

FORT LEE HOUSING AUTHORITY
Fort Lee, New Jersey

COMPARATIVE FINANCIAL STATEMENTS
For the Two Years Ended
December 31, 2020 and 2019

FORT LEE HOUSING AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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Fort Lee Housing Authority
Management's Discussion & Analysis
December 31, 2020

As Management of the Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this Report.

A- Financial Highlights

1- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$1,307,267 (net position) as opposed to \$956,365 for the prior fiscal year.

2 – As of the close of the current fiscal year, the Authority's Proprietary Fund reported a deficit in ending Unrestricted Net Position of \$502,820.

3 – The Authority's cash balance, including tenant security deposits, at December 31, 2020 was \$2,650,557, representing an increase of \$578,432 from the prior fiscal year.

4 – The Authority had Total Operating Revenues of \$7,502,961, and Total Operating Expenses of \$7,209,991 for the year ended December 31, 2020.

5 – The Authority's capital outlays for the fiscal year were \$84,892.

6 – The Authority's Expenditures of Federal Awards amounted to \$7,257,694 for the fiscal year.

B – Using the Annual Report

1 – Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements and Notes to Financial Statements included in the this Report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for Proprietary Fund types.

2 – Financial Statements

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

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

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

Fort Lee Housing Authority
Management's Discussion & Analysis
December 31, 2020

B – Using the Annual Report (Continued)

The financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The financial statements can be found on pages 8 through 10.

3 – Notes to Financial Statements

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

4 – Supplemental Information

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by Government Auditing Standards issued by the Comptroller General of the United States. The Schedule of Expenditures of Federal awards can be found on page 21 of this report.

C – The Authority as a Whole

The Authority's Net Position increased during the fiscal year. The Authority's revenues are primarily subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's revenues were sufficient to cover all expenses, including depreciation, during the current fiscal year.

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

D – Budgetary Highlights

For the year ended December 31, 2020, individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

E – Capital Assets and Debt Administration

Capital Assets

As of December 31, 2020, the Authority's investment in capital assets for its Proprietary Fund was \$1,215,939 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

Major capital assets purchases of \$84,892 were funded from operations. The Authority did not receive a capital fund grant during the current fiscal year as they converted to RAD and no longer receive any capital fund grants from HUD.

Fort Lee Housing Authority
Management's Discussion & Analysis
December 31, 2020

E – Capital Assets and Debt Administration (Continued)

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

Debt Administration

During the fiscal year ended December 31, 2016, the authority received \$285,000 from Bogota savings bank and \$118,507 from the Fort Lee Assistance and Support Housing Corporation to complete all necessary reserve requirements under the conditions and terms of the RAD program. Further details can be found in the notes to the financial statements.

F – Significant Changes from FYE December 31, 2019 to December 31, 2020

Cash and Other Current Assets increased \$592,076, primarily because cash increased \$578,432. The increase in cash was mainly because the Authority received \$335,119 in HCV CARES Act funding this year. In addition, the Authority received approximately \$75,000 more of CDBG funding this year.

Net fixed assets decreased \$61,085. The Authority purchased \$84,892 of fixed assets and incurred \$145,976 of depreciation expense during the current fiscal year.

Deferred Outflow of Resources decreased \$55,629 due to the most recent State of New Jersey pension liability actuarial valuation. See Note 9 for more details on GASB 68.

HUD operating grants increased \$358,263. As previously mentioned, the Authority received \$335,119 of HCV CARES Act funding that it did not receive in the prior fiscal year. In addition, the Authority received \$27,292 more in HCV HAP funding and \$2,229 more in ROSS grants when compared to the prior fiscal year. These increases were partially offset by a \$6,377 decrease in HCV administrative funding received.

Other revenue increased \$100,237, as the Authority had approximately \$75,000 more of CDBG revenue when compared to the prior fiscal year.

G – Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Authority's budget for the fiscal year ending December 31, 2021.

1 – The state of the economy, particularly in light of current world affairs.

2 – The use of the Authority's Unrestricted Net Position to fund any shortfalls rising from a possible economic downturn and reduced subsidies and grants.

Fort Lee Housing Authority
Management's Discussion & Analysis
December 31, 2020

H – Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Fort Lee Housing Authority, 1403 Teresa Drive, Fort Lee, NJ 07024, or call (201) 947-7400.

Fort Lee Housing Authority
Management's Discussion & Analysis
December 31, 2020

Computations of Net Position are as follows:

	<u>Year Ended</u>		<u>Variance</u>	<u>% Var</u>
	<u>12/31/2020</u>	<u>12/31/2019</u>		
Cash and Other Current Assets	\$ 2,683,420	\$ 2,091,344	\$ 592,076	28.3%
Net Fixed Assets	1,215,939	1,277,024	(61,085)	-4.8%
Deferred Outflow of Resources	<u>158,758</u>	<u>214,387</u>	<u>(55,629)</u>	<u>-25.9%</u>
Total Assets and Deferred Outflow of Resources	4,058,117	3,582,755	475,362	13.3%
Less: Total Liabilities	2,278,790	2,065,687	213,103	10.3%
Less: Deferred Inflow of Resources	<u>472,060</u>	<u>560,703</u>	<u>(88,643)</u>	<u>-15.8%</u>
Net Position	<u>\$ 1,307,267</u>	<u>\$ 956,365</u>	<u>\$ 350,902</u>	<u>36.7%</u>
Net Investment in Capital Assets	\$ 1,215,939	\$ 1,277,024	\$ (61,085)	-4.8%
Restricted Net Position	594,148	378,320	215,828	57.0%
Unrestricted Net Position	<u>(502,820)</u>	<u>(698,979)</u>	<u>196,159</u>	<u>-28.1%</u>
Total Net Position	<u>\$ 1,307,267</u>	<u>\$ 956,365</u>	<u>\$ 350,902</u>	<u>36.7%</u>

Computations of Changes in Net Position are as follows:

<u>Revenues</u>				
Tenant Revenues	\$ 158,814	\$ 154,445	4,369	2.8%
HUD Operating Grants	7,172,802	6,814,539	358,263	5.3%
Other	<u>171,345</u>	<u>71,108</u>	<u>100,237</u>	<u>141.0%</u>
Total Operating Revenues	7,502,961	7,040,092	462,869	6.6%
<u>Expenses</u>				
Total Operating Expenses Excl HAP and Depreciation	864,261	872,009	(7,748)	-0.9%
Housing Assistance Payments	6,199,754	5,971,737	228,017	3.8%
Depreciation Expense	<u>145,976</u>	<u>149,260</u>	<u>(3,284)</u>	<u>-2.2%</u>
Total Operating Expenses	7,209,991	6,993,006	216,985	3.1%
Operating Income/(Loss)	292,970	47,086	245,884	522.2%
<u>Non-Operating Income/(Expenses)</u>				
Interest on Investments	<u>6,656</u>	<u>7,167</u>	<u>(511)</u>	<u>-7.1%</u>
Net Income/(Loss)	299,626	54,253	245,373	452.3%
Prior Period Adjustment	51,276	-	51,276	100.0%
Net Position - Beginning Balance	956,365	902,112	54,253	6.0%
Net Position - Ending Balance	<u>\$ 1,307,267</u>	<u>\$ 956,365</u>	<u>\$ 350,902</u>	<u>36.7%</u>



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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Fort Lee Housing Authority
Fort Lee, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the Fort Lee Housing Authority, which comprise the Comparative Statements of Net Position as of December 31, 2020 and 2019 and the related Comparative Statements of Revenue, Expenses and Changes in Net Position and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fort Lee Housing Authority, as of December 31, 2020 and 2019, and the changes in net position, and its cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis presented on pages 1-5 and the Supplemental Schedules pertaining to the Public Employees Retirement System presented on pages 26-27 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Fort Lee Housing Authority. The Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The financial data schedule and the schedule of expenditures of federal awards for the year ended December 31, 2020 are the responsibility of management and were derived from and directly relate to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 financial data schedule and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* we have also issued our report dated October 4, 2021 on our consideration of the Fort Lee Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.


POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
October 4, 2021

FORT LEE HOUSING AUTHORITY
Fort Lee, New Jersey
COMPARATIVE STATEMENTS OF NET POSITION
At December 31, 2020 and 2019

ASSETS AND DEFERRED OUTFLOW OF RESOURCES

	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>
<u>CURRENT ASSETS</u>		
Cash - Unrestricted	\$ 972,424	\$ 906,405
Cash - Restricted	1,664,321	1,154,491
Cash - Tenant Security Deposits	13,812	11,229
Accounts Receivable - Miscellaneous	27,308	13,563
Accounts Receivable - HUD	5,555	5,656
Total Current Assets	2,683,420	2,091,344
<u>FIXED ASSETS</u>		
Land	5,873	5,873
Buildings	3,831,375	3,753,375
Furniture, Equipment and Machinery	52,305	52,306
Leasehold Improvements	538,315	538,315
Construction in Process	17,520	10,628
Total Fixed Assets	4,445,388	4,360,497
Less: Accumulated Depreciation	(3,229,449)	(3,083,473)
Net Fixed Assets	1,215,939	1,277,024
Deferred Outflow of Resources	158,758	214,387
Total Assets and Deferred Outflow of Resources	\$ 4,058,117	\$ 3,582,755

LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable - Vendors	\$ 13,872	\$ 47,662
Accrued Wages	5,156	3,221
Accrued Interest Payable	849	868
Accounts Payable - HUD	808	158
Tenant Security Deposits	13,812	11,229
Payment in Lieu of Taxes	9,324	8,754
Unearned Revenue	221,493	-
Other Current Liabilities	2,935	-
Long Term Debt Operating Borrowings - Current Portion	6,051	5,826
Total Current Liabilities	274,300	77,718

LONG TERM LIABILITIES

Family Self Sufficiency Escrows	864,737	787,177
Accrued Pension Liability	764,381	819,395
Loan Liability - Non-Current	118,507	118,507
Long Term Debt Operating Borrowings - Non-Current Portion	256,865	262,890
Total Long Term Liabilities	2,004,490	1,987,969
Total Liabilities	2,278,790	2,065,687

Deferred Inflow of Resources	472,060	560,703
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NET POSITION

Net Investment in Capital Assets	1,215,939	1,277,024
Restricted Net Position	594,148	378,320
Unrestricted Net Position	(502,820)	(698,979)
Total Net Position	\$ 1,307,267	\$ 956,365

See Notes to Financial Statements.

FORT LEE HOUSING AUTHORITY
Fort Lee, New Jersey
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended December 31, 2020 and 2019

	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>
<u>OPERATING REVENUES</u>		
Dwelling Rentals	\$ 158,814	\$ 154,445
HUD Operating Grants	7,172,802	6,814,539
Other	<u>171,345</u>	<u>71,108</u>
Total Operating Revenues	<u>7,502,961</u>	<u>7,040,092</u>
<u>OPERATING EXPENSES</u>		
Administration	560,709	539,538
Tenant Services	74,675	52,771
Housing Assistance Payments	6,199,754	5,971,737
Utilities	69,517	69,890
Ordinary Maintenance & Operations	110,954	141,666
General Expenses	48,406	68,144
Depreciation Expense	<u>145,976</u>	<u>149,260</u>
Total Operating Expenses	<u>7,209,991</u>	<u>6,993,006</u>
EXCESS OF OPERATING REVENUES OVER EXPENSES	292,970	47,086
<u>NON-OPERATING REVENUES/(EXPENSES)</u>		
Interest Income	6,656	7,167
INCREASE (DECREASE) IN NET POSITION	299,626	54,253
Beginning Net Position	<u>956,365</u>	<u>902,112</u>
Prior Period Adjustments	<u>51,276</u>	<u>-</u>
Ending Net Position	<u>\$ 1,307,267</u>	<u>\$ 956,365</u>

See Notes to Financial Statements.

