

PRINCETON HOUSING AUTHORITY
Princeton, New Jersey

FINANCIAL STATEMENTS
For the Fiscal Years Ended
June 30, 2023 and 2022

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

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, 2023. 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 \$2,836,822 (net position) as opposed to \$2,679,044 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 \$328,339. 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, 2023 was \$2,762,777, representing a \$216,367 decrease from the prior year balance of \$2,979,144.

4 – The Authority had Total Operating Revenues of \$2,072,022, and Total Operating Expenses of \$2,156,434 (including depreciation expense of \$153,179) for the year ended June 30, 2023.

5 – The Authority's capital outlays for the fiscal year were \$77,404.

6 – The Authority's Expenditures of Federal Awards totaled \$845,555 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, 2023

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.

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, 2023

D – Budgetary Highlights

For the year ended June 30, 2023, 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, 2023, the Authority's net investment in capital assets for its Proprietary Fund was \$1,567,911. 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, 2022 to June 30, 2023

Cash and other current assets decreased \$239,785, or 7.4%, primarily because cash decreased \$216,367. Cash used by operations was \$139,079, the Authority paid \$77,404 for capital improvements, and earned \$116 in interest.

Net capital assets decreased \$75,775, or 4.6%. The Authority had \$77,404 of capital asset additions and incurred \$153,179 of depreciation expense during the current fiscal year.

Deferred outflows of resources decreased \$105,436, or 43.7% due to the most recent pension and OPEB liability actuarial valuations.

Total liabilities and deferred inflows of resources decreased \$578,862, or 19.2%. The main reason for this significant decrease is the Authority's pension and OPEB liabilities decreased a combined \$456,071. In addition, the Authority made PILOT payments during the current fiscal year causing PILOT liability to decreased \$81,379.

Other revenues increased \$218,543, or 1,311.2%, primarily because the Authority's most recent pension liability actuarial valuation resulted in a \$171,136 pension expense reduction that was included in other revenue. In addition, management fee revenue increased when compared to the prior fiscal year.

Total operating expenses excluding depreciation increased \$356,266, or 21.6%. Salaries and employee benefits increased \$118,403 and \$64,452, respectively, as the Authority hired more employees in the current fiscal year. Sewer utility expense increased \$84,219 due to significantly higher quarterly sewer assessments received from Princeton. In addition, legal expenses increased \$52,930 when compared to the prior fiscal year. Finally, insurance expense increased \$31,130 due to higher premiums associated with the NJ Joint Insurance Fund.

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

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 \$1,733,133 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, 2023 the Authority's current assets of \$2,998,641 exceed its current liabilities of \$301,162 by \$2,687,479.

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, 179 Spruce Circle, Princeton, NJ 08540, or call (609) 924-3448.

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

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

	Year Ended		Variance	% Var
	June 30, 2023	June 30, 2022		
Cash and Other Current Assets	\$ 2,998,641	\$ 3,238,426	\$ (239,785)	-7.4%
Investment in Joint Venture	567,606	567,694	(88)	0.0%
Net Capital Assets	1,567,911	1,643,686	(75,775)	-4.6%
Deferred Outflows of Resources	135,785	241,221	(105,436)	-43.7%
Total Assets	5,269,943	5,691,027	(421,084)	-7.4%
Less: Total Liabilities and Deferred Inflows	2,433,121	3,011,983	(578,862)	-19.2%
Net Position	2,836,822	2,679,044	157,778	5.9%
Net Investment in Capital Assets	1,567,911	1,643,686	(75,775)	-4.6%
Restricted Net Position	1,597,250	1,452,250	145,000	10.0%
Unrestricted Net Position	(328,339)	(416,892)	88,553	-21.2%
Total Net Position	2,836,822	2,679,044	157,778	5.9%
<u>Operating Revenues</u>				
Tenant Revenues	991,257	1,048,538	(57,281)	-5.5%
HUD Operating Grants	845,555	855,653	(10,098)	-1.2%
Other Revenues	235,210	16,667	218,543	1311.2%
Total Operating Revenues	2,072,022	1,920,858	151,164	7.9%
<u>Operating Expenses</u>				
Total Operating Expenses Excl. Depreciation	2,003,255	1,646,989	356,266	21.6%
Depreciation Expense	153,179	153,674	(495)	-0.3%
Total Operating Expenses	2,156,434	1,800,663	355,771	19.8%
Excess (Deficiency) of Operating Revenues Over Expenses	(84,412)	120,195	(204,607)	-170.2%
<u>Non-Operating Revenues/(Expenses)</u>				
Interest on Investments	116	102	14	13.7%
Excess (Deficiency) of Revenues Over Expenses	(84,296)	120,297	(204,593)	-170.1%
Prior Period Adjustment	242,074	166,382	75,692	45.5%
Net Position - Beginning Balance	2,679,044	2,392,365	286,679	12.0%
Net Position - Ending Balance	\$ 2,836,822	\$ 2,679,044	157,778	5.9%



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, 2023 and 2022, 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, 2023 and 2022, 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 27% of the consolidated total net assets at June 30, 2023, and total revenue constituting 8% of the consolidated total revenue for the year ended June 30, 2023. 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 by 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 March 8, 2024 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
March 8, 2024

PRINCETON HOUSING AUTHORITY
Princeton, New Jersey
COMPARATIVE STATEMENTS OF NET POSITION
At June 30, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>June 30, 2023</u>		<u>June 30, 2022</u>			
	Housing Authority	Component Unit	Total	Housing Authority	Component Unit	Total
<u>CURRENT ASSETS</u>						
Cash and Cash Equivalents	\$ 1,733,133	\$ 742,151	\$ 2,475,284	\$ 2,094,588	\$ 652,280	\$ 2,746,868
Cash and Cash Equivalents - Restricted	1,029,644	189,223	1,218,867	884,556	181,042	1,065,598
Accounts Receivable - Tenants (net of allowance)	101,908	4,132	106,040	74,071	4,902	78,973
Accounts Receivable - HUD	-	4,801	4,801	-	4,801	4,801
Accounts Receivable - Other	31,767	-	31,767	133,229	-	133,229
Prepaid Expenses	75,337	16,600	91,937	25,425	15,559	40,984
Inventories (net of allowance)	26,852	-	26,852	26,557	-	26,557
Total Current Assets	2,998,641	956,907	3,955,548	3,238,426	858,584	4,097,010
Investments In Joint Ventures	567,606	-	567,606	567,694	-	567,694
<u>FIXED ASSETS</u>						
Land	442,831	518,041	960,872	442,831	500,000	942,831
Buildings	6,093,514	2,885,346	8,978,860	6,020,760	2,903,387	8,924,147
Furniture, Equipment and Machinery	1,480,036	-	1,480,036	1,475,386	-	1,475,386
Leasehold Improvements	1,454,782	-	1,454,782	1,454,782	-	1,454,782
Total Fixed Assets	9,471,163	3,403,387	12,874,550	9,393,759	3,403,387	12,797,146
Less: Accumulated Depreciation	(7,903,252)	(2,453,642)	(10,356,894)	(7,750,073)	(2,375,879)	(10,125,952)
Net Fixed Assets	1,567,911	949,745	2,517,656	1,643,686	1,027,508	2,671,194
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	135,785	-	135,785	241,221	-	241,221
Total Assets and Deferred Outflows of Resources	\$ 5,269,943	\$ 1,906,652	\$ 7,176,595	\$ 5,691,027	\$ 1,886,092	\$ 7,577,119

See Notes to Financial Statements.

