authority and were purchased with financing arranged or provided through HUD. The operations of the program are subsidized by HUD through an Annual Contributions Contract. Operating subsidy contributions for the year ended December 31, 2021 was \$210,504 and is included in operating subsidies in the combined statement of revenues, expenses and changes in net assets.

Capital Fund Program Grants

Capital fund grants are recognized as revenues in the combined statement of revenues, expenses and changes in net assets in accordance with GASB Statement No. 34. Capital grants support the development, modernization and operation of public housing developments. Operating subsidies received for the current year were \$142,747.

B Reporting Entity

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity is made by applying the criteria set forth by GASB. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financial accountable. Based on these criteria, there are no additional agencies which should be included in the financial statements of Freehold Housing Authority.

HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

C - Basis of Accounting

The Authority's financial statements represent the net position and results of operations of the Housing Authority and have been prepared in accordance with generally accepted accounting principles (GAAP) of the United States of America as applied to governmental entities.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Housing Authority maintains their accounts substantially in accordance with the chart of accounts prescribed by HUD and are organized utilizing the fund accounting model. A fund is an independent entity with a self-balancing set of accounts.

The Housing Authority accounts for its operations in a single enterprise fund. Enterprise funds account for those operations financed and operated in a manner similar to a private business or where the Housing Authority has decided that determination of revenue earned, costs incurred and net revenue over expenses is necessary for management accountability.

Enterprise funds are proprietary funds used to account for business activities of special purpose governments for which a housing authority qualifies under GASB No. 34 "*Basic Financial Statements – and Management's Discussion and analysis – for State and Local Governments.*"

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting, whereby all revenues are recognized in the period in which they are earned and expenses are recognized in the period in which the liability is incurred regardless of the timing of the cash flows. All assets and deferred outflows and liabilities and deferred inflows associated with the operation of the Authority are included in the statements of net position. The statements of revenues, expenses and changes in net position present increases (revenues and capital contributions) and decreases (expenses) in total net position.

New Accounting Standards Adopted:

GASB Statement No. 84, *Fiduciary Activities*, is effective for the year ending June 30, 2021. This statement defines criteria for identifying activities that state and local governments should report as fiduciary activities and how they should be reported.

GASB Statement No. 90, *Majority Equity Interest*, is effective for the year ending June 30, 2021. This statement amends GASB Statement No. 14 and GASB Statement No. 61 and defines a majority equity interest and specifies how a majority equity interest in a legally separate organization should be reported.

HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

New Accounting Standards Adopted: - continued

GASB Statement No. 93, Replacement of Interbank Offered Rates, establishes accounting and reporting requirements related to the replacement of Interbank Offered Rates such as the London Interbank Offered Rate (LIBOR) for hedging derivative instruments. As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form after December 31, 2021. The requirements of this statement, except for paragraphs 11b, 13 and 14 are effective for the year ending June 30, 2021. The removal of LIBOR as an appropriate benchmark interest rate, as referenced in paragraph 11b of this statement, is effective for the year ending June 30, 2022. The requirements for leases, as referenced in paragraphs 13 and 14 of this statement, are effective for the year ending June 30, 2022

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, is effective for the year ending June 30, 2020. This statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

New Accounting Standards not yet adopted:

GASB Statement No. 87, Leases, is effective for the year ending June 30, 2022. Its objective is to improve accounting and financial reporting for leases by governments by establishing a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset. It requires recognition of certain lease assets and liabilities that were previously ~~classified~~ as operating.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the end of a Construction Period, is effective for the year ending June 30, 2022. This statement suspends paragraphs 5-22 of GASB Statement No. 62 and requires that interest cost incurred before the end of a construction period be recognized as an expense. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

GASB Statement No. 91, Conduit Debt Obligations, is effective for the year ending June 30, 2023. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associate with commitments extended by users, arrangements associate with conduit debt obligations, and related note disclosures.

GASB Statement No. 92, Omnibus 2020, is effective for the year ending June 30, 2022. Enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

C - Basis of Accounting - continued

GASB Statement No. 96, Subscription-Based Information Technology Arrangements, is effective for the year ending June 30, 2023. This statement provides guidance on accounting for Subscription-Based Information Technology Arrangements (SBITA) where the government contracts for the right to use another party's software. The standards for SBITAs are based on the standards established in GASB Statements No. 87, *Leases*.