FORT LEE HOUSING AUTHORITY
Fort Lee, New Jersey
COMPARATIVE STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash Received:		
From Tenants for Rental & Other Income	\$ 158,814	\$ 154,445
From Government Agencies for Operating Grants	7,394,396	6,822,421
From Other Operating Revenues	157,600	207,491
Cash Paid		
To Employees for Operations	(439,960)	(439,960)
To Suppliers for Operations	(488,771)	(467,761)
For Housing Assistance Payments	(6,199,754)	(5,971,737)
Net Cash Provided/(Used) by Operating Activities	<u>582,325</u>	<u>304,899</u>
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Purchase of Fixed Assets	<u>(84,892)</u>	<u>(10,629)</u>
Net Cash Provided/(Used) by Financing Activities	<u>(84,892)</u>	<u>(10,629)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment Income	6,656	7,167
Receipt/(Payment) of Loan	(5,800)	(5,611)
Receipt/(Return) of Tenant Security Deposits and FSS Escrows	<u>80,143</u>	<u>127,867</u>
Net Cash Provided/(Used) by Investing Activities	<u>80,999</u>	<u>129,423</u>
 Net Increase/(Decrease) in Cash & Cash Equivalents	 578,432	 423,693
Cash & Equivalents at Beginning of Period	<u>2,072,125</u>	<u>1,648,432</u>
Cash & Equivalents at End of Period	<u>2,650,557</u>	<u>2,072,125</u>
 <u>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) IN OPERATIONS</u>		
Operating Income/(Loss)	292,970	47,086
Adjustments to reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:		
Depreciation	145,976	149,260
Deferred Outflow of Resources	55,629	140,193
Deferred Inflow of Resources	(88,643)	(26,939)
Decrease/(Increase) in Assets		
Accounts Receivable - Miscellaneous	(13,745)	136,383
Accounts Receivable - HUD	101	7,882
Increase/(Decrease) in Liabilities		
Accounts Payable	(33,789)	27,787
Accrued Interest Payable	(19)	868
Accrued Wages	1,935	(404)
Unearned Revenue	221,493	-
Accounts Payable - HUD	650	-
Other Current Liabilities	2,935	-
Accrued Pension Liability	(3,738)	(179,098)
PILOT Payable	<u>570</u>	<u>1,881</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ 582,325</u>	<u>\$ 304,899</u>

See Notes to Financial Statements.

Fort Lee Housing Authority
Notes to the Financial Statements
December 31, 2020

NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies:

A. Organization – The Fort Lee Housing Authority (The Authority) is a governmental, public corporation created under the laws of the state of New Jersey to provide housing for qualified individuals in accordance with rules and regulations prescribed by the United States Department of Housing and Urban Development (HUD). The Authority is governed by a board of Commissioners which is essentially autonomous but is responsible to the U.S. Department of Community Affairs. An executive director is appointed by the housing authority's Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance and management of public housing for low and moderate income families residing in the Fort Lee. Operating and modernization subsidies are provided to the Authority by the federal government.

B. Activities – The combined financial statements include all the accounts of the Authority. The Authority is the lowest level of government over which the Authority's Board of Commissioners and Executive Director exercise oversight responsibility. The Authority is not included in any Governmental "reporting entity" since its board members, while they are appointed primarily by the city council, have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary responsibility for accounting and fiscal matters. The Authority has not identified any entities which should be subject to evaluation for inclusion in the Authority's reporting entity.

C. Significant Accounting Policies

Basis of Accounting

The accrual basis of accounting is used for measuring financial position and operating results of Proprietary Fund Types. Under the accrual basis of accounting, transactions are recognized when they occur, regardless of when cash is received or disbursed. Proprietary Fund revenues and expenses are recognized on the accrual basis, with revenues recognized in the accounting period in which they are earned and become measurable, and expenses recognized in the period incurred, if measurable. Thus, for example, proprietary funds recognized revenue in the period in which a service is provided, regardless of how long after the end of the period the revenue is expected to be collected.

Using the accrual basis of accounting is consistent with the proprietary fund focus on measuring all the costs of providing goods or services for the period and matching those costs with the revenues earned during the period by providing the goods or services.

Report Presentation

The financial statements included in this Report were prepared in accordance with generally accepted accounting principles in the United States of America applicable to governmental entities for Proprietary Fund Types. In accordance with GASB Statement No. 34, the report includes Management's Discussion and Analysis.

The Enterprise Fund is used for activities which are financed and operated in a manner similar to a private business enterprise where the intent is that the costs (expenses, including depreciation) of providing goods or services to its clients on a continuing basis be financed or recovered primarily through user charges or operating subsidies. All of the Authority's activities are reported in a single Enterprise Fund.

Fort Lee Housing Authority
Notes to the Financial Statements
December 31, 2020

NOTE 2 – Summary of Organization, Activities and Significant Accounting Policies (Continued):

Significant Accounting Policies are as follows:

1 – Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in banks, petty cash, certificates of deposit, and other investments with original maturities of less than three months from the date of purchase.

Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts.

3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight line basis.

4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.

5 – The Authority is subsidized by the Federal Government. The Authority is not subject to Federal or State income taxes, nor is it required to file Federal and State income tax returns.

6 – Operating subsidies received from HUD are recorded as income when earned.

7 – The cost of accumulated unpaid compensated absences, including fringe benefits, are reported in the period earned rather than in the period paid.

8 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.

9 – Inventories in the Proprietary Fund consist of supplies and are recorded at the lower cost or market.

10 – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period.

11 – The Authority has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles, Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989.

12 – The Authority does not have any infrastructure assets for its Proprietary Fund.

13 – Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which the transactions are executed.

14 – Long-lived assets to be held and used are tested for recoverability whenever events of changes in circumstances indicate that the carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset and long lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell. As of December 31, 2020 the Authority has not recognized any reduction in the carrying value of its fixed assets when considering AU 360.

15 – The Authority does not make an accrual for OPEB costs since the personnel policy states that post-employment benefits will not be paid for any employees.

