

Report On Audit

**HOUSING AUTHORITY OF THE
CITY OF SOUTH AMBOY**

**For the Year Ended
June 30, 2023**

Housing Authority of the City of South Amboy

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of South Amboy
250 South Broadway
South Amboy, New Jersey 08879

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities of the Housing Authority of the City of South Amboy, as of and for the years ended June 30, 2023, and 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of South Amboy 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 respective financial position of the governmental activities of the Housing Authority of the City of South Amboy as of June 30, 2023, and 2022, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Housing Authority of the City of South Amboy 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 Housing Authority of the City of South Amboy'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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of South Amboy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of South Amboy.
- Housing Authority of the City of South Amboy'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 and OPEB and PERS supplemental information on pages 5 through 18 and pages 60-65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of South Amboy's basic financial statements. The accompanying supplemental information on pages 66-72 is presented for additional analysis and is not required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The electronic filed Financial Data Schedule is presented for additional analysis as required by the U.S. Department of Housing and Urban Development's Real Estate Assessment Center and is also not required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, and the Financial Data Schedule are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare 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, and the Financial Data Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2024, in our consideration of the Housing Authority of the City of South Amboy'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 Housing Authority of the City of South Amboy'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 Housing Authority of the City of South Amboy's internal control over financial reporting and compliance.

Giampaolo & Associates

Lincroft, New Jersey

Date: February 3, 2024

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2023**

As Management of the Housing Authority of the City of South Amboy (the Authority), present the following discussion and analysis which is supplementary information required by the Governmental Accounting Standards Board (GASB), and is intended to provide an easily readable explanation of the information provided in the attached financial statements. Management Discussion and Analysis is designed to focus on the current year's activities, resulting changes, and current known facts. It is by necessity highly summarized, and in order to gain a thorough understanding of the Authority's financial position, the financial statements and footnotes should be viewed in their entirety beginning on page 19 of this report. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$1,644,097, an increase in the financial position of \$1,092,043 or 198% percent as compared to the prior year.

As noted above, the net position of the Authority was \$1,644,097 as of June 30, 2023. Of this amount, the unrestricted net position is a deficit balance of \$2,134,326 representing a decrease in the deficit of \$335,416 or 14% percent from the previous year. The Authority also recorded a prior period adjustment in the amount of \$211,558. Additional information on the Authority's unrestricted net positions can be found in Note 20 to the financial statements, which is included in this report.

The Authority's net investment in capital assets increased \$748,709 or 25% percent for an ending balance of \$3,764,174. The major factor that contributed to the increase was the purchase of fixed assets in the amount of \$825,574, less the recording of depreciation expense in the amount of \$76,865. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The restricted net position increased \$7,918 from the previous year for an ending balance of \$14,249. Additional information on the Authority's restricted net position can be found in Note 19 to the financial statements, which is included in this report.

The Authority's total cash and cash equivalents on June 30, 2023, is \$729,372 representing a decrease of \$23,585 or 3% percent. The Authority's operating cash on June 30, 2023, is \$647,337 representing a decrease of \$37,300 or 5% percent from the prior fiscal year. Total restricted deposits and funded reserves increased \$13,715 or 20% percent for an ending balance of \$82,035. The full detail of the cash activities can be found in the Statements of Cash Flows on pages 22-23 of this report.

The Authority's total assets and deferred outflows are \$6,127,329 of which capital assets net book value is \$3,764,174, deferred outflows in the amount of \$728,772, other assets in the amount of \$488,893, leaving total current assets at \$1,145,490.

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2023**

FINANCIAL HIGHLIGHTS - CONTINUED

Total current assets increased from the previous year by \$67,521 or 6% percent. Unrestricted cash and cash equivalents decreased by \$37,300, restricted cash increased by \$13,715, investments increased by \$43, accounts receivables decreased by \$17,633, and prepaid expenses increased by \$108,696.

Capital assets reported an increase in the net book value of the capital assets in the amount of \$748,709 or 25% percent. The major factor that contributed to the increase was the purchase of fixed assets in the amount of \$825,574, less the recording of depreciation expense in the amount of \$76,865. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

Other assets decreased by \$51,546 or 10% percent. Leases receivable – noncurrent decreased by \$51,546 or 10% percent for an ending balance of \$488,893. A full detail of this account can be found in the Notes to the Financial Statements Section Note 9.

The Authority reported a decrease in the deferred outflow for the pension cost in the amount of \$39,075 for an ending balance of \$728,772. The Authority reported an increase in the deferred inflow for the pension cost in the amount of \$34,359 for an ending balance of \$1,688,950. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 10 Deferred Outflows/Inflows of Resources.

The Authority reported a decrease of \$42,718 or 12% in the deferred inflow due to lease revenue for an ending balance of \$355,985 at fiscal year end June 30, 2023.

The Authority's total liabilities are reported at \$2,438,297, of which current liabilities are stated at \$211,593, and noncurrent liabilities are stated at \$2,226,704. Total liabilities decreased during the year as compared to the prior year in the amount of \$358,075 or 13% percent. Total current liabilities decreased during the year by \$87,915, leaving non-current liabilities for a decrease of \$270,160 as compared to the previous fiscal year.

Total current liabilities decreased from the previous year by \$87,915 or 29% percent. Accounts payable decreased by \$99,771, accrued liabilities increased by \$8,326, tenant security deposit payable increased by \$4,279, and unearned revenue decreased \$749.

Total noncurrent liabilities decreased by \$270,160 or 11% percent. The decrease was made up of two accounts, accrued compensated absences – long term with no offsetting assets increased \$14,832 from the prior fiscal year for an ending balance of \$119,086.

Accrued pension and OPEB liabilities decreased \$284,992 or 12% percent for an ending balance of \$2,107,618. Additional information on GASB 75's effect and the Authority's accrued pension GASB #68 on June 30, 2023, can be found in Notes 16-17 to the financial statements, which is included in this report.

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2023**

FINANCIAL HIGHLIGHTS - CONTINUED

The Authority had total operating revenue of \$3,254,110 as compared to \$3,039,071 from the prior year for an increase of \$215,039 or 7% percent. The Authority had total operating expenses of \$3,187,306 as compared to \$2,791,120 from the previous year for an increase of \$396,186 or 14% percent, resulting in an excess of revenue from operations in the amount of \$66,804 for the current year as compared to excess revenue from operations in the amount of \$247,951 for a decrease in excess revenue of \$181,147 from the previous year.

Total capital improvements contributions from HUD were in the amount of \$774,427 as compared to \$195,457 from the previous year for an increase of \$578,970 or 296% percent. The Authority had capital outlays in the amount of \$825,574 for the fiscal year. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The Authority's Expenditures of Federal Awards amounted to \$2,717,600 for the fiscal year 2023 as compared to \$2,039,410 for the previous fiscal year 2022 for an increase of \$678,190 or 33% percent.

USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

1. Public and Indian Housing Program
2. Section 8 Housing Choice Vouchers
3. Public Housing Capital Fund Program

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

This discussion and analysis are intended to serve as an introduction to the Housing Authority's basic financial statements. The basic financial statements are prepared on an entity wide basis and consist of:

- 1) Statements of Net Position
- 2) Statements of Revenue, Expenses, and Changes in Net Position
- 3) Statements of Cash Flows
- 4) Notes to the Financial Statements

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

The Authority's 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 the Enterprise Fund types. The Authority's activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe, and sanitary housing to low income and special needs populations. The financial statements can be found on pages 19 through 23.

Statements of Net Position – This statement presents information on the Authority's total of assets and deferred outflow of resources, and total of liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

Statements of Revenue, Expenses and Changes in Net Position – This statement presents information showing how the Authority's net position increased or decreased during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related Cash Flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash inflows and cash outflows in the future periods.

Statements of Cash Flows– This statement presents information showing the total cash receipts and cash disbursements of the Housing Authority during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e., capital additions, debt payments, prior period obligations, etc.). In addition, the statement reflects the receipt of cash that was obligated to the Housing Authority in prior periods and subsequently received during the current fiscal year (i.e., accounts receivable, notes receivable, etc.).

Notes to the Financial Statements - Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Housing Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Housing Authority may face. The Notes to Financial Statements can be found in this Report beginning on page 24 through 59.

In addition to the basic financial statements listed above, our report includes supplemental information. This information is to provide more detail on the Housing Authority's various programs and the required information mandated by regulatory bodies that fund the Housing Authority's various programs.

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Audits of States, Local Governments and Non-profit Organizations. The Schedule of Expenditures of Federal Awards can be found on pages 66-67 of this report.

- 1. Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), federal award is defined as federal financial assistance and federal cost reimbursement contracts that non-federal agencies receive directly or indirectly from federal agencies or pass-through entities. Federal financial assistance is defined as assistance that nonfederal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, direct appropriations and other assistance.

- 2. Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and the Uniform Guidance establish the levels of expenditures or expenses to be used in defining Type A and Type B Federal financial assistance programs. Type A programs for the Housing Authority of the City of South Amboy are those which equal or exceeded \$750,000 in expenditures for the fiscal year ended June 30, 2023. Type B programs for the Housing Authority of the City of South Amboy are those which are less than \$750,000 in expenditures for the fiscal year ended June 30, 2023.

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

The following summarizes the computation of Net Position between June 30, 2023 and June 30, 2022:

Computations of Net Position of the primary government are as follows:

	Year Ended		Increase
	June-23	June-22	(Decrease)
Cash	\$ 729,372	\$ 752,957	\$ (23,585)
Other Current Assets	416,118	325,012	91,106
Capital Assets - Net	3,764,174	3,015,465	748,709
Other Assets	488,893	540,439	(51,546)
Deferred Outflows	728,772	767,847	(39,075)
Total Assets	6,127,329	5,401,720	725,609
Less: Current Liabilities	(211,593)	(299,508)	87,915
Less: Non Current Liabilities	(2,226,704)	(2,496,864)	270,160
Less: Deferred Inflows	(2,044,935)	(2,053,294)	8,359
Net Position	<u>\$ 1,644,097</u>	<u>\$ 552,054</u>	<u>\$ 1,092,043</u>
Net Investment in Capital Assets	\$ 3,764,174	\$ 3,015,465	\$ 748,709
Restricted Net Position	14,249	6,331	7,918
Unrestricted Net Position	(2,134,326)	(2,469,742)	335,416
Net Position	<u>\$ 1,644,097</u>	<u>\$ 552,054</u>	<u>\$ 1,092,043</u>

Total cash and restricted deposits decreased by \$23,585 or 3% percent. Net cash used by operating activities was \$20,477, net cash used by capital and related financing activities was \$42,319, and net cash provided by investing activities was \$39,211. The full detail of this amount can be found in the Statements of Cash Flows on pages 22-23 of this audit report.

Other current assets increased \$91,106 or 28% percent. Investments increased by \$43, accounts receivables decreased by \$17,633, and prepaid expenses increased by \$108,696.

Capital assets reported an increase in the net book value of the capital assets in the amount of \$748,709 or 25% percent. The major factor that contributed for the increase was the purchase of fixed assets in the amount of \$825,574, less the recording of depreciation expense in the amount of \$76,865. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The Authority reported a decrease in other assets in the amount of \$51,546 or 10% percent for an ending balance of \$488,893. The increase was related to the Authority's leases receivable – noncurrent. A full detail of the Authority's leases receivable – noncurrent at June 30, 2023 can be found in the Notes to the Financial Statements Section Note 9.