Budgeting and Budgetary Accounting

The Authority prepares an annual operating and capital budget for all programs in accordance with HUD requirements. The budget is formally adopted by resolution of the Authority's Board of Directors. Once adopted, the Board of Directors may amend the adopted budget when unexpected modifications are required in estimated revenues and expenses. The budget is prepared on a detailed line-item basis.

D - Cash and Cash Equivalents

The Authority considers all securities, including certificates of deposits and short-term investments, with maturities of three months or less to be cash equivalents.

E - Accounts Receivable

Rents are due from tenants on the first day of each month. An allowance for doubtful accounts is established to provide for accounts which may not be collected in the future for any reason.

The authority recognizes receivables from HUD and other governmental agencies for amounts earned and billed but not received and for amounts earned but unbilled, as of yearend.

**HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

F - 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 the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

G – Capital Assets

Capital assets include land, structures and equipment recorded at cost and is comprised of property betterments and additions, and modernization program costs. Charges for maintenance and repairs are expensed when incurred. The authority depreciates these assets over their estimated useful lives using the straight-line method of depreciation.

<u>Category</u>	<u>Useful lives (in Years)</u>
Buildings	30 - 40 years
Improvements	30 - 40 years
Furniture and Equipment	5 - 10 years
Vehicles	5 - 10 years
Computer equipment	5 - 10 years

Impairment of Capital Assets

GASB Statement No., 42, *Accounting and Financial reporting for Impairment of Capital Assets and for the Insurance Recoveries*, established accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The Authority is required to evaluate prominent events of changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. No such events or circumstances were encountered as of December 31, 2021.

H – Accrued Compensated absences

Accumulated unpaid leave time is accrued at the estimated amounts of future benefits attributable to services already rendered.

HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

I – Equity Classifications

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

Net Investment in Capital Assets – consists of any capital assets, net of accumulated depreciation and reduced by any outstanding balances of loans, notes or mortgages

Restricted Net Position - consists of the net amount of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – all other net amounts of assets that do not meet the definition of “restricted” or “net investment in capital assets”.

J – Use of Restricted Assets

When both restricted and unrestricted resources are available for a particular restricted use, it is the Authority’s policy to use restricted resources first, and then unrestricted resources as needed.

K - Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided, and in the management of Authority assets. Its operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies other revenues and expenses as non-operating.

L - Income Taxes

The Housing Authority is a New Jersey municipal authority and, as such, is exempt from income taxes and other state and local taxes. The Housing Authority believes it has not engaged in any activities for which its tax-exempt status would not be sustained under Internal Revenue Service examination or that would require filing of an income tax return for unrelated business income taxes.

M – Economic Dependency

The Low Rent Housing Programs of the Authority is economically dependent on operating grants and subsidies from HUD.

**HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 2 – CASH AND CASH EQUIVALENTS –

Cash consists primarily of cash in checking accounts. Cash is classified as “Unrestricted” and “Restricted” for financial presentation purposes based on HUD guidance:

- Cash – Unrestricted includes cash available for program purposes including current operations, working capital and reserves. Because the funds are not tied to a certain program or property, they are classified as unrestricted.
- Cash – Restricted includes cash to be expended for specific purposes based on the sources of the money. The Housing Authority’s restricted cash generally includes: housing choice voucher funds and resident security deposits.

All funds on deposits are FDIC insured up to \$250,000 per institution or are fully collateralized in accordance with guidance recommended by HUD.

As of December 31, 2021 cash and cash equivalents consisted of the following:

	2021
Low Rent	\$ 533,246
Tenant Security Deposits	49,344
Other Restricted	157
	<u>582,747</u>
Bank Balances	<u>\$ 586,779</u>
<u>Reconciliation of detail to statement of net assets</u>	
Cash - unrestricted	533,246
Cash - restricted	49,501
	<u>\$ 582,747</u>

**HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 3 – RECEIVABLES

Accounts Receivable as of December 31, 2021

	2021
Tenant accounts receivable	\$ 8,940
HUD Other Projects	137,724
 Total accounts receivable	 146,664
Less: allowance for doubtful accounts	(3,576)
	\$ 143,088

NOTE 4 -FIXED ASSETS

Changes in capital assets for 2021 consisted of:

