

FORT LEE HOUSING AUTHORITY  
Fort Lee, New Jersey

COMPARATIVE FINANCIAL STATEMENTS  
For the Two Years Ended  
December 31, 2022 and 2021

FORT LEE HOUSING AUTHORITY  
 FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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Fort Lee Housing Authority  
Management's Discussion & Analysis  
December 31, 2022

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, 2022. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this Report.

A- Financial Highlights

1- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$1,894,397 (net position) as opposed to \$1,538,423 for the prior fiscal year.

2 – As of the close of the current fiscal year, the Authority's Proprietary Fund reported a surplus in ending Unrestricted Net Position of \$477,860.

3 – The Authority's cash balance, including tenant security deposits, at December 31, 2022 was \$2,665,558, representing an increase of \$33,376 from the prior fiscal year.

4 – The Authority had Total Operating Revenues of \$8,875,021, and Total Operating Expenses of \$8,653,118 (including depreciation expense of \$142,579) for the year ended December 31, 2022.

5 – The Authority's capital outlays for the fiscal year were \$185,575.

6 – The Authority's Expenditures of Federal Awards amounted to \$8,551,969 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, 2022

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 9 through 11.

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 22 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, 2022, 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, 2022, the Authority's investment in capital assets for its Proprietary Fund was \$1,130,050 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

Fort Lee Housing Authority  
Management's Discussion & Analysis  
December 31, 2022

E – Capital Assets and Debt Administration (Continued)

Major capital assets purchases of \$185,575 were funded primarily from CDBG grants. 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.

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, 2021 to December 31, 2022

Cash and other current assets increased \$140,060 primarily because accounts receivable due from other governments increased \$92,778. This amount consists primarily of CDBG cost reimbursements that were received after the fiscal year end date of December 31, 2022. In addition, total cash increased \$33,376

Net fixed assets decreased \$42,996. The Authority purchased \$185,575 of fixed assets and incurred \$142,579 of depreciation expense during the current fiscal year.

Deferred outflow of resources decreased \$17,256, deferred inflow of resources decreased \$188,792 and accrued pension liability increased \$45,793 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 \$604,720 primarily because HCV HAP revenue increased approximately \$500,000 and HCV administrative revenue increased \$170,000. This was partially offset by HCV Cares Act revenue decreasing \$220,000 as the Authority used all of the CARES Act funding in the previous fiscal year per HUD guidelines. In addition, CDBG revenue increased approximately \$150,000.

Other revenue increased \$57,338 due to a significant increase in the HCV program portability revenues.

Operating expenses excluding HAP and depreciation expenses increased \$159,832 primarily because salaries and benefits increased a combined \$90,000 when compared to the prior fiscal year. In addition utility expenses increased \$18,000 and maintenance materials and contracts increased \$30,000.

HAP expenses increased \$399,623 due to the aforementioned increase in HCV HAP revenue. The HCV program unit months leased increased by 60 when compared to last year, and the average HAP payment increased from \$1,161 to 1,211.

Fort Lee Housing Authority  
Management's Discussion & Analysis  
December 31, 2022

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, 2022.

- 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.

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.

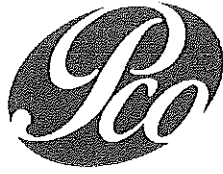
Fort Lee Housing Authority  
Management's Discussion & Analysis  
December 31, 2022

Computations of Net Position are as follows:

	<u>Year Ended</u>		<u>Variance</u>	<u>% Var</u>
	<u>12/31/2022</u>	<u>12/31/2021</u>		
Cash and Other Current Assets	\$ 2,813,983	\$ 2,673,923	\$ 140,060	5.2%
Net Fixed Assets	1,130,050	1,087,054	42,996	4.0%
Deferred Outflow of Resources	<u>74,171</u>	<u>91,427</u>	<u>(17,256)</u>	<u>-18.9%</u>
Total Assets and Deferred Outflow of Resources	4,018,204	3,852,404	165,800	4.3%
Less: Total Liabilities	1,874,944	1,876,326	(1,382)	-0.1%
Less: Deferred Inflow of Resources	<u>248,863</u>	<u>437,655</u>	<u>(188,792)</u>	<u>-43.1%</u>
Net Position	<u>\$ 1,894,397</u>	<u>\$ 1,538,423</u>	<u>\$ 355,974</u>	<u>23.1%</u>
Net Investment in Capital Assets	\$ 1,130,050	\$ 1,087,054	\$ 42,996	4.0%
Restricted Net Position	286,487	393,972	(107,485)	-27.3%
Unrestricted Net Position	<u>477,860</u>	<u>57,397</u>	<u>420,463</u>	<u>732.6%</u>
Total Net Position	<u>\$ 1,894,397</u>	<u>\$ 1,538,423</u>	<u>\$ 355,974</u>	<u>23.1%</u>