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) – CONTINUED

The Authority reported a decrease in the deferred outflow for the pension cost in the amount of \$39,075 for an ending balance of \$728,772. The Authority reported an increase in the deferred inflow for the pension cost in the amount of \$34,359 for an ending balance of \$1,688,950. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 10 Deferred Outflows/Inflows of Resources.

The Authority reported a decrease in the deferred inflow for the lease revenue in the amount of \$42,718 or 12% percent for an ending balance of \$355,985.

Total current liabilities decreased from the previous year by \$87,915 or 29% percent. Accounts payable decreased by \$99,771, accrued liabilities increased by \$8,326, tenant security deposit payable increased by \$4,279, and unearned revenue decreased \$749.

Total noncurrent liabilities decreased by \$270,160 or 11% percent. The decrease was made up of two accounts, accrued compensated absences – long term with no offsetting assets increased \$14,832 from the prior fiscal year for an ending balance of \$119,086.

Accrued pension and OPEB liabilities decreased \$284,992 or 12% percent for an ending balance of \$2,107,618. Additional information on GASB 75's effect and the Authority's accrued pension GASB #68 on June 30, 2023 can be found in Notes 16-17 to the financial statements, which is included in this report.

The Authority's reported net position of \$1,644,097, which is made up of three categories. The net investment in capital assets in the amount of \$3,764,174. The net investment in capital assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending. The schedule below reflects the activity in this account for the current fiscal year:

Balance June 30, 2022		\$ 3,015,465
Acquisition in Fixed Assets		825,574
Depreciation Expense		(76,865)
Balance June 30, 2023		\$ 3,764,174

The Authority reported an increase in its unrestricted position in the amount of \$335,416 or 14% percent resulting in an ending deficit balance of \$2,134,326. A full detail of this account can be found in the Notes to the Financial Statements Section Note – 20.

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority reported a restricted net position in the amount of \$14,249 which increased \$7,918 or 125% compared to the prior fiscal year. A full detail of this account can be found in the Notes to the Financial Statements Section Note - 19.

The following summarizes the changes in Net Position between June 30, 2023 and June 30, 2022:

Computation of Changes in Net Position of the primary government are as follows:

	<u>Year Ended</u>		Increase
	June-23	June-22	(Decrease)
<u>Revenues</u>			
Tenant Revenues	\$ 838,783	\$ 762,689	\$ 76,094
HUD Subsidies	1,943,173	1,843,953	99,220
Other Revenues	472,154	432,429	39,725
Total Operating Income	<u>3,254,110</u>	<u>3,039,071</u>	<u>215,039</u>
<u>Expenses</u>			
Operating Expenses	3,110,441	2,712,469	397,972
Depreciation Expense	76,865	78,651	(1,786)
Total Operating Expenses	<u>3,187,306</u>	<u>2,791,120</u>	<u>396,186</u>
Operating Income before Non Operating Income	66,804	247,951	(181,147)
Interest Income	39,254	18,587	20,667
Capital Grants	774,427	195,457	578,970
Change in Net Position	<u>880,485</u>	<u>461,995</u>	<u>418,490</u>
Net Position Prior Year	552,054	(226,943)	778,997
Prior Period Adjustment	211,558	317,002	(105,444)
Total Net Position	<u>\$ 1,644,097</u>	<u>\$ 552,054</u>	<u>\$ 1,092,043</u>

Approximately 60% percent of the Authority's total operating revenue was provided by HUD operating subsidy, while 26% percent resulted from tenant revenue. Charges for various services provided the remaining 14% percent of the total operating income.

The Housing Authority of the City of South Amboy received \$774,427 from the Capital Fund Program in grant money, representing an increase of \$578,970 from the prior fiscal year. The Authority had capital expenditures of \$825,574 which was funded through the capital fund program and management's reserves. The current year additions included various apartment renovations, roof replacement, and bathroom renovations.

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority's operating expenses cover a range of expenses. The largest expense was for housing assistance payment expenses representing 41% percent of total operating expenses. Administrative expenses accounted for 23% percent, tenant services accounted for less than 1% percent, utilities expense accounted for 10% percent, maintenance expense accounted for 18% percent, other operating expenses accounted for 5% percent, and depreciation accounted for the remaining 2% percent of the total operating expenses.

The Authority's operating revenue exceeded its operating expenses resulting in an excess of revenue from operations in the amount of \$66,804 as compared to excess revenue from operations of \$247,951 for the previous year. The key elements for the decrease in excess revenue over expenses in comparison to the prior year are as follows:

- The Authority reported tenant rental income increased in the amount of \$76,094 or 10%.
- The Authority reported an increase in HUD PHA operating grants in the amount of \$99,220 or 5% percent.
- Fraud recovery revenue decreased in the amount of \$5,617 or 91% percent.
- Other revenue increased in the amount of \$45,342 or 11% percent.
- The Authority reported an increase in the following expense accounts:
 - Administrative expenses increased \$219,202 or 44% percent.
 - Utility expenses increased \$10,741 or 3% percent.
 - Maintenance expenses increased \$114,075 or 25% percent.
 - Other operating expenses increased \$42,730 or 29% percent.
 - Housing Assistance Payments increased \$77,534 or 6% percent.
- The Authority reported a decrease in the following expense accounts:
 - Tenant services decreased \$66,310 or 100% percent.
 - Depreciation expense increased \$1,786 or 2% percent.

Total net cash used by operating activities during the year was \$20,477 as compared to cash provided in the amount of \$218,846 for the prior fiscal year. A full detail of these amounts can be found on the Statements of Cash Flows on pages 22-23 of this report.

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The following are financial highlights of significant items for a four-year period of time ending on June 30, 2023:

	June-23	June-22	June-21	June-20
Significant Income				
Total Tenant Revenue	\$ 838,783	\$ 762,689	\$ 806,737	\$ 779,347
HUD Operating Grants	1,943,173	1,843,953	1,657,578	1,743,321
HUD Capital Grants	774,427	195,457	147,577	217,397
Investment Income	39,254	18,587	1,210	9,153
Other Income	472,154	432,429	469,878	466,658
Total	<u>\$ 4,067,791</u>	<u>\$ 3,253,115</u>	<u>\$ 3,215,876</u>	<u>\$ 2,951,934</u>
Payroll Expense				
Administrative Salaries	\$ 350,602	\$ 289,584	\$ 335,550	\$ 326,932
Utilities Labor	37,440	29,120	29,120	29,120
Maintenance Labor	248,712	239,585	254,208	221,117
Employee Benefits Expense	295,344	163,008	189,235	311,321
Total Payroll Expense	<u>\$ 932,098</u>	<u>\$ 721,297</u>	<u>\$ 888,490</u>	<u>\$ 774,925</u>
Other Significant Expenses				
Other Administrative Expenses	\$ 200,325	\$ 138,485	\$ 120,120	\$ 178,829
Utilities Expense	269,817	314,515	351,058	353,496
Maintenance Supplies	52,364	54,286	73,680	81,400
Maintenance Contract Cost	160,815	118,153	109,160	85,162
Insurance Premiums	102,439	88,926	81,537	79,242
Housing Assistance Payments	1,091,429	1,227,868	1,218,579	1,236,487
Total	<u>\$ 1,877,189</u>	<u>\$ 1,942,233</u>	<u>\$ 2,014,616</u>	<u>\$ 1,992,788</u>
Total Operating Expenses	<u>\$ 3,187,306</u>	<u>\$ 2,791,120</u>	<u>\$ 2,873,524</u>	<u>\$ 3,027,316</u>
Total of Federal Awards	<u>\$ 2,717,600</u>	<u>\$ 2,039,410</u>	<u>\$ 1,805,155</u>	<u>\$ 1,960,718</u>

THE AUTHORITY AS A WHOLE

The Authority's revenues consist primarily of rents and subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level.

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

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2023**

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY PROGRAMS

Public and Indian Housing Program:

Under the Public and Indian Housing Program, the Authority rents units that it owns to low-income households. This program is operated under an Annual Contributions Contract (ACC) with HUD. HUD's rent subsidy program provides housing assistance to low-income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts: (a) 30% of the family's adjusted monthly income, (b) 10% of the family's monthly income, or (c) the Housing Authority of the City of South Amboy flat rent amount.

Public Housing Capital Fund Program:

The Public Housing Capital Fund was established under the Quality Housing & Work Responsibility Act of 1998 (QHWRA). Substantially all additions to land, structures and equipment are accomplished through these programs (included in the financial statements under PHA Owned Housing). These funds replace or materially upgrade deteriorated portions of existing Authority property. This fund is used for repairs, major replacements, upgrading and other non-routine maintenance work that needs to be done on the Authority's apartments to keep them clean, safe and in good condition.

Section 8 Housing Choice Voucher Program

Under the Section 8 Housing Choice Voucher Program, the Authority administers contracts with independent landlords to provide housing to Section 8 tenants. The Authority subsidizes the tenant's rent through Housing Assistance Payment made to the landlord. This program is also administered under an Annual Contributions Contract (ACC) with HUD. HUD provides annual contributions funding to enable the Authority to structure a contract that sets the participants' rent at approximately 30% of household income subject to certain restrictions.

BUDGETARY HIGHLIGHTS

The Authority submits its annual operating subsidy and capital budgets to HUD. The Authority also 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.

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2023**

NEW INITIATIVES

For the fiscal year 2023 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 67% percent of its revenue from the Department of Housing and Urban Development, (2022 fiscal year was 63% percent), the Authority is constantly monitoring for any appropriation changes, especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy.

The current administration of the Authority is determined to improve the financial results of the Authority's operations. The Authority has been exploring a Rental Assistance Application (RAD) which would involve converting current public housing units to a Section 8 platform. While this process takes time, the Authority has remained diligent in being proactive in regard to maintaining the condition of their buildings.

Regardless of the constraints (financial or regulatory) placed on this Housing Authority, the Authority will continuously look for ways to better provide or expand housing and housing assistance to qualified residents of the City of South Amboy all the while being mindful of their responsibility to be good stewards of the public's tax dollars.

CAPITAL ASSETS AND DEBT ADMINISTRATION

1 – Capital Assets

The Authority's net investment in capital assets as of June 30, 2023, was \$3,764,174 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and construction in progress. The total increased during the year in the amount of \$748,709 or 25% percent. Major capital expenditures of \$825,574 were made during the year. Major capital assets events during the fiscal year included the following:

- Apartment Renovations for Unit Turnover
- Bathroom Renovations
- Roof Replacement

	June-23	June-22	Increase (Decrease)
Land	\$ 137,125	\$ 137,125	\$ -
Building	8,581,650	8,562,400	19,250
Furniture, Equipment - Dwelling	577,258	545,361	31,897
Furniture, Equipment - Administration	248,944	248,944	-
Construction in Process	2,384,055	1,609,628	774,427
Total Fixed Assets	11,929,032	11,103,458	825,574
Accumulated Depreciation	(8,164,858)	(8,087,993)	(76,865)
Net Book Value	\$ 3,764,174	\$ 3,015,465	\$ 748,709

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2023**

CAPITAL ASSETS AND DEBT ADMINISTRATION – CONTINUED

Additional information on the Authority's capital assets can be found in Note 8 to the financial statements, which is included in this report.

2 – Long Term Debt

The Authority does not have any long-term debt at this time.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority of the City of South Amboy is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs. We do not expect this consistent trend to change.