	2020	additions	disposals	transfers	2021
Non-depreciable capital assets:					
Land	145,000	-	-		145,000
Construction in Progress	-	31,284		-	31,284
	145,000	31,284		-	176,284
Depreciable capital assets:					
Buildings and Improvements	4,968,693	-	-	-	4,968,693
Equipment - Admin & Dwelling	118,757	-	-	-	118,757
Totals	5,087,450	-	-	-	5,087,450
Total capital assets	5,232,450	31,284			5,263,734
Accumulated Depreciation:	(4,296,770)	(101,081)	-		(4,397,851)
Net Capital Assets	935,680	(69,797)	-	-	865,883

NOTE 5 – RISK MANAGEMENT

The Authority is exposed to various risks of potential liabilities, such as theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In order to deal with these potential liabilities, the Authority's risk management program consisted of various insurance policies covering each of these risks. The Authority believes such coverage is sufficient to preclude any significant uninsured losses to the Authority.

**HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 6 – COMPENSATED ABSENCES

Accrued compensated absences represents the amount of accumulated leave for which employees are entitled to receive payment in accordance with the authority's Personnel Policy. Compensated absences activity consisted of the following:

	2021
Beginning compensated absences	\$ 68,210
Compensated absences earned	8,860
Compensated absences redeemed	(3,812)
Ending compensated absences	73,258
Less: current portion	19,703
Compensated absences, net of current position	\$ 53,555

NOTE 7 – ACCRUED LIABILITIES

Accrued Liabilities as of December 31, 2021

	2021
Accrued payroll and payroll taxes	\$ 2,289
Accrued utilities	37,723
	<u>\$ 40,012</u>

NOTE 8 – DEFERRED CREDITS AND OTHER LIABILITIES

Deferred Credits and other liabilities as of December 31, 2021

	2021
Prepaid rental income	\$ 696
	<u>\$ 696</u>

NOTE 9 – PAYABLE TO OTHER GOVERNMENT AGENCIES – (PILOT)

The Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its cooperation agreement with the Borough of Freehold, New Jersey. Under the cooperation agreements, the Authority must pay the lesser of 10% of its net shelter rent or the appropriate full real property taxes. During the fiscal years ended December 31, 2021, PILOT expense was accrued in the amounts of \$ 36,188. Shown on statement of net position as Accounts Payable - other Government.

**HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

Note 10 – BONDS PAYABLE

The Authority during 2004 entered into a Capital Fund Leveraging Fund. The New Jersey Housing and Mortgage Finance Agency issued tax exempt, twenty-year Capital Fund Program Revenue Bonds, 2004 Series A, on December 23, 2004. The Authority's share amounted to \$400,000.

The following is a schedule of required payments for the next five years and thereafter.

Year ending December 31:

	Principal	Interest	Total
2022	20,000	5,288	35,288
2023	20,000	3,877	33,877
2024-2025	80,000	4,074	64,074
	120,000	13,239	133,239

11 – Deferred Outflows and Inflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charges to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources until that time. These inflows consist of unamortized portion of the net difference between projected and actual earnings on pension plan investments.

NOTE 12 – PENSION PLAN

Description of Plan

The Authority participates in the Public Employees Retirement System (PERS), a cost-sharing multiple employers defined benefit pension plan administered by the Division of Pensions within the Department of Treasury, State of New Jersey. It is a cost-sharing, multiple-employer defined benefit pension plan. The PERS was established on January 1, 1955 under the provisions of N.J.S.A. 43:15A. to provide coverage, including post-retirement health care, for substantially all full-time employees of the state, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system. Membership is mandatory for such employees.

HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(continued)

NOTE 12 – PENSION PLAN – continued

Vesting and Benefit Provisions

The vesting and benefit provisions for the PERS are set by N.J. S.A. 43:15A and 43:3B. All benefits vest after ten years of services, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined.