PRINCETON HOUSING AUTHORITY
Princeton, New Jersey
COMPARATIVE STATEMENTS OF NET POSITION

At June 30, 2023

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

	<u>June 30, 2023</u>			<u>June 30, 2022</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	\$ 42,220	\$ 189,450	\$ 231,670	\$ 10,587	\$ 109,621	\$ 120,208
Tenant Security Deposits Payable	63,822	10,042	73,864	65,782	10,042	75,824
Accrued Compensated Absences	865	-	865	798	-	798
Payment in Lieu of Taxes	171,813	55,575	227,388	253,192	44,261	297,453
Other Accrued Liabilities	4,380	-	4,380	-	-	-
Unearned Revenue	18,062	521	18,583	14,608	184	14,792
Accrued Interest Payable	-	438,700	438,700	-	421,153	421,153
Total Current Liabilities	<u>301,162</u>	<u>694,288</u>	<u>995,450</u>	<u>344,967</u>	<u>585,261</u>	<u>930,228</u>
<u>LONG TERM LIABILITIES</u>						
Compensated Absences	7,784	-	7,784	7,180	-	7,180
Accrued Pension & OPEB Liability	479,789	-	479,789	935,860	-	935,860
Long Term Debt	-	1,754,800	1,754,800	-	1,754,800	1,754,800
Total Long Term Liabilities	<u>487,573</u>	<u>1,754,800</u>	<u>2,242,373</u>	<u>943,040</u>	<u>1,754,800</u>	<u>2,697,840</u>
Total Liabilities	<u>788,735</u>	<u>2,449,088</u>	<u>3,237,823</u>	<u>1,288,007</u>	<u>2,340,061</u>	<u>3,628,068</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	<u>1,644,386</u>	<u>-</u>	<u>1,644,386</u>	<u>1,723,976</u>	<u>-</u>	<u>1,723,976</u>
	<u>NET POSITION</u>					
Net Investment in Capital Assets	1,567,911	(805,055)	762,856	1,643,686	(727,292)	916,394
Restricted Net Position	1,597,250	189,223	1,786,473	1,452,250	-	1,452,250
Unrestricted Net Position	(328,339)	73,396	(254,943)	(416,892)	273,323	(143,569)
Total Net Position	<u>\$ 2,836,822</u>	<u>\$ (542,436)</u>	<u>\$ 2,294,386</u>	<u>\$ 2,679,044</u>	<u>\$ (453,969)</u>	<u>\$ 2,225,075</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, 2023

	<u>June 30, 2023</u>		<u>June 30, 2022</u>			
	Housing Authority	Component Unit	Total	Housing Authority	Component Unit	Total
<u>OPERATING REVENUES</u>						
Dwelling Rentals and Other Tenant Revenue	\$ 991,257	\$ 126,864	\$ 1,118,121	\$ 1,048,538	\$ 136,766	\$ 1,185,304
HUD Operating Grants	845,555	-	845,555	855,653	-	855,653
Other Income	235,210	48,114	283,324	16,667	47,093	63,760
Total Operating Revenues	<u>2,072,022</u>	<u>174,978</u>	<u>2,247,000</u>	<u>1,920,858</u>	<u>183,859</u>	<u>2,104,717</u>
<u>OPERATING EXPENSES</u>						
Administration	389,365	16,537	405,902	219,055	12,267	231,322
Tenant Services	4,000	-	4,000	2,000	-	2,000
Utilities	613,076	13,724	626,800	452,427	14,189	466,616
Maintenance	633,599	60,125	693,724	666,030	68,489	734,519
Protective Services	2,305	1,838	4,143	1,985	1,795	3,780
General Expense	360,910	75,956	436,866	305,492	75,599	381,091
Depreciation Expense	153,179	77,763	230,942	153,674	77,763	231,437
Interest Expense and Amortization Cost	-	17,548	17,548	-	17,548	17,548
Total Operating Expenses	<u>2,156,434</u>	<u>263,491</u>	<u>2,419,925</u>	<u>1,800,663</u>	<u>267,650</u>	<u>2,068,313</u>
Operating Income/(Loss)	<u>(84,412)</u>	<u>(88,513)</u>	<u>(172,925)</u>	<u>120,195</u>	<u>(83,791)</u>	<u>36,404</u>
<u>NON OPERATING REVENUES/(EXPENSES)</u>						
Interest Income - Unrestricted	116	46	162	102	60	162
Increase/(Decrease) in Net Position	(84,296)	(88,467)	(172,763)	120,297	(83,731)	36,566
Net Position at Beginning of Period	2,679,044	(453,969)	2,225,075	2,392,365	(386,126)	2,006,239
Prior Period Adjustment	242,074	-	242,074	166,382	15,888	182,270
Net Position at End of Period	<u>\$ 2,836,822</u>	<u>\$ (542,436)</u>	<u>\$ 2,294,386</u>	<u>\$ 2,679,044</u>	<u>\$ (453,969)</u>	<u>\$ 2,225,075</u>

See Notes to Financial Statements.

