



**HOUSING AUTHORITY OF THE
CITY OF VINELAND**

REPORT OF AUDIT

**FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 2021 AND 2020**

HOUSING AUTHORITY OF THE CITY OF VINELAND

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September 30, 2021 and 2020

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HOUSING AUTHORITY OF THE CITY OF VINELAND

PART I - FINANCIAL SECTION

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 AND 2020

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Vineland

Opinion

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Vineland (the "Authority"), a component unit of the City of Vineland, and its blended component unit, Vineland Housing Development Corporation, and its discretely presented component units, Affordable Housing Corporation of Vineland and Melrose Court Homes LP, as of and for the fiscal years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Housing Authority of the City of Vineland, its blended component unit, Vineland Housing Development Corporation, and its discretely presented component units, Affordable Housing Corporation of Vineland and Melrose Court Homes LP, as of September 30, 2021 and 2020, and the changes in its financial position and its cash flows thereof for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of the City of Vineland and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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 Vineland'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 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information 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 financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is 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*, we have also issued our report dated April 27, 2023, on our consideration of the Housing Authority of the City of Vineland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Vineland's internal control over financial reporting and compliance.

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
April 27, 2023

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

Board of Commissioners
Housing Authority of the City of Vineland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Housing Authority of the City of Vineland, a component unit of the City of Vineland, as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 27, 2023. The component unit, Vineland Housing Development Corporation, issues its own audited financial statements which are not audited in accordance with *Government Auditing Standards*. Accordingly, this report does not extend to the blended component unit.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Housing Authority of the City of Vineland's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Bowman & Company LLP". The signature is written in a cursive, flowing style.

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
April 27, 2023

HOUSING AUTHORITY OF THE CITY OF VINELAND
Management's Discussion and Analysis - Unaudited
September 30, 2021

As management of the Vineland Housing Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activity of the Authority for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which includes its blended component unit, Vineland Housing Development Corporation and the Affordable Housing Corporation of Vineland. Also presented discretely are the financial statements of the Authority's component unit, Melrose Court Homes LP.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- 1 The Statements of Net Position** - reports information on all the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and with the difference reported as net position(equity).
- 2 The Statements of Revenue, Expenses and Changes in Net Position** - reports the Authority's operating and nonoperating revenue, by major sources, along with operating and nonoperating expenses and capital contributions.
- 3 Statements of Cash Flows** - reports the Authority's net cash from operating, investing, non-capital financing, and capital and related financial activities.
- 4 Notes to Financial Statements** - provides disclosures essential to fully understanding the data provided in the financial statements.
- 5 Supplemental Information** - presents the schedule of expenditures of Federal Awards as required by the U.S. Office of Management and Budget (2 CFR 200 Uniform Guidance). Schedules for the Authority's post-retirement plan and the State- Administered pension plan are presented as Required Supplementary Information.

FINANCIAL HIGHLIGHTS

- The Authority's Total Net Position (equity) increased from 2020 to 2021 by \$2,224,925 due to an increase in Restricted Net Position of \$6,068,005 offset by a decrease in Unrestricted Net Position of \$(1,005,583) and a decrease in Net Investment in Capital Assets of \$(2,837,497).
- The Authority's Total Net Position (equity) decreased from 2019 to 2020 by \$(152,992) due to an increase in Unrestricted Net Position of \$605,537 offset by a decrease in Net Investment in Capital Assets of \$(689,659) and a decrease in Restricted Net Position of \$(68,870).

HOUSING AUTHORITY OF THE CITY OF VINELAND
Management's Discussion and Analysis - Unaudited (continued)
September 30, 2021

FINANCIAL HIGHLIGHTS (continued)

- The Authority's Current Assets balance including cash at the reporting year end was \$6,900,184 for 2021, \$6,823,435 for 2020 and \$6,438,237 for 2019. This includes amounts designated for current restricted use.
- The Authority had Total Revenues of \$14,948,788 in 2021, \$12,141,992 in 2020 and \$11,295,117 in 2019. The Authority had Total Expenses of \$12,723,863 in 2021, \$12,294,984 in 2020 and \$11,011,523 in 2019.
- The Primary Government's Expenditures of Federal Awards amounted to \$9,937,934 in 2021, \$7,412,447 in 2020 and \$6,760,437 in 2019.
- Since fiscal year 2014, the Authority has recorded the adjustment required by Government Accounting Standards Board (GASB) Statement No. 68 Accounting and Financial Reporting for Pensions as required by Generally Accepted Accounting Principles for government entities. Under the provisions of GASB 68, the Authority must include its proportionate share of the net pension liability of the Public Employees' Retirement System (PERS). The Authority was required to report \$768,623 of deferred outflows of resources, \$1,440,971 of deferred inflows of resources and the pension liability of \$2,214,769 for the current fiscal year.
- Also since fiscal year 2018, the Authority has recorded the adjustment required by Government Accounting Standards Board (GASB) Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB) as required by Generally Accepted Accounting Principles for government entities. Under the provisions of GASB 75, the Authority must include its proportionate share of the net OPEB for post-employment benefits (health insurance). The Authority was required to report \$2,686,306 of deferred outflows of resources, \$3,728,297 of deferred inflows of resources and the OPEB liability of \$7,647,027 for the current fiscal year.

OTHER FINANCIAL INFORMATION

The Housing Authority of the City of Vineland operates various programs involving the provisioning of affordable housing services. Some programs are federal and state instituted and others are management operations of affordable housing.

The major programs of the Authority are:

1. Public Housing Program
2. Section 8 Housing Choice Voucher Program
3. Business Activities, consisting of General Management and Supplemental funds.
4. Component Units, which are legally separate corporations and instrumentalities of the Housing Authority formed to carry out the mission of the Authority and expand affordable housing opportunities.
5. Congregate Service Program
6. FSS - Family Self-Sufficiency Program

HOUSING FACTS:

1. Over 1,150 Low-income families have been assisted throughout the county by the Housing Authority in 2021; affording them decent, safe, and sanitary housing based on their ability to pay.
2. Over \$6.1 million was disbursed in Housing Assistance Payments for the year ended 9-30-21.
3. The average monthly housing assistance provided for Section 8 families was \$587.00.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Management's Discussion and Analysis - Unaudited (continued)
September 30, 2021

BUDGETARY HIGHLIGHTS

As for the year ended September 30, 2021, a consolidated budget (excluding the component unit) was prepared by the Authority and was approved by the Board of Commissioners. Individual project, program and grant budgets were also prepared and used internally by management. The budgets are used primarily as a management tool. However, for the Authority's annual entity-wide (excluding the component unit) State budget, the total amount of appropriations constitutes the legal level of control. Expenditures may not exceed appropriations at this level without approval State of New Jersey Department of Community Affairs.

In some governmental programs, funding is derived by formula. The Authority experienced major funding changes in recent years, including recent increases.

STATEMENT OF NET POSITION

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 City of Vineland, assets exceed liabilities by \$9,868,049 at the close of the most recent year. The following table shows a summary of changes from the prior years:

STATEMENTS OF NET POSITION

	September 30, 2021		September 30, 2020		September 30, 2019	
	Primary Government	Component Unit	Primary Government	Component Unit	Primary Government	Component Unit
Current Assets	\$ 6,809,866	\$ 90,318	\$ 6,717,205	\$ 106,230	\$ 6,328,092	\$ 110,145
Non-current Restricted Assets	6,503,242	427,228	1,917,149	405,968	1,703,406	390,683
Capital Assets, net	14,262,335	3,097,429	14,271,830	3,326,304	15,002,703	3,555,179
Other Assets	1,275,378	36,931	1,293,147	40,850	1,269,237	44,769
Total Assets	28,850,821	3,651,906	24,199,331	3,879,352	24,303,438	4,100,776
Deferred Outflows of Resources	3,454,929	-	3,694,308	-	647,033	-
Current Liabilities	1,339,040	195,041	1,262,136	215,984	845,599	169,654
Long-term Liabilities	15,929,393	2,812,468	14,116,548	2,847,658	11,487,592	2,954,719
Total Liabilities	17,268,433	3,007,509	15,378,684	3,063,642	12,333,191	3,124,373
Deferred Inflows of Resources	5,169,268	-	5,043,144	-	5,153,170	-
Net Investment in Capital Assets	8,274,534	355,108	10,912,059	555,080	11,400,538	756,260
Restricted Net Position	6,039,633	286,396	-	258,024	108,952	217,942
Unrestricted Net Position	(4,446,118)	2,893	(3,440,248)	2,606	(4,045,380)	2,201
Net Position	\$ 9,868,049	\$ 644,397	\$ 7,471,811	\$ 815,710	\$ 7,464,110	\$ 976,403

HOUSING AUTHORITY OF THE CITY OF VINELAND
Management's Discussion and Analysis - Unaudited (continued)
September 30, 2021

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of Revenues, Expenses, and Changes in Net Position shows the sources of changes in net position as they arise through various programs and functions. A condensed statement of Revenues, Expenses, and Changes in Net Position comparing fiscal years 2021, 2020 and 2019 are as follows:

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	September 30, 2021		September 30, 2020		September 30, 2019	
	Primary Government	Component Unit	Primary Government	Component Unit	Primary Government	Component Unit
Revenues:						
Federal grant awards	\$ 9,937,934	\$ -	\$ 7,386,524	\$ -	\$ 6,417,368	\$ -
State and local grant awards	70,896	-	82,723	-	88,547	-
Tenant charges	2,409,541	92,156	2,599,547	99,983	2,587,888	98,784
Housing assistance payments	1,723,313	219,814	998,935	203,947	715,719	178,312
Other Revenues	428,349	443	652,296	47	492,855	27
Total Revenues	14,570,033	312,413	11,720,025	303,977	10,302,377	277,123
Operating Expenses:						
Housing assistance payments	6,188,956	-	5,230,471	-	4,535,981	-
Administrative and Other Expenses	4,909,718	179,977	5,513,029	161,003	4,812,772	147,817
Depreciation expense	889,031	232,794	909,306	232,794	1,016,709	232,794
Total Operating Expenses	11,987,705	412,771	11,652,806	393,797	10,365,462	380,611
Operating Income (Loss)	2,582,328	(100,358)	67,219	(89,820)	(63,085)	(103,488)
Non-Operating Revenues (Expenses):						
Tower Rental Income	55,192	-	54,699	-	54,163	-
Capital Grants	-	-	25,923	-	343,069	-
Investment Income	10,879	271	20,216	1,562	22,438	4,337
Interest Expense	(252,161)	(65,552)	(175,946)	(66,761)	(191,853)	(67,923)
Insurance Recovery on capital assets, net of impairment loss	-	-	-	-	291,610	-
NJHMFA loan fees	-	(5,674)	-	(5,674)	-	(5,674)
Other nonoperating income	-	-	15,590	-	-	-
Net non-operating revenue (expenses)	(186,090)	(70,955)	(59,518)	(70,873)	519,427	(69,260)
Increase (decrease) in net position	2,396,238	(171,313)	7,701	(160,693)	456,342	(172,748)
Net position at the beginning of the year	7,471,811	815,710	7,464,110	976,403	7,007,768	1,149,151
Net position at the end of the year	\$ 9,868,049	\$ 644,397	\$ 7,471,811	\$ 815,710	\$ 7,464,110	\$ 976,403

HOUSING AUTHORITY OF THE CITY OF VINELAND
Management's Discussion and Analysis - Unaudited (continued)
September 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

The following table summarizes the changes in capital assets between September 30, 2021, 2020 and 2019:

	September 30, 2021		September 30, 2020		September 30, 2019	
	Primary Government	Component Unit	Primary Government	Component Unit	Primary Government	Component Unit
Land	\$ 3,398,069	\$ 50,800	\$ 3,398,069	\$ 50,800	\$ 3,398,069	\$ 50,800
Building	46,115,147	3,922,740	45,996,956	3,922,740	45,955,644	3,922,740
Equipment	2,509,095	458,882	2,343,199	458,882	2,212,278	458,882
Construction-in-progress	601,651	-	6,200	-	-	-
Total	52,623,962	4,432,422	51,744,424	4,432,422	51,565,991	4,432,422
Accumulated Depreciation	38,361,627	1,334,993	37,472,594	1,106,118	36,563,288	877,243
Net Capital Assets	\$ 14,262,335	\$ 3,097,429	\$ 14,271,830	\$ 3,326,304	\$ 15,002,703	\$ 3,555,179

Debt:

As of September 30, 2021, the Authority had \$420,000 in outstanding bond debt from the capital leveraging program.

As of September 30, 2021, the Authority had \$2,192,801 in outstanding bond debt from the RAD conversion of two projects.

As of September 30, 2021, the Authority had \$3,375,000 in outstanding mortgage debt from the RAD conversion of two additional projects.

As of September 30, 2021, the component unit had \$2,742,321 in outstanding mortgage debt.

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 September 30, 2021.

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wages rates
- Local inflationary, recession and employment trends, which can affect resident incomes and, therefore, the amount of rental income
- Inflationary pressure on utility rates, supplies, interest rates and other costs

CONTRACTING 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 Executive Director, Vineland Housing Authority, 191 W. Chestnut Avenue, Vineland, NJ 08360-5499, 856-691-4099.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Statements of Net Position
September 30, 2021 and 2020

	September 30, 2021		September 30, 2020	
	<u>Primary Government</u>	<u>Component Unit</u>	<u>Primary Government</u>	<u>Component Unit</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 6,378,828	\$ 53,750	\$ 6,342,729	\$ 80,615
Accounts receivable, net of allowance for doubtful accounts of \$47,936 in 2021 and \$25,757 in 2020	144,203	13,346	77,594	8,034
Development fee receivable	8,859	-	16,090	-
Due from HUD	109,268	3,340	72,668	-
Due from other governments	51,925	-	40,125	-
Other receivables	31,821	789	72,508	788
Prepaid expenses	84,962	19,093	95,491	16,793
Total current assets	<u>6,809,866</u>	<u>90,318</u>	<u>6,717,205</u>	<u>106,230</u>
Non-current restricted assets				
Cash and cash equivalents	6,503,242	427,228	1,917,149	405,968
Capital assets, net	<u>14,262,335</u>	<u>3,097,429</u>	<u>14,271,830</u>	<u>3,326,304</u>
Development fee receivable	6,141	-	23,910	-
Due from Melrose Court Homes, LP	<u>1,269,237</u>	-	<u>1,269,237</u>	-
Deferred charges	-	36,931	-	40,850
Total assets	<u>28,850,821</u>	<u>3,651,906</u>	<u>24,199,331</u>	<u>3,879,352</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	768,623	-	619,994	-
Related to OPEB	<u>2,686,306</u>	-	<u>3,074,314</u>	-
Total deferred outflows of resources	<u>3,454,929</u>	-	<u>3,694,308</u>	-
Total assets and deferred outflows of resources	<u>\$ 32,305,750</u>	<u>\$ 3,651,906</u>	<u>\$ 27,893,639</u>	<u>\$ 3,879,352</u>

(continued)

HOUSING AUTHORITY OF THE CITY OF VINELAND
Statements of Net Position (continued)
September 30, 2021 and 2020

	September 30, 2021		September 30, 2020	
	Primary Government	Component Unit	Primary Government	Component Unit
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	\$ 614,951	\$ 109,668	\$ 473,736	\$ 128,784
Current portion of liability for compensated absences	73,363	-	73,613	-
Current portion of development fee payable	-	8,859	-	16,090
Due to other governments	137,242	10,416	146,086	5,442
Unearned revenue	113,916	806	87,471	2,632
Current portion of long-term debt	204,616	30,520	260,440	29,310
Accrued interest payable	8,225	-	21,346	-
Tenant funds on deposit	186,727	34,772	199,444	33,726
Total current liabilities	<u>1,339,040</u>	<u>195,041</u>	<u>1,262,136</u>	<u>215,984</u>
Long-term liabilities				
Pension liability	2,161,352	-	2,596,467	-
Pension liability - contributions subsequent to measurement date	53,417	-	43,545	-
Other postemployment benefits	7,647,027	-	8,094,999	-
Long-term debt, net of current portion	5,783,185	2,711,801	3,099,331	2,741,914
Liability for compensated absences, net of current portion	220,088	-	220,839	-
Tenant funds on deposit	64,324	-	61,367	-
Development fee payable	-	6,141	-	23,910
Accrued interest	-	94,526	-	81,834
Total long-term liabilities	<u>15,929,393</u>	<u>2,812,468</u>	<u>14,116,548</u>	<u>2,847,658</u>
Total liabilities	<u>17,268,433</u>	<u>3,007,509</u>	<u>15,378,684</u>	<u>3,063,642</u>
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	1,440,971	-	1,355,457	-
Related to OPEB	3,728,297	-	3,687,687	-
Total deferred inflows of resources	<u>5,169,268</u>	<u>-</u>	<u>5,043,144</u>	<u>-</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	8,274,534	355,108	10,912,059	555,080
Restricted net position	6,039,633	286,396	-	258,024
Unrestricted net position (deficit)	(4,446,118)	2,893	(3,440,248)	2,606
Total net position	<u>9,868,049</u>	<u>644,397</u>	<u>7,471,811</u>	<u>815,710</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 32,305,750</u>	<u>\$ 3,651,906</u>	<u>\$ 27,893,639</u>	<u>\$ 3,879,352</u>

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

HOUSING AUTHORITY OF THE CITY OF VINELAND
Statements of Revenue, Expenses, and Changes in Net Position
For the Fiscal Years Ended September 30, 2021 and 2020

	September 30, 2021		September 30, 2020	
	Primary Government	Component Unit	Primary Government	Component Unit
Operating revenue				
Federal grant awards	\$ 9,937,934	\$ -	\$ 7,386,524	\$ -
State and local grant awards	70,896	-	82,723	-
Tenant charges	2,409,541	92,156	2,599,547	99,983
Housing assistance payments	1,723,313	219,814	998,935	203,947
Management contract fees	383,461	-	540,642	-
Other income	44,888	443	111,654	47
Total operating revenue	<u>14,570,033</u>	<u>312,413</u>	<u>11,720,025</u>	<u>303,977</u>
Operating expenses				
Administration	1,986,292	68,445	2,304,783	62,494
Tenant services	192,831	-	186,919	-
Utilities	1,039,662	17,178	1,071,502	15,709
Housing assistance payments	6,188,956	-	5,230,471	-
Ordinary maintenance and operation	1,198,472	41,901	1,436,329	35,486
Protective services	-	-	1,100	-
General expenses	235,274	16,567	266,718	16,697
Depreciation expense	889,031	232,794	909,306	232,794
Insurance	257,187	35,886	245,678	30,617
Total operating expenses	<u>11,987,705</u>	<u>412,771</u>	<u>11,652,806</u>	<u>393,797</u>
Operating income (loss)	<u>2,582,328</u>	<u>(100,358)</u>	<u>67,219</u>	<u>(89,820)</u>
Non-operating revenue (expenses):				
Tower rental income	55,192	-	54,699	-
Capital grants	-	-	25,923	-
Investment income	10,879	271	20,216	1,562
Interest expense	(252,161)	(65,552)	(175,946)	(66,761)
NJHMFA loan fees	-	(5,674)	-	(5,674)
Other non-operating income	-	-	15,590	-
Net non-operating expenses	<u>(186,090)</u>	<u>(70,955)</u>	<u>(59,518)</u>	<u>(70,873)</u>
Increase (decrease) in net position	<u>2,396,238</u>	<u>(171,313)</u>	<u>7,701</u>	<u>(160,693)</u>
Net position at the beginning of the year	<u>7,471,811</u>	<u>815,710</u>	<u>7,464,110</u>	<u>976,403</u>
Net position at the end of the year	<u>\$ 9,868,049</u>	<u>\$ 644,397</u>	<u>\$ 7,471,811</u>	<u>\$ 815,710</u>

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

HOUSING AUTHORITY OF THE CITY OF VINELAND
Statements of Cash Flows
For the Fiscal Years Ended September 30, 2021 and 2020