Funding Requirements - PERS

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employer’s contributions are actuarially determined annually by the

The Authority’s total contributions to PERS for the year ended were \$ 21,699.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – at December 31, 2021, the Authority reported a liability of \$ 219,498 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority’s proportion of the net pension liability was based on the authority’s share of contributions to the pension plan relative to the contributions of all PERS participating employers. At June 30, 2021, the authority’s collective proportion percentage was .0018528477%

For the year ended the authority recognized pension expense of \$ (18,754). At December 31, 2021, the authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 3,462	\$ 1,571
Changes in assumptions	1,143	78,143
Net difference between projected and actual earnings on pension plan investments	-	57,821
Changes in proportion and differences between Authority contributions and proportionate share of contributions	18,777	-
Total	\$ 23,382	\$ 137,535

**HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 12 – PENSION PLAN – continued

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended Dec., 31	Total
2022	(22,831)
2023	(22,831)
2024	(22,831)
2025	(22,831)
2026	(22,831)
	\$ (114,153)

Actuarial assumptions – the total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation: price	2.75%
Wage	3.25%
Rates of salary increases: through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment rate of return	7.00%

Mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality tables with an 82.2% adjustment for males and 101.4% adjustment for females., as appropriate, with adjustments for mortality improvements based on Scale AA.

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00%at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best estimate ranges of expected future real rates of return are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major class included in PERS’s target asset allocation as of June 30, 2020 are summarized in the following table:

**: HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 12 – PENSION PLAN – continued

Asset Class	Target Allocation	Expected Real Rate of Return
US Equity	27.00%	8.09%
Non-US developed markets equity	13.50%	8.71%
Emerging Markets 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 7.00% 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 will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments in determining the total pension liability.

**HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 12 – PENSION PLAN – continued

Sensitivity of the Authority’s Proportionate Share of Net Pension Liability to changes in the Discount Rate – the following represents the Authority’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00 percent) or 1-percentage point higher (8.00 percent) than the current rate,

	1% Decrease	Discount Rate	1% Increase
Authority's proportionate share of the net pension liability	302,098	219,498	153,725

Note 13 – OTHER POST-EMPLOYMENT BENEFITS

The information required to present the schedule of changes in net OPEB liability was not available as of December 31, 2021 and the date of this report. The net OPEB liability and deferred inflow and outflow amounts have not changed from the prior fiscal year. The information needed in order to reflect the September 30, 2021 balances for the net OPEB liability, deferred inflows, and deferred outflows was unavailable as of the date of this report. The information contained herein remains the same from December 31, 2020.

A. Plan Description

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

B. Benefits

SHBP provides medical and prescription drug to retirees and their covered dependents of the employers. 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 services credit in a State of 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 negotiation’s agreement

**. HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 13. – OTHER POST-EMPLOYMENT BENEFITS (continued)

C. Benefits - continued

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

At December 31, 2020, the Authority reported a liability of \$688,970 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020.

For the year ended December 31, 2020, the Authority recognized OPEB expense of \$(17,516). At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between expected & actual	\$ 18,147	\$ 128,299
Changes in assumptions	\$ 103,048	\$ 153,216
Changes in proportions	58,011	92,514
Net differences between projected and actual		
investment earnings on OPEB plan investments	438	-
Authority contributions subsequent to the measurement date	-	
Total	<u>\$ 179,644</u>	<u>\$ 374,029</u>

**HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 13. – OTHER POST-EMPLOYMENT BENEFITS – (continued)

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	Total
Dec., 31	
2021	(38,877)
2022	(38,877)
2023	(38,877)
2024	(38,877)
2025	(38,877)
	<u>\$(194,385)</u>

D - Actuarial Assumptions

The total OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019. This actuarial valuation used the following assumptions:

Inflation Rate 2.50%
Salary increases:
Through 2026 2.00 to 6.00%, based on years of service
Thereafter 3.00 – 7.00%, based on years of service

Mortality:

PERS Pub-2010 General classification headcount weighted mortality with Fully generational mortality improvement projections from the central Year using Scale MP-2020

PFRS Pub-2010 safety classification headcount weighted mortality with Fully generational mortality improvement projections from the central Year using Scale MP-2020

Actuarial assumptions used in the July 1, 2019 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2020 and July 1, 2014 to June 30, 2020, respectively.

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

**HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 13. – OTHER POST-EMPLOYMENT BENEFITS (continued)

E: Discount Rate

The discount rate used to measure the total OPEB liability was 2.21% as of June 30, 2020. This represents the municipal bond return rate 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.

F: Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net OPEB liability calculated using the discount rate of 2.21%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current rate.

	1% Decrease 1.21%	Discount Rate 2.21%	1% Increase 3.21%
Authority's proportionate share of the net pension liability	814,509	688,970	589,596

G: Health Care Trend Assumptions

For pre-Medicare preferred provider organization ("PPO") and health maintenance organization ("HMO") medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% trend rate after eight years.

**HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021**

NOTE 13. – OTHER POST-EMPLOYMENT BENEFITS (continued)

H: Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Trend Rate

The following presents the Authority's proportionate share of the net OPEB liability calculated using the healthcare trend rate as disclosed above, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a healthcare trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease	Healthcare cost Trend	1% Increase
Authority's proportionate share of the net pension liability	814,509	688,970	589,596

NOTE 14 – CARES ACT FUNDING

On April 28, 2020, HUD released *PIH Notice 2020-07: Implementation of Supplemental Guidance to the Federal Fiscal Year 2020 Operating Fund Appropriations*. The purpose of this notice was to provide guidance on the allocation and eligible uses of the Supplemental Public Housing Operating Funding provided pursuant to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Public Law 116-136), as well as the additional flexibilities provided pursuant to the CARES Act to use previously appropriated Capital and Operating Funds to enable PHAs to prevent, prepare for, and respond to coronavirus. The Authority received a Supplemental Public Housing Operating Funding appropriation of \$19,078 for public housing projects. As of December 31, 2021, the Authority had recognized the entire amount of the grant as revenue.

NOTE 15 – SUBSEQUENT EVENTS

In preparing these financial statements, the Housing Authority has evaluated events and transactions for potential recognition or disclosure through August 31, 2022 the date the financial statements were available to be issued. The authority experienced no uncertainties or transactions that were found for recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY
YEAR ENDED DECEMBER 31, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportions of the net pension liability (asset)	0.00185%	0.00181%	0.00179%	0.00175%	0.00170%	0.00160%	0.00160%	0.00160%
Authority's proportionate share of the net pension liability	\$ 219,498	\$ 295,768	\$ 321,634	\$ 343,639	\$ 399,912	\$ 472,468	\$ 351,473	\$ 289,385
Authority's covered-employee payroll	\$ 140,464	\$ 141,648	\$ 131,252	\$ 126,844	141,859	\$ 109,741	\$ 107,999	\$ 106,891
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	156.27%	208.80%	245.05%	270.91%	281.91%	430.53%	325.44%	270.73%
Plan fiduciary net position as a percentage of the total pension liability	53.60%	53.60%	53.60%	53.60%	48.10%	40.14%	47.93%	52.08%

Note: GASB Statement NO 68 requires ten years of information to be presented in this table. However, until a full 10 year trend is compiled, the Authority will present information for those years for which information is available.

See accompanying independent auditor's report

HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEW JERSEY
YEAR ENDED DECEMBER 31, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contributions	21,699	19,841	17,363	17,360	15,915	14,172	13,461	12,752
Contributions in relation to the statutorily required contributions	21,699	19,841	17,363	17,360	15,915	14,172	13,461	12,752
Contributions deficiency (excess)	-	-	-	-	-	-	-	-
Authority's covered-employee payroll	140,464	141,648	131,252	126,844	141,859	109,741	107,999	106,891
Contributions as a percentage of covered-employee payroll	15.45%	14.01%	13.23%	13.69%	11.22%	12.91%	12.46%	11.93%

**HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
YEAR ENDED DECEMBER 31,**

	2021	2020	2019	(restated) 2018
Authority's proportionate share of the net OPEB liability	\$ 688,970	\$ 688,970	\$ 484,003	\$ 605,045
Authority's covered-employee payroll	\$ 140,464	\$ 141,648	\$ 131,252	\$ 126,844
Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	20.39%	20.56%	27.12%	20.96%
Plan fiduciary net position as a percentage of the total OPEB liability	1.04%	1.04%	1.04%	1.03%

Note: GASB Statement NO 68 requires ten years of information to be presented in this table. years for which information is available.

OTHER SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
COMBINING STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2021**