The capital budgets for the 2024 fiscal year have already been submitted to HUD for approval and no major changes are expected. The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing property including administrative fees involved in the modernization.

The following factors were considered in preparing the Authority's budget for the fiscal year ending June 30, 2024.

- State of New Jersey economy including the impact on tenant income. Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income. Tenant rental payments are based on tenant income.
- Continued decreases in health care insurance are expected to impact employee benefits cost over the next several years.
- Converting Public Housing Program rental units into RAD subsidy units.
- Inflationary pressure on utility rates, supplies and other cost.
- Trends in the housing market which affect rental housing available for the Section 8 tenants, along with the amount of the rents charged by the private landlords, are expected to have a continued impact on Section 8 HAP payments.
- Even if HUD was fully funded for both the Operating and Capital Funds, it is unlikely that Congress would appropriate adequate funding. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs.

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON JUNE 30, 2023**

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 Mr. Mark Noble, Executive Director, Housing Authority of the City of South Amboy, PO Box 817 South Amboy, N.J. 08879, or call (732) 721-1831.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY
STATEMENTS OF NET POSITION - 1
AS OF JUNE 30, 2023 AND 2022

	June 30,	
	2023	2022
Assets		
Current Assets:		
Cash and Cash Equivalents- Unrestricted		
Operating	\$ 647,337	\$ 684,637
Restricted	82,035	68,320
Total cash and equivalents	729,372	752,957
Investments	28,164	28,121
Accounts Receivables, Net of Allowances	229,627	247,260
Prepaid Expenses	158,327	49,631
Total Current Assets	1,145,490	1,077,969
Noncurrent Assets		
Capital Assets		
Land	137,125	137,125
Building	8,581,650	8,562,400
Furniture, Equipment - Dwelling	577,258	545,361
Furniture, Equipment - Administration	248,944	248,944
Construction in Process	2,384,055	1,609,628
Total Capital Assets	11,929,032	11,103,458
Less: Accumulated Depreciation	(8,164,858)	(8,087,993)
Net Book Value	3,764,174	3,015,465
Other Assets		
Leases Receivable -Non Current	488,893	540,439
Total Other Assets	488,893	540,439
Total Assets	5,398,557	4,633,873
Deferred Outflow of Resources		
Total Deferred Outflows of Resources	728,772	767,847
Total Assets and Deferred Outflow of Resources	\$ 6,127,329	\$ 5,401,720

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY
STATEMENTS OF NET POSITION - 2
AS OF JUNE 30, 2023 AND 2022

	June 30,	
	2023	2022
Liabilities		
Current Liabilities:		
Accounts Payable	\$ 86,947	\$ 186,718
Accrued Liabilities	54,130	45,804
Tenant Security Deposit Payable	65,226	60,947
Unearned Revenue	5,290	6,039
Total Current Liabilities	211,593	299,508
Noncurrent Liabilities		
Accrued Compensated Absences - Long-Term	119,086	104,254
Accrued Other Post-Employment Benefits (OPEB)	2,107,618	2,392,610
Total Noncurrent Liabilities	2,226,704	2,496,864
Total Liabilities	2,438,297	2,796,372
Deferred Inflow of Resources		
State of New Jersey P.E.R.S. and OPEB	1,688,950	1,654,591
Lease Revenue	355,985	398,703
Total Deferred Inflow of Resources	2,044,935	2,053,294
Net Position:		
Net Investment in Capital Assets	3,764,174	3,015,465
Restricted	14,249	6,331
Unrestricted	(2,134,326)	(2,469,742)
Total Net Position	1,644,097	552,054
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 6,127,329	\$ 5,401,720

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY
STATEMENTS OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE TWELVE MONTHS ENDED JUNE 30, 2023 AND 2022

	<u>June 30,</u>	
	2023	2022
Revenue:		
Tenant Rental Revenue	\$ 838,783	\$ 762,689
HUD PHA Operating Grants	1,943,173	1,843,953
Fraud Recovery	588	6,205
Other Revenue	471,566	426,224
Total Revenue	3,254,110	3,039,071
Operating Expenses:		
Administrative Expenses	717,706	498,504
Tenant Services	171	66,481
Utilities Expense	325,256	314,515
Maintenance Expense	572,457	458,382
Other Operating Expenses	189,449	146,719
Housing Assistance Payments	1,305,402	1,227,868
Depreciation Expense	76,865	78,651
Total Operating Expenses	3,187,306	2,791,120
Excess Revenue From Operations	66,804	247,951
Nonoperating Revenue		
Investment Income	39,254	18,587
Excess Income Before Capital Contributions	106,058	266,538
Capital Grant Contributions	774,427	195,457
Change in Net Position	880,485	461,995
Beginning Net Position	552,051	(226,943)
Prior Period Adjustment	211,558	317,002
Beginning Net Position, Restated	763,612	90,059
Ending Net Position	\$ 1,644,097	\$ 552,054

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY
STATEMENTS OF CASH FLOWS -1
FOR THE TWELVE MONTHS ENDED JUNE 30, 2023 AND 2022

	<u>June 30,</u>	
	2023	2022
Cash Flow From Operating Activities		
Receipts from Tenants	\$ 814,457	\$ 765,071
Receipts from Federal Grants	1,984,592	1,793,424
Receipts from Misc. Sources	472,154	377,673
Payments to Vendors and Suppliers	(744,890)	(432,524)
Payments for Housing Assistance Payments	(1,305,402)	(1,227,868)
Payments to Employees	(636,632)	(592,196)
Payment of Employee Benefits	(295,344)	(163,008)
Payment of Utilities Expenses	(309,412)	(301,726)
Net Cash (Used) Provided by Operating Activities	(20,477)	218,846
Cash Flow From Capital and Related Financing Activities		
Receipts from Capital Grants	774,427	195,457
Acquisitions and Construction of Capital Assets	(825,574)	(256,031)
Accrued Other Post-Employment Benefits (OPEB) Liabilities	(284,992)	(15,667)
Net Effect of Deferred Inflows and Outflows	30,716	242,899
Lease Receivable - Non Current	51,546	(540,439)
Prior Period Adjustment	211,558	167,748
Net Cash (Used) by and Related Financing Activities	(42,319)	(206,033)
Cash Flow From Investing Activities		
Interest Income	39,254	18,587
Purchase of Investments	(43)	(42)
Net Cash Provided by Investing Activities	39,211	18,545
Net (Decrease) Increase in Cash and Cash Equivalents	(23,585)	31,358
Beginning Cash	752,957	721,599
Ending Cash	\$ 729,372	\$ 752,957
<u>Reconciliation of Cash Balances:</u>		
Cash and Cash Equivalents - Unrestricted	\$ 647,337	\$ 684,637
Cash and Cash Equivalents - Restricted	82,035	68,320
Total Ending Cash, Cash Equivalents	\$ 729,372	\$ 752,957

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY
STATEMENTS OF CASH FLOWS -2
FOR THE TWELVE MONTHS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>June 30,</u> <u>2022</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Excess Revenue from Operations	\$ 66,804	\$ 247,951
Adjustments to reconcile excess revenue to net cash provided by operating activities:		
Depreciation Expense	76,865	78,651
(Increase) Decrease in:		
Accounts Receivables	17,633	(112,103)
Prepaid Expenses	(108,696)	(6,714)
Increase (Decrease) in:		
Accounts Payable	(99,771)	73,015
Accrued Liabilities	8,326	(8,377)
Tenant Security Payable	4,279	2,392
Unearned Revenue	(749)	(55,431)
Compensated Absences	14,832	(538)
Net Cash (Used) Provided by Operating Activities	<u>\$ (20,477)</u>	<u>\$ 218,846</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements June 30, 2023, and 2022

NOTE 1 - SUMMARY OF ORGANIZATION, ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization - The Authority is a governmental, public corporation which was organized under the laws public corporation created under federal and state housing laws as defined by State statute (N.J., S.A. 40A:12A-1 et al the Housing Authority Act) for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the City of South Amboy in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD).

The Authority is governed by a Board of Commissioners which is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of 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 City of South Amboy. Operating and modernization subsidies are provided to the Authority by the federal government.

The 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 of South Amboy and City Council, the Board of Commissioners have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary responsibility for accounting and fiscal matters. The Authority has also concluded that it is excluded from the City of South Amboy reporting entity.

The Authority's financial statements include the accounts of all the Authority's operations. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

Based on the following criteria, the Authority has not identified any entities which should be subject to evaluation for inclusion in the Authority's reporting entity.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements

June 30, 2023, and 2022

Significant Accounting Policies

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. The Authority has determined that the applicable measurement focus (flow of economic resources) and accounting basis (accrual) is similar to that of a commercial enterprise. As such, the use of proprietary funds best reflects the activities of the Authority.

The Authority has adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The Statement establishes accounting and financial reporting standards for non-exchange transactions including financial or capital resources. The Authority's primary source of non-exchange revenue relates to grants and subsidies. Grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. It is a cost sharing, multiple employers defined benefit pension plan. PERS was established in January 1955 under the provision of NJ SA 43:15A to provide coverage, including post-retirement health care, for substantially all full-time employees of the state, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system.

The Authority adopted in July 2021, GASB Statement No. 87, *Accounting for Leases*. This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease receivables and liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

Basis of Accounting –

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements
June 30, 2023, and 2022

Basis of Accounting – Continued

Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This requires the Housing Authority to account for operations in a manner like private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Revenue Recognition

The Authority's major sources of revenue are HUD operating subsidies, tenants dwelling rents, and other revenue. Other revenue composed primarily of miscellaneous fees from the tenant, portability income for the Housing Choice Voucher program, laundry income, cell phone tower income, and administrative management fees. The Authority recognizes rental revenue from tenant(s) who entered into a lease agreement (contract) for a unit in the development with durations of less than one year. The Authority records revenue for such leases as prescribed by HUD. This standard indicates that government subsidy and tenant payments are to be considered subject to ASC 606. The Authority believes that such both rental and subsidy income streams are exempt from compliance with ASC 606 due to their inclusion under current and future lease standards. Revenue streams subject to ASC 606 include: tenant reimbursement of consumption-based costs paid by the Authority on behalf of the tenant, such as utilities monthly fees.

Additional revenue includes miscellaneous fees from the tenant, portability income for the Housing Choice Voucher program, laundry income, cell phone tower income, and administrative management fees. Such fees are necessary to the primary activities of the operations and are recognized as revenue at the point in time such fees are incurred.

Non-operating revenue and expenses consist of revenues and expenses that are related to financing and investing activities and result from non-exchange transactions or ancillary activities. Tenants dwelling rental charges are determined and billed monthly and are recognized as revenue when assessed because they are measurable and are collectible within the current period. The amounts not received by June 30, are accounts receivable and any amounts received for subsequent period are recorded as deferred revenue.

HUD's rent subsidy program provides housing to low-income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts:

- (a) 30% of the family's adjusted monthly income,
- (b) 10% of the family's monthly income, or
- (c) Housing Authority of the City of South Amboy's flat rent amount.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements

June 30, 2023, and 2022

Report Presentation -

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In accordance with GASB Statement No. 34 (as amended), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("Statement"). The Statement requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. The Statement also requires the Authority to include Management's Discussion and Analysis as part of Required Supplementary Information.

The federally funded programs administered by the Authority are detailed in the Financial Data Schedule and the Schedule of Expenditures of Federal Awards; both are which are included as Supplemental information.