Computations of Changes in Net Position are as follows:

<u>Revenues</u>				
Tenant Revenues	\$ 187,166	\$ 161,934	25,232	15.6%
HUD Operating Grants	8,551,969	7,947,249	604,720	7.6%
Other	<u>135,886</u>	<u>78,548</u>	<u>57,338</u>	<u>73.0%</u>
Total Operating Revenues	8,875,021	8,187,731	687,290	8.4%
<u>Expenses</u>				
Total Operating Expenses Excl HAP and Depreciation	1,025,633	865,801	159,832	18.5%
Housing Assistance Payments	7,484,906	7,085,283	399,623	5.6%
Depreciation Expense	<u>142,579</u>	<u>144,090</u>	<u>(1,511)</u>	<u>-1.0%</u>
Total Operating Expenses	8,653,118	8,095,174	557,944	6.9%
Operating Income/(Loss)	221,903	92,557	129,346	139.7%
<u>Non-Operating Income/(Expenses)</u>				
Interest on Investments	<u>8,328</u>	<u>5,409</u>	<u>2,919</u>	<u>54.0%</u>
Net Income/(Loss)	230,231	97,966	132,265	135.0%
Prior Period Adjustment	125,743	133,190	(7,447)	100.0%
Net Position - Beginning Balance	1,538,423	1,307,267	231,156	17.7%
Net Position - Ending Balance	<u>\$ 1,894,397</u>	<u>\$ 1,538,423</u>	<u>\$ 355,974</u>	<u>23.1%</u>



# Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

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

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

#### ***Opinions***

We have audited the accompanying financial statements of Net Position, Revenue, Expenses, and Changes in Net Position, and Cash Flows of the Fort Lee Housing Authority, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Fort Lee Housing 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 net position of the Authority as of December 31, 2022 and 2021, and the changes in its net position and its cash flows for the 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. 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 Fort Lee Housing Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 Fort Lee Housing Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fort Lee Housing Authority's ability to continue as a going concern for a reasonable period of time.

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1–5 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fort Lee Housing Authority's basic financial statements. The accompanying schedule of expenditures of federal awards is required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* presented for purposes of additional analysis and is not a required part of the basic financial statements. The Financial Data and Schedule and the Statement and Certification of Completed Modernization Grants is presented for additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, the financial data schedule, and the statement and certification of completed modernization grants are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fort Lee Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fort Lee Housing Authority's internal control over financial reporting and compliance.

  
POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
August 3, 2023

FORT LEE HOUSING AUTHORITY  
Fort Lee, New Jersey  
COMPARATIVE STATEMENTS OF NET POSITION  
At December 31, 2022 and 2021

ASSETS AND DEFERRED OUTFLOW OF RESOURCES

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
<u>CURRENT ASSETS</u>		
Cash - Unrestricted	\$ 1,543,932	\$ 1,348,390
Cash - Restricted	1,107,844	1,269,273
Cash - Tenant Security Deposits	13,782	14,519
Accounts Receivable - Miscellaneous	127,526	35,455
Accounts Receivable - HUD	20,899	6,286
Total Current Assets	<u>2,813,983</u>	<u>2,673,923</u>
<u>FIXED ASSETS</u>		
Land	5,873	5,873
Buildings	3,858,675	3,831,375
Furniture, Equipment and Machinery	52,305	52,305
Leasehold Improvements	580,815	538,315
Construction in Process	148,500	32,725
Total Fixed Assets	4,646,168	4,460,593
Less: Accumulated Depreciation	<u>(3,516,118)</u>	<u>(3,373,539)</u>
Net Fixed Assets	<u>1,130,050</u>	<u>1,087,054</u>
Deferred Outflow of Resources	<u>74,171</u>	<u>91,427</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 4,018,204</u>	<u>\$ 3,852,404</u>

LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION

<u>CURRENT LIABILITIES</u>		
Accounts Payable - Vendors	\$ 28,920	\$ 15,196
Accrued Wages	3,195	3,825
Accrued Interest Payable	809	829
Accounts Payable - HUD	1,097	1,097
Tenant Security Deposits	13,782	14,998
Payment in Lieu of Taxes	9,918	8,724
Unearned Revenue	-	10
Other Current Liabilities	246	8,905
Long Term Debt Operating Borrowings - Current Portion	<u>6,528</u>	<u>6,285</u>
Total Current Liabilities	<u>64,495</u>	<u>59,869</u>
<u>LONG TERM LIABILITIES</u>		
Family Self Sufficiency Escrows	821,357	866,627
Accrued Pension Liability	626,538	580,745
Loan Liability - Non-Current	118,507	118,507
Long Term Debt Operating Borrowings - Non-Current Portion	<u>244,047</u>	<u>250,578</u>
Total Long Term Liabilities	<u>1,810,449</u>	<u>1,816,457</u>
Total Liabilities	<u>1,874,944</u>	<u>1,876,326</u>
Deferred Inflow of Resources	248,863	437,655
<u>NET POSITION</u>		
Net Investment in Capital Assets	1,130,050	1,087,054
Restricted Net Position	286,487	393,972
Unrestricted Net Position	<u>477,860</u>	<u>57,397</u>
Total Net Position	<u>\$ 1,894,397</u>	<u>\$ 1,538,423</u>

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, 2022 and 2021

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
<u>OPERATING REVENUES</u>		
Dwelling Rentals	\$ 187,166	\$ 161,934
HUD Operating Grants	8,551,969	7,947,249
Other	135,886	78,548
Total Operating Revenues	<u>8,875,021</u>	<u>8,187,731</u>
<u>OPERATING EXPENSES</u>		
Administration	640,084	548,687
Tenant Services	55,000	55,800
Housing Assistance Payments	7,484,906	7,085,283
Utilities	93,509	74,695
Ordinary Maintenance & Operations	164,895	135,666
General Expenses	72,145	50,953
Depreciation Expense	142,579	144,090
Total Operating Expenses	<u>8,653,118</u>	<u>8,095,174</u>
EXCESS OF OPERATING REVENUES OVER EXPENSES	221,903	92,557
<u>NON-OPERATING REVENUES/(EXPENSES)</u>		
Interest Income	8,328	5,409
INCREASE (DECREASE) IN NET POSITION	230,231	97,966
Beginning Net Position	<u>1,538,423</u>	<u>1,307,267</u>
Prior Period Adjustments	<u>125,743</u>	<u>133,190</u>
Ending Net Position	<u>\$ 1,894,397</u>	<u>\$ 1,538,423</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, 2022 and 2021

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash Received:		
From Tenants for Rental & Other Income	\$ 187,166	\$ 161,934
From Government Agencies for Operating Grants	8,537,346	7,692,760
From Other Operating Revenues	43,814	102,675
Cash Paid		
To Employees for Operations	(485,573)	(443,303)
To Suppliers for Operations	(534,450)	(434,385)
For Housing Assistance Payments	(7,484,906)	(7,085,283)
Net Cash Provided/(Used) by Operating Activities	263,397	(5,602)
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Purchase of Fixed Assets	(185,575)	(15,205)
Net Cash Provided/(Used) by Financing Activities	(185,575)	(15,205)
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment Income	8,328	5,409
Receipt/(Payment) of Loan	(6,288)	(6,053)
Receipt/(Return) of Tenant Security Deposits and FSS Escrows	(46,486)	3,076
Net Cash Provided/(Used) by Investing Activities	(44,446)	2,432
Net Increase/(Decrease) in Cash & Cash Equivalents	33,376	(18,375)
Cash & Equivalents at Beginning of Period	2,632,182	2,650,557
Cash & Equivalents at End of Period	2,665,558	2,632,182
 <u>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) IN OPERATIONS</u>		
Operating Income/(Loss)	221,903	92,557
Adjustments to reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:		
Depreciation	142,579	144,090
Deferred Outflow of Resources	17,256	67,331
Deferred Inflow of Resources	(188,792)	(34,405)
Decrease/(Increase) in Assets		
Accounts Receivable - Miscellaneous	(92,072)	(8,148)
Accounts Receivable - HUD	(14,613)	(731)
Increase/(Decrease) in Liabilities		
Accounts Payable	13,725	1,325
Accrued Interest Payable	(20)	(20)
Accrued Wages	(630)	(1,331)
Unearned Revenue	(10)	(221,483)
Accounts Payable - HUD	-	289
Other Current Liabilities	(8,659)	5,970
Accrued Pension Liability	171,536	(50,446)
PILOT Payable	1,194	(600)
Net Cash Provided/(Used) by Operating Activities	\$ 263,397	\$ (5,602)

See Notes to Financial Statements.