PRINCETON HOUSING AUTHORITY
Princeton, New Jersey
COMPARATIVE STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2023

	<u>June 30, 2023</u>		<u>June 30, 2022</u>	
	Housing Authority	Component Unit	Housing Authority	Component Unit
	Total	Total	Total	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash Received:				
From Tenants for Rental and Other Income	\$ 964,914	\$ 127,971	\$ 1,092,885	\$ 1,156,878
From Government Agencies for Operating Grants	845,555	-	845,555	855,653
From Other Operating Revenues	336,672	48,114	384,786	8,858
Cash Paid:		-		-
To Employees for Operations	(297,234)	(18,160)	(315,394)	(171,492)
To Suppliers for Operations	(1,988,986)	(59,919)	(2,048,905)	(1,542,863)
Net Cash Provided by Operating Activities	(139,079)	98,006	(41,073)	307,034
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>				
Unrestricted Interest Income	116	46	162	162
Net Cash Provided by Investing Activities	116	46	162	162
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>				
Net Purchase of Fixed Assets	(77,404)	-	(77,404)	-
Net Cash Used from Financing Activities	(77,404)	-	(77,404)	-
Increase in Cash and Cash Equivalents	(216,367)	98,052	(118,315)	307,196
Cash and Cash Equivalents - Beginning of Year	2,979,144	833,322	3,812,466	3,505,270
Cash and Cash Equivalents - End of Year	\$ 2,762,777	\$ 931,374	\$ 3,694,151	\$ 3,812,466

See Notes to Financial Statements.

PRINCETON HOUSING AUTHORITY
Princeton, New Jersey

COMPARATIVE STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2023

	<u>June 30, 2022</u>		<u>June 30, 2022</u>			
	Housing Authority	Component Unit	Total	Housing Authority	Component Unit	Total
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) IN OPERATIONS						
Operating Income/(Loss)	\$ (84,412)	\$ (88,513)	\$ (172,925)	\$ 120,195	\$ (83,791)	\$ 36,404
Adjustments to Reconcile Operating Income to Net Cash provided by Operating Activities:						
Depreciation	153,179	77,763	230,942	153,674	77,763	231,437
Decrease/(Increase) in Assets:						
Accounts Receivable - Tenants	(27,837)	770	(27,067)	(27,420)	(504)	(27,924)
Accounts Receivable - Other	101,462	-	101,462	(54,902)	-	(54,902)
Prepaid Expenses	(49,912)	(1,041)	(50,953)	(404)	1,023	619
Inventories and Supplies	(295)	-	(295)	-	-	-
Investment in Joint Venture	88	-	88	67	-	67
Increase/(Decrease) in Liabilities:						
Accounts Payable	31,633	79,829	111,462	(14,541)	52,859	38,318
Accrued Payroll	-	-	-	-	-	-
Security Deposits	(1,960)	-	(1,960)	1,721	(795)	926
Compensated Absences	671	-	671	1,115	-	1,115
Payment in Lieu of Taxes	(81,379)	11,314	(70,065)	52,596	12,257	64,853
Other Current Liabilities	4,380	-	4,380	-	-	-
Unearned Revenue	3,454	337	3,791	(1,304)	(124)	(1,428)
Accrued Interest	-	17,547	17,547	-	17,549	17,549
Accrued Pension and OPEB Liability	(188,151)	-	(188,151)	-	-	-
Net Cash Provided by/(Used in) Operating Activities	\$ (139,079)	\$ 98,006	\$ (41,073)	\$ 230,797	\$ 76,237	\$ 307,034

See Notes to Financial Statements.

Princeton Housing Authority
Notes to the Financial Statements
June 30, 2023

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, 2023 and 2022 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.

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

- b. **Report Presentation** – The financial statements included in this Report were prepared in accordance with GAAP in the United States of America applicable to governmental entities for Proprietary Fund Types. In accordance with GASB-34, this report includes Management's Discussion and Analysis.

Proprietary Fund Types are accounted for on a flow of economic resources measurement focus. The accounting objectives are a determination of net income, financial position and changes in cash flow. All assets and liabilities associated with a Proprietary Fund's activities are included in its balance sheet. Proprietary Fund equity in the Enterprise Fund is segregated into Net Investment in Capital Assets, Unrestricted Net Position, and Restricted Net Position.

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 activities of the Authority are reported in a single enterprise fund.

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, is 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.

Princeton Housing Authority
Notes to the Financial Statements
June 30, 2023

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

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 or 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 June 30, 2023, the Authority has not recognized any reduction in the carrying value of its fixed assets when considering AU 360.

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

c. Federal Grant Revenue – Operating subsidies and Section Eight Housing Choice Voucher Program grants received from HUD are recorded under the accrual method of accounting and are recognized in the period earned in accordance with applicable HUD guidelines. Effective January 1, 2019 the Authority converted its entire portfolio of public housing units from conventional public housing to HUD's Rental Assistance Demonstration (RAD). Under RAD, the Authority receives project-based voucher funding for each of its public housing units rather than performance operating funding subsidy and capital fund grants. Tenants continue to pay 30% of adjusted income as rent while HUD provides housing assistance payments for the difference between agreed upon HUD-established market rent and tenant paid rent for each unit.

d. 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.

Princeton Housing Authority
Notes to the Financial Statements
June 30, 2023

NOTE 2 – Cash and Cash Equivalents

1. Housing Authority

The Authority maintains cash and investments in local banks. These funds are covered by the Governmental Unit Depository Protection Act of the State of New Jersey, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. Cash and cash equivalents of \$2,762,777 at June 30, 2023 and \$2,979,144 June 30, 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Checking Accounts	\$ 1,469,753	\$ 1,829,268
Security Deposits	63,822	65,782
Money Market	1,229,202	1,084,094
Total	<u>\$ 2,762,777</u>	<u>\$ 2,979,144</u>

The carrying amount of the Authority's cash and cash equivalents on deposit as of June 30, 2023 was \$2,762,777 and the bank balances were \$3,070,376. Of the bank balances, \$313,822 was covered by FDIC insurance and \$2,756,554 was covered by a collateral pool maintained by the banks as required by New Jersey statutes. Cash equivalents, except petty cash, are held in the Authority's name. As described above, \$2,756,554 of the authority's deposits exceeded FDIC insurance and were covered under New Jersey's Governmental Unit Deposit Protection Act (GUDPA) which collateralizes securities held by the pledging institution's trust department in the institution's name.

2. Component Unit

Cash and cash equivalents of \$931,374 at December 31, 2022 and \$833,322 at December 31, 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Checking Accounts	\$ 921,332	\$ 823,280
Security Deposits	10,042	10,042
Total	<u>\$ 931,374</u>	<u>\$ 833,322</u>

The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

NOTE 3 – Accounts Receivable – Tenants (Net)

Housing Authority

Tenant accounts receivable are reported net of an allowance for doubtful accounts. The net accounts receivable balances were \$101,098 as of June 30, 2023 and \$74,071 as of June 30, 2022.

NOTE 4 – Inventories (Net)

Housing Authority

Inventories consist primarily of maintenance materials and are stated at the lower of first-in first-out cost or market. At June 30, 2023 and 2022, inventories net of allowance for obsolescence was \$26,852 and \$26,557, respectively.

