

PRINCETON HOUSING AUTHORITY
Princeton, New Jersey

FINANCIAL STATEMENTS
For the Fiscal Years Ended
June 30, 2022 and 2021

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Princeton Housing Authority
Management's Discussion and Analysis
June 30, 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 June 30, 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 \$2,679,044 (net position) as opposed to \$2,392,365 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 \$416,892. As discussed further in this report, the deficit in net position is due solely to the Authority adopting the provisions of Government Accounting Standards Board Statement No.68 *Accounting and Financial Reporting for Pensions* in 2016 and GASB No. 75 *Accounting and Financial reporting for Postemployment Benefits other than Pensions* in 2018. These changes in accounting are required to conform to Generally Accepted Accounting Principles for government entities.

3 – The Authority's cash and cash equivalents balance at June 30, 2022 was \$2,748,245, representing a \$230,899 increase from the prior year balance of \$2,748,245.

4 – The Authority had Total Operating Revenues of \$1,920,858, and Total Operating Expenses of \$1,800,663 (including depreciation expense of \$153,674) for the year ended June 30, 2022.

5 – The Authority's capital outlays for the fiscal year were \$0.

6 – The Authority's Expenditures of Federal Awards totaled \$855,653 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 financial statements and notes to financial statements included in this Report were prepared in accordance with generally accepted accounting principles (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, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows.

The Comparative Statements of Net Position present information about the Authority's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position serve as a useful indicator of whether the Authority's financial position is improving or deteriorating.

Princeton Housing Authority
Management's Discussion and Analysis
June 30, 2022

2 – Financial Statements (Continued)

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

The Comparative Statements of Cash Flows present information showing how the Authority's cash and cash equivalents position changed during the years. The statements classify cash receipts and cash payments as resulting from operating activities, capital and related financing activities and investing activities.

The financial statements report on the Authority's activities. The activities are supported in a large part 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 13.

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. The Schedule of Expenditures of Federal Awards can be found on page 33 of this report. Other required supplementary information related to the Authority's proportionate share of the New Jersey PERS liability is presented on pages 35 and 36 of this report. Reports on total OPEB liability and related ratios can be found on pages 37 and 38.

C – The Authority as a Whole

The Authority's Net Position increased during the fiscal year as detailed below. The Authority's revenues include subsidies and grants received from HUD in addition to rental income. 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.

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

Princeton Housing Authority
Management's Discussion and Analysis
June 30, 2022

D – Budgetary Highlights

For the year ended June 30, 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. Also, the Authority adopted a comprehensive annual budget for the General Fund. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

E – Capital Assets and Debt Administration

As of June 30, 2022, the Authority's net investment in capital assets for its Proprietary Fund was \$1,643,686. This net investment in capital assets includes land, buildings, equipment and construction in progress net of accumulated depreciation.

The Authority had no capital additions during the current fiscal year.

Additional information on the Authority's capital assets can be found in Note 5 to the Financial Statements.

2 – Long Term Debt

The Authority does not have any long-term debt at this time. However, long term debt of its component unit is detailed in the notes to the financial statements at Note 10.

F – Significant Changes from Fiscal Year Ended June 30, 2021 to June 30, 2022

Restricted cash increased \$145,073 due to required deposits to reserve accounts in compliance with agreements for RAD conversion. As a result of its conversion to HUD's Rental Assistance Demonstration Program (RAD), the Authority is required to deposit funds to an operating reserve account to ensure the viability of the project. At June 30, 2022 total operating reserve funds totaled \$884,556, compared to a balance of \$739,483 at June 30, 2021.

Net capital assets decreased \$153,673. The Authority had no capital asset additions and incurred \$153,673 of depreciation expense during the current fiscal year.

PILOT liability increased \$52,597 as the Authority did not make a PILOT payment during the current fiscal year, but incurred \$52,597 of expense.

Deferred inflows of resources decreased \$170,589 due to the most recent pension and OPEB liability actuarial valuations.

Other administration expenses increased \$61,820 primarily due to a significant increase in computer software and support.

Utilities expenses increased \$31,585 due to increased rates and usage.

Princeton Housing Authority
Management's Discussion and Analysis
June 30, 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 June 30, 2023.

- 1 – The state of the economy, particularly in light of current world affairs.
- 2 – The need for Congress to reduce funding for HUD programs due to the current fiscal crisis and federal budget deficits.
- 3 – The use of the Authority's unrestricted cash and cash equivalents of \$2,094,588 to fund any shortfalls arising from reduced subsidies and grants. The Authority's current working capital position appears sufficient to cover any shortfall. As of June 30, 2022 the Authority's current assets of \$3,238,426 exceed its current liabilities of \$344,967 by \$2,893,459.