Fort Lee Housing Authority  
Notes to the Financial Statements  
December 31, 2022

**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, 2022

**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, 2022 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, 2022

**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**

On July 1, 2021, the Authority was required to adopt Governmental Accounting Standards Board No. 87, Leases. GASB 87 establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under GASB 87, the lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. There was no cumulative effect adjustment to the Authority's financial position as of December 31, 2022. Adoption of the new guidance did not have a significant impact on the Statement of Net Position, Revenues, Expenses and Changes in Net Position, or Cash Flows for the fiscal year ended December 31, 2022.

**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 \$2,665,558 and \$2,632,182 at December 31, 2022 and 2021, respectively, consisted of the following:

	<u>Dec 2022</u>	<u>Dec 2021</u>
Checking Accounts	\$ 1,569,383	\$ 1,475,641
Security Deposits	13,782	14,519
FSS Escrow Account	801,522	861,535
Money Market Accounts	280,671	280,287
Petty Cash	200	200
	<u>\$ 2,665,558</u>	<u>\$ 2,632,182</u>

The carrying amount of the Authority's cash and cash equivalents as of December 31, 2022 was \$2,665,558 and the bank balances were \$2,680,637. \$598,769 was covered by FDIC insurance and \$2,081,868 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, 2022

**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, 2022 and 2021.

	<u>1/1/2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>12/31/2022</u>
Land	\$ 5,873	\$ -	\$ -	\$ -	\$ 5,873
Buildings	3,831,375	27,300	-	-	3,858,675
Furniture & Equipment	52,305	-	-	-	52,305
Leasehold Improvements	538,315	9,775	-	32,725	580,815
Construction in Progress	32,725	148,500	-	(32,725)	148,500
Total Fixed Assets	4,460,593	185,575	-	-	4,646,168
Accumulated Depreciation	(3,373,539)	(142,579)	-	-	(3,516,118)
Net Fixed Assets	<u>\$ 1,087,054</u>	<u>\$ 42,996</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,130,050</u>

	<u>1/1/2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>12/31/2021</u>
Land	\$ 5,873	\$ -	\$ -	\$ -	\$ 5,873
Buildings	3,831,375	-	-	-	3,831,375
Furniture & Equipment	52,305	-	-	-	52,305
Leasehold Improvements	538,315	-	-	-	538,315
Construction in Progress	17,520	15,205	-	-	32,725
Total Fixed Assets	4,445,388	15,205	-	-	4,460,593
Accumulated Depreciation	(3,229,449)	(144,090)	-	-	(3,373,539)
Net Fixed Assets	<u>\$ 1,215,939</u>	<u>\$ (128,885)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,087,054</u>

Depreciation expense for the years ended 2022 and 2021 amounted to \$142,579 and \$144,090 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, 2022 and 2021, PILOT expense of \$9,918 and \$8,724 was accrued.

Fort Lee Housing Authority  
Notes to the Financial Statements  
December 31, 2022

**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>
2023	6,528	9,417	15,945
2024	6,781	9,164	15,945
2025	7,043	8,901	15,944
2026	7,316	8,629	15,945
2027	7,599	8,346	15,945
Thereafter	<u>215,308</u>	<u>87,314</u>	<u>302,622</u>
	<u>\$ 250,575</u>	<u>\$ 131,771</u>	<u>\$ 382,346</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](http://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, 2022

**NOTE 9 – Pension (Continued)**

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

Contributions - The contribution policy for PERS is set by N.J.S.A. 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, 2022 and June 30, 2021 measurement dates, the Authority reported \$626,538 and \$580,745, 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, 2022 and June 30, 2021 were 0.00417% and 0.00490%, respectively.