Fort Lee Housing Authority
Notes to the Financial Statements
December 31, 2020

NOTE 3 – Summary of Organization, Activities and Significant Accounting Policies (Continued):

Budgetary Policy Control

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

New Accounting Pronouncements

The Authority was required to adopt GASB Statement 68, *Accounting and Financial Reporting for Pensions* which requires employers to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. Additional information regarding the adoption of GASB 68 can be found in Note 9 to these financial statements.

NOTE 4 – Cash

The Authority maintains cash and investments in local banks. These funds are covered by the Governmental Unit Deposit Protection Act of the state of New Jersey, which requires the institutions to pool collateral for all of governmental deposits and have the collateral held by an approved custodian in the authority's name. Cash (including tenant security deposits) of \$2,650,557 and \$2,072,125 at December 31, 2020 and 2019, respectively, consisted of the following:

	<u>Dec 2020</u>	<u>Dec 2019</u>
Checking Accounts	\$ 1,321,097	\$ 840,549
Security Deposits	13,812	11,229
FSS Escrow Account	863,265	777,383
CDs and Money Market Accounts	452,183	442,764
Petty Cash	<u>200</u>	<u>200</u>
	<u>\$ 2,650,557</u>	<u>\$ 2,072,125</u>

The carrying amount of the Authority's cash and cash equivalents as of December 31, 2020 was \$2,650,557 and the bank balances were \$2,667,132. \$750,000 was covered by FDIC insurance and \$1,917,132 was covered by a collateral pool maintained by the banks as required by New Jersey statute. Cash and cash equivalents, except petty cash, are held in the Authority's name.

Fort Lee Housing Authority
Notes to the Financial Statements
December 31, 2020

NOTE 5 - Fixed Assets

Fixed assets consist primarily of expenditures to acquire, construct, place in operation and improve the facilities of the Authority and are stated at cost less accumulated depreciation. The following is a summary of the changes in fixed assets for the years ended December 31, 2020 and 2019.

	<u>1/1/2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Other</u>	<u>12/31/2020</u>
Land	\$ 5,873	\$ -	\$ -	\$ -	\$ 5,873
Buildings	3,753,375	67,372	-	10,628	3,831,375
Furniture & Equipment	52,305	-	-	-	52,305
Leasehold Improvements	538,315	-	-	-	538,315
Construction in Progress	10,628	17,520	-	(10,628)	17,520
Total Fixed Assets	4,360,496	84,892	-	-	4,445,388
Accumulated Depreciation	<u>(3,083,473)</u>	<u>(145,976)</u>	-	-	<u>(3,229,449)</u>
Net Fixed Assets	<u>\$ 1,277,023</u>	<u>\$ (61,084)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,215,939</u>
	<u>1/1/2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Other</u>	<u>12/31/2019</u>
Land	\$ 5,873	\$ -	\$ -	\$ -	\$ 5,873
Buildings	3,753,375	-	-	-	3,753,375
Furniture & Equipment	52,305	-	-	-	52,305
Leasehold Improvements	451,324	-	-	86,991	538,315
Construction in Progress	86,991	10,628	-	(86,991)	10,628
Total Fixed Assets	4,349,868	10,628	-	-	4,360,497
Accumulated Depreciation	<u>(2,934,213)</u>	<u>(149,260)</u>	-	-	<u>(3,083,473)</u>
Net Fixed Assets	<u>\$ 1,415,655</u>	<u>\$ (138,632)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,277,024</u>

Depreciation expense for the years ended 2020 and 2019 amounted to \$145,976 and \$149,260 respectively.

Expenditures are capitalized when they meet the Capitalization Policy requirements. Under that policy assets purchased or constructed at a cost not to exceed \$1,000 are expensed when incurred.

Depreciation of Fixed Assets is provided using the straight-line method for reporting purposes at rates based upon the following estimated useful lives:

	<u>Years</u>
Buildings	40
Component	20
Site Improvements	15
Furniture	5
Equipment	5
Vehicles	5
Computers	3

NOTE 6 – Payment in Lieu of Taxes (PILOT)

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Borough of Fort Lee. Under the Cooperation Agreement, the Authority must pay the municipality the lesser of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal year ended December 31, 2020 and 2019, PILOT expense of \$9,324 and \$8,754 was accrued.

Fort Lee Housing Authority
Notes to the Financial Statements
December 31, 2020

NOTE 7– Accrued Compensated Absences

Unused sick leave may be carried to future periods and used in the event of extended illness. However, employees are not entitled to compensation for unused sick days in the event of termination, retirement or death under the Authority's current personnel policy. Unused vacation may not be carried to future periods.

NOTE 8– Long Term Debt

During the fiscal year ended December 31, 2016, the Authority entered a loan agreement with Bogota Savings Bank. The \$285,000 loan was used to fund the Authority's replacement reserve requirements for its RAD conversion. The 30 year loan has an interest rate of 3.75% and the funds were received by the Authority in December 2016.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	6,051	9,894	15,945
2022	6,285	9,659	15,944
2023	6,528	9,417	15,945
2024	6,781	9,164	15,945
2025	7,043	8,901	15,944
Thereafter	<u>230,228</u>	<u>104,289</u>	<u>334,517</u>
	<u>\$ 262,916</u>	<u>\$ 151,324</u>	<u>\$ 414,240</u>

In addition, the Authority received \$118,507 from Fort Lee Assistance and Support Housing Corporation in December 2016. These funds were also used to fund the Authority's replacement reserve requirements for the RAD conversion. This is a non-interest bearing loan that will be repaid when the Authority has the available cash.

NOTE 9 – Pension Plan

General Information about the Pension Plan

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

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

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

Fort Lee Housing Authority
Notes to the Financial Statements
December 31, 2020

NOTE 9 – Pension (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 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 to tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached service retirement age for the respective tier.

Contributions - The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 9, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. The unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

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

At the June 30, 2020 and June 30, 2019 measurement dates, the Authority reported \$764,381 and \$819,395, respectively, for its proportionate share of the net pension liability. The Authority's portion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's allocation percentages as of June 30, 2020 and June 30, 2019 were 0.00469% and 0.00455%, respectively.