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, Princeton Housing Authority, 1 Redding Circle, Princeton, NJ 08540, or call (609) 924-3448.

Princeton Housing Authority
Management's Discussion and Analysis
June 30, 2022

Computation of Net Position for the Primary Government Unit are as follows:

	<u>Year Ended</u>		Variance	% Var
	<u>June 30, 2022</u>	<u>June 30, 2021</u>		
Cash and Other Current Assets	\$ 3,238,426	\$ 2,924,803	\$ 313,623	10.7%
Investment in Joint Venture	567,694	567,761	(67)	0.0%
Net Capital Assets	1,643,686	1,797,359	(153,673)	-8.5%
Deferred Outflows of Resources	<u>241,221</u>	<u>252,205</u>	<u>(10,984)</u>	<u>-4.4%</u>
Total Assets	5,691,027	5,542,128	148,899	2.7%
Less: Total Liabilities and Deferred Inflows	<u>3,011,983</u>	<u>3,149,763</u>	<u>(137,780)</u>	<u>-4.4%</u>
Net Position	<u>2,679,044</u>	<u>2,392,365</u>	<u>286,679</u>	<u>12.0%</u>
Net Investment in Capital Assets	1,643,686	1,797,359	(153,673)	-8.5%
Restricted Net Position	1,452,250	1,307,244	145,006	11.1%
Unrestricted Net Position	<u>(416,892)</u>	<u>(712,238)</u>	<u>295,346</u>	<u>-41.5%</u>
Total Net Position	<u>2,679,044</u>	<u>2,392,365</u>	<u>286,679</u>	<u>12.0%</u>
<u>Operating Revenues</u>				
Tenant Revenues	1,048,538	1,017,217	31,321	3.1%
HUD Operating Grants	855,653	875,491	(19,838)	-2.3%
Other Revenues	16,667	185,935	(169,268)	-91.0%
Total Operating Revenues	<u>1,920,858</u>	<u>2,078,643</u>	<u>(157,785)</u>	<u>-7.6%</u>
<u>Operating Expenses</u>				
Total Operating Expenses Excl. Depreciation	1,646,989	1,528,717	118,272	7.7%
Depreciation Expense	153,674	158,160	(4,486)	-2.8%
Total Operating Expenses	<u>1,800,663</u>	<u>1,686,877</u>	<u>113,786</u>	<u>6.7%</u>
Excess (Deficiency) of Operating Revenues Over Expenses	120,195	391,766	(271,571)	-69.3%
<u>Non-Operating Revenues/(Expenses)</u>				
Interest on Investments	102	218	(116)	-53.2%
Excess (Deficiency) of Revenues Over Expenses	120,297	391,984	(271,687)	-69.3%
Prior Period Adjustment	166,382	345,128	(178,746)	-51.8%
Net Position - Beginning Balance	<u>2,392,365</u>	<u>1,655,253</u>	<u>737,112</u>	<u>44.5%</u>
Net Position - Ending Balance	<u>\$ 2,679,044</u>	<u>\$ 2,392,365</u>	<u>286,679</u>	<u>12.0%</u>



Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Princeton Housing Authority
Princeton, 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 Princeton Housing Authority, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Princeton 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 June 30, 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 Princeton 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 Princeton 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.

We did not audit the financial statements of Karin Courts, L.P. the component unit of the Authority, which statements reflect total assets constituting 25% of the consolidated total net assets at June 30, 2022, and total revenue constituting 9% of the consolidated total revenue for the year ended June 30, 2022. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to amounts included for Karin Courts, L.P. is based solely on the report of the other auditors.

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 Princeton 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 Princeton 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 Princeton 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 Schedule and supporting schedules of the Authority's portion of the Public Employees Retirement Systems (PERS) and Other Post-Employment Benefits (OPEB) liabilities are presented for additional analysis and are 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 February 2, 2023 on our consideration of the Princeton 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 Princeton 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 Princeton Housing Authority's internal control over financial reporting and compliance.



POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
February 2, 2023

PRINCETON HOUSING AUTHORITY
Princeton, New Jersey
COMPARATIVE STATEMENTS OF NET POSITION
At June 30, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>June 30, 2022</u>			<u>June 30, 2021</u>		
	<u>Housing Authority</u>	<u>Component Unit</u>	<u>Total</u>	<u>Housing Authority</u>	<u>Component Unit</u>	<u>Total</u>
<u>CURRENT ASSETS</u>						
Cash and Cash Equivalents	\$ 2,094,588	\$ 652,280	\$ 2,746,868	\$ 2,008,762	\$ 584,168	\$ 2,592,930
Cash and Cash Equivalents - Restricted	884,556	181,042	1,065,598	739,483	172,857	912,340
Accounts Receivable - Tenants (net of allowance)	74,071	4,902	78,973	46,651	4,398	51,049
Accounts Receivable - HUD	-	4,801	4,801	-	4,801	4,801
Accounts Receivable - Other	133,229	-	133,229	78,329	-	78,329
Prepaid Expenses	25,425	15,559	40,984	25,021	16,582	41,603
Inventories (net of allowance)	26,557	-	26,557	26,557	-	26,557
Total Current Assets	<u>3,238,426</u>	<u>858,584</u>	<u>4,097,010</u>	<u>2,924,803</u>	<u>782,806</u>	<u>3,707,609</u>
Investments In Joint Ventures	<u>567,694</u>	<u>-</u>	<u>567,694</u>	<u>567,761</u>	<u>-</u>	<u>567,761</u>
<u>FIXED ASSETS</u>						
Land	460,872	500,000	960,872	442,831	500,000	942,831
Buildings	6,002,719	2,903,387	8,906,106	6,020,760	2,903,387	8,924,147
Furniture, Equipment and Machinery	1,475,386	-	1,475,386	1,475,386	-	1,475,386
Leasehold Improvements	1,454,782	-	1,454,782	1,454,782	-	1,454,782
Total Fixed Assets	9,393,759	3,403,387	12,797,146	9,393,759	3,403,387	12,797,146
Less: Accumulated Depreciation	<u>(7,750,073)</u>	<u>(2,375,879)</u>	<u>(10,125,952)</u>	<u>(7,596,400)</u>	<u>(2,316,408)</u>	<u>(9,912,808)</u>
Net Fixed Assets	<u>1,643,686</u>	<u>1,027,508</u>	<u>2,671,194</u>	<u>1,797,359</u>	<u>1,086,979</u>	<u>2,884,338</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>241,221</u>	<u>-</u>	<u>241,221</u>	<u>252,205</u>	<u>-</u>	<u>252,205</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,691,027</u>	<u>\$ 1,886,092</u>	<u>\$ 7,577,119</u>	<u>\$ 5,542,128</u>	<u>\$ 1,869,785</u>	<u>\$ 7,411,913</u>

See Notes to Financial Statements.

PRINCETON HOUSING AUTHORITY
Princeton, New Jersey
COMPARATIVE STATEMENTS OF NET POSITION
At June 30, 2022

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

	<u>June 30, 2022</u>		<u>June 30, 2021</u>			
	<u>Housing Authority</u>	<u>Component Unit</u>	<u>Total</u>	<u>Housing Authority</u>	<u>Component Unit</u>	<u>Total</u>
<u>CURRENT LIABILITIES</u>						
Accounts Payable - Vendors and Contractors	\$ 10,587	\$ 109,621	\$ 120,208	\$ 25,128	\$ 54,358	\$ 79,486
Tenant Security Deposits Payable	65,782	10,042	75,824	64,061	10,837	74,898
Accrued Compensated Absences	798	-	798	686	-	686
Payment in Lieu of Taxes	253,192	44,261	297,453	200,596	32,004	232,600
Unearned Revenue	14,608	184	14,792	15,912	308	16,220
Accrued Interest Payable	-	421,153	421,153	-	403,604	403,604
Total Current Liabilities	<u>344,967</u>	<u>585,261</u>	<u>930,228</u>	<u>306,383</u>	<u>501,111</u>	<u>807,494</u>
<u>LONG TERM LIABILITIES</u>						
Compensated Absences	7,180	-	7,180	6,177	-	6,177
Accrued Pension & OPEB Liability	935,860	-	935,860	942,638	-	942,638
Long Term Debt	-	1,754,800	1,754,800	-	1,754,800	1,754,800
Total Long Term Liabilities	<u>943,040</u>	<u>1,754,800</u>	<u>2,697,840</u>	<u>948,815</u>	<u>1,754,800</u>	<u>2,703,615</u>
Total Liabilities	<u>1,288,007</u>	<u>2,340,061</u>	<u>3,628,068</u>	<u>1,255,198</u>	<u>2,255,911</u>	<u>3,511,109</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	<u>1,723,976</u>	<u>-</u>	<u>1,723,976</u>	<u>1,894,565</u>	<u>-</u>	<u>1,894,565</u>
	<u>NET POSITION</u>					
Net Investment in Capital Assets	1,643,686	(727,292)	916,394	1,797,359	(667,821)	1,129,538
Restricted Net Position	1,452,250	-	1,452,250	1,307,244	-	1,307,244
Unrestricted Net Position	(416,892)	273,323	(143,569)	(712,238)	281,695	(430,543)
Total Net Position	<u>\$ 2,679,044</u>	<u>\$ (453,969)</u>	<u>\$ 2,225,075</u>	<u>\$ 2,392,365</u>	<u>\$ (386,126)</u>	<u>\$ 2,006,239</u>

See Notes to Financial Statements.