	Low Rent Public Housing	PHC Public Housing CARES act Funding	Capital fund Program	Totals
Current Assets				
Cash	533,426		-	533,426
Restricted cash and investments	49,501		-	49,501
Receivables, net	143,088		-	143,088
Other assets	236		-	236
Total Current assets	<u>726,251</u>		<u>-</u>	<u>726,251</u>
NONCURRENT ASSETS				
Capital assets, net of depreciation	865,883		-	865,883
Total noncurrent assets	<u>865,883</u>		<u>-</u>	<u>865,883</u>
Deferred Outflows of Resources - Pension	23,382			23,382
Deferred Outflows of Resources - OPEB	179,644			179,644
TOTAL ASSETS and DEFERRED OUTFLOWS OF RESOURCES	<u><u>1,795,160</u></u>		<u>-</u>	<u><u>1,795,160</u></u>
LIABILITIES AND NET POSITION				
Current Liabilities				
Accounts payable	21,347		-	21,347
Accrued Liabilities	40,012		-	40,012
Accounts Payable - other government	36,188		-	36,188
Compensated absences	19,703		-	19,703
Tenant security deposits	49,344		-	49,344
Deferred credits and other liabilities	696		-	696
Current portion of long term debt	20,000		-	20,000
Total current liabilities	<u>187,290</u>		<u>-</u>	<u>187,290</u>
NONCURRENT LIABILITIES				
Long Term Debt	100,000		-	100,000
Accrued pension	219,498		-	219,498
Accrued OPEB	688,970		-	688,970
other liabilities	53,555		-	53,555
Total noncurrent liabilities	<u>1,062,023</u>		<u>-</u>	<u>1,062,023</u>
TOTAL LIABILITIES	<u><u>1,249,313</u></u>		<u>-</u>	<u><u>1,249,313</u></u>
Deferred Inflows of Resources - pension	137,535			137,535
Deferred Inflows of Resources -OPEB	374,029			374,029
NET POSITION				
Net Investment in capital assets	745,883		-	745,883
Restricted net position	157		-	157
Unrestricted net position (deficit)	(711,757)		-	(711,757)
TOTAL NET POSITION	<u><u>34,283</u></u>		<u>-</u>	<u><u>34,283</u></u>
TOTAL LIABILITIES, NET POSITION and DEFERRED INFLOWS	<u><u>1,795,160</u></u>		<u>-</u>	<u><u>1,795,160</u></u>

**HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Low Rent Public Housing</u>	<u>PHC Public Housing CARES act Funding</u>	<u>Capital Fund Program</u>	<u>Totals</u>
Operating revenue				
Total Tenant Revenue	536,122			536,122
HUD Operating subsidies other revenue	210,504	19,078	142,747	372,329
Total operating revenue	<u>760,932</u>	<u>19,078</u>	<u>142,747</u>	<u>922,757</u>
Operating Expenses				
Administrative expenses	142,718	18,725	14,665	176,108
Tenant services	10,641	353	-	10,994
Utilities	195,363	-	-	195,363
Maintenance	156,019	-	92,964	248,983
General	23,717	-	-	23,717
Insurance Expense	56,347	-	-	56,347
Depreciation expense	101,081	-	-	101,081
Total operating expenses	<u>685,886</u>	<u>19,078</u>	<u>107,629</u>	<u>812,593</u>
Operating income (loss)	<u>75,046</u>	<u>-</u>	<u>35,118</u>	<u>110,164</u>
Nonoperating revenue (expenses)				
Capital Grants			51,284	51,284
Investment Income	343		-	343
Interest Expense			(6,345)	(6,345)
Operating Transfers	28,773		(28,773)	
Net nonoperating revenue	<u>29,116</u>	<u>-</u>	<u>16,166</u>	<u>45,282</u>
Change in net assets	<u>104,162</u>	<u>-</u>	<u>51,284</u>	<u>155,446</u>
Total net assets at beginning of year	(121,163)		-	(121,163)
Capital contributions/transfers	51,284		(51,284)	-
Total net position at end of year	<u>34,283</u>	<u>-</u>	<u>-</u>	<u>34,283</u>

Freehold Housing Authority (NJ069)
FREEHOLD, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 12/31/2021

	Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Total
111 Cash - Unrestricted	\$533,426		\$533,426	\$533,426
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted	\$157		\$157	\$157
114 Cash - Tenant Security Deposits	\$49,344		\$49,344	\$49,344
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$582,927	\$0	\$582,927	\$582,927
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	\$137,724		\$137,724	\$137,724
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$8,940		\$8,940	\$8,940
126.1 Allowance for Doubtful Accounts - Tenants	-\$3,576		-\$3,576	-\$3,576
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$143,088	\$0	\$143,088	\$143,088
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				