Princeton Housing Authority
Notes to the Financial Statements
June 30, 2023

NOTE 5 - Fixed Assets

Housing Authority

Fixed assets consist primarily of expenditures to acquire, construct, place in operation and improve the facilities of the Authority and are stated at cost. The following is a summary of the changes in fixed assets for the fiscal years ended June 30, 2023 and 2022:

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>June 30, 2023</u>
Land	\$ 442,831	\$ -	\$ -	\$ -	\$ 442,831
Buildings	6,020,760	72,754	-	-	6,093,514
Furniture, Equipt. and Machinery	1,475,386	4,650	-	-	1,480,036
Leasehold Improvements	1,454,782	-	-	-	1,454,782
Construction in Progress	-	-	-	-	-
Total Fixed Assets	<u>9,393,759</u>	<u>77,404</u>	<u>-</u>	<u>-</u>	<u>9,471,163</u>
Less: Accumulated Depreciation	<u>(7,750,073)</u>	<u>(153,179)</u>	<u>-</u>	<u>-</u>	<u>(7,903,252)</u>
Net Fixed Assets	<u>\$ 1,643,686</u>	<u>\$ (75,775)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,567,911</u>

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>June 30, 2022</u>
Land	\$ 442,831	\$ -	\$ -	\$ -	\$ 442,831
Buildings	6,020,760	-	-	-	6,020,760
Furniture, Equipt. and Machinery	1,475,386	-	-	-	1,475,386
Leasehold Improvements	1,454,782	-	-	-	1,454,782
Construction in Progress	-	-	-	-	-
Total Fixed Assets	<u>9,393,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,393,759</u>
Less: Accumulated Depreciation	<u>(7,596,399)</u>	<u>(153,674)</u>	<u>-</u>	<u>-</u>	<u>(7,750,073)</u>
Net Fixed Assets	<u>\$ 1,797,360</u>	<u>\$ (153,674)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,643,686</u>

Depreciation expense for the fiscal years ending June 30, 2023 and 2022 was \$153,179 and \$153,674, respectively.

Expenditures are capitalized when they meet the Capitalization Policy requirements. Under that policy assets purchased or constructed at a cost not to exceed \$5,000 are expensed when incurred. Depreciation of fixed assets is calculated using the straight-line method for reporting purposes at rates based upon the following estimated useful lives:

	<u>Years</u>
Buildings	40
Components	15
Site Improvements	20
Furniture	7
Equipment	7
Vehicles	5
Computers	3

Princeton Housing Authority
Notes to the Financial Statements
June 30, 2023

NOTE 5 - Fixed Assets (Continued)

Component Unit

The following is a summary of the changes in fixed assets of the component unit for the fiscal years ended December 31, 2022 and 2021:

	<u>January 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>December 31, 2022</u>
Land	\$ 500,000	\$ -	\$ -	\$ 18,041	\$ 518,041
Buildings	2,903,387	-	-	(18,041)	2,885,346
Total Fixed Assets	3,403,387	-	-	-	3,403,387
Less: Accumulated Depreciation	(2,375,879)	(77,763)	-	-	(2,453,642)
Net Fixed Assets	\$ 1,027,508	\$ (77,763)	\$ -	\$ -	\$ 949,745

	<u>January 1, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Other</u>	<u>December 31, 2021</u>
Land	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000
Buildings	2,903,387	-	-	-	2,903,387
Total Fixed Assets	3,403,387	-	-	-	3,403,387
Less: Accumulated Depreciation	(2,298,116)	(77,763)	-	-	(2,375,879)
Net Fixed Assets	\$ 1,105,271	\$ (77,763)	\$ -	\$ -	\$ 1,027,508

Depreciation expense for the years ending December 31, 2021 and 2020 was \$77,763 and \$77,763, respectively.

NOTE 6 – Notes Receivable

The Housing Authority has a note receivable due from the Component Unit in the amount of \$1,754,800 in connection with the construction of Karin Court. The Authority is the general partner with a 0.1% interest in the partnership. The note, which is for a term of thirty years, is due on December 1, 2027, bears interest at a rate of 1% compounded annually, and is secured by all property and equipment of the component unit. From inception of the note through December 31, 2022, \$438,700, of interest has been accrued. Since the note and related interest are payable from surplus cash of the partnership and the partnership has not generated surplus cash since its inception, the Authority has established an allowance for doubtful accounts for the entire amount of the loan and related interest receivable. Therefore, the Authority's financial statements do not reflect a balance in notes receivable or accrued interest receivable.

NOTE 7 – PILOT

Housing Authority

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 Municipality of Princeton. 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 June 30, 2023 and 2022, PILOT expense of \$30,895 and \$52,597 was accrued, respectively.

Component Unit

During the fiscal years ended December 31 2022 and 2021, the component unit PILOT expense was \$11,314 and \$12,258, respectively.

NOTE 8 – Accrued Compensated Absences

Unused sick leave may be carried to future periods and used in the event of extended illness. After five years of service, accrued sick time is paid up to a maximum of 180 days at 25 – 30% of current salary to a maximum of \$10,000. Generally, unused vacation may not be carried to future periods, however, due to work loads, the authority allowed employees to carry vacation over for one year. The Authority has determined that the potential liability for accumulated vacation time, sick leave and terminal pay is \$8,649 at June 30, 2023, and \$7,978 at June 30, 2022.

NOTE 9 – Pension Plan

General Information about the Pension Plan

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

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

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

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

Contributions - The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount 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. Funding for the noncontributory group benefits is based on actual claims paid. For fiscal year 2019, the State's pension contribution was less than the actuarial determined amount.

The housing authority's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, 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

Princeton Housing Authority
Notes to the Financial Statements
June 30, 2023

NOTE 9 – Pension Plan (Continued)

contributions provided under this law. This 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, 2023 and 2022, the Authority reported \$327,831 and \$253,668, 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, 2023 and June 30, 2022 were 0.002181% and 0.002141% respectively. The components of the Authority's net pension liability as of June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Total Pension Liability	\$ 894,815	\$ 864,216
Less: Plan Fiduciary Net Position	<u>(566,994)</u>	<u>(610,548)</u>
Net Pension Liability	<u>\$ 327,821</u>	<u>\$ 253,668</u>

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

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

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 bases 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

Princeton Housing Authority
Notes to the Financial Statements
June 30, 2023

NOTE 9 – Pension Plan (Continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

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 this discount rate assumed that contributions from plan members will be made as the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate – The following presents the collective net pension liability of the Authority as of June 30, 2023 and 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:

	<u>At 1% Decrease</u>	<u>At June 30 Discount Rate</u>	<u>At 1% Increase</u>
2023	\$ 426,418	\$ 253,668	\$ 251,495
2022	\$ 345,444	\$ 253,668	\$ 175,783