	September 30, 2021		September 30, 2020	
	Primary Government	Component Unit	Primary Government	Component Unit
Cash flows from operating activities				
Cash received from federal and state assistance programs	\$ 10,068,578	\$ -	\$ 7,470,252	\$ -
Cash received from tenants	2,307,717	86,064	2,569,045	99,983
Housing assistance payment receipts	1,690,220	220,393	998,935	203,947
Cash received from management contracts	641,698	-	280,642	-
Other operating cash receipts	144,086	443	371,654	47
Payments for goods and services	(3,383,825)	(187,646)	(4,035,890)	(142,668)
Payments to employees and for benefits	(2,271,262)	-	(1,448,580)	-
Payments to landlords for rent	(6,188,956)	-	(5,230,471)	-
Cash received from related organizations	39,653	-	48,891	-
Net cash provided by operating activities	<u>3,047,909</u>	<u>119,254</u>	<u>1,024,478</u>	<u>161,309</u>
Cash flows from non-capital financing activities				
Tower rental income	55,192	-	54,699	-
Net cash provided by non-capital financing activities	<u>55,192</u>	<u>-</u>	<u>54,699</u>	<u>-</u>
Cash flows from capital and related financing activities				
Purchase of capital assets	(879,536)	-	(178,433)	-
Capital grants received	-	-	25,923	-
Principal payments on long-term debt	2,628,030	(28,903)	(242,394)	(27,695)
Interest payments on long-term debt	(265,282)	(65,553)	(175,946)	(66,761)
Payment of development fee	25,000	(25,000)	60,000	(60,000)
Payment of NJHMFA loan fees	-	(5,674)	-	(5,674)
Other nonoperating income	-	-	15,590	-
Net cash provided by (used in) capital and related financing activities	<u>1,508,212</u>	<u>(125,130)</u>	<u>(495,260)</u>	<u>(160,130)</u>
Cash flows from investing activities				
Interest income received	10,879	271	20,216	1,562
Net cash provided by investing activities	<u>10,879</u>	<u>271</u>	<u>20,216</u>	<u>1,562</u>
Increase (decrease) in cash and cash equivalents	4,622,192	(5,605)	604,133	2,741
Cash and cash equivalents, beginning of year	<u>8,259,878</u>	<u>486,583</u>	<u>7,655,745</u>	<u>483,842</u>
Cash and cash equivalents, end of year	<u>\$ 12,882,070</u>	<u>\$ 480,978</u>	<u>\$ 8,259,878</u>	<u>\$ 486,583</u>

HOUSING AUTHORITY OF THE CITY OF VINELAND
Statements of Cash Flows (continued)
For the Fiscal Years Ended September 30, 2021 and 2020

	September 30, 2021		September 30, 2020	
	Primary Government	Component Unit	Primary Government	Component Unit
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 2,582,328	\$ (100,358)	\$ 67,219	\$ (89,820)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	889,031	228,875	909,306	228,875
Provision for allowance for doubtful accounts	22,179	-	17,736	-
Adjustment to actuarial pension expense	(448,871)	-	(151,987)	-
Adjustment to actuarial accounts payable amount	(39,487)	-	(47,125)	-
Adjustment to actuarial other postemployment benefits	(19,354)	-	66,790	-
Deferred charges, net	-	3,919	-	3,919
Accrued interest	-	12,692	-	12,692
(Increase) decrease in assets				
Accounts receivable, net of allowance for doubtful accounts	(88,788)	(8,652)	(70,569)	(5,308)
Due from HUD	(36,600)	-	(16,797)	-
Due from other governments	(11,800)	-	17,802	-
Other receivables	40,687	-	(11,109)	-
Prepaid expenses	10,529	(2,300)	(19,696)	(3,321)
Increase (decrease) in liabilities				
Accounts payable and accrued expenses	141,215	(14,142)	136,996	14,699
Liability for compensated absences	(1,001)	-	53,793	-
Tenant funds on deposit	(9,760)	1,046	9,479	(2,079)
Due to other governments	(8,844)	-	(328)	-
Unearned revenue	26,445	(1,826)	62,968	1,652
Net cash provided by operating activities	\$ 3,047,909	\$ 119,254	\$ 1,024,478	\$ 161,309
Reconciliation of cash and cash equivalents to the statements of net position				
Cash and cash equivalents - unrestricted	\$ 6,378,828	\$ 53,750	\$ 6,342,729	\$ 80,615
Cash and cash equivalents - restricted	6,503,242	427,228	1,917,149	405,968
	<u>\$ 12,882,070</u>	<u>\$ 480,978</u>	<u>\$ 8,259,878</u>	<u>\$ 486,583</u>

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

HOUSING AUTHORITY OF THE CITY OF VINELAND

Notes to Financial Statements

Note 1: **ORGANIZATION AND ACTIVITY**

The Housing Authority of the City of Vineland (the "Authority") was created through a resolution of the Council of the City of Vineland in 1965. Organized as a public housing authority ("PHA") as defined by state statute (N.J.S.A. 40A:12A-1, et seq., the "Housing Authority Act"), the Authority functions under the supervision of the U.S. Department of Housing and Urban Development and the New Jersey State Department of Community Affairs. The Board of Commissioners of the Authority is a seven-member board with five members appointed by the Council of the City of Vineland, one member appointed by the Mayor of the City of Vineland, and one member appointed by the Commissioner of the New Jersey State Department of Community Affairs.

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

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

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

Based upon the application of these criteria, the Authority is a component unit of the City of Vineland. The Council and Mayor of the City of Vineland appoint six out of seven commissioners. These financial statements would be either blended or discretely presented as a part of the City's financial statements if the City reported using generally accepted accounting principles applicable to governmental entities.

As of September 30, 2021, based upon the application of these criteria, the Authority considers the Vineland Housing Development Corporation (VHDC), the Affordable Housing Corporation of Vineland (AHCV), and Melrose Court Homes, LP (MCH) to be component units because of the significance of their operational or financial relationships with the Authority.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

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

VHDC is a separate legal entity from the Housing Authority of the City of Vineland but is related by common management. VHDC is a blended component unit which is included in the financial statements of the Authority. VHDC is a nonprofit entity incorporated June 8, 1999 and works in conjunction with the Housing Authority of the City of Vineland and the City of Vineland in an effort to create and increase affordable housing units within the city limits of Vineland, New Jersey. The component unit's fiscal year covers the period ending June 30, 2021. The financial statements of the individual component unit may be obtained by writing to the Authority's Executive Director at 191 W. Chestnut Avenue, Vineland, NJ 08360-5499. The purpose of VHDC is to provide affordable housing to the needy and for other charitable purposes permitted by N.J.S.A. 15A:2-(1) and the Internal Revenue Code Section 501 (c)(3).

AHCV is a separate legal entity from the Housing Authority of the City of Vineland but is related by common management. AHCV is a blended component unit which is included in the financial statements of the Authority. The component unit's fiscal year covers the period ending September 30, 2021. AHCV is a nonprofit entity incorporated June 6, 2018 and works in conjunction with the Housing Authority of the City of Vineland to provide low and moderate income individuals with affordable housing opportunities and, without limitation, providing, developing, building, managing, promoting, constructing, operating, selling, leasing, rehabilitating, renovating, and disposing of safe and affordable housing.

MCH is a separate legal entity from the Housing Authority of the City of Vineland but is related by common management. MCH is a discretely presented component unit in the financial statements of the Authority. MCH was formed as a limited partnership on March 31, 2014. The purpose of MCH is to develop, construct, lease, maintain, and operate a multifamily complex consisting of seventeen (17) detached single family homes on a single parcel for rental to persons of low to moderate income. The property is located in Vineland, New Jersey and operates under the name of Melrose Court. The project has qualified for and been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 which regulates the use of the project through the New Jersey Housing Mortgage Finance Agency (NJHMFA) as to occupant eligibility and unit gross rent, among other requirements. MCH must meet the provisions of these regulations during each of 15 consecutive years in order to remain qualified to receive the credits. The component unit's fiscal year covers the period ending December 31, 2021. The financial statements of the individual component unit may be obtained by writing to the Authority's Executive Director at 191 W. Chestnut Avenue, Vineland, NJ 08360-5499.

As of September 30, 2021, the activities of the Authority included the ownership and/or management or oversight management of the following programs in Vineland, New Jersey:

The Housing Choice Voucher Program provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe, and sanitary housing for extremely low and very low-income families as defined by the Housing Act of 1998, at rents that they can afford. The U.S. Department of Housing and Urban Development ("HUD") provides assistance for approximately 543 housing units to the Authority. This includes 347 units of tenant based rental assistance and 196 units of project-based vouchers. Project based vouchers are currently available only to tenants of Oakview Apartments in Millville, New Jersey (119), Parkview Gardens in Buena, New Jersey (60), and Melrose Court Homes in Vineland, New Jersey (17).

The Public Housing Program consists of 172 rental units constructed or purchased and operated by the Authority. The purpose of this program is to provide decent, safe, and sanitary housing to eligible low-income families and the elderly at rents they can afford. HUD provides assistance to the Authority in the form of operating subsidies.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Rental Assistance Demonstration (“RAD”) program was created to assist housing authorities with preserving and/or improving public housing properties. The RAD program allows housing authorities to leverage public housing stock and public and private debt to make these improvements in the absence of federal funding for this purpose. In addition, converting to RAD provides for a more stable funding stream. Effective November 30, 2018, the Authority converted its Asselta Acres, Parkview Apartments, and Tarkiln Acres properties to RAD, converting 225 rental units to project-based vouchers. Effective November 30, 2020, the Authority converted its Kidston Towers and Olivio Towers properties to RAD, converting 193 of the 203 rental units to project-based vouchers. The remaining 10 units were converted to non-RAD fair market rate project-based vouchers. The vouchers are managed by the Authority.

The Congregate Services Program is a state-funded program that provides nutrition, housekeeping, and certain other services to tenants residing in the Authority's owned or managed housing projects for the elderly and disabled.