The components of the Authority's net pension liability as of June 30, 2022 and 2021, the most recent evaluation dates, are as follows:

	<u>2022</u>	<u>2021</u>
Total Pension Liability	\$ 1,710,187	\$ 1,978,525
Plan Fiduciary Net Position	<u>1,083,649</u>	<u>1,397,780</u>
Net Pension Liability	<u>\$ 626,538</u>	<u>\$ 580,745</u>

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

Actuarial Assumptions - The collective total pension liability as of June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

Fort Lee Housing Authority  
Notes to the Financial Statements  
December 31, 2022

**NOTE 9 – Pension (Continued)**

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases	
	2.75-6.55%
	based on years of service
Investment Rate of Return	7.00%

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.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7 % at June 30, 2022) 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. 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 real rates of return for each major asset class included in the PERS's target allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	3.50%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
US Treasuries	5.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Fort Lee Housing Authority  
Notes to the Financial Statements  
December 31, 2022

**NOTE 9 – Pension (Continued)**

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 100% 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, 2022, 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%	At June 30	At 1%
	<u>Decrease</u>	Discount	<u>Increase</u>
		Rate	
2022	\$ 814,977	\$ 626,538	\$ 480,662
2021	\$ 799,287	\$ 580,745	\$ 406,725

At June 30, 2022 and 2021, the Authority reported deferred outflows inflows of resources related to pensions from the following sources:

	2022	2022	2021	2021
	Deferred	Deferred	Deferred	Deferred
	Outflows of	Inflows of	Outflows of	Inflows of
	Resources	Resources	Resources	Resources
Changes of assumptions	\$ 1,941	\$ 93,817	\$ 3,025	\$ 206,749
Differences between expected and actual experience	4,522	3,988	9,159	4,157
Net differences between projected and actual earnings on plan investments	25,932	-	-	152,983
Changes in proportion	41,776	151,058	79,243	73,766
Authority's contributions subsequent to the measurement date	-	-	-	-
<b>TOTAL</b>	<u>\$ 74,171</u>	<u>\$ 248,863</u>	<u>\$ 91,427</u>	<u>\$ 437,655</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 5.04, 5.13, 5.16, 5.21, 5.63, and 5.48, for the years 2022, 2021, 2020, 2019, 2018, and 2017, respectively.

Year ended June 30:

2023	(143,534)
2024	(73,126)
2025	(35,662)
2026	77,801
2027	(171)
<b>Total</b>	<u>\$ (174,692)</u>

Fort Lee Housing Authority  
Notes to the Financial Statements  
December 31, 2022

**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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Administrative Fee Reserves - Beginning Balance	\$ 335,256	\$ (117,952)
Administrative Fee Revenue	749,809	576,692
Investment Income	4,887	3,856
Other Revenue	177,599	32,065
Total Expenses Including Depreciation	<u>(619,114)</u>	<u>(159,405)</u>
Administrative Fee Reserves - Ending Balance	<u>\$ 648,437</u>	<u>\$ 335,256</u>
HAP Reserves - Beginning Balance	\$ 25,671	\$ 230,388
Housing Assistance Payment Revenues	7,563,079	7,061,789
Other Revenue	2,694	5,004
Housing Assistance Payment Expenses	<u>(7,591,444)</u>	<u>(7,271,510)</u>
HAP Reserves - Ending Balance	<u>\$ -</u>	<u>\$ 25,671</u>
Total HCV Reserves - Ending Balance	<u>\$ 648,437</u>	<u>\$ 360,927</u>

Fort Lee Housing Authority  
Notes to the Financial Statements  
December 31, 2022

**NOTE 13 – Prior Period Adjustment**

During the fiscal year ended December 31, 2022, there is a prior period adjustment of \$125,743 to adjust pension liability per the most recent state report. There was a prior period adjustments recorded during the fiscal year ended December 31, 2021 adjusting the pension liability for \$133,190.

**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 August 3, 2023, 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.

FORT LEE HOUSING AUTHORITY  
Fort Lee, New Jersey  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2022

	Awards Expended
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>	
<b>DIRECT FEDERAL AWARDS</b>	
Resident Opportunity Services (CFDA # 14.870)	\$ 55,000
<u>Housing Choice Voucher Cluster</u>	
Housing Choice Voucher (CFDA # 14.871)	8,312,888
Subtotal Direct Federal Awards	8,367,888
<b>INDIRECT FEDERAL AWARDS</b>	
Community Development Block Grant (Sub-grantee of Bergen County - CFDA #14.219)	184,081
Subtotal Indirect Federal Awards	184,081
Total Federal Financial Assistance	\$ 8,551,969