The components of the Authority's net pension liability as of June 30, 2020 and 2019, the most recent evaluation dates, are as follows:

	<u>2020</u>	<u>2019</u>
Total Pension Liability	\$ 1,848,344	\$ 1,886,834
Plan Fiduciary Net Position	<u>1,083,963</u>	<u>1,067,439</u>
Net Pension Liability	<u>\$ 764,381</u>	<u>\$ 819,395</u>

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Actuarial Assumptions - The total pension liability as of June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Fort Lee Housing Authority
Notes to the Financial Statements
December 31, 2020

NOTE 9 -- Pension (Continued)

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases	
Through 2026	2.00-6.00%
	based on years of service
Thereafter	3.00-7.00%
	based on years of service
Investment Rate of Return	7.00%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 2 years for males and 7 years for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2013 based on projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actuarial experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact will be on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7 % at June 30, 2020) is determined by the State Treasurer after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries.

Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
US Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

Fort Lee Housing Authority
Notes to the Financial Statements
December 31, 2020

NOTE 9 – Pension (Continued)

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

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate - The following presents the net pension liability of the Authority as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	At 1% <u>Decrease</u>	At June 30 Discount <u>Rate</u>	At 1% <u>Increase</u>
2020	\$ 969,794	\$ 764,831	\$ 601,192
2019	\$ 1,042,229	\$ 819,395	\$ 642,129

At June 30, 2020 and 2019, the Authority reported deferred outflows inflows of resources related to pensions from the following sources:

	2020 Deferred Outflows of Resources	2020 Deferred Inflows of Resources	2019 Deferred Outflows of Resources	2019 Deferred Inflows of Resources
Changes of assumptions	\$ 24,797	\$ 320,053	\$ 81,820	\$ 284,409
Differences between expected and actual experience	13,918	2,702	14,707	3,620
Net differences between projected and actual earnings on plan investments	26,127	-	-	12,934
Changes in proportion	93,916	149,305	117,860	259,740
Authority's contributions subsequent to the measurement date	-	-	-	-
TOTAL	<u>\$ 158,758</u>	<u>\$ 472,060</u>	<u>\$ 214,387</u>	<u>\$ 560,703</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) relate to pensions will be recognized in pension expense as shown in the below chart. The amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) over the average of the expected remaining service lives of all plan members, which is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 for the years 2020, 2019, 2018, 2017, 2016, 2015 and 2014 respectively.

Year ended June 30:

2021	(116,514)
2022	(106,225)
2023	(60,705)
2024	(24,548)
2025	(5,309)
Total	<u>\$ (313,302)</u>

Fort Lee Housing Authority
Notes to the Financial Statements
December 31, 2020

NOTE 10 – Risk Management

The Authority is exposed to various risks of loss related to torts, theft, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. During the years ended December 31, 2020 and 2019, the Authority's risk management program, in order to deal with potential liabilities, consisted of various insurance policies for fire, general liability, crime, auto and public officials' errors and omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its Projects for the purpose of determining potential liability issues. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Settled claims relating to the commercial insurance have not exceeded the amount of insurance in any of the past three fiscal years.

NOTE 11 – Economic Dependency

For the years ended December 31, 2020 and 2019, a substantial portion of the Authority's revenues were received from HUD and are subject to availability of funds and Congressional approval, as well as the Authority's compliance with Federal rules and regulations.

NOTE 12 – Restricted and Unrestricted Net Position

Prior to January 1, 2005 excess funds advanced by HUD to the Authority for housing assistance payments were returned to HUD at the end of the Authority's fiscal year. In accordance with HUD's PIH Notice 2006-03, starting January 1, 2005 excess funds disbursed by HUD to the Authority for housing assistance payments that are not so utilized are not returned to HUD, but become part of the undesignated fund balance and may only be used to assist additional families up to the number of units under contract. As of November 2007, HUD is reverting to treating these funds as restricted in order to comply with generally accepted accounting principles. HUD has indicated that any HAP amounts received by a PHA and not expended should be reported as restricted cash and restricted net assets. Administrative fees paid by HUD to the Authority in excess of administrative expenses are part of the undesignated fund balance and are considered to be "administrative fee reserves". These reserves accumulated prior to January 1, 2005 are subject to all requirements applicable to administrative fee reserves including, but not limited to, 24 CFR982.155 – i.e. "other housing purposes permitted by state or local law". Excess administrative fees earned in 2005 and subsequent years must be used for activities related to the provision of tenant-based rental assistance authorized under Section 8 of the United States Housing Act of 1937, including related development activities.

In accordance with HUD requirements, the Agency's HCV restricted fund balance consists of the following components as of December 31, 2020 and 2019:

HAP Reserves at December 31, 2018	\$	-
FYE December 31, 2019 HAP Expenses in Excess of Revenues		53,614
HAP Reserves at December 31, 2019	\$	<u>53,614</u>
HAP Reserves at December 31, 2019	\$	53,614
FYE December 31, 2020 HAP Expenses in Excess of Revenues		176,774
HAP Reserves at December 31, 2020	\$	<u>230,388</u>

NOTE 13 – Prior Period Adjustment

During the fiscal year ended December 31, 2020, there is a prior period adjustment of \$51,276 adjusting pension liability. There was no prior period adjustments recorded during the fiscal year ended December 31, 2019.

Fort Lee Housing Authority
Notes to the Financial Statements
December 31, 2020

NOTE 14 – Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated subsequent events through October 4, 2021, the date on which the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of office facilities, including the offices of the Authority, and shelter in place orders for all but those deemed essential services. While this disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. As a result, the Authority has changed the manner in which its services are performed. Those changes include tenant intake and recertification procedures, maintenance services and planning and completion of capital improvements. Additionally, the pandemic has impacted the housing authority's ability to collect rents due to the loss or reduction tenants' income. Although HUD has provided additional subsidies to assist the Authority in meeting these financial challenges, it is probable that this matter will result in a negative impact on the Authority's financial position and results of operations. However, the ultimate financial impact and duration cannot be estimated at this time.