PRINCETON HOUSING AUTHORITY
Princeton, New Jersey

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended June 30, 2021

	<u>June 30, 2022</u>		<u>June 30, 2021</u>			
	Housing Authority	Component Unit	Total	Housing Authority	Component Unit	Total
<u>OPERATING REVENUES</u>						
Dwelling Rentals and Other Tenant Revenue	\$ 1,048,538	\$ 136,766	\$ 1,185,304	\$ 1,017,217	\$ 125,982	\$ 1,143,199
HUD Operating Grants	855,653	-	855,653	875,491	-	875,491
Other Income	16,667	47,093	63,760	185,935	59,268	245,203
Total Operating Revenues	<u>1,920,858</u>	<u>183,859</u>	<u>2,104,717</u>	<u>2,078,643</u>	<u>185,250</u>	<u>2,263,893</u>
<u>OPERATING EXPENSES</u>						
Administration	219,055	12,267	231,322	157,235	45,015	202,250
Tenant Services	2,000	-	2,000	2,092	-	2,092
Utilities	452,427	14,189	466,616	420,842	12,858	433,700
Maintenance	666,030	68,489	734,519	649,369	17,379	666,748
Protective Services	1,985	1,795	3,780	6,374	1,795	8,169
General Expense	305,492	75,599	381,091	292,805	32,412	325,217
Depreciation Expense	153,674	77,763	231,437	158,160	96,055	254,215
Interest Expense and Amortization Cost	-	17,548	17,548	-	17,548	17,548
Total Operating Expenses	<u>1,800,663</u>	<u>267,650</u>	<u>2,068,313</u>	<u>1,686,877</u>	<u>223,062</u>	<u>1,909,939</u>
Operating Income/(Loss)	<u>120,195</u>	<u>(83,791)</u>	<u>36,404</u>	<u>391,766</u>	<u>(37,812)</u>	<u>353,954</u>
<u>NON OPERATING REVENUES/(EXPENSES)</u>						
Interest Income - Unrestricted	102	60	162	218	932	1,150
Increase/(Decrease) in Net Position	120,297	(83,731)	36,566	391,984	(36,880)	355,104
Net Position at Beginning of Period	2,392,365	(386,126)	2,006,239	1,655,253	(349,246)	1,306,007
Prior Period Adjustment	166,382	15,888	182,270	345,128	-	345,128
Net Position at End of Period	<u>\$ 2,679,044</u>	<u>\$ (453,969)</u>	<u>\$ 2,225,075</u>	<u>\$ 2,392,365</u>	<u>\$ (386,126)</u>	<u>\$ 2,006,239</u>

See Notes to Financial Statements.

PRINCETON HOUSING AUTHORITY
Princeton, New Jersey
COMPARATIVE STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2022

	<u>June 30, 2022</u>		<u>June 30, 2021</u>			
	<u>Housing Authority</u>	<u>Component Unit</u>	<u>Total</u>	<u>Housing Authority</u>	<u>Component Unit</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>						
Cash Received:						
From Tenants for Rental and Other Income	\$ 1,021,535	\$ 135,343	\$ 1,156,878	\$ 999,436	\$ 123,471	\$ 1,122,907
From Government Agencies for Operating Grants	855,653	-	855,653	875,491	-	875,491
From Other Operating Revenues	(38,235)	47,093	8,858	134,395	91,822	226,217
Cash Paid:			-			-
To Employees for Operations	(161,814)	(9,678)	(171,492)	(162,269)	(9,678)	(171,947)
To Suppliers for Operations	(1,446,342)	(96,521)	(1,542,863)	(1,487,255)	(39,895)	(1,527,150)
Net Cash Provided by Operating Activities	<u>230,797</u>	<u>76,237</u>	<u>307,034</u>	<u>359,798</u>	<u>165,720</u>	<u>525,518</u>
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>						
Unrestricted Interest Income	102	60	162	218	932	1,150
Net Cash Provided by Investing Activities	<u>102</u>	<u>60</u>	<u>162</u>	<u>218</u>	<u>932</u>	<u>1,150</u>
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>						
Net Purchase of Fixed Assets	-	-	-	(48,642)	-	(48,642)
Net Cash Used from Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(48,642)</u>	<u>-</u>	<u>(48,642)</u>
Increase in Cash and Cash Equivalents	230,899	76,297	307,196	311,374	166,652	478,026
Cash and Cash Equivalents - Beginning of Year	<u>2,748,245</u>	<u>757,025</u>	<u>3,505,270</u>	<u>2,436,871</u>	<u>590,373</u>	<u>3,027,244</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,979,144</u>	<u>\$ 833,322</u>	<u>\$ 3,812,466</u>	<u>\$ 2,748,245</u>	<u>\$ 757,025</u>	<u>\$ 3,505,270</u>