**Freehold Housing Authority (NJ069)
FREEHOLD, NJ**

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 12/31/2021

	Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Total
142 Prepaid Expenses and Other Assets	\$236		\$236	\$236
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$726,251	\$0	\$726,251	\$726,251
161 Land	\$145,000		\$145,000	\$145,000
162 Buildings	\$4,161,376		\$4,161,376	\$4,161,376
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration	\$118,757		\$118,757	\$118,757
165 Leasehold Improvements	\$807,317		\$807,317	\$807,317
166 Accumulated Depreciation	-\$4,397,851		-\$4,397,851	-\$4,397,851
167 Construction in Progress	\$31,284		\$31,284	\$31,284
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$865,883	\$0	\$865,883	\$865,883
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$865,883	\$0	\$865,883	\$865,883

Freehold Housing Authority (NJ069)
FREEHOLD, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2021

	Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Total
200 Deferred Outflow of Resources	\$203,026		\$203,026	\$203,026
290 Total Assets and Deferred Outflow of Resources	\$1,795,160	\$0	\$1,795,160	\$1,795,160
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$21,347		\$21,347	\$21,347
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$2,289		\$2,289	\$2,289
322 Accrued Compensated Absences - Current Portion	\$19,703		\$19,703	\$19,703
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$36,188		\$36,188	\$36,188
341 Tenant Security Deposits	\$49,344		\$49,344	\$49,344
342 Unearned Revenue	\$696		\$696	\$696
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$20,000		\$20,000	\$20,000
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				
347 Inter Program - Due To	\$37,723		\$37,723	\$37,723
348 Loan Liability - Current				

Freehold Housing Authority (NJ069)
FREEHOLD, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2021

	Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Total
310 Total Current Liabilities	\$187,290	\$0	\$187,290	\$187,290
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$100,000		\$100,000	\$100,000
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other	\$53,555		\$53,555	\$53,555
354 Accrued Compensated Absences - Non Current				
355 Loan Liability - Non Current				
356 FASB 5 Liabilities	\$908,468		\$908,468	\$908,468
357 Accrued Pension and OPEB Liabilities	\$1,062,023	\$0	\$1,062,023	\$1,062,023
350 Total Non-Current Liabilities				
300 Total Liabilities	\$1,249,313	\$0	\$1,249,313	\$1,249,313
400 Deferred Inflow of Resources	\$511,564		\$511,564	\$511,564
508.4 Net Investment in Capital Assets	\$745,883		\$745,883	\$745,883
511.4 Restricted Net Position	\$157		\$157	\$157
512.4 Unrestricted Net Position	-\$711,757	\$0	-\$711,757	-\$711,757
513 Total Equity - Net Assets / Position	\$34,283	\$0	\$34,283	\$34,283
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,795,160	\$0	\$1,795,160	\$1,795,160

Freehold Housing Authority (NJ069)
FREEHOLD, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2021

	Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Total
70300 Net Tenant Rental Revenue	\$515,661		\$515,661	\$515,661
70400 Tenant Revenue - Other	\$20,461		\$20,461	\$20,461
70500 Total Tenant Revenue	\$536,122	\$0	\$536,122	\$536,122
70600 HUD PHA Operating Grants	\$353,251	\$19,078	\$372,329	\$372,329
70610 Capital Grants	\$51,284		\$51,284	\$51,284
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$343		\$343	\$343
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery				
71500 Other Revenue	\$14,306		\$14,306	\$14,306
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$955,306	\$19,078	\$974,384	\$974,384
91100 Administrative Salaries	\$66,995	\$18,725	\$85,720	\$85,720

**Freehold Housing Authority (NJ069)
FREEHOLD, NJ**

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 12/31/2021

	Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Total
91200 Auditing Fees	\$4,000		\$4,000	\$4,000
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$3,609		\$3,609	\$3,609
91600 Office Expenses	\$36,985		\$36,985	\$36,985
91700 Legal Expense	\$15,600		\$15,600	\$15,600
91800 Travel	\$600		\$600	\$600
91810 Allocated Overhead				
91900 Other	\$29,594		\$29,594	\$29,594
91000 Total Operating - Administrative	\$157,383	\$18,725	\$176,108	\$176,108
92000 Asset Management Fee				
92100 Tenant Services - Salaries	\$10,000		\$10,000	\$10,000
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services	\$641		\$641	\$641
92400 Tenant Services - Other		\$353	\$353	\$353
92500 Total Tenant Services	\$10,641	\$353	\$10,994	\$10,994
93100 Water	\$18,360		\$18,360	\$18,360
93200 Electricity	\$61,241		\$61,241	\$61,241
93300 Gas	\$63,116		\$63,116	\$63,116
93400 Fuel				
93500 Labor	\$5,392		\$5,392	\$5,392
93600 Sewer	\$46,853		\$46,853	\$46,853