Other accounting policies are as follows:

- 1 - Cash and cash equivalents are stated at cost, which approximates market. The Authority considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.
- 2 - Collection losses on accounts receivable are charged against an allowance for doubtful accounts. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts.
- 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 - Operating subsidies received from HUD are recorded as income when earned.
- 6 - The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements June 30, 2023, and 2022

Other accounting policies - Continued

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

8 – The Authority does not have any infrastructure assets for its Enterprise Fund.

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

10- Advertising cost is charged to expense when incurred.

11- When expenses are incurred where both restricted and unrestricted net positions are available the Authority will first use the restricted funds until they are exhausted and then the unrestricted net position will be used.

12- Costs related to environmental remediation are charged to expense. Other environmental costs are also charged to expense unless they increase the value of the property and/or provide future economic benefits, in which event they are capitalized. Liabilities are recognized when the expenditures are considered probable and can be reasonably estimated. Measurement of liabilities is based on currently enacted laws and regulations, existing technology, and undiscounted site-specific costs. Generally, such recognition coincides with the Authority's commitment to a formal plan of action.

13- Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Authority, but which will only be resolved when one or more future events occur or fail to occur. The Authority's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Authority or unasserted claims that may result in such proceedings, the Authority's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Authority's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements

June 30, 2023, and 2022

Other accounting policies - Continued

14 - Taxes

The Authority operates as defined by the Internal Revenue Code Section 115 and is exempt from income taxes under Section 115.

Under federal, state, and local law, the Authority's program is exempt from income, property and excise taxes. However, the Authority is required to make payments in lieu of taxes (PILOT) for the low-income housing program in accordance with the provision of a Cooperation Agreement. Under the Cooperation Agreement, the Authority pay the municipality a 10% of its net shelter rent.

15 - Net Position

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

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), granters, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This component of net position consists of net position that do not meet the definitions of "restricted" or "net investment in capital assets."

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements

June 30, 2023, and 2022

Other accounting policies - Continued

16 - Operating and non-operating revenues and expenses

The Authority's major sources of revenue are HUD operating subsidies, tenants dwelling rents, and other revenue. Other revenue composed primarily of miscellaneous fees from the tenant, portability income for the Housing Choice Voucher program, laundry income, cell phone tower income, and administrative management fees.

Operating expenses include wages, utilities, maintenance, depreciation of capital assets, HAP tenant payments, administrative expenses and all other expenses relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities.

The Authority's nonoperating revenues relate primarily to capital grants provided by HUD and interest income. For reporting purposes, capital grant revenue is recognized when expenditures are incurred, and advance receipts are initially recorded as unearned revenue. Nonoperating expenses are expenditures derived from transactions other than those associated with the Authority's primary housing operations and are reported as incurred.

17-Impairment Losses

The Authority reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. No impairment losses were recognized in 2023 nor 2022.

18- Recent Accounting Pronouncements

The Authority has implemented all new accounting pronouncements that are in effect and that may impact its financial statements. The Authority does not believe that there are any new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements
June 30, 2023, and 2022

Budgetary and Policy Control –

The Authority submits its annual operating subsidy and capital budgets to HUD. The Authority also 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.

Activities - The programs administered by the Authority were:

<u>Program</u>	<u>CFDA #</u>	<u>Project #</u>	<u>Units Authorized</u>
<u>Public Housing</u>			
Public and Indian Housing Program	14.850	NJ35	152
Public Housing Capital Fund	14.872	NJ35	
<u>Section 8</u>			
Housing Choice Vouchers	14.871	NJ35	111

Public and Indian Housing Program:

Under the Public and Indian Housing Program, the Authority rents units that it owns to low-income households. This program is operated under an Annual Contributions Contract (ACC) with HUD. HUD’s rent subsidy program provides housing assistance to low-income families so that they can lease “decent, safe, and sanitary” housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts: (a) 30% of the family’s adjusted monthly income, (b) 10% of the family’s monthly income, or (c) the Housing Authority of the City of South Amboy flat rent amount.

Public Housing Capital Fund Program:

The Public Housing Capital Fund was established under the Quality Housing & Work Responsibility Act of 1998 (QHWRA). Substantially all additions to land, structures and equipment are accomplished through these programs (included in the financial statements under PHA Owned Housing). These funds replace or materially upgrade deteriorated portions of existing Authority property. This fund is used for repairs, major replacements, upgrading and other non-routine maintenance work that needs to be done on the Authority’s apartments to keep them clean, safe and in good condition.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements June 30, 2023, and 2022

Activities - Continued

Section 8 Housing Choice Voucher Program

Under the Section 8 Housing Choice Voucher Program, the Authority administers contracts with independent landlords to provide housing to Section 8 tenants. The Authority subsidizes the tenant's rent through Housing Assistance Payment made to the landlord. This program is also administered under an Annual Contributions Contract (ACC) with HUD. HUD provides annual contributions funding to enable the Authority to structure a contract that sets the participants' rent at approximately 30% of household income subject to certain restrictions.

Revenue from Rental Contracts

The Authority recognizes rental revenue from tenant(s) who entered into a lease agreement (contract) for a unit in the development. The lease agreement allows the tenant use of the unit the expiration of the lease term or cancellation by the tenant or landlord due to cause. Lease terms are for one year, unless mutually agreed to by the landlord and the tenant(s) prior to move in. Tenant(s) have to be income qualified in accordance with income limitations before allowed to occupy unit.

The lease agreement has similar terms; therefore, all lease contract revenue has been aggregated in the caption rental income in the statement of income. The lease contract revenue is recognized at the end of each month when the performance obligation of providing a unit is complete. The performance obligation each month also includes applicable maintenance services provided to maintain the tenant(s) unit and the buildings(s). Since the performance of these services are completed simultaneously each month, they are treated as performance obligation.

Tenant(s) lease payments are due the first day of each month of the lease term. The monthly unit rental charge is determined based on HUD calculation. Any tenant(s) rental payment not received by the fifth day of each month will be charged a late fee. Any rental payment received in advance of the first day of the month are recognized as deferred revenue since the conditions for recognizing revenue will not occur until the end of the following month.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements
June 30, 2023, and 2022

Board of Commissioners - The criteria used in determining the scope of the entity for financial reporting purposes are as follows:

1. The ability of the Board to exercise supervision of a component unit's financial independence.
2. The Board's governing authority extends to financial decision-making authority and is held primarily accountable for decisions.
3. The Board appoints the management of the Authority who is responsible for the day-to-day operations and this management are directly accountable to the Board.
4. The ability of the Board to significantly influence operations through budgetary approvals, signing and authorizing contracts, exercising control over facilities, and approving the hiring or retention of key managerial personnel.
5. The ability of the Board to have absolute authority over all funds of the Authority and have accountability in fiscal matters.

NOTE 2 – ESTIMATES

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectibility of accounts receivable, the use, and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates. The most significant estimates included in the preparation of the financial statements are allowance for doubtful accounts and estimated fixed asset lives.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements

June 30, 2023, and 2022

NOTE 3 - PENSION PLAN

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. It is a cost sharing, multiple employers defined benefit pension plan. PERS was established in January 1955 under the provision of NJ SA 43:15A to provide coverage, including post-retirement health care, for substantially all full-time employees of the state, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system.

Membership is mandatory for such employees. Contributions to the plan are made by both the employee and the Authority. Required employee contributions to the system are based on a flat rate determined by the New Jersey Division of Pensions for active plan members. Benefits paid to retired employees are based on length of service, latest earnings, and veteran status. Authority contributions to the system are determined by PERS and are billed annually to the Authority.

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0925. On the web: <http://www.state.nj.us/treasury/pensions/pdf/financial/2014divisioncombined.pdf>

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employer's contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 7.50% of base wages.

The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, and the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2023 amounted to \$61,814 and \$51,077 for 2022.

Post Employment Retirement Benefits

The Authority provides post employment health care benefits and life insurance for its eligible retirees. Eligibility requires that employees be 55 years or older with various years of service.

Further information on the Pension Plan and its effects of GASB #68 can be found in Note 17- Accrued Pension Liability.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements June 30, 2023, and 2022

NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Housing Authority of the City of South Amboy cash, cash equivalents are stated at cost, which approximates market. Cash, cash equivalents and investment include cash in banks, petty cash and a money market checking account and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. For the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase.

Concentration of Credit Risk

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit, or any other federally insured investment. HUD also requires that deposits be fully always collateralized. Acceptable collateralization includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority. These funds at various banks are collateral pledge under the New Jersey Government Code of the Banking Law.

Risk Disclosures

Collateral for Deposits

New Jersey Authorities are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey Authorities. The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. On June 30, 2023, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements

June 30, 2023, and 2022

NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED

Credit Risk

This is risk that a security or a portfolio will lose some or all its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies, and instrumentalities.

The Authority's checking accounts and investments are categorized to give indication of the level of credit risk assumed by the Authority. Custodial credit risk is the risk in the event of a bank failure, the Authority's deposits may not be returned to it. The custodial credit risk categories are described as follows:

<u>Depository Accounts</u>	June-23	June-22
Insured	\$ 315,525	\$ 312,084
Collateralized held by pledging bank's trust department in the Authority's name	442,011	468,994
Total Cash, Cash Equivalents and Investments	\$ 757,536	\$ 781,078

Restricted Deposits and Funded Reserves

The Authority has total restricted cash on June 30, 2023, and 2022 consists of the following:

	June-23	June-22	June-21
Tenant Security Deposit	\$ 65,226	\$ 61,784	\$ 57,627
HAP Reserve	14,249	6,331	26,911
Restricted for Current Liabilities	2,560	205	51,476
Total Restricted Cash and Reserves	\$ 82,035	\$ 68,320	\$ 136,014

The restricted cash in the amount of \$14,249 for 2023 and \$6,331 for 2022 was reported under the Housing Choice Voucher Program as a HAP reserve for future use. The Authority invested these funds with Amboy Bank. In accordance with HUD's PIH Notice 2007-03, the reserve fund balance may only be used to assist additional families up to the number of units under contract.

The tenant security deposit restricted cash on June 30, 2023, was \$65,226 and \$61,784 in 2022. This amount is held as security deposits for the tenants of the Public and Indian Housing Program in an interest-bearing account.