Basis of presentation

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

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

Basis of accounting

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

Revenues - Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. Tenant charges, management contract fees, and other income are recognized as revenue when services are provided. Development fee revenue is recognized in accordance with a partnership agreement.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

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

Basis of accounting (continued)

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

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

Budgets and budgetary control

The Authority prepares an annual budget as required by N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current year and to adopt not later than the beginning of the Authority's year. The governing body may amend the budget at any point during the year. The Authority's budget includes all operations of the Authority, exclusive of its component units. Planned Capital Fund expenditures are included in a capital budget, which is part of the annual budget. The original budget and budget amendments must be approved by Board resolution. Budget amendments during the fiscal years ended September 30, 2021 and 2020 were not significant.

Annual budgets are prepared on the modified accrual basis of accounting. This basis differs in certain respects from the full accrual basis of accounting that the Authority utilizes for financial reporting.

The Authority's annual budget is prepared on a detailed line-item basis. Revenues are budgeted by source. Expenditures are budgeted by function and nature. The total amount of appropriations constitutes the legal level of control.

Cash and cash equivalents and investments

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

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

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

Cash and cash equivalents and investments (continued)

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

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

Restricted assets

Certain cash of the Authority is restricted by HUD for use to fund future housing assistance payment, for tenant security deposits, Family Self-Sufficiency deposits, or for other specified purposes. See Note 4.

Capital assets

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

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

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

Buildings	40 years
Building improvements	15 years
Furniture and equipment	3 to 7 years

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

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

Deferred outflows and deferred inflows of resources

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

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report amounts related to the defined benefit pension plan and other postemployment benefits that are applicable to future periods as deferred outflows of resources and deferred inflows of resources. See Notes 6 and 7 for more information regarding the pension plan and other postemployment benefits (OPEB), respectively.

Compensated Absences

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB (benefit) expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan (the Plan) and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

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

Net position

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

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced, by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at fiscal year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component as the unspent amount.

Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted net position – This component of net position consists of net position that does not meet the definitions of "restricted" or "net investment in capital assets". This component includes net position that may be allocated for specific purposes by the Board.

Income taxes

The Authority operates as defined by the Internal Revenue Code Section 115 and is exempt from income taxes under Section 115. The for-profit component unit is recognized as partnerships for federal and state purposes. No provisions for income taxes are presented in the financial statements since taxable income or loss is reported by the partners on their individual income tax returns.

Operating and non-operating revenues and expenses

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

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

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

Operating and non-operating revenues and expenses (continued)

Federal and state grant revenue (continued)

Federal grants are generally classified as operating unless they are capital specific in which case they are classified as non-operating. During the fiscal year ended September 30, 2021, the Authority determined that certain grant revenues related to capital leveraging were more properly classified as non-operating as the funds were used for capital improvements. Amounts totaling \$0 for 2021 and \$25,923 for 2020 have been reclassified from operating revenues, federal grant awards to non-operating, capital grants in the accompanying Statements of Revenue, Expenses, and Changes in Net Position.

State financial assistance applicable to the Congregate Services Program is recognized when program expenditures are incurred in accordance with program guidelines. Such revenue is subject to review by the funding agency and may result in disallowance in subsequent periods.

Management contract fees - The Authority provides property management and administrative services to certain outside parties providing affordable housing. Management fees for these services are determined as prescribed in the individual management contracts. Revenue from these contracts is recognized on an accrual basis.

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

Housing assistance payments – Housing assistance payments consist of amounts received related to project-based vouchers held by tenants. Charges are determined and billed monthly and recognized as revenues when assessed because they are measurable and are collectible within the current period. Amounts not received by year-end are considered to be accounts receivable, and amounts paid for the subsequent year are recorded as unearned revenue.

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

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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

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

New accounting standards adopted

Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement originally would have become effective for the Authority in the year ending September 30, 2020, but as a result of GASB Statement 95 will become effective in the year ending September 30, 2022. Management does not expect this Statement will have an impact on the financial statements.

New accounting pronouncements to be implemented in the future

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

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement originally would have become effective for the Authority in the fiscal year ending September 30, 2021, but as a result of GASB Statement 95 will become effective in the fiscal year ending September 30, 2022. Management has determined no material impact of this Statement on the financial statements.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also simplifies accounting for interest cost incurred before the end of a construction period. This Statement originally would have become effective for the Authority in the fiscal year ending September 30 2021, but as a result of GASB Statement 95 will become effective in the fiscal year ending September 30, 2022. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement originally would have become effective for the Authority in the fiscal year ending September 30, 2022, but as a result of GASB Statement 95 will become effective in the fiscal year ending September 30, 2023. Management has not yet determined the impact of this Statement on the financial statements.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

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

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

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

1. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
2. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 originally would have become effective for the Authority in the fiscal year ending September 30, 2021, but as a result of GASB Statement 95 will become effective in the fiscal year ending September 30, 2022.
3. The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities originally would have become effective for the Authority in the fiscal year ending September 30, 2021, but as a result of GASB Statement 95 will become effective in the fiscal year ending September 30, 2022.
4. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition originally would have become effective for the Authority in the year ending September 30, 2021, but as a result of GASB Statement 95 will become effective in the year ending September 30, 2022.

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

Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. This Statement will become effective for the Authority in the year ending September 30, 2021. GASB Statement 95 changed the effective date for paragraphs 13 and 14 to the year ending September 30, 2022. Management does not expect this Statement will have an impact on the financial statements.

Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The Statement will become effective for the Authority in the year ending September 30, 2023. Management does not expect this Statement will have an impact on the financial statements.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

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

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

Statement 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Statement will become effective for the Authority in the fiscal year ending September 30, 2023. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The portions of the statement effect component unit criteria are effective immediately, but the other portions of the Statement will become effective for the Authority in the fiscal year ending September 30, 2022. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement will become effective for the Authority in the fiscal year ending September 30, 2022. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective immediately. The requirements related to leases, PPPs, and SBITAs will become effective for the Authority in the fiscal year ending September 30, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will become effective for the Authority in the fiscal year ending September 30, 2024. Management does not expect this Statement will have an impact on the financial statements.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

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

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

Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Statement will become effective for the Authority in the fiscal year ending September 30, 2024. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement will become effective for the Authority in the fiscal year ending September 30, 2025. Management is currently evaluating the impact this Statement will have on the basic financial statements of the Authority.

Note 3: **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents

Custodial credit risk – Custodial credit risk is the risk that, in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority’s formal policy regarding custodial credit risk is the same as described in Note 1, N.J.S.A. 17:9-41 et seq. and included in its cash management plan. The Authority shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. As of September 30, 2021 and 2020, the bank balances of the Authority and the component unit, were insured or collateralized as follows:

	September 30, 2021	
	Authority	Component Unit
Insured	\$ 501,244	\$ 50,000
Collateralized under GUDPA	12,421,192	-
Uninsured or uncollateralized	-	-
	\$ 12,922,436	\$ 50,000

	September 30, 2020	
	Authority	Component Unit
Insured	\$ 751,156	\$ 250,000
Collateralized under GUDPA	7,659,592	-
Uninsured or uncollateralized	-	29,163
	\$ 8,410,748	\$ 279,163

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 4: **RESTRICTED ASSETS**

The Authority established restricted cash accounts as required by HUD to report cash associated with unused Housing Assistance Payments, to hold tenant security deposits, and for capital leveraging purposes. The Authority also established a restricted cash account to hold money the Authority has set aside for tenants participating in the Family Self-Sufficiency Program. The purpose of the program is to reduce dependency on housing assistance. Participants can withdraw monies from their account to pay for certain expenditures, including the purchase of a home.

The Authority's restricted cash is as follows:

	September 30,	
	2021	2020
Construction (Kidston Towers/Olivio Towers - RAD)	\$ 3,588,117	\$ 215,965
RAD reserves – replacement reserves	1,796,368	1,396,177
Housing Assistance Payment	793,517	75,337
Tenant security deposits	186,727	144,169
Family Self-Sufficiency deposits	64,325	61,368
RAD reserves – operating reserve	50,022	-
RAD reserves – loan payment reserve	24,166	24,133
	\$ 6,503,242	\$ 1,917,149

The discretely presented component unit's restricted cash is as follows:

	September 30,	
	2021	2020
Operating reserve	\$ 246,779	\$ 246,612
NJHMFA reserves	145,677	125,680
Tenant security deposits	34,772	33,676
	\$ 427,228	\$ 405,968

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 5: **CAPITAL ASSETS**

The Authority's capital asset activity for the fiscal years ended September 30, 2021 and 2020 was as follows:

	Balance September 30, 2020	Additions	Reductions	Balance September 30, 2021
Capital assets not being depreciated				
Land	\$ 3,398,069	\$ -	\$ -	\$ 3,398,069
Construction in Progress	6,200	601,651	6,200	601,651
Total capital assets not being depreciated	<u>3,404,269</u>	<u>601,651</u>	<u>6,200</u>	<u>3,999,720</u>
Capital assets being depreciated				
Buildings	45,996,956	118,192	-	46,115,148
Furniture, equipment & machinery - dwelling	494,347	-	-	494,347
Furniture, equipment & machinery - administration	1,848,853	165,894	-	2,014,747
Total capital assets being depreciated	<u>48,340,156</u>	<u>284,086</u>	<u>-</u>	<u>48,624,242</u>
	51,744,425	885,737	6,200	52,623,962
Less accumulated depreciation	<u>37,472,595</u>	<u>889,032</u>	<u>-</u>	<u>38,361,627</u>
Capital assets, net	<u>\$ 14,271,830</u>	<u>\$ (3,295)</u>	<u>\$ 6,200</u>	<u>\$ 14,262,335</u>

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

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

	Balance September 30, 2019	Additions	Reductions	Balance September 30, 2020
Capital assets not being depreciated				
Land	\$ 3,398,069	\$ -	\$ -	\$ 3,398,069
Construction in Progress	-	6,200	-	6,200
Total capital assets not being depreciated	<u>3,398,069</u>	<u>6,200</u>	<u>-</u>	<u>3,404,269</u>
Capital assets being depreciated				
Buildings	45,955,645	43,015	1,704	45,996,956
Furniture, equipment & machinery - dwelling	475,533	18,814	-	494,347
Furniture, equipment & machinery - administration	<u>1,736,745</u>	<u>112,108</u>	<u>-</u>	<u>1,848,853</u>
Total capital assets being depreciated	<u>48,167,923</u>	<u>173,937</u>	<u>-</u>	<u>48,340,156</u>
	51,565,992	180,137	1,704	51,744,425
Less accumulated depreciation	<u>36,563,289</u>	<u>909,306</u>	<u>-</u>	<u>37,472,595</u>
Capital assets, net	<u>\$ 15,002,703</u>	<u>\$ (729,169)</u>	<u>\$ 1,704</u>	<u>\$ 14,271,830</u>

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN**

Public Employees' Retirement System

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

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

General Information about the Pension Plan

Plan Description

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

Vesting and Benefit Provisions

The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service, except for medical benefits.