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: 12/31/2022

	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	Subtotal	ELIM	Total
111 Cash - Unrestricted			\$283,849	\$1,260,083		\$1,543,932		\$1,543,932
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted			\$291,282	\$816,562		\$1,107,844		\$1,107,844
114 Cash - Tenant Security Deposits			\$13,782			\$13,782		\$13,782
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	\$0	\$0	\$588,913	\$2,076,645	\$0	\$2,665,558		\$2,665,558
121 Accounts Receivable - PHA Projects				\$20,899		\$20,899		\$20,899
122 Accounts Receivable - HUD Other Projects				\$6,560		\$6,560		\$6,560
124 Accounts Receivable - Other Government			\$120,986			\$120,986		\$120,986
125 Accounts Receivable - Miscellaneous								
126 Accounts Receivable - Tenants								
126.1 Allowance for Doubtful Accounts - Tenants								
126.2 Allowance for Doubtful Accounts - Other			\$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	\$0	\$120,986	\$27,459	\$0	\$148,425		\$148,425
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								
145 Assets Held for Sale								
150 Total Current Assets	\$0	\$0	\$709,879	\$2,104,104	\$0	\$2,813,983		\$2,813,983
161 Land			\$5,873			\$5,873		\$5,873
162 Buildings			\$3,858,675			\$3,858,675		\$3,858,675
163 Furniture, Equipment & Machinery - Dwellings								
164 Furniture, Equipment & Machinery - Administration			\$52,305			\$52,305		\$52,305
165 Leasehold Improvements			\$580,815			\$580,815		\$580,815
166 Accumulated Depreciation			-\$3,516,118			-\$3,516,118		-\$3,516,118
167 Construction in Progress		\$147,006	\$1,494			\$148,500		\$148,500
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$147,006	\$983,044	\$0	\$0	\$1,130,050		\$1,130,050
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	\$147,006	\$983,044	\$0	\$0	\$1,130,050		\$1,130,050
200 Deferred Outflow of Resources			\$19,935	\$54,236		\$74,171		\$74,171
290 Total Assets and Deferred Outflow of Resources	\$0	\$147,006	\$1,712,858	\$2,158,340	\$0	\$4,018,204		\$4,018,204
311 Bank Overdraft								
312 Accounts Payable <= 90 Days			\$20,685	\$8,235		\$28,920		\$28,920
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable				\$3,195		\$3,195		\$3,195
322 Accrued Compensated Absences - Current Portion								
324 Accrued Contingency Liability								
325 Accrued Interest Payable			\$809			\$809		\$809
331 Accounts Payable - HUD PHA Programs				\$1,097		\$1,097		\$1,097
332 Account Payable - PHA Projects								
333 Accounts Payable - Other Government			\$9,918			\$9,918		\$9,918
341 Tenant Security Deposits			\$13,782			\$13,782		\$13,782
342 Unearned Revenue								

## Fort Lee Housing Authority (NJ071)

FORT LEE, NJ

## Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

	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	Subtotal	ELIM	Total
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue								
344 Current Portion of Long-term Debt - Operating Borrowings			\$6,528			\$6,528		\$6,528
345 Other Current Liabilities			\$246			\$246		\$246
346 Accrued Liabilities - Other								
347 Inter Program - Due To								
348 Loan Liability - Current								
310 Total Current Liabilities	\$0	\$0	\$51,968	\$12,527	\$0	\$64,495		\$64,495
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue								
352 Long-term Debt, Net of Current - Operating Borrowings			\$244,047			\$244,047		\$244,047
353 Non-current Liabilities - Other			\$4,795	\$816,562		\$821,357		\$821,357
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			\$140,117	\$486,421		\$626,538		\$626,538
350 Total Non-Current Liabilities	\$0	\$0	\$507,466	\$1,302,983	\$0	\$1,810,449		\$1,810,449
300 Total Liabilities	\$0	\$0	\$559,434	\$1,315,510	\$0	\$1,874,944		\$1,874,944
400 Deferred Inflow of Resources			\$54,470	\$194,393		\$248,863		\$248,863
508.4 Net Investment in Capital Assets		\$147,006	\$983,044			\$1,130,050		\$1,130,050
511.4 Restricted Net Position			\$286,487			\$286,487		\$286,487
512.4 Unrestricted Net Position	\$0	\$0	-\$170,577	\$648,437	\$0	\$477,860		\$477,860
513 Total Equity - Net Assets / Position	\$0	\$147,006	\$1,096,954	\$648,437	\$0	\$1,894,397		\$1,894,397
800 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$147,006	\$1,712,858	\$2,158,340	\$0	\$4,018,204		\$4,018,204

Fort Lee Housing Authority (NJ071)