FORT LEE HOUSING AUTHORITY
Fort Lee, New Jersey
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2020

	<u>Awards Expended</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	
DIRECT FEDERAL AWARDS	
Resident Opportunity Services (CFDA # 14.870)	\$ 55,000
<u>Housing Choice Voucher Cluster</u> Housing Choice Voucher (CFDA # 14.871)	6,782,683
HCV CARES Act Funding (CFDA # 14.HCC)	<u>335,119</u>
Subtotal Direct Federal Awards	<u>7,172,802</u>
INDIRECT FEDERAL AWARDS	
Community Development Block Grant (Sub-grantee of Bergen County - CFDA #14.219)	<u>84,892</u>
Subtotal Indirect Federal Awards	<u>84,892</u>
Total Federal Financial Assistance	<u>\$ 7,257,694</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation - The Schedule of Expenditures of Federal Awards is presented in accordance with generally accepted accounting principles and is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.
2. There were no subrecipient activities during the audit period.
3. The Authority has elected not to use the 10% de minimis cost rate.
4. The Authority received no non-cash assistance.
5. The Authority did not have any HUD issued mortgages or loans.

Fort Lee Housing Authority (NJ071)
FORT LEE, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.219 Community Development Block Grants/Small Cities Program	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted			\$272,378	\$700,046			\$972,424		\$972,424
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted			\$363,471	\$1,076,422		\$221,493	\$1,661,386		\$1,661,386
114 Cash - Tenant Security Deposits			\$13,812				\$13,812		\$13,812
115 Cash - Restricted for Payment of Current Liabilities				\$2,935			\$2,935		\$2,935
100 Total Cash	\$0	\$0	\$649,661	\$1,779,403	\$0	\$221,493	\$2,650,557	\$0	\$2,650,557
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects					\$5,555		\$5,555		\$5,555
124 Accounts Receivable - Other Government		\$17,520	\$5,373	\$2,437			\$25,330		\$25,330
125 Accounts Receivable - Miscellaneous				\$1,978			\$1,978		\$1,978
126 Accounts Receivable - Tenants									
126.1 Allowance for Doubtful Accounts - Tenants									
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0	\$0	\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current									
128 Fraud Recovery									
128.1 Allowance for Doubtful Accounts - Fraud									
129 Accrued Interest Receivable									
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$17,520	\$5,373	\$4,415	\$5,555	\$0	\$32,863	\$0	\$32,863
131 Investments - Unrestricted									
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets									
143 Inventories									
143.1 Allowance for Obsolete Inventories									
144 Inter Program Due From			\$17,520	\$5,555			\$23,075	-\$23,075	\$0
145 Assets Held for Sale									
150 Total Current Assets	\$0	\$17,520	\$672,554	\$1,789,373	\$5,555	\$221,493	\$2,706,495	-\$23,075	\$2,683,420
161 Land			\$5,873				\$5,873		\$5,873
162 Buildings			\$3,831,375				\$3,831,375		\$3,831,375
163 Furniture, Equipment & Machinery - Dwellings									
164 Furniture, Equipment & Machinery - Administration			\$52,305				\$52,305		\$52,305
165 Leasehold Improvements			\$538,315				\$538,315		\$538,315
166 Accumulated Depreciation			-\$3,229,449				-\$3,229,449		-\$3,229,449
167 Construction in Progress			\$17,520				\$17,520		\$17,520
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$1,215,939	\$0	\$0	\$0	\$1,215,939	\$0	\$1,215,939
171 Notes, Loans and Mortgages Receivable - Non-Current									
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									
174 Other Assets									
176 Investments in Joint Ventures									
180 Total Non-Current Assets	\$0	\$0	\$1,215,939	\$0	\$0	\$0	\$1,215,939	\$0	\$1,215,939
200 Deferred Outflow of Resources			\$44,786	\$113,972			\$158,758		\$158,758
290 Total Assets and Deferred Outflow of Resources	\$0	\$17,520	\$1,933,279	\$1,903,345	\$5,555	\$221,493	\$4,081,192	-\$23,075	\$4,058,117
311 Bank Overdraft									
312 Accounts Payable <= 90 Days			\$10,462	\$3,410			\$13,872		\$13,872
313 Accounts Payable >90 Days Past Due									
321 Accrued Wages/Payroll Taxes Payable				\$5,156			\$5,156		\$5,156
322 Accrued Compensated Absences - Current Portion									
324 Accrued Contingency Liability									
325 Accrued Interest Payable			\$849				\$849		\$849
331 Accounts Payable - HUD PHA Programs				\$808	\$0		\$808		\$808
332 Accounts Payable - PHA Projects									
333 Accounts Payable - Other Government			\$9,324				\$9,324		\$9,324
341 Tenant Security Deposits			\$13,812				\$13,812		\$13,812
342 Unearned Revenue						\$221,493	\$221,493		\$221,493
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue									
344 Current Portion of Long-term Debt - Operating Borrowings			\$6,051				\$6,051		\$6,051
345 Other Current Liabilities				\$2,935			\$2,935		\$2,935
346 Accrued Liabilities - Other									
347 Inter Program - Due To		\$17,520			\$5,555		\$23,075	-\$23,075	\$0
348 Loan Liability - Current									
310 Total Current Liabilities	\$0	\$17,520	\$40,498	\$12,309	\$5,555	\$221,493	\$297,375	-\$23,075	\$274,300