Princeton Housing Authority
Notes to the Financial Statements
June 30, 2023

NOTE 9 – Pension Plan (Continued)

At June 30, 2023 and 2022, the Authority reported deferred outflows inflows of resources related to pensions from the following sources:

	2023 Deferred Outflows of Resources	2023 Deferred Inflows of Resources	2022 Deferred Outflows of Resources	2022 Deferred Inflows of Resources
Changes of assumptions	\$ 1,016	\$ 49,088	\$ 1,321	\$ 90,307
Differences between expected and actual experience	2,366	2,087	4,001	1,816
Net differences between projected and actual earnings on plan investments	13,568	-	-	66,823
Changes in proportion	<u>80,869</u>	<u>338,138</u>	<u>109,212</u>	<u>509,297</u>
TOTAL	<u>\$ 97,819</u>	<u>\$ 389,313</u>	<u>\$ 114,534</u>	<u>\$ 668,243</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2023	\$ (28,233)
2024	(14,384)
2025	(7,015)
2026	15,303
2027	<u>(34)</u>
Total	<u>\$ (34,361)</u>

NOTE 10 – Long-Term Debt

Component Unit

The Component Unit has a promissory note payable to the Princeton Housing Authority, the general partner of Karin Court Associates, LP. The note is secured by property and equipment and bears interest of 1% compounded annually. The principal sum of \$1,754,800 borrowed from the housing authority is composed of grant funds of \$1,652,400 received by the Authority from the U.S. Department of Housing and Urban Development and a \$102,400 grant received by the Authority from the Federal Home Loan Bank. The term of the note is thirty years, and all principal and interest is payable on December 1, 2027. In addition, \$438,700 of interest has been accrued through December 31, 2022, bringing the total liability related to the promissory note to \$2,193,500 at December 31, 2022.

NOTE 11 – 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 June 30, 2023 and 2022, 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.

Princeton Housing Authority
Notes to the Financial Statements
June 30, 2023

NOTE 12 – Construction Commitments

At June 30, 2023 and 2022, the Authority's outstanding construction commitments pertained to capital improvements to be funded by restricted cash accounts that were established pursuant to the Authority's RAD conversion.

NOTE 13 – Postemployment Benefits Other than Pensions (OPEB)

PLAN DESCRIPTION

The Authority administers a cost sharing multiple employer defined benefit postemployment health care benefit (OPEB) plan. The Authority was required to adopt a resolution to participate in the Plan. Coverage under the plan is available to employee spouses and benefits may continue to surviving spouses. For additional information about the plan, please refer to the State of New Jersey (the State), Division of Pension and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

BENEFITS PROVIDED

The Plan provides medical and prescription drugs to retirees and their covered dependents of the Authority. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, the Authority elects to provide postretirement medical coverage to its employees and must file a resolution with the Division. Under Chapter 88, the Authority has elected to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows the Authority to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the Authority may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

BASIS OF PRESENTATION

GASB Statement No. 75 requires the Authority to recognize its proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense.

NET OPEB LIABILITY

The Authority's total other postemployment benefit ("OPEB") liability of \$151,968 and \$689,192 was measured as of June 30, 2023 and 2022, respectively, and was determined by an actuarial valuation as of that date. The components of the net OPEB liability are as of June 30, 2022 and 2021 are as follows:

	<u>2023</u>	<u>2022</u>
Total OPEB Liability	\$ 152,520	\$ 684,097
Plan Fiduciary Net Position	<u>(552)</u>	<u>(1,905)</u>
Net OPEB Liability	<u>\$ 151,968</u>	<u>\$ 682,192</u>
 Plan Fiduciary Net Position as a % of Total OPEB Liability	 0.36%	 0.28%

Princeton Housing Authority
Notes to the Financial Statements
June 30, 2023

NOTE 13 – Postemployment Benefits Other than Pensions (OPEB)

The total OPEB liability as of June 30, 2022 was determined by actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases (Based on years of service within the respective plan)
Public Employees Retirement System (PERS)
Rate for All Future Years 2.75% to 6.55%

Mortality: Pub-2010 General classification headcount weighted mortality with fully generation al mortality improvement projections from the central year using Scale MP-2021

DISCOUNT RATE

The discount rate for June 2022 was 3.54%. This represents the municipal bond return rate as chosen by the State of New Jersey. The source is the Bond Buyer Go 20- Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

SENSITIVITY OF NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the collective net OPEB liability of the Authority as of June 30, 2023, calculating the discount rate as disclosed above as well as what the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates.

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
2023	\$ 176,161	\$ 151,968	\$ 132,502
2022	\$ 802,809	\$ 682,192	\$ 586,600

SENSITIVITY TO NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE TREND RATE

The following presents the total OPEB liability of the Authority as of June 30, 2023 calculated using the healthcare trend rate as disclosed above as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
2023	\$ 128,919	\$ 151,968	\$ 181,487
2022	\$ 569,178	\$ 682,192	\$ 829,661

Princeton Housing Authority
Notes to the Financial Statements
June 30, 2023

NOTE 13 – Postemployment Benefits Other than Pensions (OPEB)

At June 30, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	2023 Deferred Outflows of Resources	2023 Deferred Inflows of Resources	2022 Deferred Outflows of Resources	2022 Deferred Inflows of Resources
Changes of assumptions	\$ 20,281	\$ 51,864	\$ 98,135	\$ 120,585
Differences between expected and actual experience	7,848	28,168	15,308	142,725
Net differences between projected and actual earnings on plan investments	40	-	326	-
Changes in proportion	9,797	1,175,041	12,918	792,423
Authority's contributions subsequent to the measurement date	-	-	-	-
TOTAL	<u>\$ 37,966</u>	<u>\$ 1,255,073</u>	<u>\$ 126,687</u>	<u>\$ 1,055,733</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending	
June 30:	
2023	\$ (13,770)
2024	(13,783)
2025	(10,884)
2026	(4,861)
2027	(149)
2028-2029	<u>(7,476)</u>
	<u>\$ (50,922)</u>

NOTE 14 – Investment in Joint Ventures

The Authority manages 16 Low-Income rental units called the Karin Court Program ("Karin"). These units were built with a combination of HUD development funds and tax credits and are owned by Karin Court Associates, L.P. The Authority is a .1% general partner in the partnership and has included Karin Court as a component unit. The Authority's investment in Karin Court is included in the comparative statements of net income at \$567,606 and \$567,694 at June 30, 2023 and 2022, respectively.