FORT LEE, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

	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	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue			\$187,166			\$187,166		\$187,166
70400 Tenant Revenue - Other								
70500 Total Tenant Revenue	\$0	\$0	\$187,166	\$0	\$0	\$187,166	\$0	\$187,166
70800 HUD PHA Operating Grants		\$184,081		\$8,312,888	\$55,000	\$8,551,969		\$8,551,969
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			\$191,476			\$191,476	-\$191,476	\$0
71100 Investment Income - Unrestricted			\$1,545	\$4,887		\$6,432		\$6,432
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery				\$5,388		\$5,388		\$5,388
71500 Other Revenue			\$39,750	\$90,748		\$130,498		\$130,498
71600 Gain or Loss on Sale of Capital Assets								
72000 Investment Income - Restricted			\$1,896			\$1,896		\$1,896
70000 Total Revenue	\$0	\$184,081	\$421,833	\$8,413,911	\$55,000	\$9,074,825	-\$191,476	\$8,883,349
91100 Administrative Salaries			\$61,473	\$282,156		\$363,629		\$363,629
91200 Auditing Fees			\$3,332	\$8,568		\$11,900		\$11,900
91300 Management Fee								
91310 Book-keeping Fee								
91400 Advertising and Marketing								
91500 Employee Benefit contributions - Administrative			\$11,076	\$121,649		\$132,725		\$132,725
91600 Office Expenses			\$17,990	\$51,355		\$69,345		\$69,345
91700 Legal Expense			\$12,920	\$12,919		\$25,839		\$25,839
91800 Travel			\$202	\$519		\$721		\$721
91810 Allocated Overhead								
91800 Other			\$10,868	\$25,057		\$35,925		\$35,925
91000 Total Operating - Administrative	\$0	\$0	\$137,861	\$502,223	\$0	\$640,084	\$0	\$640,084
92000 Asset Management Fee								
92100 Tenant Services - Salaries					\$44,040	\$44,040		\$44,040
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services					\$10,960	\$10,960		\$10,960
92400 Tenant Services - Other								
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$55,000	\$55,000	\$0	\$55,000
93100 Water			\$26,874			\$26,874		\$26,874
93200 Electricity			\$22,141			\$22,141		\$22,141
93300 Gas			\$21,712			\$21,712		\$21,712
93400 Fuel								
93500 Labor			\$19,318			\$19,318		\$19,318
93600 Sewer								
93700 Employee Benefit Contributions - Utilities			\$3,464			\$3,464		\$3,464
93800 Other Utilities Expense								
93000 Total Utilities	\$0	\$0	\$93,509	\$0	\$0	\$93,509	\$0	\$93,509
94100 Ordinary Maintenance and Operations - Labor			\$57,956			\$57,956		\$57,956
94200 Ordinary Maintenance and Operations - Materials and Other			\$22,132			\$22,132		\$22,132
94300 Ordinary Maintenance and Operations Contracts			\$74,416			\$74,416		\$74,416
94500 Employee Benefit Contributions - Ordinary Maintenance			\$10,391			\$10,391		\$10,391
94000 Total Maintenance	\$0	\$0	\$164,895	\$0	\$0	\$164,895	\$0	\$164,895
95100 Protective Services - Labor								
95200 Protective Services - Other Contract Costs								
95300 Protective Services - Other								

Fort Lee Housing Authority (NJ071)  
FORT LEE, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