Fort Lee Housing Authority (NJ071)
FORT LEE, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.219 Community Development Block Grants/Small Cities Program	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue									
352 Long-term Debt, Net of Current - Operating Borrowings			\$256,865				\$256,865		\$256,865
353 Non-current Liabilities - Other			\$18,703	\$846,034			\$864,737		\$864,737
354 Accrued Compensated Absences - Non Current									
355 Loan Liability - Non Current			\$118,507				\$118,507		\$118,507
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities			\$177,185	\$587,188			\$764,381		\$764,381
350 Total Non-Current Liabilities	\$0	\$0	\$571,260	\$1,433,230	\$0	\$0	\$2,004,490	\$0	\$2,004,490
300 Total Liabilities	\$0	\$17,520	\$811,798	\$1,445,539	\$5,555	\$221,493	\$2,301,865	-\$23,075	\$2,278,790
400 Deferred Inflow of Resources			\$126,690	\$345,370			\$472,060		\$472,060
608.4 Net Investment in Capital Assets			\$1,215,939				\$1,215,939		\$1,215,939
511.4 Restricted Net Position			\$363,760	\$230,388			\$594,148		\$594,148
512.4 Unrestricted Net Position	\$0	\$0	-\$384,968	-\$117,952	\$0	\$0	-\$502,820		-\$502,820
613 Total Equity - Net Assets / Position	\$0	\$0	\$1,194,831	\$112,436	\$0	\$0	\$1,307,267	\$0	\$1,307,267
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$17,520	\$1,933,279	\$1,803,345	\$5,555	\$221,493	\$4,081,192	-\$23,075	\$4,058,117

Fort Lee Housing Authority (NJ071)
 FORT LEE, NJ
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.219 Community Development Block Grants/Small Cities Program	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue			\$158,799				\$158,799		\$158,799
70400 Tenant Revenue - Other			\$15				\$15		\$15
70500 Total Tenant Revenue	\$0	\$0	\$158,814	\$0	\$0	\$0	\$158,814	\$0	\$158,814
70600 HUD PHA Operating Grants				\$6,782,683	\$55,000	\$335,119	\$7,172,802		\$7,172,802
70610 Capital Grants									
70710 Management Fee									
70720 Asset Management Fee									
70730 Book Keeping Fee									
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue							\$0	\$0	\$0
70800 Other Government Grants		\$84,892	\$211,007				\$295,899	\$211,007	\$84,892
71100 Investment Income - Unrestricted			\$1,429	\$3,582			\$5,011		\$5,011
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery				\$24,242			\$24,242		\$24,242
71500 Other Revenue			\$32,001	\$30,210			\$62,211		\$62,211
71600 Gain or Loss on Sale of Capital Assets									
72000 Investment Income - Restricted			\$1,645				\$1,645		\$1,645
70000 Total Revenue	\$0	\$84,892	\$404,896	\$6,840,717	\$55,000	\$335,119	\$7,720,624	\$211,007	\$7,509,617
91100 Administrative Salaries			\$43,850	\$318,921			\$362,801		\$362,801
91200 Auditing Fees			\$3,184	\$8,136			\$11,300		\$11,300
91300 Management Fee									
91310 Book-keeping Fee									
91400 Advertising and Marketing									
91500 Employee Benefit Contributions - Administrative			\$7,229	\$46,107			\$53,336		\$53,336
91600 Office Expenses			\$18,463	\$52,864			\$71,327		\$71,327
91700 Legal Expense			\$12,190	\$12,650			\$24,840		\$24,840
91800 Travel									
91810 Allocated Overhead									
91900 Other			\$10,453	\$28,652			\$37,105		\$37,105
91000 Total Operating - Administrative	\$0	\$0	\$95,379	\$465,330	\$0	\$0	\$560,709	\$0	\$560,709
92000 Asset Management Fee									
92100 Tenant Services - Salaries					\$40,758		\$40,758		\$40,758
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services					\$14,242		\$14,242		\$14,242
92400 Tenant Services - Other						\$19,675	\$19,675		\$19,675
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$55,000	\$19,675	\$74,675	\$0	\$74,675
93100 Water			\$13,420				\$13,420		\$13,420
93200 Electricity			\$18,273				\$18,273		\$18,273
93300 Gas			\$14,443				\$14,443		\$14,443
93400 Fuel									
93500 Labor			\$19,427				\$19,427		\$19,427
93600 Sewer									
93700 Employee Benefit Contributions - Utilities			\$3,954				\$3,954		\$3,954
93800 Other Utilities Expense									
93000 Total Utilities	\$0	\$0	\$69,517	\$0	\$0	\$0	\$69,517	\$0	\$69,517
94100 Ordinary Maintenance and Operations - Labor			\$58,280				\$58,280		\$58,280
94200 Ordinary Maintenance and Operations - Materials and Other			\$16,756				\$16,756		\$16,756
94300 Ordinary Maintenance and Operations Contracts			\$25,632				\$25,632		\$25,632
94500 Employee Benefit Contributions - Ordinary Maintenance			\$6,776				\$6,776		\$6,776
94000 Total Maintenance	\$0	\$0	\$107,444	\$0	\$0	\$0	\$107,444	\$0	\$107,444
95100 Protective Services - Labor									
95200 Protective Services - Other Contract Costs									
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services									
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance									
96120 Liability Insurance									
96130 Workmen's Compensation									
96140 All Other Insurance			\$6,012	\$17,993			\$24,005		\$24,005
96100 Total Insurance Premiums	\$0	\$0	\$6,012	\$17,993	\$0	\$0	\$24,005	\$0	\$24,005