Princeton Housing Authority
Notes to the Financial Statements
June 30, 2023

NOTE 15 – Restricted Net Position

The Princeton Housing Authority is required to maintain funds in an operating reserve account pursuant to its Rental Assistance Demonstration funding agreement with HUD. These amounts are included in Restricted Net Position in the comparative Statements of Net Position. Changes in Restricted Net Position for the years ended June 30, 2023 and 2022 are summarized below:

	<u>Operating Reserve Cash</u>	<u>Investment in Karin Court</u>	<u>Total Restricted Net Position</u>
Balance at July 1, 2021	\$ 739,483	\$ 567,761	\$ 1,307,244
Deposits to Operating Reserve	145,073	-	145,073
Adjustment of Investment in Karin Court	-	(67)	(67)
Balance at June 30, 2022	884,556	567,694	1,452,250
Deposits to Operating Reserve	145,088	-	145,088
Adjustment of Investment in Karin Court	-	(88)	(88)
Balance at June 30, 2023	<u>\$ 1,029,644</u>	<u>\$ 567,606</u>	<u>\$ 1,597,250</u>

NOTE 16 – Prior Period Adjustment

During the fiscal year ended June 30, 2023 the Authority made an adjustment to increase net position by \$242,074. The adjustment was recorded to adjust the liability and related deferred inflows and deferred outflows of resources related to post-employment benefits per the most recent actuarial valuations.

During the fiscal year ended June 30, 2022 the Authority made an adjustment to increase net position by \$166,382. The adjustment was recorded to adjust the liability and related deferred inflows and deferred outflows of resources related to post-employment benefits per the most recent actuarial valuations.

NOTE 17 – Economic Dependency

For the years ended June 30, 2023 and 2022, a substantial portion of the Authority's revenues were received from the United States Department of Housing and Urban Development, which are subject to availability of funds and Congressional approval, as well as the Authority's compliance with Federal rules and regulations.

NOTE 18 – 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 March 8, 2024, 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.

Princeton Housing Authority (NJ027)

Princeton, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	1 Business Activities	6.1 Component Unit - Discretely Presented	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$0	\$292,539	\$732,109	\$1,376,772	\$2,401,420		\$2,401,420
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted			\$189,223	\$1,029,644	\$1,218,867		\$1,218,867
114 Cash - Tenant Security Deposits		\$6,974	\$10,042	\$56,848	\$73,864		\$73,864
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	\$0	\$299,513	\$931,374	\$2,463,264	\$3,694,151	\$0	\$3,694,151
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects			\$4,801		\$4,801		\$4,801
124 Accounts Receivable - Other Government							
125 Accounts Receivable - Miscellaneous				\$31,767	\$31,767		\$31,767
126 Accounts Receivable - Tenants		\$10,033	\$24,594	\$193,782	\$228,409		\$228,409
126.1 Allowance for Doubtful Accounts -Tenants		-\$5,016	-\$20,462	-\$96,891	-\$122,369		-\$122,369
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	\$5,017	\$8,933	\$128,658	\$142,608	\$0	\$142,608
131 Investments - Unrestricted							
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets		\$2,373	\$16,600	\$72,964	\$91,937		\$91,937
143 Inventories				\$29,803	\$29,803		\$29,803
143.1 Allowance for Obsolete Inventories				-\$2,951	-\$2,951		-\$2,951
144 Inter Program Due From				\$246,956	\$246,956	-\$246,956	\$0
145 Assets Held for Sale							
150 Total Current Assets	\$0	\$306,903	\$956,907	\$2,938,694	\$4,202,504	-\$246,956	\$3,955,548
161 Land		\$7,000	\$518,041	\$435,831	\$960,872		\$960,872
162 Buildings		\$214,908	\$2,885,346	\$5,878,606	\$8,978,860		\$8,978,860
163 Furniture, Equipment & Machinery - Dwellings		\$14,217		\$173,292	\$187,509		\$187,509
164 Furniture, Equipment & Machinery - Administration				\$1,292,527	\$1,292,527		\$1,292,527
165 Leasehold Improvements				\$1,454,782	\$1,454,782		\$1,454,782
166 Accumulated Depreciation		-\$175,219	-\$2,453,642	-\$7,728,033	-\$10,356,894		-\$10,356,894
167 Construction in Progress							
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$60,906	\$949,745	\$1,507,005	\$2,517,656	\$0	\$2,517,656
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				\$567,606	\$567,606		\$567,606
180 Total Non-Current Assets	\$0	\$60,906	\$949,745	\$2,074,611	\$3,085,262	\$0	\$3,085,262
200 Deferred Outflow of Resources		\$12,220	\$0	\$123,565	\$135,785		\$135,785
290 Total Assets and Deferred Outflow of Resources	\$0	\$380,029	\$1,906,652	\$5,136,870	\$7,423,551	-\$246,956	\$7,176,595
311 Bank Overdraft							
312 Accounts Payable <= 90 Days		\$285	\$189,450	\$41,935	\$231,670		\$231,670
313 Accounts Payable >90 Days Past Due							
321 Accrued Wage/Payroll Taxes Payable							
322 Accrued Compensated Absences - Current Portion		\$65		\$800	\$865		\$865
324 Accrued Contingency Liability							

Princeton Housing Authority (NJ027)

Princeton, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	1 Business Activities	6,1 Component Unit - Discretely Presented	14,195 Section 8 Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
325 Accrued Interest Payable			\$438,700		\$438,700		\$438,700
331 Accounts Payable - HUD PHA Programs							
332 Account Payable - PHA Projects							
333 Accounts Payable - Other Government			\$55,575	\$171,813	\$227,388		\$227,388
341 Tenant Security Deposits		\$6,974	\$10,042	\$56,848	\$73,864		\$73,864
342 Unearned Revenue			\$521	\$18,062	\$18,583		\$18,583
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue							
344 Current Portion of Long-term Debt - Operating Borrowings							
345 Other Current Liabilities							
346 Accrued Liabilities - Other				\$4,380	\$4,380		\$4,380
347 Inter Program - Due To		\$246,956			\$246,956	-\$246,956	\$0
348 Loan Liability - Current							
310 Total Current Liabilities	\$0	\$254,280	\$694,288	\$293,838	\$1,242,406	-\$246,956	\$995,450
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$1,754,800		\$1,754,800		\$1,754,800
352 Long-term Debt, Net of Current - Operating Borrowings							
353 Non-current Liabilities - Other							
354 Accrued Compensated Absences - Non Current		\$586		\$7,198	\$7,784		\$7,784
355 Loan Liability - Non Current							
356 FASB 5 Liabilities							
357 Accrued Pension and OPEB Liabilities		\$43,181	\$0	\$436,608	\$479,789		\$479,789
350 Total Non-Current Liabilities	\$0	\$43,767	\$1,754,800	\$443,806	\$2,242,373	\$0	\$2,242,373
300 Total Liabilities	\$0	\$298,047	\$2,449,088	\$737,644	\$3,484,779	-\$246,956	\$3,237,823
400 Deferred Inflow of Resources		\$147,996		\$1,496,390	\$1,644,386		\$1,644,386
508.4 Net Investment in Capital Assets		\$60,906	-\$805,055	\$1,507,005	\$762,856		\$762,856
511.4 Restricted Net Position			\$189,223	\$1,597,250	\$1,786,473		\$1,786,473
512.4 Unrestricted Net Position	\$0	-\$126,920	\$73,396	-\$201,419	-\$254,943		-\$254,943
513 Total Equity - Net Assets / Position	\$0	-\$66,014	-\$542,436	\$2,902,836	\$2,294,386	\$0	\$2,294,386
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$380,029	\$1,906,652	\$5,136,870	\$7,423,551	-\$246,956	\$7,176,595