The restricted cash in the amount of \$2,560 for 2023 and \$205 for 2022 which was reported under the Housing Choice Voucher Program as a grant money received during the year for future use.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements
June 30, 2023, and 2022

NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED

Investments

The Authority’s investments on June 30, 2023, included the following:

Investments	Maturities	Fair Value
Certificate of Deposit	8-Jun-24	\$ 28,164

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts Receivable on June 30, 2023, and 2022 consisted of the following:

	June-23	June-22	June-21
Tenants Accounts Receivable - Present	\$ 60,368	\$ 36,042	\$ 38,424
Allowance for Doubtful Accounts -Tenants	(21,488)	(13,743)	(23,652)
Net Tenants Accounts Receivable	38,880	22,299	14,772
Accounts Receivable - Capital Fund Program	129,492	170,911	120,167
Accounts Receivable - Fraud Recovery	9,706	5,496	-
Accounts Receivable - PIH CARES Act Program	-	-	215
Account Receivable - Current Cell Phone Lease	51,546	48,551	-
Accrued Interest Receivable	3	3	3
Net Accounts Receivable	\$ 229,627	\$ 247,260	\$ 135,157

Tenant rents are due the first of each month. Management considers rents outstanding after the 5th day of the month as past due and late charges are applied accordingly. The Authority carries its accounts receivable at cost less an allowance for doubtful accounts. An allowance for doubtful accounts is established, as necessary, based on experience and other factors which, in the management’s judgment, deserve current recognition in estimating bad debts. Such factors include growth and composition of accounts receivable, the relationship of the allowance for doubtful accounts to accounts receivable, and current economic conditions. The determination of the collectability of amounts due requires the Authority to make judgments regarding future events and trends. Allowances for doubtful accounts are determined based on assessing the Authority’s portfolio on individual tenants and on an overall basis. This process consists of a review of historical collection experience, current aging status of the tenant’s account. Based on a review of these factors, the Authority establishes or adjusts the allowance for specific tenants and the accounts receivable portfolio as a whole. The Authority increased its allowance for doubtful accounts primary due to the economic disruption caused by COVID-19 which is reflected in bad debt expense. Management continually monitors payment patterns of the tenants, investigates past-due accounts to assess likelihood of collections, and monitors the industry and economic trends to estimate required allowances.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements
June 30, 2023, and 2022

NOTE 6 – PREPAID EXPENSES

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. All purchases of insurance premiums are written off monthly. Prepaid expenses on June 30, 2023, and 2022 consisted prepaid insurance premiums.

NOTE 7 – INTERFUND ACTIVITY

Interfund activity is reported as short-term loans, services provided during operations, reimbursements, or transfers. Short term loans are reported as interfund short term receivables and payable as appropriate. The amounts between the various programs administered by the Authority on June 30, 2023, are detailed on the Financial Data Schedule of this report. Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

NOTE 8 - FIXED ASSETS

Fixed assets consist primarily of expenditures to acquire, construct, place in operations, and improve the facilities of the Authority and are stated by an appraisal value.

Expenditures for repairs, maintenance and minor renewals are charged against income in the year they are incurred. Major renewals and betterment are capitalized.

Expenditures are capitalized when they meet the Capitalization Policy requirements.

Under the policy, assets purchased or constructed at a cost not exceeding \$5,000 are expensed when incurred.

Donated fixed assets are stated at their fair value on the date donated.

Depreciation

Depreciation expense for June 30, 2023, was \$76,865 and \$78,651 for 2022.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

1. Building and Structure	40 years
2. Office Improvements	7 years
3. Site Improvements	15 years
4. Building Components	15 years
5. Office Equipment	5 years

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements
June 30, 2023, and 2022

NOTE 8 - FIXED ASSETS - CONTINUED

The Authority reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. No impairment losses were recognized in 2023.

Below is a schedule of changes in fixed assets for the twelve months ending June 30, 2023, and 2022:

	June-22	Additions	Deletions	Transfer	June-23
Land	\$ 137,125	\$ -	\$ -	\$ -	\$ 137,125
Building	8,562,400	19,250	-	-	8,581,650
Furniture, Equipment - Dwelling	545,361	31,897	-	-	577,258
Furniture, Equipment - Administration	248,944	-	-	-	248,944
Construction in Process	1,609,628	774,427	-	-	2,384,055
Total Fixed Assets	11,103,458	825,574	-	-	11,929,032
Accumulated Depreciation	(8,087,993)	(76,865)	-	-	(8,164,858)
Net Book Value	\$ 3,015,465	\$ 748,709	\$ -	\$ -	\$ 3,764,174

	June-21	Additions	Deletions	Transfer	June-22
Land	\$ 137,125	\$ -	\$ -	\$ -	\$ 137,125
Building	8,562,401	-	-	(1)	8,562,400
Furniture, Equipment - Dwelling	484,786	60,574	-	1	545,361
Furniture, Equipment - Administration	248,944	-	-	-	248,944
Construction in Process	1,414,171	195,457	-	-	1,609,628
Total Fixed Assets	10,847,427	256,031	-	-	11,103,458
Accumulated Depreciation	(8,158,556)	(78,651)	149,214	-	(8,087,993)
Net Book Value	\$ 2,688,871	\$ 177,380	\$ 149,214	\$ -	\$ 3,015,465

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements

June 30, 2023, and 2022

NOTE 8 - FIXED ASSETS - CONTINUED

Below is a schedule of the net book value of the fixed assets for the Housing Authority of the City of South Amboy as of June 30, 2023:

	<u>June-23</u>
Land	\$ 137,125
Building	1,026,764
Furniture, Equipment - Dwelling	163,664
Furniture, Equipment - Administration	52,566
Construction in Progress	2,384,055
Net Book Value	<u>\$ 3,764,174</u>

NOTE 9 - LEASE RECEIVABLE

The Authority entered into two (2) leases in November 2006 to rent roof top space for cell phone towers for 300 months. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 6%. As of June 30, 2023, the weighted average discount rate for the remaining lease term is 7.65%.

As of June 30, 2023, the Authority has recognized lease receivables totaling \$540,439 related to finance leases. The components of the lease receivable include unearned revenue of \$355,985. In fiscal year 2023, the Authority recognized \$48,551 of lease revenue.

The significant assumptions and judgments made in applying the accounting policies related to lease receivables include discount rate of the interest rate.

Future minimum lease receivable under operating leases as of June 30, 2023, are as follows:

June-24	\$ 51,546
June-25	54,725
June-26	58,100
June-27	61,684
June-28	65,488
Subtotal	<u>291,543</u>
Thereafter	248,896
Total Lease Receivable	<u>\$ 540,439</u>

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements
June 30, 2023, and 2022

NOTE 9 – LEASE RECEIVABLE -CONTINUED

Deferred inflow, \$355,985 for 2023 and \$398,703 for 2022 of lease receivable payments refers to the recognition of lease payments that have not been received and not earned. The amount is recorded as deferred revenue and is recognized as revenue over the life of the lease. The deferred revenue is amortized over a straight-line method with an equal portion of revenue being recognized in each year.

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A deferred outflow is an outflow of resources, which is a consumption of net assets by the government that is applicable to the reporting period. A deferred inflow is an inflow of resources, which is an acquisition of net assets by the government that is applicable to the reporting period.

The OPEB and Pension Liability discussed in Note 16 and 17 resulted in the Authority incurring deferred outflows and inflows. The difference between expected and actual experience with regard to economic and demographic factors, when the actuary calculated the net pension liability, is amortized over a five-year closed period for PERS and OPEB, reflecting the average remaining service life of members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The Authority’s deferred outflows and inflows for June 30, 2023, are as follows:

Deferred Outflows of Resources	<u>OPEB</u>	<u>Pension</u>	<u>Total</u>
Differences Between Expected and Actual Experiences	\$ 70,638	\$ 5,339	\$ 75,977
Changes in Assumptions	182,548	2,292	184,840
Net Difference Between Projected and Actual Earning on Pension Plan Investments	360	30,618	30,978
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	326,220	110,757	436,977
Total	<u>\$ 579,766</u>	<u>\$ 149,006</u>	<u>\$ 728,772</u>

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements
June 30, 2023, and 2022

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED

Deferred Inflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ 253,545	\$ 4,708	\$ 258,253
Changes in Assumptions	466,828	110,770	577,598
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	-	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	752,902	100,197	853,099
Total	<u>\$ 1,473,275</u>	<u>\$ 215,675</u>	<u>\$ 1,688,950</u>

Difference in Expected and Actual Experience

The difference between expected and actual experience with regard to economic and demographic factors is amortized over a five-year closed period reflecting the average remaining service life of the plan members (active and inactive), respectively. The first year of amortization is recognized as OPEB and pension expense with the remaining years shown as either deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$75,977 and \$258,253. For 2022 year \$50,243 and \$396,173

Changes in Assumptions

The change in assumptions about future economic or demographic factors or other inputs is amortized over a five-year closed period, reflecting the average remaining service life of the plan members (active and inactive members), respectively. The first year of amortization is recognized as OPEB and pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$184,840 and \$577,598. For 2022 year \$272,550 and \$515,533

Net Difference between Projected and Actual Investments Earnings on Pension Plan Investments

The difference between the System's expected rate of return of and the actual investment earnings on pension plan investments is amortized over a five-year closed period in accordance with GASB 68 and GASB #75. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$30,978 and \$-0-. For 2022 year \$897 and \$136,105.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements

June 30, 2023, and 2022

NOTE 10 - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED

Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions

The change in employer proportionate share is the amount of difference between the employer proportionate shares of net OPEB and pension liability in the prior year compared to the current year. The difference between employer contributions and proportionate share of contributions is the difference between the total amount of employer contributions and the amount of the proportionate share of employer contributions. The change in proportionate share and the difference between employer contributions and proportionate share of contributions is amortized over a six-year closed period for PERS, reflecting the average remaining service life of PERS members (active and inactive members), respectively. The changes in proportion and differences between employer contributions and proportionate share of contributions for the fiscal year are \$436,977 and \$853,099. For 2022 year \$444,157 and \$606,780.

NOTE 11 - ACCOUNTS PAYABLE

Accounts payable is a liability account that represents the amount owed by the Authority to its creditors for goods or services received but not yet paid for. When the Authority receives goods or services on credit, it incurs a liability to pay the vendor or supplier in the future. This liability is recorded as an accounts payable on the Authority's financial statements, specifically on the Statement of Net Position under the category of current liabilities. Accounts payable is an important aspect of a company's financial management, as it represents its short-term obligations to its vendors and suppliers. Accounts payable on June 30, 2023, and 2022, consisted of the following:

	June-23	June-22	June-21
Accounts Payable Vendors	\$ 29,953	\$ 34,400	\$ 16,797
Accounts Payable - HUD	5,641	3,081	2,876
Accounts Payable - PHA	-	58,946	2,988
Accounts Payable - P.I.L.O.T.	51,353	90,291	91,042
Total Accounts Payable	\$ 86,947	\$ 186,718	\$ 113,703

NOTE 12 - ACCOUNTS PAYABLE - OTHER GOVERNMENT (PILOT PAYABLE)

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 City of South Amboy. Under the Cooperation Agreements, the Authority must pay the municipality 10% of its net shelter rent for real property taxes. During the fiscal year ended June 30, 2023, PILOT expenses were \$51,353 and \$44,817 for 2022. PILOT payable on June 30, 2023, was \$51,353.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements
June 30, 2023, and 2022

NOTE 13 – ACCRUED EXPENSES

Accrued expenses are Authority expenses that have been incurred but not yet paid. These expenses are recognized in the financial statements before payment has actually been made, and typically refer to items such as salaries, interest, and taxes. Accrued liabilities on June 30, 2023, and 2022 consisted of the following:

	June-23	June-22	June-21
Compensated Absences - Current Portion	\$ 13,231	\$ 11,584	\$ 11,644
Accrued Liabilities - Utilities	15,854	12,350	35,150
Accrued Wages and Payroll Taxes	25,045	21,870	7,387
Total Accrued Liabilities	<u>\$ 54,130</u>	<u>\$ 45,804</u>	<u>\$ 54,181</u>

NOTE 14 – UNEARNED REVENUE

Unearned revenues arise when resources are received by the Authority before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. Subject to ASC 606, rental payments with acceptance provisions and future delivery commitments, wherein the Authority has not completed its obligations under the lease, are also offset against the associated accounts receivable since the requirements for revenue recognition have not been met. In subsequent periods, when the Authority has a legal claim to the resources, the liability for unearned revenue is removed from the Statement of Net Position and the revenue is recognized.