**Freehold Housing Authority (NJ069)
FREEHOLD, NJ**

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2021

	Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Total
93700 Employee Benefit Contributions - Utilities	\$401		\$401	\$401
93800 Other Utilities Expense				
93000 Total Utilities	\$195,363	\$0	\$195,363	\$195,363
94100 Ordinary Maintenance and Operations - Labor	\$48,526		\$48,526	\$48,526
94200 Ordinary Maintenance and Operations - Materials and Other	\$15,135		\$15,135	\$15,135
94300 Ordinary Maintenance and Operations Contracts	\$158,670		\$158,670	\$158,670
94500 Employee Benefit Contributions - Ordinary Maintenance	\$3,370		\$3,370	\$3,370
94000 Total Maintenance	\$225,701	\$0	\$225,701	\$225,701
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance				
96120 Liability Insurance				
96130 Workmen's Compensation	\$56,347		\$56,347	\$56,347
96140 All Other Insurance	\$56,347	\$0	\$56,347	\$56,347
96100 Total Insurance Premiums				
96200 Other General Expenses	\$5,048		\$5,048	\$5,048
96210 Compensated Absences				
96300 Payments in Lieu of Taxes	\$18,531		\$18,531	\$18,531

Freehold Housing Authority (NJ069)
FREEHOLD, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2021

	Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Total
96400 Bad debt - Tenant Rents	\$138		\$138	\$138
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$23,717	\$0	\$23,717	\$23,717
96710 Interest of Mortgage (or Bonds) Payable	\$6,345		\$6,345	\$6,345
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs	\$6,345	\$0	\$6,345	\$6,345
96700 Total Interest Expense and Amortization Cost	\$675,497	\$19,078	\$694,575	\$694,575
96900 Total Operating Expenses	\$279,809	\$0	\$279,809	\$279,809
97000 Excess of Operating Revenue over Operating Expenses				
97100 Extraordinary Maintenance	\$23,282		\$23,282	\$23,282
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$101,081		\$101,081	\$101,081
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$799,860	\$19,078	\$818,938	\$818,938

Freehold Housing Authority (NJ069)
FREEHOLD, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 12/31/2021

	Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Total
10010 Operating Transfer In	\$28,773		\$28,773	\$28,773
10020 Operating transfer Out	-\$28,773		-\$28,773	-\$28,773
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)				
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$155,446	\$0	\$155,446	\$155,446
11020 Required Annual Debt Principal Payments	\$20,000	\$0	\$20,000	\$20,000
11030 Beginning Equity	-\$121,163	\$0	-\$121,163	-\$121,163
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0		\$0	\$0
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				

**Freehold Housing Authority (NJ069)
FREEHOLD, NJ**

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2021

	Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Total
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available	1008		1008	1008
11210 Number of Unit Months Leased	915		915	915
11270 Excess Cash	\$491,775		\$491,775	\$491,775
11610 Land Purchases	\$0		\$0	\$0
11620 Building Purchases	\$31,284		\$31,284	\$31,284
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0	\$0
11650 Leasehold Improvements Purchases	\$0		\$0	\$0
11660 Infrastructure Purchases	\$0		\$0	\$0
13510 CFFP Debt Service Payments	\$26,624		\$26,624	\$26,624
13901 Replacement Housing Factor Funds	\$0		\$0	\$0

OTHER REPORTS

FRANCIS J McCONNELL
CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Housing Authority of the Borough of Freehold
Freehold, New Jersey

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of Housing Authority of the Borough of Freehold, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Freehold Housing Authority's basic financial statements, and have issued our report thereon dated August 31, 2022.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Housing Authority of the Borough of Freehold's internal control over financial reporting (internal control) to determine 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 Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the Borough of Freehold's internal control.

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

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 Housing Authority's financial statements are free from 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Francis J. McConnell
Certified Public accountant

August 31, 2022

**HOUSING AUTHORITY OF THE BOROUGH OF FREEHOLD
SCHEDULE OF FINDINGS OF NONCOMPLIANCE
December 31, 2021**

FINDINGS

NONE

General comments

NONE