Princeton Housing Authority (NJ027)
Princeton, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	1 Business Activities	6.1 Component Unit - Discretely Presented	14.195 Section 8 Housing Assistance Payments Program Special Allocations	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$0	\$93,505	\$126,864	\$897,752	\$1,118,121		\$1,118,121
70400 Tenant Revenue - Other							
70500 Total Tenant Revenue	\$0	\$93,505	\$126,864	\$897,752	\$1,118,121		\$1,118,121
70600 HUD PHA Operating Grants				\$845,555	\$845,555		\$845,555
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							
70800 Other Government Grants							
71100 Investment Income - Unrestricted		\$7	\$46	\$109	\$162		\$162
71200 Mortgage Interest Income							
71300 Proceeds from Disposition of Assets Held for Sale							
71310 Cost of Sale of Assets							
71400 Fraud Recovery							
71500 Other Revenue		\$17,075	\$48,114	\$218,135	\$283,324		\$283,324
71600 Gain or Loss on Sale of Capital Assets							
72000 Investment Income - Restricted							
70000 Total Revenue	\$0	\$110,587	\$175,024	\$1,961,551	\$2,247,162		\$2,247,162
91100 Administrative Salaries		\$11,255	\$7,689	\$112,613	\$131,557		\$131,557
91200 Auditing Fees		\$2,071	\$6,979	\$9,689	\$18,739		\$18,739
91300 Management Fee		\$0	\$0	\$0	\$0		\$0
91310 Book-keeping Fee							
91400 Advertising and Marketing							
91500 Employee Benefit contributions - Administrative		\$2,785	\$1,169	\$28,865	\$32,819		\$32,819
91600 Office Expenses		\$6,485		\$29,155	\$35,640		\$35,640
91700 Legal Expense		\$6,847		\$69,226	\$76,073		\$76,073
91800 Travel							
91810 Allocated Overhead							
91900 Other		\$4,911	\$700	\$105,463	\$111,074		\$111,074
91000 Total Operating - Administrative	\$0	\$34,354	\$16,537	\$355,011	\$405,902		\$405,902
92000 Asset Management Fee							
92100 Tenant Services - Salaries							
92200 Relocation Costs							
92300 Employee Benefit Contributions - Tenant Services							
92400 Tenant Services - Other				\$4,000	\$4,000		\$4,000
92500 Total Tenant Services	\$0	\$0	\$0	\$4,000	\$4,000		\$4,000
93100 Water		\$6,763		\$86,419	\$93,182		\$93,182
93200 Electricity		\$436	\$4,366	\$150,894	\$155,696		\$155,696
93300 Gas				\$113,705	\$113,705		\$113,705
93400 Fuel							
93500 Labor				\$79,112	\$79,112		\$79,112
93600 Sewer		\$17,109	\$9,358	\$121,107	\$147,574		\$147,574
93700 Employee Benefit Contributions - Utilities				\$37,531	\$37,531		\$37,531
93800 Other Utilities Expense							
93000 Total Utilities	\$0	\$24,308	\$13,724	\$588,768	\$626,800		\$626,800
94100 Ordinary Maintenance and Operations - Labor		\$15,813	\$10,471	\$79,112	\$105,396		\$105,396
94200 Ordinary Maintenance and Operations - Materials and Other			\$5,017	\$150,911	\$155,928		\$155,928

Princeton Housing Authority (NJ027)
Princeton, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	1 Business Activities	6,1 Component Unit - Discretely Presented	14,195 Section 8 Housing Assistance Payments Program Special Allocations	Subtotal	ELIM	Total
94300 Ordinary Maintenance and Operations Contracts		\$14,027	\$41,630	\$328,792	\$384,449		\$384,449
94500 Employee Benefit Contributions - Ordinary Maintenance		\$7,413	\$3,007	\$37,531	\$47,951		\$47,951
94000 Total Maintenance	\$0	\$37,253	\$60,125	\$596,346	\$693,724		\$693,724
95100 Protective Services - Labor							
95200 Protective Services - Other Contract Costs							
95300 Protective Services - Other			\$1,838	\$2,305	\$4,143		\$4,143
95500 Employee Benefit Contributions - Protective Services							
95000 Total Protective Services	\$0	\$0	\$1,838	\$2,305	\$4,143		\$4,143
96110 Property Insurance		\$2,796			\$2,796		\$2,796
96120 Liability Insurance							
96130 Workmen's Compensation							
96140 All Other Insurance			\$17,571	\$114,600	\$132,171		\$132,171
96100 Total Insurance Premiums	\$0	\$2,796	\$17,571	\$114,600	\$134,967		\$134,967
96200 Other General Expenses		\$24,113	\$38,004	\$152,888	\$215,005		\$215,005
96210 Compensated Absences							
96300 Payments in Lieu of Taxes			\$11,314	\$30,895	\$42,209		\$42,209
96400 Bad debt - Tenant Rents		\$887	\$9,067	\$34,731	\$44,685		\$44,685
96500 Bad debt - Mortgages							
96600 Bad debt - Other							
96800 Severance Expense							
96000 Total Other General Expenses	\$0	\$25,000	\$58,385	\$218,514	\$301,899		\$301,899
96710 Interest of Mortgage (or Bonds) Payable							
96720 Interest on Notes Payable (Short and Long Term)			\$17,548		\$17,548		\$17,548
96730 Amortization of Bond Issue Costs							
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$17,548	\$0	\$17,548		\$17,548
96900 Total Operating Expenses	\$0	\$123,711	\$185,728	\$1,879,544	\$2,188,983		\$2,188,983
97000 Excess of Operating Revenue over Operating Expenses	\$0	-\$13,124	-\$10,704	\$82,007	\$58,179		\$58,179
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized							
97300 Housing Assistance Payments							
97350 HAP Portability-In							
97400 Depreciation Expense		\$11,974	\$77,763	\$141,205	\$230,942		\$230,942
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							
90000 Total Expenses	\$0	\$135,685	\$263,491	\$2,020,749	\$2,419,925		\$2,419,925
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							