	June-23	June-22	June-21
Prepaid Rents	\$ 5,290	\$ 6,039	\$ 4,061

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements
June 30, 2023, and 2022

NOTE 15 – ACCRUED COMPENSATED ABSENCES

Compensated absences are those for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the Authority will be accounted for in the period in which such services were rendered.

Employees may only accumulate vacation leave with the approval of the Executive Director. Unused sick leave may be carried to future periods and used in the event of extended illness. Employees may be compensated for accumulated vacation and sick leave in the event of retirement or termination from service based on the current provisions outlined in the union contract.

The Authority has determined that the potential liability for accumulated vacation and sick time on June 30, 2023, as follows:

Balance on 30-Jun-22	Additions	Payments	Balance on 30-Jun-23	Current Portion
\$ 115,838	\$ 16,479	\$ -	\$ 132,317	\$ 13,231

NOTE 16 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

The Authority as of June 30, 2023, and 2022 reported accrued pension and OPEB liability amounts as follows:

	<u>June-23</u>	<u>June-22</u>
Accrued OPEB Liability	\$ 1,367,870	\$ 1,875,937
Accrued Pension Liability	739,748	516,673
Total OPEB and Pension Liability	<u>\$ 2,107,618</u>	<u>\$ 2,392,610</u>

These amounts arose due to adoption of GASB #75 in 2018 year as well as GASB #68 which was adopted in 2015 year. This note will discuss the liability associated with GASB #75, which is accrued other postemployment benefits. Note - 17 will discuss the effect of GASB #68 and the pension liability which arose from that.

OPEB Liability

The Authority as of June 30, 2023, reported a net OPEB liability in the amount of \$1,367,870 due to GASB #75. The component of the current year net OPEB liability of the Authority as of June 30, 2022, the last evaluation date, is as follows:

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements
June 30, 2023, and 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFITS - CONTINUED

	June-23	June-22
Employer OPEB Liability	\$ 1,362,901	\$ 1,881,177
Plan Net Position	4,969	(5,240)
Employer Net OPEB Liability	<u>\$ 1,367,870</u>	<u>\$ 1,875,937</u>

The Authority allocation percentage is 0.00847% as of June 30, 2022.

OPEB Liability - Plan Description and Benefits Provided

Plan Description: The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple- employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions 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 drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission.

Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who:

- 1) retired on a disability pension; or
- 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or
- 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements

June 30, 2023, and 2022

NOTE 16 – OTHER POST EMPLOYMENT BENEFITS -CONTINUED

Plan Description and Benefits Provided - Continued

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 negotiation's agreement.

Pursuant to Chapter 78, P.L, 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The total OPEB liability for the year ended June 30, 2023 was \$1,367,870.

Employees covered by benefits terms: On June 30, 2022 (the census date), the following employees were covered by the benefits terms:

Plan Members

11

Net OPEB Liability

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

Actuarial Assumptions: The total OPEB Liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement, unless otherwise specified:

Inflation Rate = 2.16%

Salary Increases

Through 2026 = 2.75% to 6..55%

Thereafter = 3.00% to 7.00%

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements
June 30, 2023, and 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFITS -CONTINUED

Net OPEB Liability - Continued

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2021 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2021 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2021 scale.

Certain actuarial assumptions used in the June 30, 2022, valuation was based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2013, to June 30, 2022 and July 1, 2014 to June 30, 2022, respectively. 100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 7.5% decreasing to a 4.5% long-term trend rate after eight years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2022, was 3.54%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the OPEB Liability to changes in the discount rate: The following presents the total OPEB liability of the Authority, as well as what the Authority's OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current discount rate:

	<u>Discount Rate Sensitivity</u>		
	1% Decrease	Current Rate	1% Increase
	2.54%	3.54%	4.54%
Total OPEB Liability	\$ 1,585,638	\$ 1,367,870	\$ 1,192,657

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements
June 30, 2023, and 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFITS -CONTINUED

Sensitivity of the OPEB Liability to changes in healthcare cost trend rates: The following presents the total OPEB liability of the Authority, as well as what the Authority's OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates than the current healthcare cost trend rates:

	<u>Healthcare Cost Inflation Rate Sensitivity</u>		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 1,160,406	\$ 1,367,870	\$ 1,633,575

Change in Assumptions: Effective June 30, 2022.

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.05, 8.14 and 8.04 year for the 2022.

Changes in Net OPEB Liability:

<u>Total OPEB Liability</u>	<u>2023</u>	<u>2022</u>
Service Cost	\$ 67,477	\$ 88,178
Interest on Total OPEB liability	33,996	43,130
Expected Investment Return	7	(248)
Administrative Expenses	1,045	1,181
Changes in Benefits Term	34,090	211
Current Period Deferred Inflows/Outflows of Resources	(707,319)	(73,326)
Changes in Assumptions or Other Inputs	(70,774)	(39,112)
Net Difference Between Projected and Actual Investments Earning on Pension Plan Investments	342	518
Benefit Payments	-	-
Change in Plan Valuation	133,069	133,069
Net Change in Total OPEB Liability	(508,067)	153,601
Total OPEB Liability, Beginning	1,875,937	1,722,336
Total OPEB Liability, Ending	\$ 1,367,870	\$ 1,875,937

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements
June 30, 2023, and 2022

NOTE 16 - OTHER POST EMPLOYMENT BENEFITS -CONTINUED

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

Year Ending June 30, 2023	\$ (123,948)
Year Ending June 30, 2024	(124,058)
Year Ending June 30, 2025	(97,967)
Year Ending June 30, 2026	(43,752)
Year Ending June 30, 2027	(9,809)
Therafter	(67,292)
Total	<u>\$ (466,826)</u>

NOTE 17 – ACCRUED PENSION LIABILITY

Net Pension Liability Information

The Authority as of June 30, 2023, reported a net pension liability in the amount of \$739,748 due to GASB 68. The component of the current year net pension liability of the Authority as of June 30, 2022, the last evaluation date, is as follows:

	<u>June-23</u>	<u>June-22</u>
Employer Total Pension Liability	\$ 3,439,793	\$ 1,760,240
Plan Net Position	(2,700,045)	(1,243,567)
Employer Net Pension Liability	<u>\$ 739,748</u>	<u>\$ 516,673</u>

The Authority allocation percentage is 0.00490147959% as of June 30, 2022.

Plan Description

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.gov/treasury/pensions/financial-reports.shtml.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements

June 30, 2023, and 2022

NOTE 17 – ACCRUED PENSION LIABILITY – CONTINUED

Net Pension Liability Information

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 Authority participates in the State of New Jersey, Public Employees' Retirement System (PERS).

The following represents the membership tiers for PERS:

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

The local employers' 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 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.

Allocation Percentage Methodology

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements
June 30, 2023, and 2022

NOTE 17 – ACCRUED PENSION LIABILITY – CONTINUED

Net Pension Liability Information

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of June 30, 2022, are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2022.

The contribution for PERS is set by NJSA 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022 the State's pension contribution was less than the actuarial determined amount.

Actuarial Assumptions

The total pension liability for June 30, 2022, measurement dates were determined by using an actuarial valuation as of July 1, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The actuarial valuations used the following actuarial assumptions:

Inflation	2.75%
Salary Increases:	
Through 2026	2.00-6.00%, based on age
Thereafter	3.00-7.00%, based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2022.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements June 30, 2023, and 2022

NOTE 17 – ACCRUED PENSION LIABILITY – CONTINUED

Actuarial Assumptions - Continued

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, 2014 to June 30, 2022.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022, as summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	4.00%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
High Yield	4.00%	4.95%
Private Credit	7.00%	8.10%
Real Assets	8.00%	11.19%
Real Estate	3.00%	7.60%
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
	<u>100%</u>	

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements

June 30, 2023, and 2022

NOTE 17 – ACCRUED PENSION LIABILITY – CONTINUED

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the current-period net pension liability of the employers calculated using the current-period discount rate assumption of 7.0% percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.0% percent) or 1 percentage-point higher (8.0% percent) than the current assumption (in thousands). Sensitivity of the Authority's proportionate share of the Net Pension Liability due to change in the Discount Rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 884,232	\$ 739,748	\$ 612,483

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

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	\$ (63,455)
Year Ending June 30, 2024	(32,328)
Year Ending June 30, 2025	(15,766)
Year Ending June 30, 2026	34,395
Year Ending June 30, 2027	(76)
Total	<u>\$ (77,230)</u>

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements

June 30, 2023, and 2022

NOTE 17 – ACCRUED PENSION LIABILITY – CONTINUED

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.13, 5.16, 5.21, 5.63, 5.48 and 5.57 years for the 2021, 2020, 2019, 2018, 2017, and 2016 amounts, respectively.

Pension Expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the plan fiscal year ending June 30, 2022, are as follows:

Service Cost	\$	55,492
Interest on the Total Pension Liability		233,890
Benefits Changes		525
Member Contributions		(226,364)
Administrative Expenses		949
Expected Investment Return Net of Investment Expenses		(8,148)
Pension Expense Related to Specific Liabilities of Individual Employers		(763)
Current Period Recognition (Amortization) of Deferred Outflows and Inflows of Resources:		
Difference Between Expected and Actual Experience		(21,647)
Changes of Assumptions		(12,278)
Differences Between Projected and Actual Investment Earnings on Pension Plan Investments		20,698
Total	\$	<u>42,354</u>

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements
June 30, 2023, and 2022

NOTE 18 – NET INVESTMENT IN CAPITAL ASSETS

This component consists of land, construction in process and depreciable assets, net of accumulation and net of related debt outstanding. If there are significant unspent related debt proceeds as of year-end, the portion of the debt related to the unspent proceeds is not included in the calculation of investment in Net Investment in Capital Assets. Rather, that portion of the debt is included in the same net asset component as the unspent proceeds.

	June-23	June-22	June-21
Beginning Balance	\$ 3,015,465	\$ 2,688,871	\$ 2,547,205
Acquisition in Fixed Assets	825,574	256,031	210,920
Depreciation Expense	(76,865)	(78,651)	(69,254)
Prior Period Adjustment	-	149,214	-
Balance June 30,	<u>\$ 3,764,174</u>	<u>\$ 3,015,465</u>	<u>\$ 2,688,871</u>

NOTE 19 – RESTRICTED NET POSITION

The Authority restricted net position account balance on June 30, 2023, is \$14,249 and \$6,331 for 2022. The balance pertains to the HCV HAP reserve.

Housing Choice Voucher Program - Reserves

Prior to January 1, 2005, excess funds received from the Annual Budget Amount (ABA) by HUD to the Authority for the payment of housing assistance payments (HAP) were returned to HUD at the end of the Authority’s calendar year. In accordance with HUD’s PIH Notice 2006-03, starting January 1, 2005, excess funds disbursed by HUD to the Authority for the payment of HAP’s that are not utilized are not returned to HUD, but become part of the undesignated fund balance and may only be used to assist additional families up to the number of units under contract. In November 2007, HUD amended this notice and stated that HAP equity account is restricted. The Authority followed HUD direction and transferred the excess funds from unrestricted to restricted net position.