See Notes to Financial Statements.

PRINCETON HOUSING AUTHORITY
Princeton, New Jersey
COMPARATIVE STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2022

	<u>June 30, 2022</u>		<u>June 30, 2021</u>			
	Housing Authority	Component Unit	Total	Housing Authority	Component Unit	Total
<u>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) IN OPERATIONS</u>						
Operating Income/(Loss)	\$ 120,195	\$ (83,791)	\$ 36,404	\$ 391,766	\$ (37,812)	\$ 353,954
Adjustments to Reconcile Operating Income to Net Cash provided by Operating Activities:						
Depreciation	153,674	77,763	231,437	158,160	96,055	254,215
Decrease/(Increase) in Assets:						
Accounts Receivable - Tenants	(27,420)	(504)	(27,924)	(30,023)	(2,089)	(32,112)
Accounts Receivable - Other	(54,902)	-	(54,902)	(51,540)	32,554	(18,986)
Prepaid Expenses	(404)	1,023	619	(7,356)	(549)	(7,905)
Inventories and Supplies	-	-	-	1	-	1
Investment in Joint Venture	67	-	67	37	-	37
Increase/(Decrease) in Liabilities:						
Accounts Payable	(14,541)	52,859	38,318	(17,975)	49,458	31,483
Accrued Payroll	-	-	-	-	-	-
Security Deposits	1,721	(795)	926	3,824	-	3,824
Compensated Absences	1,115	-	1,115	660	-	660
Payment in Lieu of Taxes	52,596	12,257	64,853	59,678	10,977	70,655
Unearned Revenue	(1,304)	(124)	(1,428)	8,418	(422)	7,996
Accrued Interest	-	17,549	17,549	-	17,548	17,548
Accrued Pension and OPEB Liability	-	-	-	(155,852)	-	(155,852)
Net Cash Provided by/(Used in) Operating Activities	<u>\$ 230,797</u>	<u>\$ 76,237</u>	<u>\$ 307,034</u>	<u>\$ 359,798</u>	<u>\$ 165,720</u>	<u>\$ 525,518</u>

See Notes to Financial Statements.

Princeton Housing Authority
Notes to the Financial Statements
June 30, 2022

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

A. Organization – The Princeton 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. The Authority is governed by a board of Commissioners which is essentially autonomous but is responsible to the New Jersey 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 Municipality of Princeton. 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 mayor, have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary responsibility for accounting and fiscal matters. In accordance with the criteria set forth in Section 2100 of the Government Accounting Standards Board's Codification of Governmental Accounting and Reporting Standards, the Authority has identified Karin Court Associates, L.P. as a component unit which should be included in the Authority's reporting entity. Those criteria include a determination as to whether: (a) the organization is legally separate (b) the primary government holds the corporate powers of the organization (c) the primary government appoints a voting majority of the organization's board (d) the primary government is able to impose its will on the organization (e) there is fiscal dependency by the organization on the primary government and (f) the organization has potential to impose a financial benefit or burden on the primary government. Since Karin Court Associates, L.P. is economically dependent on the Housing Authority of the Borough of Princeton based on funding received from the Authority the partnership is included in these financial statements as a component unit. The component unit's fiscal year ends December 31 and its financial statements for the fiscal years ended December 31, 2021 and 2020 are included in this report. Further, since the partnership does not meet the blending criterion set forth in GASB's Codified Standards, it is included as a discretely presented component. The individual financial statements for the component unit can be obtained by contacting the Authority located at 1 Redding Circle, Princeton, NJ.

The limited partnership was formed for the purpose of acquiring, renovating, and operating a 16 unit low-income rental apartment complex in Princeton. The Authority is the General Partner in the limited partnership with a 0.1% interest in the tax credit project.

The Authority owns and manages 20 Low – Income rental units called the Maple & Franklin Program ("M & F").

C. Significant Accounting Policies

a. 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.