Fort Lee Housing Authority (NJ071)
FORT LEE, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.219 Community Development Block Grants/Small Cities Program	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.HCC HCV CARES Act Funding	Subtotal	ELIM	Total
96200 Other General Expenses				\$4,951			\$4,951		\$4,951
96210 Compensated Absences									
96300 Payments In Lieu of Taxes			\$9,324				\$9,324		\$9,324
96400 Bad debt - Tenant Rents									
96500 Bad debt - Mortgages									
96600 Bad debt - Other									
96800 Severance Expense									
96800 Total Other General Expenses	\$0	\$0	\$9,324	\$4,951	\$0	\$0	\$14,275	\$0	\$14,275
96710 Interest of Mortgage (or Bonds) Payable									
96720 Interest on Notes Payable (Short and Long Term)			\$10,126				\$10,126		\$10,126
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$10,126	\$0	\$0	\$0	\$10,126	\$0	\$10,126
96900 Total Operating Expenses	\$0	\$0	\$297,802	\$488,274	\$55,000	\$19,875	\$860,751	\$0	\$860,751
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$84,892	\$107,894	\$6,352,443	\$0	\$315,444	\$6,659,873	-\$211,007	\$6,648,866
97100 Extraordinary Maintenance			\$3,510				\$3,510		\$3,510
97200 Casualty Losses - Non-capitalized									
97300 Housing Assistance Payments				\$6,075,281		\$315,444	\$6,390,725	-\$211,007	\$6,179,718
97350 HAP Portability-In				\$20,036			\$20,036		\$20,036
97400 Depreciation Expense			\$145,976				\$145,976		\$145,976
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
99000 Total Expenses	\$0	\$0	\$447,288	\$6,583,591	\$55,000	\$335,119	\$7,420,998	-\$211,007	\$7,209,991
10010 Operating Transfer In			\$84,892				\$84,892		\$84,892
10020 Operating transfer Out		-\$84,892					-\$84,892		-\$84,892
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	\$0	-\$84,892	\$84,892	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$0	\$42,500	\$257,126	\$0	\$0	\$299,626	\$0	\$299,626
11020 Required Annual Debt Principal Payments	\$0	\$0	\$5,800	\$0	\$0	\$0	\$5,800		\$5,800
11030 Beginning Equity	\$0	\$0	\$1,139,891	-\$183,526	\$0	\$0	\$956,365		\$956,365
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			\$12,440	\$38,836			\$51,276		\$51,276
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity				-\$117,952			-\$117,952		-\$117,952
11180 Housing Assistance Payments Equity				\$230,388			\$230,388		\$230,388
11190 Unit Months Available	0		468	6708			6708		6708
11210 Number of Unit Months Leased	0		449	5870			6319		6319
11270 Excess Cash	\$0						\$0		\$0
11610 Land Purchases	\$0						\$0		\$0
11620 Building Purchases	\$0						\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0						\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0						\$0		\$0
11650 Leasehold Improvements Purchases	\$0						\$0		\$0
11660 Infrastructure Purchases	\$0						\$0		\$0
13510 CFFP Debt Service Payments	\$0						\$0		\$0
13901 Replacement Housing Factor Funds	\$0						\$0		\$0

FORT LEE HOUSING AUTHORITY
Schedule of Proportionate Share of the Net Pension Liability
of the Public Employees Retirement System (PERS)
For the Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Housing Authority's Proportion of the Net Pension Liability	0.46873%	0.00455%	0.00507%	0.00543%	0.00427%	0.00615%	0.00640%
Housing Authority's Proportionate Share of the Net Pension Liability	\$ 764,381	\$ 819,395	\$ 998,493	\$ 1,263,549	\$ 1,263,549	\$ 1,381,635	\$ 1,198,194
Housing Authority's Covered Employee Payroll	\$ 481,266	\$ 439,960	\$ 431,102	\$ 426,296	\$ 389,569	\$ 368,916	\$ 452,482
Housing Authority's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Employee Payroll	158.83%	186.24%	231.61%	296.40%	324.35%	374.51%	264.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

The amounts determined for each fiscal year were determined as of June 30.

FORT LEE HOUSING AUTHORITY
Schedule of Authority Contributions to the
Public Employees Retirement System (PERS)
For the Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 51,277	\$ 44,234	\$ 50,442	\$ 50,306	\$ 37,901	\$ 52,915	\$ 52,758
Contribution in Relation to the Contractually Required Contribution	\$ (51,277)	\$ (44,234)	\$ (50,442)	\$ (50,306)	\$ (37,901)	\$ (52,915)	\$ (8,632)
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered Payroll	\$ 481,266	\$ 439,960	\$ 431,102	\$ 426,296	\$ 389,569	\$ 368,916	\$ 452,482
Contribution as a Percentage of Covered Employee Payroll	10.65%	10.05%	11.70%	11.80%	9.73%	14.34%	11.66%

The amounts determined for each fiscal year were determined as of June 30.



Polcari & Co.
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners
Fort Lee Housing Authority
Fort Lee, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Controller General of the United States, the financial statements of the Fort Lee Housing Authority as of and for the year ended December 31, 2020 and have issued our report thereon dated October 4, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fort Lee Housing Authority's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. 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 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 the internal control over financial reporting 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, as defined above. However, material weakness may exist that have not been identified.

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

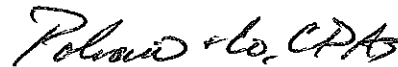
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fort Lee Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of 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 in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
October 4, 2021



Polcari & Co.
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners
Fort Lee Housing Authority
Fort Lee, New Jersey

Report on Compliance for Each Major Federal Program

We have audited the Fort Lee Housing Authority'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 the entity's major federal programs for the year ended December 31, 2020. The Fort Lee Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance federal statutes, regulations, and the terms and conditions of grants of its federal awards applicable to each of its major federal programs.

Auditor's Responsibility

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

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

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

(Continued)

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control 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 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 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. However, material weaknesses may exist that have not been identified.

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



POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
October 4, 2021

FORT LEE HOUSING AUTHORITY
Fort Lee, New Jersey
December 31, 2020

STATUS OF PRIOR AUDIT FINDINGS

The prior audit contained no findings.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION 1 - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

Significant Deficiencies Identified? _____ yes X no

Significant Deficiencies identified that are _____ yes X none reported

not considered to be material weakness(es)? _____ yes X none reported

Noncompliance Material to Financial Statements Noted? _____ yes X no

Federal Awards

Internal Control over Major Programs:

Significant Deficiencies Identified? _____ yes X no

Significant Deficiencies identified that are _____ yes X none reported

not considered to be material weakness(es)? _____ yes X none reported

Type of audit report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be

reported in accordance with section 2 CFR 200.516(a) _____ yes X no

Identification of Major Programs

CFDA

Number Name of Federal Program or Cluster

14.871 Housing Choice Voucher

Dollar Threshold used to distinguish between type A and type B Programs

\$750,000

Auditee qualified as low-risk? _____ X yes _____ no

SECTION 2 – FINANCIAL STATEMENT FINDINGS

None.

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.