The following represents the membership tiers for PERS:

Tier Definition

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

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

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

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in State fiscal year 2021. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Authority's contractually required contribution rate for the fiscal years ended September 30, 2021 and 2020 was 15.49% and 13.65% of the Authority's covered payroll, respectively. These amounts were actuarially determined as an amount that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2021, the Authority's contractually required contribution to the pension plan for the fiscal year ended September 30, 2021 was \$213,666, and was payable by April 1, 2022. Based on the PERS measurement date of June 30, 2020, the Authority's contractually required contribution to the pension plan for the fiscal year ended September 30, 2020 was \$174,179, and paid by April 1, 2021. Employee contributions to the pension plan during the fiscal years ended September 30, 2021 and 2020 were \$105,670 and \$97,919, respectively.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

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

Pension Liability - At September 30, 2021, the Authority's proportionate share of the net pension liability was \$2,161,352. 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 July 1, 2020. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2021 measurement date, the Authority's proportion was 0.0182446452%, which was an increase of 0.0023226132% from its proportion measured as of June 30, 2020.

At September 30, 2020, the Authority's proportionate share of the net pension liability was \$2,596,467. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2020 measurement date, the Authority's proportion was 0.0159220320%, which was an increase of 0.0016268513% from its proportion measured as of June 30, 2019.

Pension Expense - For the fiscal years ended September 30, 2021 and 2020, the Authority recognized pension benefit of \$274,693 and \$12,937, respectively. These amounts were based on the plan's June 30, 2021 and 2020 measurement dates, respectively.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At September 30, 2021 **and 2020**, the Authority had deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Measurement Date June 30, 2021		Measurement Date June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,087	\$ 15,473	\$ 47,277	\$ 9,182
Change of assumptions	11,256	769,455	84,232	1,087,165
Net difference between projected and actual earnings on pension plan investments	-	569,357	88,749	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	669,863	86,686	356,191	259,110
Authority contributions subsequent to the measurement date	53,417		43,545	
	\$ 768,623	\$ 1,440,971	\$ 619,994	\$ 1,355,457

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

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

The deferred outflows of resources related to pensions totaling \$53,417 and \$43,545 will be included as a reduction of the net pension liability in the fiscal years ended September 30, 2022 and 2021, respectively. This amount is based on an estimated April 1, 2023 and April 1, 2022 contractually required contribution, prorated from the pension plans measurement date of June 30, 2021 and June 30, 2020 to the Authority's fiscal year end of September 30, 2021 **and 2020**.

The Authority will amortize the other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Year of pension plan deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	5.13	-
Changes of assumptions		
Year of pension plan deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
Net difference between projected and actual earnings on pension plan investments		
Year of pension plan deferral: check		
June 30, 2014	-	-
June 30, 2015	-	-
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

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

	Deferred Outflow of Resources	Deferred Inflows of Resources
Changes in proportion and differences between Authority contributions and proportionate share of contributions		
Year of pension plan deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13

Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

Fiscal Year Ending September 30,	
2022	\$ (395,177)
2023	(186,933)
2024	(80,039)
2025	(76,524)
2026	12,908
	\$ (725,765)

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Actuarial Assumptions

The net pension liability was measured as of June 30, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 and 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021 and 2020. These actuarial valuations used the following actuarial assumptions, applied to all periods included in the measurement:

	Measurement Date June 30, 2021	Measurement Date June 30, 2020
Inflation rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary increases:		
Through 2026	2.00% - 6.00%	2.00% - 6.00%
Based on years of service	Based on years of service	Based on years of service
Thereafter	3.00% - 7.00%	3.00% - 7.00%
Based on years of service	Based on years of service	Based on years of service
Investment rate of return	7.00%	7.00%
Period of actuarial experience Study upon which actuarial assumptions were based	July 1, 2014 – June 30, 2018	July 1, 2014 – June 30, 2018

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Actuarial Assumptions (continued)

For the June 30, 2021 measurement date, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

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

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Actuarial Assumptions (continued)

Asset Class	Measurement Date June 30, 2021		Measurement Date June 30, 2020	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	3.35%	3.00%	3.40%
Cash Equivalents	4.00%	0.50%	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%	5.00%	1.94%
Investment Grade Credit	8.00%	1.68%	8.00%	2.67%
High Yield	2.00%	3.75%	2.00%	5.95%
Private Credit	8.00%	7.60%	8.00%	7.59%
Real Assets	3.00%	7.40%	3.00%	9.73%
Real Estate	8.00%	9.15%	8.00%	9.56%
U.S. Equity	27.00%	8.09%	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.71%	13.50%	8.57%
Emerging Markets Equity	5.50%	10.96%	5.50%	10.23%
Private Equity	13.00%	11.30%	13.00%	11.42%
	<u>100.00%</u>		<u>100.00%</u>	

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 and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all 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 in determining the total pension liability.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Discount Rate (continued)

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of the June 30, 2020 measurement date based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers would be based on 78% of the actuarially determined contributions for the State and 100% of actuarially determined contributions for the 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 Authority's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability at September 30, 2021, calculated using a discount rate of 7.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Proportionate share of the net pension liability	<u>\$ 2,943,323</u>	<u>\$ 2,161,352</u>	<u>\$ 1,497,738</u>

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

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Proportionate share of the net pension liability	<u>\$ 3,620,638</u>	<u>\$ 2,596,467</u>	<u>\$ 2,230,715</u>

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Pension Plan Fiduciary Net Position

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

Note 7: **OTHER POST-RETIREMENT BENEFITS**

State Health Benefits Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided - The Authority contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug benefit coverage to retirees and their covered dependents of the 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.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 7: **OTHER POST-RETIREMENT BENEFITS (continued)**

State Health Benefits Local Government Retired Employees Plan (continued)

General Information about the OPEB Plan (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.

Contributions - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

The Authority was billed monthly by the Plan and for the fiscal years ended September 30, 2021 and 2020, the Authority paid \$114,420 and \$112,395, respectively. These amounts represent 8.29% and 8.81% of the Authority's covered payroll. During the fiscal years ended September 30, 2021 and 2020, the Authority had no retirees receiving healthcare benefits.

OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

OPEB Liability - At September 30, 2021, the Authority's proportionate share of the net OPEB liability was \$7,647,027. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021.

The Authority's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan during the measurement period July 1, 2020 through June 30, 2021. For the June 30, 2021 measurement date, the Authority's proportion was 0.042634% which was a decrease of 0.002472% from its proportion measured as of the June 30, 2020 measurement date.

At September 30, 2020, the Authority's proportionate share of the net OPEB liability was \$8,094,999. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

The Authority's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan during the measurement period July 1, 2019 through June 30, 2020. For the June 30, 2020 measurement date, the Authority's proportion was 0.045106% which was an increase of 0.007549% from its proportion measured as of the June 30, 2019 measurement date.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 7: **OTHER POST-RETIREMENT BENEFITS (continued)**

State Health Benefits Local Government Retired Employees Plan (continued)

OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

OPEB (Benefit) Expense - At September 30, 2021, the Authority's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2021 measurement date is \$162,021. As previously mentioned, for the fiscal year ended September 30, 2021, the Authority made contributions to the Plan totaling \$114,420.

At September 30, 2020, the Authority's proportionate share of the OPEB (benefit) expense, calculated by the Plan as of the June 30, 2020 measurement date was \$211,968. As previously mentioned, for the fiscal year ended September 30, 2020, the Authority made contributions to the Plan totaling \$112,395.

Deferred Outflows of Resources and Deferred Inflows of Resources

At September 30, 2021 and 2020, the Authority had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	<u>Measurement Date</u> June 30, 2021		<u>Measurement Date</u> June 30, 2020	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 172,196	\$ 1,605,520	\$ 213,216	\$ 1,507,440
Change of assumptions	1,103,932	1,356,474	1,210,757	1,800,203
Net difference between projected and actual earnings on OPEB plan investments	3,669	-	5,141	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	1,379,087	766,303	1,617,445	380,044
Authority contributions subsequent to the measurement date	27,422	-	27,755	-
	<u>\$2,686,306</u>	<u>\$ 3,728,297</u>	<u>\$3,074,314</u>	<u>\$ 3,687,687</u>

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 7: **OTHER POST-RETIREMENT BENEFITS (continued)**

State Health Benefits Local Government Retired Employees Plan (continued)

OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

The deferred outflows of resources related to OPEB totaling \$27,422 and \$27,755 were the result of the Authority's contributions subsequent to the Plan's measurement date of June 30, 2021 and June 30, 2020, respectively. These amounts will be included as a reduction of the Authority's net OPEB liability during the fiscal year ending September 30, 2022 and 2021, respectively.