	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	Subtotal	ELIM	Total
95500 Employee Benefit Contributions - Protective Services								
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance								
96120 Liability Insurance								
96130 Workmen's Compensation								
96140 All Other Insurance			\$4,835	\$27,552		\$32,387		\$32,387
96100 Total Insurance Premiums	\$0	\$0	\$4,835	\$27,552	\$0	\$32,387	\$0	\$32,387
96200 Other General Expenses				\$4,401		\$4,401		\$4,401
96210 Compensated Absences								
96300 Payments In Lieu of Taxes			\$9,918			\$9,918		\$9,918
96400 Bad debt - Tenant Rents								
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense								
96000 Total Other General Expenses	\$0	\$0	\$9,918	\$4,401	\$0	\$14,319	\$0	\$14,319
96710 Interest of Mortgage (or Bonds) Payable			\$9,637			\$9,637		\$9,637
96720 Interest on Notes Payable (Short and Long Term)								
96730 Amortization of Bond Issue Costs								
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$9,637	\$0	\$0	\$9,637	\$0	\$9,637
96900 Total Operating Expenses	\$0	\$0	\$420,655	\$534,176	\$55,000	\$1,009,831	\$0	\$1,009,831
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$184,081	\$1,178	\$7,879,735	\$0	\$8,084,994	-\$191,476	\$7,873,518
97100 Extraordinary Maintenance			\$15,802			\$15,802		\$15,802
97200 Casualty Losses - Non-capitalized								
97300 Housing Assistance Payments				\$7,591,444		\$7,591,444	-\$191,476	\$7,399,968
97350 HAP Portability-In				\$84,938		\$84,938		\$84,938
97400 Depreciation Expense			\$142,579			\$142,579		\$142,579
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	\$0	\$0	\$579,036	\$8,210,568	\$55,000	\$8,844,594	-\$191,476	\$8,653,118
10010 Operating Transfer In								
10020 Operating transfer Out								
10030 Operating Transfers from/to Primary Government								
10040 Operating Transfers from/to Component Unit								
10050 Proceeds from Notes, Loans and Bonds								
10060 Proceeds from Property Sales								
10070 Extraordinary Items, Net Gain/Loss								
10080 Special Items (Net Gain/Loss)								
10091 Inter Project Excess Cash Transfer In								
10092 Inter Project Excess Cash Transfer Out								
10093 Transfers between Program and Project - In								
10094 Transfers between Project and Program - Out								
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$184,081	-\$157,203	\$203,353	\$0	\$230,231	\$0	\$230,231
11020 Required Annual Debt Principal Payments	\$0	\$0	\$6,288	\$0	\$0	\$0		\$6,288
11030 Beginning Equity	\$0	\$32,725	\$1,144,771	\$360,927	\$0	\$1,538,423		\$1,538,423
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		-\$69,800	\$111,386	\$84,157		\$125,743		\$125,743
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				\$648,437		\$648,437		\$648,437

Fort Lee Housing Authority (NJ071)

FORT LEE, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

	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	Subtotal	ELIM	Total
11160 Housing Assistance Payments Equity				\$0		\$0		\$0
11190 Unit Months Available	0		468	6366		6834		6834
11210 Number of Unit Months Leased	0		456	6339		6795		6795
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, 2022

	<u>2022</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>
Housing Authority's Proportion of the Net Pension Liability	0.00415%	0.00490%	0.00469%	0.00455%	0.00507%	0.00543%	0.00427%	0.00615%	0.00640%
Housing Authority's Proportionate Share of the Net Pension Liability	\$626,538	\$580,745	\$764,381	\$819,395	\$998,493	\$1,263,549	\$1,263,549	\$1,381,635	\$1,198,194
Housing Authority's Covered Employee Payroll	\$484,943	\$443,303	\$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	129.20%	131.00%	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	70.33%	70.33%	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.

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

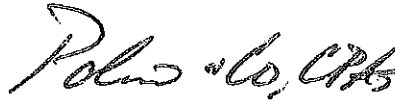
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fort Lee Housing Authority 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of 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. The 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  
August 3, 2023



# 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 Directors  
Fort Lee Housing Authority  
Fort Lee, New Jersey

### Report on Compliance for Each Major Federal Program

#### Opinion on Each Major Federal Program

We have audited Fort Lee Housing Authority's (the "Authority") 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 Authority's major federal programs for the year ended December 31, 2022. 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.

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 years ended December 31, 2022.

#### Basis for Opinion on Each 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 the Authority 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 each major program. Our audit does not provide a legal determination of the Authority's compliance with the 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 the Authority'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 to express an opinion on the Authority'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 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 the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards and *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 the Authority'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 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 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 internal 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance 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.



POLCARI & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey  
August 3, 2023

FORT LEE HOUSING AUTHORITY  
Fort Lee, New Jersey  
December 31, 2022

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?	<u>      </u> yes	<u>  X  </u> no
Significant Deficiencies identified that are not considered to be material weakness(es)?	<u>      </u> yes	<u>  X  </u> none reported
Noncompliance Material to Financial Statements Noted?	<u>      </u> yes	<u>  X  </u> no

Federal Awards

Internal Control over Major Programs:

Significant Deficiencies Identified?	<u>      </u> yes	<u>  X  </u> no
Significant Deficiencies identified that are not considered to be material weakness(es)?	<u>      </u> yes	<u>  X  </u> 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

<u>Number</u>	<u>Name of Federal Program or Cluster</u>
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.