Housing Choice Voucher Program HUD Held Reserves Funds

Effective January 1, 2012, HUD was required to control the disbursement of funds in such a way that the Authority does not receive funds before they are needed, resulting in the re-establishment of HUD held program reserves to comply with the Treasury requirements. HUD held reserve is a holding account at the HUD level that maintains the excess of HAP funds that have been obligated (ABA) but undisbursed to the Authority. The excess HAP funds will remain obligated but not disbursed to the Authority. HUD will hold these funds until needed by the Authority.

The amount of HUD held reserves for the Authority on June 30, 2023, was \$244,653.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements

June 30, 2023, and 2022

NOTE 20 – UNRESTRICTED NET POSITION

The Authority's unrestricted net position account balance on June 30, 2023, is a negative (\$2,134,326). The detail of the account balance is as follows:

	PIH Reserve	Section 8 HCV Adm. Reserve	Total
Balance June 30, 2022	\$ (2,623,293)	\$ (319,432)	\$ (2,942,725)
Prior Period Adjustment	167,788	-	167,788
Increase During the Year	257,188	48,007	305,195
Balance June 30, 2022	(2,198,317)	(271,425)	(2,469,742)
Increase During the Year	123,275	583	123,858
Prior Period Adjustment	144,777	66,781	211,558
Balance June 30, 2023	\$ (1,930,265)	\$ (204,061)	\$ (2,134,326)

NOTE 21 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES

HUD contributes operating subsidy for the Public and Indian program approved in the operating budget under the Annual Contribution Contract. The operating subsidy contributions for the year ended June 30, 2023, were \$578,145 and \$556,598 for 2022.

Annual Contributions Contracts for the Section 8 Housing Choice Voucher Program to provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low-income families. The program provides for such payment with respect to existing housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by the participating family and related administrative expense. HUD contributions for the Housing Choice Voucher for June 30, 2023, was in the amount of \$1,242,027 and \$1,161,797 for 2022.

NOTE 22 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Authority operations are concentrated in the low-income housing real estate market. In addition, the Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules, and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Total financial support by HUD was \$2,717,600 to the Authority which represents approximately 67% percent of the Authority's total revenue for the year ended June 30, 2023.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements June 30, 2023, and 2022

NOTE 23 – CONTINGENCIES AND COMMITMENTS

Litigation – On June 30, 2023, the Authority was not involved in any threatened litigation.

Contingencies

The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years. There were no such examinations for the years ended June 30, 2023.

Other Insurance

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters; etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Construction Commitments

On June 30, 2023, the Authority outstanding construction commitments pertaining to its capital fund were not material. The cost pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

NOTE 24 – PRIOR PERIOD

As of June 30, 2023, the Authority had a prior period adjustment in the amount of \$211,558 while recording GASB #68 and #75 Net Pension and OPEB Liability from the State of New Jersey audit report for the Pension and OPEB liability as of June 30, 2021.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Notes to Financial Statements
June 30, 2023, and 2022

NOTE 25 – SUBSEQUENT EVENTS

The events described in the statements pertain to the period between the statement of net assets date and the availability of the financial statements for issuance. During this interim period, any events that occurred must be assessed for potential recognition or disclosure. The effects of subsequent events serve as evidence regarding conditions that existed after the statement of net assets date, necessitating disclosure in the accompanying notes.

Management has conducted an evaluation of the Authority's activity up to February 3, 2024, which is the date when the financial statements became available for issuance. Following this assessment, it has been determined that no subsequent events have transpired that would require recognition in the financial statements or disclosure in the notes accompanying the financial statements.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Required Supplementary Information
June 30, 2023

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS

GASB #75 requires supplementary information which includes changes in the Authority's total OPEB liability along with related ratios as listed below.

<u>Total OPEB Liability</u>	2023	2022	2021	2020
Service Cost	\$ 67,477	\$ 88,178	\$ 58,153	\$ 71,523
Interest on Total OPEB liability	33,996	43,130	47,740	68,252
Expected Investment Return	7	(248)	(732)	(1,211)
Administrative Expenses	1,045	1,181	951	1,017
Changes in Benefits Term	34,090	211	99	(204)
Current Period Deferred Inflows/Outflows of Resources	(707,319)	(73,326)	(52,841)	(66,462)
Changes in Assumptions or Other Inputs	(70,774)	(39,112)	(40,178)	(86,846)
Net Difference Between Projected and Actual Investments Earning on Pension Plan Investments	342	518	435	384
Benefit Payments	-	-	-	-
Change in Plan Valuation	133,069	133,069	255,215	(1,446,326)
Net Change in Total OPEB Liability	(508,067)	153,601	268,842	(1,459,873)
Total OPEB Liability, Beginning	1,875,937	1,722,336	1,453,494	2,913,367
Total OPEB Liability, Ending	\$ 1,367,870	\$ 1,875,937	\$ 1,722,336	\$ 1,453,494
Covered, Employee Payroll	\$ 636,632	\$ 592,196	\$ 616,381	\$ 577,169
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.36%	0.28%	0.91%	2.02%

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Required Supplementary Information

June 30, 2023

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS

<u>Total OPEB Liability</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 32,787	\$ 29,463
Interest on Total OPEB liability	94,767	99,335
Expected Investment Return	-	-
Administrative Expenses	-	-
Changes in Benefits Term		
Current Period Deferred Inflows/Outflows of Resources	-	
Changes in Assumptions or Other Inputs	198,725	-
Net Difference Between Projected and Actual Investments Earning on Pension Plan Investments		
Benefit Payments	(110,193)	(107,147)
Change in Plan Valuation	-	-
Net Change in Total OPEB Liability	<u>216,086</u>	<u>21,651</u>
Total OPEB Liability, Beginning	<u>2,697,281</u>	<u>2,675,630</u>
Total OPEB Liability, Ending	<u>\$ 2,913,367</u>	<u>\$ 2,697,281</u>
Covered, Employee Payroll	\$ 477,668	\$ 307,878
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Required Supplementary Information

June 30, 2023

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM

GASB #68 requires supplementary information which includes the Authority's share of the net pension liability along with related ratios as listed below. The schedule below displays the Authority's proportionate share of Net Pension Liability.

	2023	2022	2021	2020	2019
Housing Authority's proportion of the net pension liability	0.0049017959%	0.0043613946%	0.0042063182%	0.0052040421%	0.00505722%
Housing Authority's proportionate share of the net pension liability	\$ 739,748	\$ 516,673	\$ 685,941	\$ 937,689	\$ 995,741
Housing Authority's covered employee payroll	\$ 636,632	\$ 592,196	\$ 616,381	\$ 577,169	\$ 510,130
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	116.20%	87.25%	111.29%	162.46%	195.19%
Plan fiduciary net position as a percentage of the total pension liability	78.49%	70.65%	75.91%	43.42%	48.01%

**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 they become available.

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Required Supplementary Information
June 30, 2023

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM

The schedule below displays the Authority's proportionate share of Net Pension Liability.

	2018	2017	2016	2015
Housing Authority's proportion of the net pension liability	0.00530153%	0.00502923%	0.0497631%	0.00409942%
Housing Authority's proportionate share of the net pension liability	\$ 1,234,111	\$ 1,489,515	\$ 1,117,084	\$ 767,523
Housing Authority's covered employee payroll	\$ 447,668	\$ 467,262	\$ 551,832	\$ 429,093
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	275.68%	318.78%	202.43%	178.87%
Plan fiduciary net position as a percentage of the total pension liability	48.01%	59.86%	52.07%	52.08%

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

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Required Supplementary Information
June 30, 2023

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM

The schedule below displays the Authority's contractually required contributions along with related ratios.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 61,814	\$ 51,077	\$ 46,015	\$ 50,620	\$ 50,303
Contribution in relation to the contractually required contribution	(61,814)	(51,077)	(46,015)	(50,620)	(50,303)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 636,632	\$ 592,196	\$ 616,381	\$ 577,169	\$ 510,130
Contribution as a percentage of covered employee payroll	9.71%	8.63%	7.47%	8.77%	9.86%

**The amounts determined for each fiscal year were determined as of June 30. Schedule is intended to show information for ten years.*

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Required Supplementary Information
June 30, 2023

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM

The schedule below displays the Authority's contractually required contributions along with related ratios.

	2018	2017	2016	2015
Contractually required contribution	\$ 49,113	\$ 44,679	\$ 42,783	\$ 33,795
Contribution in relation to the contractually required contribution	(49,113)	(44,679)	(42,783)	(33,795)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 447,668	\$ 467,262	\$ 551,832	\$ 429,093
Contribution as a percentage of covered employee payroll	10.97%	9.56%	7.75%	7.88%

**The amounts determined for each fiscal year were determined as of June 30. Schedule is intended to show information for ten years.*

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE TWELVE MONTHS ENDED JUNE 30, 2023**

Programs funded by:

U.S. Department of Housing and Urban Development

	<u>CFDA #'s</u>	Beginning Balance	Revenue Recognized	Fiscal Year Expenditures	Ending Balance
<u>Public and Indian Housing Program</u>					
NJ035	14.850	-	578,145	578,145	-
Grant Total 14.850		-	578,145	578,145	-
<u>Public Housing Capital Fund Program</u>					
NJ39P035501	14.872	-	897,428	897,428	-
Grant Total 14.872		-	897,428	897,428	-
<u>Section 8 Housing Choice Voucher Program</u>					
NJ39P035	14.871	-	1,242,027	1,242,027	-
Grant Total 14.871		-	1,242,027	1,242,027	-
Total Expenditures of Federal Awards		\$ -	\$ 2,717,600	\$ 2,717,600	\$ -

**HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2023**

Note 1. Presentation:

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Housing Authority of the City of South Amboy is under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Housing Authority of the City of South Amboy, it is not intended to and does not present the financial position, change in net position, or cash flows of the Housing Authority of the City of South Amboy.

Note 2. Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Housing Authority of the City of South Amboy has not elected to use the 10 percent de minimis indirect cost rate as allowable under the Uniform Guidance.

Note 4. Loans Outstanding:

The Housing Authority of the City of South Amboy had no outstanding loans as of June 30, 2023.

Note 5. Non- Cash Federal Assistance:

The Authority did not receive any non-cash Federal assistance for the year ended June 30, 2023.

Note 6. Sub recipients:

Of the federal expenditures presented in the schedule above, the Housing Authority of the City of South Amboy did not provide federal awards to any sub recipients.

South Amboy Housing Authority (NJ035)

SOUTH AMBOY, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted	\$609,592	\$37,745	\$647,337	\$647,337
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted		\$14,249	\$14,249	\$14,249
114 Cash - Tenant Security Deposits	\$65,226		\$65,226	\$65,226
115 Cash - Restricted for Payment of Current Liabilities		\$2,560	\$2,560	\$2,560
100 Total Cash	\$674,818	\$54,554	\$729,372	\$729,372
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	\$129,492		\$129,492	\$129,492
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous	\$51,546		\$51,546	\$51,546
126 Accounts Receivable - Tenants	\$60,368		\$60,368	\$60,368
126.1 Allowance for Doubtful Accounts - Tenants	-\$21,488		-\$21,488	-\$21,488
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery	\$9,706		\$9,706	\$9,706
128.1 Allowance for Doubtful Accounts - Fraud	\$0		\$0	\$0
129 Accrued Interest Receivable	\$3		\$3	\$3
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$229,627	\$0	\$229,627	\$229,627
131 Investments - Unrestricted	\$28,164		\$28,164	\$28,164
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$52,809	\$105,518	\$158,327	\$158,327
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$985,418	\$160,072	\$1,145,490	\$1,145,490
161 Land	\$137,125		\$137,125	\$137,125
162 Buildings	\$8,581,650		\$8,581,650	\$8,581,650
163 Furniture, Equipment & Machinery - Dwellings	\$577,258		\$577,258	\$577,258
164 Furniture, Equipment & Machinery - Administration	\$248,944		\$248,944	\$248,944
165 Leasehold Improvements				
166 Accumulated Depreciation	-\$8,164,858		-\$8,164,858	-\$8,164,858
167 Construction in Progress	\$2,384,055		\$2,384,055	\$2,384,055
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,764,174	\$0	\$3,764,174	\$3,764,174
171 Notes, Loans and Mortgages Receivable - Non-Current	\$488,893		\$488,893	\$488,893
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$4,253,067	\$0	\$4,253,067	\$4,253,067
200 Deferred Outflow of Resources	\$692,334	\$36,438	\$728,772	\$728,772
290 Total Assets and Deferred Outflow of Resources	\$5,930,819	\$196,510	\$6,127,329	\$6,127,329
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$29,953		\$29,953	\$29,953
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$21,528	\$3,517	\$25,045	\$25,045
322 Accrued Compensated Absences - Current Portion	\$11,973	\$1,258	\$13,231	\$13,231
324 Accrued Contingency Liability				
325 Accrued Interest Payable				

South Amboy Housing Authority (NJ035)

SOUTH AMBOY, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	14,871 Housing Choice Vouchers	Subtotal	Total
331 Accounts Payable - HUD PHA Programs		\$5,641	\$5,641	\$5,641
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government	\$51,353		\$51,353	\$51,353
341 Tenant Security Deposits	\$65,226		\$65,226	\$65,226
342 Unearned Revenue	\$5,290		\$5,290	\$5,290
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	\$15,854		\$15,854	\$15,854
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$201,177	\$10,416	\$211,593	\$211,593
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current	\$107,761	\$11,325	\$119,086	\$119,086
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities	\$1,844,374	\$263,244	\$2,107,618	\$2,107,618
350 Total Non-Current Liabilities	\$1,952,135	\$274,569	\$2,226,704	\$2,226,704
300 Total Liabilities	\$2,153,312	\$284,985	\$2,438,297	\$2,438,297
400 Deferred Inflow of Resources	\$1,943,598	\$101,337	\$2,044,935	\$2,044,935
508.4 Net Investment in Capital Assets	\$3,764,174		\$3,764,174	\$3,764,174
511.4 Restricted Net Position		\$14,249	\$14,249	\$14,249
512.4 Unrestricted Net Position	-\$1,930,265	-\$204,061	-\$2,134,326	-\$2,134,326
513 Total Equity - Net Assets / Position	\$1,833,909	-\$189,812	\$1,644,097	\$1,644,097
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$5,930,819	\$196,510	\$6,127,329	\$6,127,329

South Amboy Housing Authority (NJ035)
SOUTH AMBOY, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
70300 Net Tenant Rental Revenue	\$815,144		\$815,144	\$815,144
70400 Tenant Revenue - Other	\$23,639		\$23,639	\$23,639
70500 Total Tenant Revenue	\$838,783	\$0	\$838,783	\$838,783
70600 HUD PHA Operating Grants	\$701,146	\$1,242,027	\$1,943,173	\$1,943,173
70610 Capital Grants	\$774,427		\$774,427	\$774,427
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	\$38,938	\$316	\$39,254	\$39,254
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery	\$588		\$588	\$588
71500 Other Revenue	\$234,573	\$236,993	\$471,566	\$471,566
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$2,588,455	\$1,479,336	\$4,067,791	\$4,067,791
91100 Administrative Salaries	\$292,332	\$58,270	\$350,602	\$350,602
91200 Auditing Fees	\$5,767	\$5,767	\$11,534	\$11,534
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$139,615	\$27,164	\$166,779	\$166,779
91600 Office Expenses	\$118,389	\$50,810	\$169,199	\$169,199
91700 Legal Expense	\$12,792	\$6,800	\$19,592	\$19,592
91800 Travel				
91810 Allocated Overhead				
91900 Other				
91000 Total Operating - Administrative	\$568,895	\$148,811	\$717,706	\$717,706
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$171		\$171	\$171
92500 Total Tenant Services	\$171	\$0	\$171	\$171
93100 Water	\$24,549		\$24,549	\$24,549
93200 Electricity	\$85,331		\$85,331	\$85,331
93300 Gas	\$141,460		\$141,460	\$141,460
93400 Fuel				
93500 Labor	\$37,440		\$37,440	\$37,440
93600 Sewer	\$18,477		\$18,477	\$18,477
93700 Employee Benefit Contributions - Utilities	\$17,999		\$17,999	\$17,999
93800 Other Utilities Expense				
93000 Total Utilities	\$325,256	\$0	\$325,256	\$325,256
94100 Ordinary Maintenance and Operations - Labor	\$248,712		\$248,712	\$248,712
94200 Ordinary Maintenance and Operations - Materials and Other	\$52,364		\$52,364	\$52,364
94300 Ordinary Maintenance and Operations Contracts	\$160,815		\$160,815	\$160,815
94500 Employee Benefit Contributions - Ordinary Maintenance	\$110,566		\$110,566	\$110,566

South Amboy Housing Authority (NJ035)
SOUTH AMBOY, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
94000 Total Maintenance	\$572,457	\$0	\$572,457	\$572,457
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance	\$49,662		\$49,662	\$49,662
96120 Liability Insurance	\$24,368		\$24,368	\$24,368
96130 Workmen's Compensation	\$24,368	\$4,041	\$28,409	\$28,409
96140 All Other Insurance				
96100 Total insurance Premiums	\$98,398	\$4,041	\$102,439	\$102,439
96200 Other General Expenses		\$11,432	\$11,432	\$11,432
96210 Compensated Absences	\$15,331	\$1,149	\$16,480	\$16,480
96300 Payments in Lieu of Taxes	\$51,353		\$51,353	\$51,353
96400 Bad debt - Tenant Rents	\$7,745		\$7,745	\$7,745
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$74,429	\$12,581	\$87,010	\$87,010
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,639,606	\$165,433	\$1,805,039	\$1,805,039
97000 Excess of Operating Revenue over Operating Expenses	\$948,849	\$1,313,903	\$2,262,752	\$2,262,752
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments		\$1,091,429	\$1,091,429	\$1,091,429
97350 HAP Portability-In		\$213,973	\$213,973	\$213,973
97400 Depreciation Expense	\$76,865		\$76,865	\$76,865
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$1,716,471	\$1,470,835	\$3,187,306	\$3,187,306
10010 Operating Transfer In	\$60,038		\$60,038	\$60,038
10020 Operating transfer Out	-\$60,038		-\$60,038	-\$60,038
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$871,984	\$8,501	\$880,485	\$880,485

South Amboy Housing Authority (NJ035)
SOUTH AMBOY, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	14.871 Housing Choice Vouchers	Subtotal	Total
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$817,148	-\$265,094	\$552,054	\$552,054
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$144,777	\$66,781	\$211,558	\$211,558
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity		-\$204,061	-\$204,061	-\$204,061
11180 Housing Assistance Payments Equity		\$14,249	\$14,249	\$14,249
11190 Unit Months Available	1824	1332	3156	3156
11210 Number of Unit Months Leased	1640	1267	2907	2907
11270 Excess Cash	\$600,046		\$600,046	\$600,046
11610 Land Purchases	\$0		\$0	\$0
11620 Building Purchases	\$774,427		\$774,427	\$774,427
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

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

Board of Commissioners
Housing Authority of the City of South Amboy
250 South Broadway
South Amboy, New Jersey 08879

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Housing Authority of the City of South Amboy, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise Housing Authority of the City of South Amboy's basic financial statements, and have issued our report thereon dated February 3, 2024.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Housing Authority of the City of South Amboy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Giampaolo & Associates

Lincroft, New Jersey

Date: February 3, 2024

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

Board of Commissioners
Housing Authority of the City of South Amboy
250 South Broadway
South Amboy, New Jersey 08879

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Housing Authority of the City of South Amboy's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Housing Authority of the City of South Amboy's major federal programs for the year ended June 30, 2023. Housing Authority of the City of South Amboy'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, Housing Authority of the City of South Amboy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended 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 Housing Authority of the City of South Amboy 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 federal program. Our audit does not provide a legal determination of Housing Authority of the City of South Amboy's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Housing Authority of the City of South Amboy's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Housing Authority of the City of South Amboy's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Housing Authority of the City of South Amboy's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Housing Authority of the City of South Amboy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Housing Authority of the City of South Amboy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Housing Authority of the City of South Amboy's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or a 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 were not 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.

Giampaolo & Associates

Lincroft, New Jersey
Date: February 3, 2024

HOUSING AUTHORITY OF THE CITY OF SOUTH AMBOY

Schedule of Findings and Questioned Cost

Year Ended June 30, 2023

Prior Audit Findings

None reported

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control over Financial Reporting:

Material Weakness (es) 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:

Material Weakness (es) 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 Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, _____ yes X no

Identification of Major Programs

CFDA#	Name of Federal Program	Amount
14.850	Public and Indian Housing Program	\$ 578,145
14.872	Public Housing Capital Fund Program	\$ 897,428

Dollar threshold used to Distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as a low-risk auditee X yes _____ no

FINDINGS – FINANCIAL STATEMENT AUDIT

None reported

FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAM AUDIT

None reported

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Housing Authority of the City of South Amboy
250 South Broadway
South Amboy, New Jersey 08879

We have performed the procedure described in the second paragraph of this report, which was agreed to by Housing Authority of the City of South Amboy (the PHA) and the U.S. Department of Housing and Urban Development, Public Indian Housing - Real Estate Assessment Center (PIH-REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the OMB Uniform Guidance reporting package. The PHA is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in the Government Auditing Standards issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

We were engaged to perform an audit in accordance with the audit requirements of Title 2 U.S. Code of the Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), by The PHA as of and for the year ended June 30, 2023, and have issued our report thereon dated February 3, 2024. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated February 3, 2024, was expressed in relation to the basic financial statements of the PHA taken as a whole.

A copy of the reporting package required by Uniform Guidance, which includes the auditor's reports, is available in its entirety from the PHA. We have not performed any additional procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, PIH-REAC.

This report is intended solely for the information and use of the PHA and the U.S. Department of Housing and Urban Development, PIH-REAC, and is not intended to be and should not be used by anyone other than these specified parties.

Giampaolo & Associates

Lincroft, New Jersey

February 3, 2024

Procedure	UFRS Rule Information	Hard Copy Document(s)	Findings
1	Balance Sheet and Revenue Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's, if applicable	Agrees
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	Agrees
3	Type of opinion on FDS (data element G3100-040)	Auditor's Supplemental report on FDS	Agrees
4	Audit findings narrative (data element G5200-010)	Schedule of findings and Questioned Costs	Agrees
5	General information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form	Agrees
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned Costs, Part 1 of OMB Data Collection Form	Agrees
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned Costs, Part 1 of OMB Data Collection Form	Agrees
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form	Agrees
9	Basic financial statements and auditor reports required to be submitted electronically	Basic Financial Statements (inclusive of auditor reports)	Agrees