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

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Year of OPEB plan deferral:		
June 30, 2018	-	8.14
June 30, 2019	-	8.05
June 30, 2020	7.87	-
June 30, 2021	-	7.82
Changes of assumptions		
Year of OPEB plan deferral:		
June 30, 2018	-	8.14
June 30, 2019	-	8.05
June 30, 2020	7.87	-
June 30, 2021	7.82	-
Net difference between projected and actual earnings on OPEB plan investments		
Year of OPEB plan deferral:		
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions		
Year of OPEB plan deferral:		
June 30, 2018	8.14	8.14
June 30, 2019	8.05	8.05
June 30, 2020	7.87	7.87
June 30, 2021	7.82	7.82

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 7: **OTHER POST-RETIREMENT BENEFITS (continued)**

State Health Benefits Local Government Retired Employees Plan (continued)

OPEB Liability, OPEB (Benefit) Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Other amounts included as deferred outflows of resources and deferred inflows of resources related to the OPEB liability will be recognized in future periods as follows:

Fiscal Year Ending September 30,	
2022	\$ (380,185)
2023	(380,788)
2024	(381,339)
2025	(176,003)
2026	111,446
Thereafter	<u>137,456</u>
	<u>\$ (1,069,413)</u>

Actuarial Assumptions

The actuarial valuation at June 30, 2021 and 2020 used the following actuarial assumptions, applied to all periods in the measurement:

	Measurement Date June 30, 2021	Measurement Date June 30, 2020
Inflation	2.50%	2.50%
Salary increases*		
PERS		
Initial fiscal year applied:		
Rate through 2026	2.00% - 6.00%	2.00% - 6.00%
Rate thereafter	3.00% - 7.00%	3.00% - 7.00%

* Salary increases are based on years of service within the respective plan

For the June 30, 2021 measurement date, mortality rates were based on Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021.

For the June 30, 2020 measurement date, mortality rates were based on Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 7: **OTHER POST-RETIREMENT BENEFITS (continued)**

State Health Benefits Local Government Retired Employees Plan (continued)

Actuarial Assumptions (continued)

100% of active members for the June 30, 2021 and June 30, 2020 measurement dates are considered to participate in the Plan upon retirement.

All of the Plan's investments are in the State of New Jersey Cash Management Fund ("CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. Government and Agency Obligations, Commercial Paper, Corporate Obligations and Certificates of Deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) are the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pays interest to participants on a monthly basis.

Discount Rate - The discount rate used to measure the OPEB Liability at June 30, 2021 and 2020 were 2.16% and 2.21%, respectively. 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.

Health Care Trend Assumptions - For the June 30, 2021 measurement date, the health care trend assumptions used is as follows:

Fiscal Year Ending	Annual Rate of Increase			
	Medical Trend			Prescription Drug Trend
	Pre-65	PPO Post-65	HMP Post-65	
2021	5.65%	13.08%	13.76%	6.75%
2022	5.55%	3.34%	3.22%	6.50%
2023	5.45%	0.52%	0.17%	6.25%
2024	5.35%	7.56%	7.79%	6.00%
2025	5.20%	14.43%	15.23%	5.50%
2026	5.00%	12.55%	13.19%	5.00%
2027	4.75%	8.95%	9.29%	4.75%
2028	4.50%	5.92%	6.04%	4.50%
2029	4.50%	5.38%	5.46%	4.50%
2030	4.50%	4.86%	4.89%	4.50%
2031	4.50%	4.55%	4.56%	4.50%
2032 and later	4.50%	4.50%	4.50%	4.50%

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 7: **OTHER POST-RETIREMENT BENEFITS (continued)**

State Health Benefits Local Government Retired Employees Plan (continued)

Actuarial Assumptions (continued)

For the June 30, 2020 measurement date, the trend rate for pre-Medicare medical benefits 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 18.53%, 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 seven years.

Sensitivity of the net OPEB Liability to Changes in the Discount Rate

The net OPEB liability as of June 30, 2021, the plans measurement date, for the Authority calculated using a discount rate of 2.16%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Proportionate share of the net OPEB liability	<u>\$ 9,030,858</u>	<u>\$ 7,674,027</u>	<u>\$ 6,598,709</u>

The net OPEB liability as of June 30, 2020, the plans measurement date, for the Authority calculated using a discount rate of 2.21%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Proportionate share of the net OPEB liability	<u>\$ 9,569,999</u>	<u>\$ 8,094,999</u>	<u>\$ 6,927,402</u>

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 7: **OTHER POST-RETIREMENT BENEFITS (continued)**

State Health Benefits Local Government Retired Employees Plan (continued)

Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The Authority's proportionate share of the net OPEB Liability as of June 30, 2021, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	<u>\$ 6,402,723</u>	<u>\$ 7,674,027</u>	<u>\$ 9,332,921</u>

The Authority's proportionate share of the net OPEB Liability as of June 30, 2020, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	<u>\$ 6,698,620</u>	<u>\$ 8,094,999</u>	<u>\$ 9,923,576</u>

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 8: **LONG-TERM DEBT**

The following summarizes compensated absences:

	September 30,	
	2021	2020
Beginning balance	\$ 294,452	\$ 240,659
Increase	156,362	125,896
Decrease	<u>(157,363)</u>	<u>(72,103)</u>
Ending balance	<u>\$ 293,451</u>	<u>\$ 294,452</u>
Current portion	<u>\$ 73,363</u>	<u>\$ 73,613</u>

On December 12, 2004, the Authority issued Capital Fund Program Revenue Bonds, Series 2004A in the amount of \$4,760,000. These bonds bear interest at 4.466% and require semi-annual payments of principal and interest on May 1 and November 1 through November 1, 2025. Some of the bonds were retired as a partial refinancing in the amount of \$805,000. This occurred when the Authority converted several of its properties to RAD and issued series 2018 bonds.

On November 30, 2018, the Authority converted its Asselta Acres, Parkview Apartments, and Tarkiln Acres properties to RAD and issued series 2018 bonds in the amount of \$2,400,000. These bonds bear interest at 5.2% and require monthly payments of principal and interest through November 15, 2038.

On November 30, 2020, the Authority converted its Kidston Towers and Olivio Towers properties to RAD and issued series 2020 bonds in the amount of \$3,375,000. These bonds bear interest at 3.89% and require monthly payments of principal and interest through June 1, 2042.

The following is a summary of bonds payable for the fiscal year ended September 30, 2021:

Beginning Balance	Additions	Retirements	Refinanced	Ending Balance	Amounts due within the year
\$ 3,359,771	\$ 3,375,000	\$ (206,970)	\$ (540,000)	\$ 5,987,801	\$ 204,616

The following is a summary of bonds payable for the fiscal year ended September 30, 2020:

Beginning Balance	Additions	Retirements	Refinanced	Ending Balance	Amounts due within the year
\$ 3,602,165	-	\$ (242,394)	-	\$ 3,359,771	\$ 257,117

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 8: LONG-TERM DEBT (continued)

As of September 30, future principal and interest payments are as follows:

Year Ending September 30,	Principal	Interest	Total
2022	\$ 204,616	\$ 263,242	\$ 467,858
2023	291,718	251,736	543,454
2024	305,874	238,350	544,224
2025	320,456	224,186	544,642
2026	280,482	209,459	489,941
2027-2031	1,319,915	873,920	2,193,835
2032-2036	1,650,744	543,087	2,193,831
2037-2041	1,478,076	164,756	1,642,832
Thereafter	135,920	1,882	137,802
	<u>\$ 5,987,801</u>	<u>\$ 2,770,618</u>	<u>\$ 8,758,419</u>

Note 9: COMMITMENTS

As of September 30, 2021, the Authority had commitments to expend approximately \$293,383 for various capital improvements and related costs for the 2020 Capital Fund grant.

Note 10: RISK MANAGEMENT

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

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

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

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

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

New Jersey Public Housing Authorities Joint Insurance Fund
 9 Campus Drive, Suite 216
 Parsippany, New Jersey 07054-4412

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 11: **RELATED PARTY TRANSACTIONS**

Vineland Housing Development Corporation

Housing Authority of the City of Vineland has an outstanding loan due from Vineland Housing Development Corporation ("VHDC") dated August 1, 2000. The purpose of the loan is to enable Vineland Housing Development Corporation to purchase and/or construct single family residences within the City of Vineland for sale to qualified buyers. This loan was refinanced and included in the loan described below in 2005.

Housing Authority of the City of Vineland entered into a loan agreement with Vineland Housing Development Corporation dated June 1, 2005, in the amount of \$379,660 which was intended to refinance the remaining balance of the original note described above plus the remaining amount of additional funds at the time that the new note was formalized in writing. Although this new note was prepared, no formal board resolution was ever passed refinancing the balance on the remaining balance on the original note. The purpose of this new note was to enable Vineland Housing Development Corporation to purchase land located on Chestnut Avenue in Vineland, New Jersey in order to construct single family residential homes for sale to qualified buyers. Despite the agreement's provision to charge a six percent interest on the unpaid principal balance, no interest has been accrued or paid on the loan. The balance outstanding of the note, including the amount of the original note and additional funds advanced, at September 30, 2021 and 2020 is \$374,167. As of the date of the preparation of the financial statements, no payments were made to the Authority on this loan.

In conjunction with the development of this project, the mortgages which secured this debt discussed above were discharged in November 2012.

In addition to the loans described above, the Housing Authority of the City of Vineland has advanced amounts to Vineland Housing Development Corporation for operating purposes, without interest. In April 2008, the Board of the Housing Authority of the City of Vineland passed a resolution authorizing cash advances of up to \$50,000 with no set payment terms. No amounts have been advanced for this purpose for the fiscal year ending September 30, 2021. \$3,500 has been advanced for this purpose to Vineland Housing Development Corporation for the fiscal year ending September 30, 2020. Additionally, from time to time the Authority has paid expenses attributable to VHDC. The amount of outstanding advances and payments made for expenditures on behalf of VHDC by the Housing Authority of the City of Vineland at September 30, 2021 and 2020 totaled \$0 and \$87,031, respectively.

Melrose Court Homes, LP

Several organizations are involved in the project, including Melrose Court Homes, LP (the "LP"), who is the owner of the development. Melrose Court GP, LLC (the "LLC") is a General Partner with a .01% ownership interest in the LP. The LLC is owned 49% by the Authority and 51% by VHDC. The remaining ownership interest in the LP of 99.99% was held by an investor limited partner.