Princeton Housing Authority (NJ027)
Princeton, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	1 Business Activities	6,1 Component Unit - Discretely Presented	14,195 Section 8 Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	-\$25,098	-\$88,467	-\$59,198	-\$172,763		-\$172,763
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$0	-\$49,752	-\$453,969	\$2,728,796	\$2,225,075		\$2,225,075
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		\$8,836	\$0	\$233,238	\$242,074		\$242,074
11050 Changes in Compensated Absence Balance							
11050 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							
11180 Housing Assistance Payments Equity							
11190 Unit Months Available	0	240	192	2400	2832		2832
11210 Number of Unit Months Leased	0	219	192	2223	2634		2634
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

PRINCETON HOUSING AUTHORITY
Princeton, New Jersey
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

	Beginning Balance	Revenue Recognized	Expenditures	Ending Balance
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Section 8 Housign Assistance Payments Program (CFDA # 14.195)	\$ -	\$ 845,555	\$ 845,555	\$ -
Total Federal Financial Assistance	\$ -	\$ 845,555	\$ 845,555	\$ -

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation - The accompanying 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 sub-recipient 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.

Princeton Housing Authority
 Schedule of Proportionate Share of the Net Pension Liability
 of the Public Employees Retirement System (PERS)
 For the Year Ended June 30, 2023

	<u>2023</u>	<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	0.00914%	0.00214%	0.00214%	0.00158%	0.00474%	0.00550%	0.00545%	0.00507%	0.00455%	0.00473%
Housing Authority's Proportionate Share of the Net Pension Liability	\$ 327,821	\$ 253,668	\$ 253,668	\$ 257,278	\$ 853,886	\$ 1,083,551	\$ 1,270,446	\$ 1,503,584	\$ 1,381,635	\$ 885,008
Housing Authority's Covered Employee Payroll	\$ 316,065	\$ 179,502	\$ 172,607	\$ 163,556	\$ 163,556	\$ 217,318	\$ 411,773	\$ 416,543	\$ 416,595	\$ 405,071
Housing Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	103.72%	141.32%	146.96%	157.30%	522.08%	498.60%	308.53%	360.97%	331.65%	218.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	70.33%	70.33%	58.32%	56.57%	53.60%	48.10%	40.14%	47.93%	52.08%

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

Schedule is intended to show information for 10 years. Additional years will be displayed as the data becomes available.

Princeton Housing Authority
Schedule of Authority Contributions to the
Public Employees Retirement System (PERS)
For the Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 27,393	\$ 25,077	\$ 25,077	\$ 17,259	\$ 46,096	\$ 54,739	\$ 50,559	\$ 45,101	\$ 39,145	\$ 38,968
Contribution in Relation to the Contractually Required Contribution	\$ (27,393)	\$ (25,077)	\$ (25,077)	\$ (17,259)	\$ (46,096)	\$ (54,739)	\$ (50,559)	\$ (45,101)	\$ (39,145)	\$ (38,968)
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered Payroll	\$ 316,065	\$ 179,502	\$ 172,607	\$ 163,556	\$ 163,556	\$ 217,318	\$ 411,773	\$ 416,543	\$ 416,595	\$ 405,071
Contribution as a Percentage of Covered Employee Payroll	8.67%	13.97%	14.53%	10.55%	28.18%	25.19%	12.28%	10.83%	9.40%	9.62%

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

Schedule is intended to show information for 10 years. Additional years will be displayed as the data becomes available.

Princeton Housing Authority
 Schedule of Changes in the Housing Authority's
 Total OPEB Liability and Related Ratios
 For the Year Ended June 30, 2023

<u>Total OPEB Liability</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Housing Authority's Proportion of the Net OPEB Liability	0.009410%	0.003790%	0.003839%	0.004471%
Housing Authority's Proportionate Share of the Net OPEB Liability	\$ 151,968	\$ 682,192	\$ 688,970	\$ 605,645
Housing Authority's Covered Employee Payroll	\$ 316,065	\$ 179,502	\$ 163,556	\$ 163,556
Housing Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Its Covered Employee Payroll	48.08%	380.05%	421.24%	370.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-36.46%	0.28%	1.98%	1.98%

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

Schedule is intended to show information for ten years. Additional years will be displayed as the data becomes available.

Princeton Housing Authority
Schedule of Authority Contributions to the
Other Post-Employment Benefits Plan (OPEB)
For the Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ 46,452	\$ 45,617	\$ 45,559	\$ 44,517
Contribution in Relation to the Contractually Required Contribution	(46,452)	(45,617)	(45,559)	(44,517)
Contribution Deficiency/(Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	316,065	179,502	163,556	163,556
Contribution as a Percentage of Covered Employee Payroll	14.70%	25.41%	27.86%	27.22%

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

Schedule is intended to show information for ten years. Additional years will be displayed as the data becomes available.



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

Board of Commissioners
Princeton Housing Authority
Princeton, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Princeton Housing Authority ("the Authority") as of and for the years ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Princeton Housing Authority's basic financial statements and have issued our report thereon dated March 8, 2024.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Princeton 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*.

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

(Continued)

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
March 8, 2024



Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners
Princeton Housing Authority
Princeton, New Jersey

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Princeton 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 June 30, 2023. The Princeton 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, Princeton 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 June 30, 2023.

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 on 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,

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

(Continued)

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
March 8, 2024

Princeton Housing Authority
 Schedule of Findings and Questioned Costs
 June 30, 2023

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 Deficiency(ies) Identified? _____ yes X no

Significant Deficiency(ies) identified that are considered to be Material Weakness(es)? _____ yes X none reported

Noncompliance Material to Financial Statements Noted? _____ yes X no

Federal Awards

Internal Control over Major Programs:

Significant Deficiency(ies) Identified? _____ yes X no

Significant Deficiency(ies) identified that are considered to be Material Weakness(es)? _____ yes X none reported

Type of audit report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) _____ yes X no

Identification of Major Programs

CFDA

<u>Number</u>	<u>Name of Federal Program or Cluster</u>
14.195	Section 8 Housing Assistance Payments Program - Special Allocations

Dollar Threshold used to distinguish between Type A \$750,000

Auditee qualified as low-risk? _____ yes X no

SECTION 2 – FINANCIAL STATEMENT FINDINGS

None.

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.