The Authority provided a construction loan and permanent financing of up to a \$2.1M to Melrose Court Homes, LP. This loan will be treated as a second mortgage and will be paid for out of cash flow. Interest is accrued at a rate of 1% using the simple interest method. The balance on this loan at September 30, 2021 and 2020 is \$1,269,237.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 11: **RELATED PARTY TRANSACTIONS (continued)**

Melrose Court Homes, LP (continued)

As the developer for the construction of the Melrose Court Project, Vineland Housing Development Corporation earned development fees which are paid in accordance with the Amended and Restated Partnership Agreement. Payments of \$25,000 and \$60,000 were paid to Vineland Housing Development Corporation during 2021 and 2020, respectively.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 12: **BLENDED COMPONENT UNIT CONSOLIDATION**

The following schedule details the blending of the primary government and its blended component unit, including eliminations in the Statement of Net Position as of September 30, 2021.

	<u>PG</u>	<u>CU</u>	<u>Eliminations</u>	<u>Consolidated</u> <u>2021</u>
Assets				
Current assets	\$ 6,892,084	\$ 91,109	\$ (173,327)	\$ 6,809,866
Non-current assets	7,778,620	-	-	7,778,620
Capital assets, net	<u>14,210,223</u>	<u>52,112</u>	<u>-</u>	<u>14,262,335</u>
Total assets	28,880,927	143,221	(173,327)	28,850,821
Deferred outflows of resources	3,454,929	-	-	3,454,929
Liabilities				
Current liabilities	1,277,664	181,286	(173,327)	1,285,623
Long term liabilities	<u>15,982,810</u>	<u>-</u>	<u>-</u>	<u>15,982,810</u>
Total liabilities	17,260,474	181,286	(173,327)	17,268,433
Deferred inflows of resources	5,169,268	-	-	5,169,268
Net position				
Net investment in capital assets	8,222,422	52,112	-	8,274,534
Restricted	6,039,633	-	-	6,039,633
Unrestricted	<u>(4,355,941)</u>	<u>(90,177)</u>	<u>-</u>	<u>(4,446,118)</u>
Total net position (deficit)	<u>\$ 9,906,114</u>	<u>\$ (38,065)</u>	<u>\$ -</u>	<u>\$ 9,868,049</u>

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 12: **BLENDED COMPONENT UNIT CONSOLIDATION (continued)**

The following schedule details the blending of the primary government and its blended component unit, including eliminations in the Statement of Net Position as of September 30, 2020.

	<u>PG</u>	<u>CU</u>	<u>Eliminations</u>	<u>Consolidated</u> <u>2020</u>
Assets				
Current assets	\$ 6,798,140	\$ 380,263	\$ (461,198)	\$ 6,717,205
Non-current assets	3,210,296	-	-	3,210,296
Capital assets, net	<u>14,219,718</u>	<u>52,112</u>	<u>-</u>	<u>14,271,830</u>
Total assets	24,228,154	432,375	(461,198)	24,199,331
Deferred outflows of resources	3,694,308	-	-	3,694,308
Liabilities				
Current liabilities	1,060,887	463,003	(461,198)	1,062,692
Long term liabilities	<u>14,315,992</u>	<u>-</u>	<u>-</u>	<u>14,315,992</u>
Total liabilities	15,376,879	463,003	(461,198)	15,378,684
Deferred inflows of resources	5,043,144	-	-	5,043,144
Net position				
Net investment in capital assets	10,859,947	52,112	-	10,912,059
Restricted	-	-	-	-
Unrestricted	<u>(3,357,508)</u>	<u>(71,397)</u>	<u>-</u>	<u>(3,440,248)</u>
Total net position (deficit)	\$ 7,502,439	\$ (19,285)	\$ -	\$ 7,471,811

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 12: **BLENDED COMPONENT UNIT CONSOLIDATION (continued)**

The following schedule details the blending of the primary government and its blended component unit, including eliminations in the Statement of Revenue, Expenses, and Changes in Net Position for the fiscal year ended September 30, 2021.

	<u>PG</u>	<u>CU</u>	<u>Eliminations</u>	<u>Consolidated</u> <u>2021</u>
Operating revenue	\$ 14,570,033	\$ -	\$ -	\$ 14,570,033
Operating expenses	11,091,237	7,437	-	11,098,674
Depreciation	<u>889,031</u>	<u>-</u>	<u>-</u>	<u>889,031</u>
Operating gain (loss)	2,589,765	(7,437)	-	2,582,328
Non-operating revenue	66,071	-	-	66,071
Non-operating expense	<u>(252,161)</u>	<u>-</u>	<u>-</u>	<u>(252,161)</u>
Increase (decrease) in net position	<u>2,403,675</u>	<u>(7,437)</u>	<u>-</u>	<u>2,396,238</u>
Net position (deficit), beginning	<u>7,502,439</u>	<u>(30,628)</u>	<u>-</u>	<u>7,471,811</u>
Net position (deficit), ending	<u>\$ 9,906,114</u>	<u>\$ (38,065)</u>	<u>\$ -</u>	<u>\$ 9,868,049</u>

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 12: **BLENDED COMPONENT UNIT CONSOLIDATION (continued)**

The following schedule details the blending of the primary government and its blended component unit, including eliminations in the Statement of Revenue, Expenses, and Changes in Net Position for the fiscal year ended September 30, 2020.

	<u>PG</u>	<u>CU</u>	<u>Eliminations</u>	<u>Consolidated</u> <u>2020</u>
Operating revenue	\$ 11,720,025	\$ -	\$ -	\$ 11,720,025
Operating expenses	10,732,157	11,343	-	10,743,500
Depreciation	<u>909,306</u>	<u>-</u>	<u>-</u>	<u>909,306</u>
Operating gain (loss)	78,562	(11,343)	-	67,219
Non-operating revenue	116,428	-	-	116,428
Non-operating expense	<u>(175,946)</u>	<u>-</u>	<u>-</u>	<u>(175,946)</u>
Increase (decrease) in net position	<u>19,044</u>	<u>(11,343)</u>	<u>-</u>	<u>7,701</u>
Net position (deficit), beginning	<u>7,483,395</u>	<u>(19,285)</u>	<u>-</u>	<u>7,464,110</u>
Net position (deficit), ending	<u>\$ 7,502,439</u>	<u>\$ (30,628)</u>	<u>\$ -</u>	<u>\$ 7,471,811</u>

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 12: **BLENDED COMPONENT UNIT CONSOLIDATION (continued)**

The following schedule details the blending of the primary government and its blended component unit, including eliminations in the Statement of Cash Flows for the fiscal year ended September 30, 2021.

	<u>PG</u>	<u>CU</u>	<u>Eliminations</u>	<u>Consolidated 2021</u>
Net cash provided by (used in) operating activities	\$ 3,277,072	\$ (229,163)	\$ -	\$ 3,047,909
Net cash provided by non-capital financing activities	55,192	-	-	55,192
Net cash provided by capital and related financing activities	1,508,212	-	-	1,508,212
Net cash provided by investing activities	<u>10,879</u>	<u>-</u>	<u>-</u>	<u>10,879</u>
Increase (decrease) in cash and cash equivalents	4,851,355	(229,163)	-	4,622,192
Cash and cash equivalents, beginning of year	<u>7,980,715</u>	<u>279,163</u>	<u>-</u>	<u>8,259,878</u>
Cash and cash equivalents, end of year	<u>\$ 12,832,070</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 12,882,070</u>

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 12: **BLENDED COMPONENT UNIT CONSOLIDATION (continued)**

The following schedule details the blending of the primary government and its blended component unit, including eliminations in the Statement of Cash Flows for the fiscal year ended September 30, 2020.

	<u>PG</u>	<u>CU</u>	<u>Eliminations</u>	<u>Consolidated</u> <u>2020</u>
Net cash provided by operating activities	\$ 980,878	\$ 43,600	\$ -	\$ 1,024,478
Net cash provided by non-capital financing activities	54,699	-	-	54,699
Net cash used in capital and related financing activities	(495,260)	-	-	(495,260)
Net cash provided by investing activities	<u>20,216</u>	<u>-</u>	<u>-</u>	<u>20,216</u>
Increase in cash and cash equivalents	560,533	43,600	-	604,133
Cash and cash equivalents, beginning of year	<u>7,420,182</u>	<u>235,563</u>	<u>-</u>	<u>7,655,745</u>
Cash and cash equivalents, end of year	<u>\$ 7,980,715</u>	<u>\$ 279,163</u>	<u>\$ -</u>	<u>\$ 8,259,878</u>

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 13: OTHER MATTERS

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

The Authority has converted Parkview Apartments, Tarkiln Acres, and Asselta Acres to RAD. Kidston Towers and Olivio Towers were converted to RAD with an effective date of December 1, 2020. D'Orazio Terrace applied for the RAD program and received the RAD Conversion Commitment on December 7, 2018. The first step in conversion is completing an application to the Department of Housing and Urban Development ("HUD"). Several forms and tasks must be completed prior to being approved for conversion. Once approved, HUD will issue a commitment to enter into a Housing Assistance Payment ("CHAP"). Then HUD will issue a RAD Conversion Commitment ("RCC"), along with a checklist of items required to complete the contract and closing documents. A final closing is necessary to complete the process.

The properties listed above are in various stages of conversion. Parkview Apartments, Tarkiln Acres, and Asselta Acres converted to RAD effective December 1, 2018. This conversion involved a bond issuance for Tarkiln and Asselta Acres. Kidston Towers and Olivio Towers applied for RAD in October 2017 and received their CHAP February 2018. Kidston and Olivio Towers converted to RAD effective December 1, 2020 and this conversion also involved a bond issuance. In addition, a Federal Home Loan Bank of New York (FHLB NY) direct subsidy was awarded for the Kidston and Olivio towers project. The amount is \$2,200,000. The D'Orazio Terrace project is in the process of the redevelopment process, which has been interrupted by the COVID-19 pandemic. In addition, the Authority must use the sales proceeds from the sale of the Scattered Site homes in the RAD conversion of D'Orazio Terrace or the funds must be returned to HUD. D'Orazio Terrace is the last Public Housing project in the Authority's portfolio and all remaining funds must be utilized in the last project. This has also contributed to the delay in the redevelopment of D'Orazio Terrace.

The Authority cannot pay itself housing assistance payments (HAP), therefore per RAD regulations, a separate not-for-profit entity was created in April 2018, the Affordable Housing Corporation of Vineland (AHCV), to be party to the HAP contract. The AHCV is the HAP owner for all of the Authority's projects that have converted to RAD.

The Authority owns 72 Scattered Site homes through the City of Vineland. The Authority applied to the Special Applications Center at HUD for a disposition approval. The approval has been received and the Authority is in the process of selling the Scattered Site homes. The Scattered Site homes are being sold as the homes become vacant due to normal resident turnover and as residents find alternate housing using a Section 8 Housing Choice Voucher as part of the resident relocation process. As of June 15, 2022, three homes have been sold and 1 home is under contract for sale with a June 24, 2022 projected closing date. There is 1 home that is listed for sale.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 14: COVID-19 PANDEMIC

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

As a result of the COVID-19 Pandemic, on March 27, 2020 the CARES Act was signed into law. This law provided regulatory waivers and additional funding to Public Housing Authorities across the nation. The Authority accepted many of the blanket waivers available from HUD as well as \$251,892 in additional administrative fees for the Section 8 Housing Choice Voucher Program, received between May and August 2020. The Authority also received \$125,166 in additional funding for its Public Housing Program in May 2020. The additional funding is for expenditures incurred between March 27, 2020 and December 31, 2020 for activity relating to the preparation of, response to, and prevention of coronavirus. All COVID-19 assistance received was expended by December 31, 2020.

Note 15: SUBSEQUENT EVENTS

Management of the Vineland Housing Authority has evaluated subsequent events through April 27, 2023, the date the financial statements were available to be issued.

HOUSING AUTHORITY OF THE CITY OF VINELAND

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2021 AND 2020

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

	<u>Measurement Date Ending June 30,</u>								
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's proportion of the net pension liability	0.0182446452%	0.0159220320%	0.0142951807%	0.0144588657%	0.0138808229%	0.0175966359%	0.0184563371%	0.0185062675%	0.0171508299%
Authority's proportionate share of the net pension liability	\$ 2,161,352	\$ 2,596,467	\$ 2,575,775	\$ 2,846,879	\$ 3,231,234	\$ 5,211,619	\$ 4,143,078	\$ 3,464,879	\$ 3,277,864
Authority's covered payroll (plan measurement period)	1,337,032	1,181,056	1,015,848	1,015,380	944,324	1,172,256	1,274,948	1,279,812	1,156,124
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	161.65%	219.84%	253.56%	280.38%	342.17%	444.58%	324.96%	270.73%	283.52%
Plan fiduciary net position as a percentage of the total pension liability	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

HOUSING AUTHORITY OF THE CITY OF VINELAND
Required Supplementary Information
Schedule of the Authority's Contributions
Public Employees' Retirement System (PERS)
Last Nine Fiscal Years

	<u>Fiscal Year Ended September 30,</u>								
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 213,666	\$ 174,179	\$ 139,050	\$ 143,819	\$ 128,591	\$ 156,326	\$ 158,675	\$ 152,536	\$ 129,228
Contributions in relation to the contractually required contribution	<u>(213,666)</u>	<u>(174,179)</u>	<u>(139,050)</u>	<u>(143,819)</u>	<u>(128,591)</u>	<u>(156,326)</u>	<u>(158,675)</u>	<u>(152,536)</u>	<u>(129,228)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll (fiscal year)	\$ 1,379,489	\$ 1,275,925	\$ 1,148,527	\$ 1,018,764	\$ 1,012,832	\$ 1,006,307	\$ 1,177,257	\$ 1,257,149	\$ 1,254,517
Contributions as a percentage of Authority's covered payroll	15.49%	13.65%	12.11%	14.12%	12.70%	15.53%	13.48%	12.13%	10.30%

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

HOUSING AUTHORITY OF THE CITY OF VINELAND
Note to Required Supplementary Information
For the Fiscal Years Ended September 30, 2021 and 2020

Note to Required Supplementary Information

Changes in benefit terms: The June 30, 2021 measurement date included one change to the plan provisions. Chapter 140, P.L. 2021 reopened the Worker's Compensation Judges (WCJ) Part of PERS and transferred WCJs from the Defined Contribution Retirement Program (DCRP) and regular part of PERS into the WCJ Part of PERS.

Changes in Assumptions:

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	7.00%	2017	5.00%
2020	7.00%	2016	3.98%
2019	6.28%	2015	4.90%
2018	5.66%	2014	5.39%

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

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	7.00%	2017	7.00%
2020	7.00%	2016	7.65%
2019	7.00%	2015	7.90%
2018	7.00%	2014	7.90%

The mortality assumption was updated upon direction from the Division of Pensions and Benefits.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net OPEB Liability
State Health Benefits Local Government Retired Employees Plan
Last Five Plan Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Proportion of the Net OPEB Liability	0.042634%	0.045106%	0.037557%	0.036693%	0.037172%
Authority's Proportionate Share of the Net OPEB Liability	\$ 7,647,027	\$ 8,094,999	\$ 5,087,498	\$ 5,748,552	\$ 7,588,957
Authority's Covered Payroll (Plan Measurement Period)	\$ 1,379,489	\$ 1,275,925	\$ 1,148,527	\$ 1,018,764	\$ 1,012,832
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	554.34%	634.44%	442.96%	564.27%	749.28%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.28%	0.91%	1.98%	1.97%	1.03%

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

HOUSING AUTHORITY OF THE CITY OF VINELAND
Required Supplementary Information
Schedule of the Authority's OPEB Contributions
State Health Benefits Local Government Retired Employees Plan
Last Five Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Authority's Required Contributions	\$ 114,420	\$ 112,395	\$ 122,679	\$ 194,736	\$ 229,086
Authority's Contributions in Relation to the Required Contribution	<u>\$ (114,420)</u>	<u>\$ (112,395)</u>	<u>\$ (122,679)</u>	<u>\$ (194,736)</u>	<u>\$ (229,086)</u>
Authority's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll (Fiscal Year)	\$ 1,379,489	\$ 1,275,925	\$ 1,148,527	\$ 1,018,764	\$ 1,012,832
Authority's Contributions as a Percentage of Covered Payroll	8.29%	8.81%	10.68%	19.11%	22.62%

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

HOUSING AUTHORITY OF THE CITY OF VINELAND
Note to Required Supplementary Information
State Health Benefits Local Government - Retired Employees Plan
For the Fiscal Years Ended September 30, 2021 and 2020

Note to Required Supplementary Information

Changes in Benefit Terms:

The actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021, included changes due to employers adopting and /or changing Chapter 48 provisions.

Changes in Assumptions:

The discount rate used as of the June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2021	2.16%	2018	3.87%
2020	2.21%	2017	3.58%
2019	3.50%		

The expected investment rate of return is based on guidance provided by the State. These expected rates of return are the same as the discount rates listed above.

In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included changes in the trend and updated mortality improvement assumptions.

In October 2021, the Society of Actuaries (SOA) released an updated set of life expectancy mortality improvement assumptions, Scale MP-2021. The MP-2021 scale reflects more recent mortality data for the U.S. population.

HOUSING AUTHORITY OF THE CITY OF VINELAND

PART II - SINGLE AUDIT SECTION

SEPTEMBER 30, 2021

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

Board of Commissioners
Housing Authority of the City of Vineland

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the Housing Authority of the City of Vineland, New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the fiscal year ended September 30, 2021

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

Basis for Opinion on its Major Federal Program

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

We are required to be independent of Housing Authority of the City of Vineland and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for its major federal program. Our audit does not provide a legal determination of Housing Authority of the City of Vineland'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 Vineland's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our 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 Vineland's compliance based on our 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 Vineland'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, we:

- 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 's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Housing Authority of the City of Vineland'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 Vineland's internal control over compliance. Accordingly, no such opinion is expressed.

We are 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 we identified during the audit.

Report on Internal Control over Compliance

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
April 27, 2023

HOUSING AUTHORITY OF THE CITY OF VINELAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2021

<u>Federal Grantor Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Assistance Identification Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development Direct Programs					
Housing Choice Voucher Cluster - Section 8 Housing Choice Voucher Program	14.871	Various	N/A	-	\$ 7,493,538
HCV CARES Act Funding	14.871	Various NJ063DV0001	N/A	-	50,116
Mainstream Vouchers	14.879	NJ0638FR221	N/A	-	<u>84,324</u>
Total Housing Choice Voucher Cluster					7,627,978
Public and Indian Housing Program	14.850	Various	N/A	-	<u>591,526</u>
					591,526
Family Self-Sufficiency Program	14.896	FSS21NJ3734	N/A	-	70,000
Public Housing - Capital Fund Program	14.872	NJ39P06350121	N/A	-	<u>1,648,430</u>
Total expenditures of federal awards					<u>\$ 9,937,934</u>

See accompanying notes to schedule of expenditures of federal awards.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Schedule of Expenditures of Federal Awards

Note 1: BASIS OF PRESENTATION

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree with amounts reported in the Authority's financial statements.

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Additionally, there were expenditures of \$70,896 under the State of New Jersey, Department of Community Affairs Congregate Housing Services Program, which is not subject to a State Single Audit.

Note 5: PHA'S STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

There were no Modernization Cost Certificates filed by the Housing Authority in 2021.

HOUSING AUTHORITY OF THE CITY OF VINELAND

PART III – SCHEDULE OF FINDINGS & QUESTIONED COSTS

SEPTEMBER 30, 2021

**HOUSING AUTHORITY OF THE CITY OF VINELAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2021**

Section 1 – Summary of Auditor’s Results

Financial Statements

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

Federal Awards Section

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

Assistance Listing Numbers	Name of Federal Program or Cluster
14.871	Housing Voucher Cluster
14.872	Public Housing Capital Fund

- | | |
|---|------------|
| H. Dollar threshold used to distinguish between type A and type B programs: | \$ 750,000 |
| I. Auditee qualified as low-risk auditee? | No |

HOUSING AUTHORITY OF THE CITY OF VINELAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2021

Section 2- Schedule of Financial Statement Findings

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

None noted.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2021

Section 3- Schedule of Federal Award Findings and Questioned Costs

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

None noted.

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

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

FINANCIAL STATEMENT FINDINGS

None noted.

FEDERAL AWARDS

None noted.

APPRECIATION

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants