

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED MARCH 31, 2024
WITH
REPORT OF INDEPENDENT AUDITORS

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
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YEAR ENDED MARCH 31, 2024

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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners
Housing Authority of the City of Perth Amboy:

Opinions

We have audited the accompanying financial statements of the business-type activities (primary government) and the aggregate discretely presented component units of the Housing Authority of the City of Perth Amboy (the "Authority") as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the primary government and the aggregate discretely presented component units of the Authority as of March 31, 2024, and the changes in their net position and, where applicable, their cash flows for the year 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The financial statements of Dunlap RAD, LLC, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS, *Government Auditing Standards*, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required pension and other post employment benefits information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements. The accompanying financial data schedule is also not a required part of the basic financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

Other Matters (continued)

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Novogrodac & Company LLP

October 30, 2024
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

**HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024**

As Management of the Housing Authority of the City of Perth Amboy (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority (Primary Government) for the fiscal year ended March 31, 2024. The following discussion and analysis provides an overview of the primary government's financial activities. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this Report.

A. Financial Highlights

1. The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$22,117,552 (net position) as opposed to \$19,746,033 for the prior fiscal year.
2. At the close of the current fiscal year, the Authority's Proprietary Fund reported ending Unrestricted Net Position of \$15,424,553, a decrease of \$29,198 from the prior fiscal year.
3. The Authority's cash and other current assets balance at March 31, 2024 was \$7,990,612 representing a decrease of \$184,879 from the prior fiscal year.
4. The Authority had Total Operating Revenues of \$22,975,724 and Total Operating Expenses of \$22,551,898 (including depreciation of \$51,635) for the year ended March 31, 2024.
5. The Authority had capital asset purchases totaling \$61,156 for the year ended March 31, 2024.
6. The Authority's Expenditures of Federal Awards amounted to \$20,941,257 for the fiscal year.

B. Using the Annual Report

1. Management's Discussion and Analysis

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

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024

B. Using the Annual Report (continued)

3. Financial Statements

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

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

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

The Statement of Cash Flows reports the Authority's cash flows from operating, investing, capital and non-capital activities.

The financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The basic financial statements can be found on pages 10 through 16.

4. Notes to Financial Statements

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

**HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024**

B. Using the Annual Report (continued)

5. Supplemental Information

The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State of New Jersey OMB Circular 15-08. The Schedule of Expenditures of Federal Awards can be found on page 50 of this report.

C. The Authority (Primary Government) as a Whole

The Authority's unrestricted net position increased during the fiscal year as detailed on the following page. The Authority's revenues are primarily subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's revenues were sufficient to cover all expenses, excluding depreciation during the fiscal year.

By far, the largest portion of the Authority's net position reflects its unrestricted net position. Which is available for future use to provide program services.

	As of		
	3/31/2024	3/31/2023	Change
Cash and Other Current Assets	\$ 7,990,612	\$ 8,175,491	\$ (184,879)
Restricted Cash	3,432,075	929,770	2,502,305
Notes Receivable	24,001,623	23,290,233	711,390
Capital Assets - Net	1,566,725	1,557,204	9,521
Other Assets	1,214,193	1,215,321	(1,128)
Deferred Outflows of Resources	2,542,668	1,630,023	912,645
Total Assets	40,747,896	36,798,042	3,949,854
 Less: Total Liabilities	 10,252,371	 9,989,493	 262,878
Less: Deferred Inflows of Resources	8,377,973	7,062,516	1,315,457
Net Position	\$ 22,117,552	\$ 19,746,033	\$ 2,371,519
 Net Investment in Capital Assets	 \$ 1,566,725	 \$ 1,557,204	 \$ 9,521
Restricted Net Position	5,126,274	2,735,078	2,391,196
Unrestricted Net Position	15,424,553	15,453,751	(29,198)
Net Position	\$ 22,117,552	\$ 19,746,033	\$ 2,371,519

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024

C. The Authority (Primary Government) as a Whole

1. Cash and other current assets decreased \$184,879 primarily due a decrease in accounts receivable in the current year.
2. Restricted cash increased \$2,502,305 primarily due the Authority setting up an OPEB trust to fund future retirees' pension and OPEB.
3. Capital assets, net increased \$9,521 due capital assets purchases of \$61,156 offset by depreciation expense of 51,635.
4. Liabilities increased \$262,878 primarily due to the change in the net pension liability of (\$291,369) and net OPEB liability of \$425,378.

	Year Ended		
	3/31/2024	3/31/2023	Change
Revenues			
HUD Operating Grants	\$ 19,288,140	\$ 18,331,414	\$ 956,726
Other Governmental Grants	999,000	15,616	983,384
Fraud Recovery Revenue	12,164	3,256	8,908
Other Revenues	2,676,420	2,549,975	126,445
Total Operating Revenues	22,975,724	20,900,261	2,075,463
Expenses			
Other Operating Expenses	3,498,437	3,299,904	198,533
Housing Assistance Payments	19,001,826	17,573,749	1,428,077
Depreciation Expense	51,635	50,214	1,421
Total Operating Expenses	22,551,898	20,923,867	1,628,031
Operating Income (Loss)	423,826	(23,606)	447,432
Non-Operating Revenues (Expenses)			
Interest Income	881,431	777,409	104,022
Actuarial Change in Post-Employment Benefits	1,055,457	1,133,411	(77,954)
Bad Debt Expense	-	(261,854)	261,854
Gain on sale of capital assets	10,805	-	10,805
Total Net Non-Operating Revenues (Expenses)	1,947,693	1,648,966	298,727
Change in Net Position	2,371,519	1,625,360	746,159
Net Position - Beginning of Year	19,746,033	18,122,619	1,623,414
Change in Accounting Principle			
- Adoption of GASB 87	-	(1,946)	1,946
Net Position - End of Year	\$ 22,117,552	\$ 19,746,033	\$ 2,371,519

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024

C. The Authority (Primary Government) as a Whole (continued)

1. HUD and other government subsidies increased \$1,940,110 primarily due to the increase of funding for the Section 8 Housing Choice Vouchers, Emergency Housing Vouchers, Resident Opportunity and Supportive Services programs and award of an Energy Efficiency Improvements Assistance Grant from the City of Perth Amboy.
2. Housing assistance payments expense increased \$1,428,077 due to an increase in unit months leased during year ending 2024.

D. Budgetary Highlights

For the year ended March 31, 2024, individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. These budgets were primarily used as a management tool and have no legal stature. Also, the Authority adopted a comprehensive annual budget for the General Fund. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

E. Capital Assets and Debt Administration

1. Capital Assets

As of March 31, 2024, the Authority's investment in capital assets for its Proprietary Fund was \$1,566,725 (net of accumulated depreciation). There were \$61,156 of capital assets purchased during the year.

	As of		
	<u>3/31/2024</u>	<u>3/31/2023</u>	<u>Change</u>
Land	\$ 1,285,000	\$ 1,285,000	\$ -
Building and Improvements	204,914	204,914	-
Furniture and Equipment	337,602	313,872	23,730
Construction in Progress	-	-	-
Total Capital Assets	1,827,516	1,803,786	23,730
Less: Accumulated Depreciation	260,791	246,582	14,209
Net Capital Assets	\$ 1,566,725	\$ 1,557,204	\$ 9,521

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2024

F. Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Authority's budget for the fiscal year ending March 31, 2024.

1. The state of the economy.
2. The need for Congress to fund the war on terrorism and the possible cut-back on HUD subsidies and grants.
3. The Authority's cash position (excluding restricted cash and tenant security deposits) of \$7,135,584 may be used to fund any shortfalls rising from a possible economic turndown and reduced subsidies and grants. The Authority's cash position appears sufficient to cover any shortfall.

G. 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 Douglas Dzema, Executive Director, Housing Authority of the City of Perth Amboy, 881 Amboy Ave., Perth Amboy, N.J. 08862.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
STATEMENT OF NET POSITION
AS OF MARCH 31, 2024

	ASSETS		Total Reporting Entity (Memorandum Only)
	Primary Government	Discretely Presented Component Units	
Current assets:			
Cash and cash equivalents	\$ 7,135,584	\$ 665,998	\$ 7,801,582
Tenant security deposits	-	154,072	154,072
Accounts receivable, net	499,044	77,078	576,122
Accrued interest receivable	53,166	-	53,166
Leases receivable, current	3,248	-	3,248
Prepaid expenses	<u>299,570</u>	<u>360,987</u>	<u>660,557</u>
Total current assets	<u>7,990,612</u>	<u>1,258,135</u>	<u>9,248,747</u>
Non-current assets:			
Restricted cash	3,432,075	4,535,450	7,967,525
Notes receivable, net	24,001,623	-	24,001,623
Capital assets, net	1,566,725	24,081,885	25,648,610
Leases receivable, non-current	1,214,193	-	1,214,193
Right-of-use asset - leases, net	-	1,206,416	1,206,416
Deferred charges, net	<u>-</u>	<u>347,730</u>	<u>347,730</u>
Total non-current assets	<u>30,214,616</u>	<u>30,171,481</u>	<u>60,386,097</u>
Total assets	<u>38,205,228</u>	<u>31,429,616</u>	<u>69,634,844</u>
DEFERRED OUTFLOWS OF RESOURCES			
State of New Jersey P.E.R.S.	56,455	-	56,455
State of New Jersey S.H.B.P.	<u>2,486,213</u>	<u>-</u>	<u>2,486,213</u>
Total deferred outflows of resources	<u>2,542,668</u>	<u>-</u>	<u>2,542,668</u>
Total assets and deferred outflows of resources	<u>\$ 40,747,896</u>	<u>\$ 31,429,616</u>	<u>\$ 72,177,512</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
STATEMENT OF NET POSITION (continued)
AS OF MARCH 31, 2024

LIABILITIES				Total Reporting Entity (Memorandum Only)
	Primary Government	Discretely Presented Component Units		
Current liabilities:				
Accounts payable	\$ 67,594	\$ 218,193	\$ 285,787	
Accrued expenses	39,602	-	39,602	
Accrued compensated absences, current	252,365	-	252,365	
Tenant security deposits	-	158,453	158,453	
Unearned revenue	6,955	4,733	11,688	
Loans payable, current	-	64,850	64,850	
Related party payables	-	134,352	134,352	
Other current liabilities	<u>1,678</u>	<u>-</u>	<u>1,678</u>	
Total current liabilities	<u>368,194</u>	<u>580,581</u>	<u>948,775</u>	
Non-current liabilities:				
Accrued compensated absences, non-current	505,993	-	505,993	
Loans payable, non-current	-	23,373,182	23,373,182	
Accrued interest payable	-	1,951,433	1,951,433	
Accrued pension liability	3,260,570	-	3,260,570	
Accrued OPEB liability	5,593,087	-	5,593,087	
Other non-current liabilities	<u>524,527</u>	<u>1,216,403</u>	<u>1,740,930</u>	
Total non-current liabilities	<u>9,884,177</u>	<u>26,541,018</u>	<u>36,425,195</u>	
Total liabilities	<u>10,252,371</u>	<u>27,121,599</u>	<u>37,373,970</u>	
DEFERRED INFLOWS OF RESOURCES				
State of New Jersey P.E.R.S.	736,745	-	736,745	
State of New Jersey S.H.B.P.	3,881,133	-	3,881,133	
Leases	2,135,073	-	2,135,073	
Grants received in advance	<u>1,625,022</u>	<u>-</u>	<u>1,625,022</u>	
Total deferred inflows of resources	<u>8,377,973</u>	<u>-</u>	<u>8,377,973</u>	
NET POSITION				
Net position:				
Net investment in capital assets	1,566,725	643,853	2,210,578	
Restricted	5,126,274	4,535,450	9,661,724	
Unrestricted	<u>15,424,553</u>	<u>(871,286)</u>	<u>14,553,267</u>	
Total net position	<u>22,117,552</u>	<u>4,308,017</u>	<u>26,425,569</u>	
Total liabilities, deferred inflows of resources and net position	<u>\$ 40,747,896</u>	<u>\$ 31,429,616</u>	<u>\$ 72,177,512</u>	

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2024

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Operating revenues:			
Tenant revenue	\$ -	\$ 4,851,790	\$ 4,851,790
HUD operating grants	19,288,140	-	19,288,140
Other government grants	999,000	-	999,000
Fraud recovery revenue	12,164	-	12,164
Other revenues	<u>2,676,420</u>	<u>153,281</u>	<u>2,829,701</u>
Total operating revenues	<u>22,975,724</u>	<u>5,005,071</u>	<u>27,980,795</u>
Operating expenses:			
Administrative	2,686,239	1,246,750	3,932,989
Tenant services	213,853	-	213,853
Utilities	14,392	1,364,577	1,378,969
Ordinary maintenance and operations	1,628	1,062,396	1,064,024
Insurance	130,323	577,513	707,836
General	452,002	212,850	664,852
Housing assistance payments	19,001,826	-	19,001,826
Amortization	-	49,039	49,039
Depreciation	<u>51,635</u>	<u>1,185,914</u>	<u>1,237,549</u>
Total operating expenses	<u>22,551,898</u>	<u>5,699,039</u>	<u>28,250,937</u>
Operating income (loss)	<u>423,826</u>	<u>(693,968)</u>	<u>(270,142)</u>
Non-operating revenues (expenses):			
Investment income	347,557	57,568	405,125
Mortgage interest income	533,874	-	533,874
Actuarial change in post-employment benefits	1,055,457	-	1,055,457
Interest expense	-	(587,160)	(587,160)
Gain on sale of capital assets	<u>10,805</u>	<u>-</u>	<u>10,805</u>
Net non-operating revenues (expenses)	<u>1,947,693</u>	<u>(529,592)</u>	<u>1,418,101</u>
Change in net position	<u>2,371,519</u>	<u>(1,223,560)</u>	<u>1,147,959</u>
Net position, beginning of year	<u>19,746,033</u>	<u>5,531,577</u>	<u>25,277,610</u>
Net position, end of year	<u>\$ 22,117,552</u>	<u>\$ 4,308,017</u>	<u>\$ 26,425,569</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

	<u>Primary Government</u>
Cash Flows from Operating Activities:	
Cash received from tenants and others	\$ 4,147,712
Cash received from grantors	21,879,088
Cash paid to vendors and suppliers	(20,426,447)
Cash paid to employees	<u>(2,679,577)</u>
Net cash provided by operating activities	<u>2,920,776</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(61,156)
Proceeds from sale of capital assets	<u>10,805</u>
Net cash used in capital and related financing activities	<u>(50,351)</u>
Cash Flows from Investing Activities:	
Interest received on investments	526,839
Interest received on mortgages	56,885
Issuance of notes receivable	(844,700)
Collection of notes receivable	<u>133,310</u>
Net cash used in investing activities	<u>(127,666)</u>
Net increase in cash and cash equivalents and restricted cash	2,742,759
Cash and cash equivalents and restricted cash, beginning of year	<u>7,824,900</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 10,567,659</u>

Reconciliation of cash and cash equivalents and restricted cash to Statement of Net Position is as follows:

Cash and cash equivalents	\$ 7,135,584
Restricted cash	<u>3,432,075</u>
Cash and cash equivalents and restricted cash	<u>\$ 10,567,659</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED MARCH 31, 2024

	<u>Primary Government</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 423,826
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	51,635
Bad debt	300,476
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Accounts receivable, net	422,232
Prepaid expenses	1,460
Deferred outflows of resources	(912,645)
Accounts payable	17,228
Accrued expenses	6,662
Unearned revenue	(21,189)
Accrued compensated absences	44,347
Other liabilities	81,821
Accrued pension liability	243,894
Accrued OPEB liability	945,572
Grants received in advance	1,625,022
Deferred inflows of resources	<u>(309,565)</u>
Net cash provided by operating activities	<u>\$ 2,920,776</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
MARCH 31, 2024

	ASSETS		Total Discretely Presented Component Units
	Dunlap RAD, LLC	Hansen RAD, LLC	
Current assets:			
Cash and cash equivalents	\$ 374,725	\$ 291,273	\$ 665,998
Tenant security deposits	103,927	50,145	154,072
Accounts receivable, net	60,728	16,350	77,078
Prepaid expenses	<u>360,987</u>	<u>-</u>	<u>360,987</u>
Total current assets	<u>900,367</u>	<u>357,768</u>	<u>1,258,135</u>
Non-current assets:			
Restricted cash	3,260,849	1,274,601	4,535,450
Capital assets, net	14,061,083	10,020,802	24,081,885
Right-of-use asset - leases, net	736,562	469,854	1,206,416
Deferred charges, net	<u>152,035</u>	<u>195,695</u>	<u>347,730</u>
Total non-current assets	<u>18,210,529</u>	<u>11,960,952</u>	<u>30,171,481</u>
Total assets	<u>\$ 19,110,896</u>	<u>\$ 12,318,720</u>	<u>\$ 31,429,616</u>
	LIABILITIES		
Current liabilities:			
Accounts payable	\$ 152,305	\$ 65,888	\$ 218,193
Tenant security deposits	105,815	52,638	158,453
Prepaid rent	2,634	2,099	4,733
Loans payable, current	47,760	17,090	64,850
Related party payables	<u>82,454</u>	<u>51,898</u>	<u>134,352</u>
Total current liabilities	<u>390,968</u>	<u>189,613</u>	<u>580,581</u>
Non-current liabilities:			
Loans payable, non-current	14,125,961	9,247,221	23,373,182
Accrued interest payable	826,700	1,124,733	1,951,433
Lease liability	<u>752,210</u>	<u>464,193</u>	<u>1,216,403</u>
Total non-current liabilities	<u>15,704,871</u>	<u>10,836,147</u>	<u>26,541,018</u>
Total liabilities	<u>16,095,839</u>	<u>11,025,760</u>	<u>27,121,599</u>
	NET POSITION		
Net position:			
Net investment in capital assets	(112,638)	756,491	643,853
Restricted	3,260,849	1,274,601	4,535,450
Unrestricted	<u>(133,154)</u>	<u>(738,132)</u>	<u>(871,286)</u>
Total net position	<u>3,015,057</u>	<u>1,292,960</u>	<u>4,308,017</u>
Total liabilities and net position	<u>\$ 19,110,896</u>	<u>\$ 12,318,720</u>	<u>\$ 31,429,616</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED MARCH 31, 2024

	Dunlap RAD, LLC	Hansen RAD, LLC	Total Discretely Presented Component Units
Operating revenues:			
Tenant revenue	\$ 3,278,811	\$ 1,572,979	\$ 4,851,790
Other revenues	<u>50,363</u>	<u>102,918</u>	<u>153,281</u>
Total operating revenues	<u>3,329,174</u>	<u>1,675,897</u>	<u>5,005,071</u>
Operating expenses:			
Administrative	750,083	496,667	1,246,750
Utilities	1,039,332	325,245	1,364,577
Ordinary maintenance and operations	599,769	462,627	1,062,396
Insurance	371,833	205,680	577,513
General	162,238	50,612	212,850
Amortization	23,648	25,391	49,039
Depreciation	<u>666,203</u>	<u>519,711</u>	<u>1,185,914</u>
Total operating expenses	<u>3,613,106</u>	<u>2,085,933</u>	<u>5,699,039</u>
Operating income (loss)	<u>(283,932)</u>	<u>(410,036)</u>	<u>(693,968)</u>
Non-operating revenues (expenses):			
Investment income	48,495	9,073	57,568
Interest expense	<u>(339,786)</u>	<u>(247,374)</u>	<u>(587,160)</u>
Net non-operating revenues (expenses)	<u>(291,291)</u>	<u>(238,301)</u>	<u>(529,592)</u>
Change in net position	(575,223)	(648,337)	(1,223,560)
Net position, beginning of year	<u>3,590,280</u>	<u>1,941,297</u>	<u>5,531,577</u>
Net position, end of year	<u>\$ 3,015,057</u>	<u>\$ 1,292,960</u>	<u>\$ 4,308,017</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Housing Authority of the City of Perth Amboy (the "Authority") is a governmental, public corporation created under federal and state housing laws as defined by State statute (N.J.S.A. 4A: 12A-1, et. seq., 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 Perth Amboy, New Jersey (the "City"). The Authority is responsible for operating certain low-rent housing programs in the City under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a board of commissioners which is essentially autonomous but is responsible to HUD and the State of New Jersey Department of Community Affairs. An executive director is appointed by the Authority's Board of Commissioners to manage the day-to-day operations of the Authority.

B. Basis of Accounting / Financial Statement Presentation

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The programs of the Authority are organized as separate accounting entities. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The programs of the Authority are combined and considered an enterprise fund. An enterprise fund is used to account for activities that are operated in a manner similar to those found in the private sector.

The Authority's enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended ("GASB 34"). GASB 34 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 Statement of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplementary Information.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions* ("GASB 33"), 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.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting / Financial Statement Presentation (continued)

On January 30, 2008, HUD issued PIH Notice 2008-9 which requires that unused housing assistance payments ("HAP") under proprietary fund reporting should be reported as restricted net position, with the associated cash and investments also being reported as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported on the financial data schedule as unrestricted.

Both administrative fee and HAP revenue continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions as defined by GASB 33 are met when these funds are available and measurable, not when these funds are expended. The Section 8 Housing Choice Vouchers program is no longer a cost reimbursement grant; therefore, the Authority recognizes unspent administrative fee and HAP revenue in the reporting period as revenue for financial statement reporting.

In accordance with 2 CFR 200.305(b)(9), any investment income earned up to \$500 on these funds may be retained by the Authority. Amounts in excess of \$500 must be remitted annually to the Department of Health and Human Services, Payment Management System.

On April 1, 2023, the Authority adopted GASB 96, *Subscription-Based Information Technology Arrangements* ("GASB 96"). GASB 96 increases the transparency and comparability among governmental organizations by requiring the recognition of subscription assets and subscription liabilities on the statement of net position by subscribers and the disclosure of key information about subscription arrangements. For the year ended March 31, 2024, the adoption of GASB 96 did not have a material effect on the financial statements of the Authority.

C. Reporting Entity

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statement No. 14 and No. 34*, the Authority's basic financial statements include those of the Authority and any component units. Component units are legally separate organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government. An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

Based on the application of the above criteria, this report includes the following discretely presented component units:

Dunlap RAD, LLC

Dunlap RAD, LLC was formed as a New Jersey limited liability company on November 29, 2017. The purpose of Dunlap RAD, LLC is to acquire, construct and/or rehabilitate as applicable, own, develop, operate, maintain, manage and lease a multifamily apartment complex consisting of two hundred and thirteen (213) units contained in four (4) sites for rental to persons of low to moderate income. The property is located in the City and operates under the name of Perth Amboy Family Apartments.

Hansen RAD, LLC

Hansen RAD, LLC was formed as a New Jersey limited liability company on November 30, 2017. The purpose of Hansen RAD, LLC is to acquire, construct and/or rehabilitate as applicable, own, develop, operate, maintain, manage and lease a multifamily apartment complex consisting of one hundred and forty seven (147) units contained in two (2) buildings for rental to persons of low to moderate income. The property is located in the City and operates under the name of Perth Amboy Senior Apartments.

The discretely presented component units issue their own separate audited financial statements which are presented as of and for the year ended December 31, 2023 and can be obtained by writing to the Executive Director, Perth Amboy Housing Authority, 881 Amboy Avenue, Perth Amboy, NJ 08862.

D. Description of Programs

The Authority maintains its accounting records by program. A summary of the significant programs operated by the Authority is as follows:

Section 8 Housing Choice Vouchers

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income households under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

Emergency Housing Vouchers Program ("EHV")

EHV funds are to be used to assist individuals and families who are homeless, at-risk of homelessness, fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking, or were recently homeless or have a high risk of housing instability.

Community Development Block Grants ("CDBG")

The primary objective of the CDBG Program is to develop viable urban communities by providing decent housing, a suitable living environment, and expanded economic opportunities, principally for persons of low and moderate income. The CDBG funding is passed through and received from the City's Office of Economic and Community Development.

Resident Opportunity and Supportive Services ("ROSS")

The purpose of the ROSS Program is to provide funding to hire and maintain Service Coordinators who will assess the needs of residents and coordinate available resources in the community to meet those needs. This program works to promote the development of local strategies to coordinate the use of assistance with public and private resources, for supportive services and resident empowerment activities.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs (continued)

Business Activities Fund

The Business Activities Fund is utilized as part of the Rental Assistance Demonstration ("RAD") program. RAD was created in order to give public housing authorities ("PHA") a powerful tool to preserve and improve public housing properties. RAD allows PHAs to leverage public and private debt and equity in order to reinvest in public housing stock. Public housing units move to a Section 8 platform with a long-term contract under which residents continue to pay 30% of their income towards rent. The Business Activities Fund holds the mortgage notes from the Authority's discretely presented component units and also provides management services to other PHAs and affiliate entities.

E. Use of Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses and net pension and OPEB liability, depreciable lives of properties and equipment, deferred inflows and outflows of resources, and contingencies. Actual results could differ significantly from these estimates.

F. Cash and Cash Equivalents

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 the 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. N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, when the funds are secured in accordance with the act.

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 collateralized at all times. Acceptable collateralization includes FDIC 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.

It is the Authority's policy to maintain collateralization in accordance with state and HUD requirements. 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.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Accounts Receivable, Net

Rents are due from tenants on the first day of each month. As a result, tenants accounts receivable balances primarily consist of rents past due and vacated tenants. An allowance for doubtful accounts is established to provide for all accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts. Also included in accounts receivable are those amounts that tenants owe the Authority as payment for committing fraud or misrepresentation.

The Authority recognizes a receivable from HUD and other governmental agencies for amounts earned and billed but not received and for amounts unbilled, but earned as of year end.

H. Allowance for Doubtful Accounts

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

I. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

J. Capital Assets, Net

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of capital assets, the cost and related accumulated depreciation is eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

• Buildings	40 Years
• Leasehold Improvements	15 Years
• Furniture and Equipment	5 Years
• Computers	3 Years

The Authority has established a capitalization threshold of \$1,000.

K. Impairment of Long Lived Assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. During the year ended March 31, 2024, there were no impairment losses incurred.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Notes Receivable

The Authority has utilized development funds in accordance with HUD guidelines to assist in the construction and redevelopment of numerous public housing developments through the issuance of mortgage notes. When preparing financial statements in accordance with generally accepted accounting principles, management is required to make estimates as to the collectability of such mortgage notes. When estimating collectability, management analyzes the value of the underlying mortgaged property, the property's ability to generate positive cash flow, and current economic trends and conditions. Management utilizes these estimates and judgments in connection with establishing an allowance for uncollectable amounts during an accounting period.

M. Lease Receivable

Lease receivables are recognized at the net present value of the lease payments expected to be received during the lease term at a borrowing rate either explicitly described in the lease agreement or implicitly determined by the Authority.

N. Inter-program Receivables and Payables

Inter-program receivables and payables are current and are the result of the use of the Business Activities fund as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all inter-program balances net to zero. In accordance with GASB 34, inter-program receivables and payables are eliminated for financial statement purposes.

O. Accounts Payable and Accrued Liabilities

The Authority recognizes a liability for goods and services received but not paid for as of year-end. It also recognizes a liability for wages and fringe benefits related to services performed at year-end but not yet paid to employees or taxing authorities.

P. Prepaid Rent

The Authority's prepaid rent primarily consists of the prepayment of rent by residents applicable to future periods.

Q. Compensated Absences

Compensated absences represent amounts to which employees are entitled based on accumulated leave earned in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service at the current salary. Employees may be compensated for sick leave at retirement or termination at one half of the earned sick leave up to 300 days.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

S. Other Post Employment Benefits

For purposes of measuring the net Other Post Employment Benefits ("OPEB") liability, deferred outflows of resources and deferred inflows of resources related to the net OPEB, and OPEB expense, and information about the fiduciary net position of the State Health Benefits Plan ("SHBP") and additions to/deductions from SHBP's fiduciary net position have been determined on the same basis as they are reported by SHBP. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan.

T. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until that time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

U. Net Position Classifications

Net position is displayed in three components:

Net investment in capital assets — Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position — Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position — All other resources that do not meet the definition of "restricted" or "net investment in capital assets."

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

V. Use of Restricted Assets

When both restricted and unrestricted resources are available for a particular restricted use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as needed.

W. Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. The Authority receives annual operating subsidies from HUD, subject to limitations prescribed by HUD. Operating subsidies from HUD are recorded when received and are accounted for as revenue.

Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues and expenses as non-operating.

X. Regulated Leases

The Authority is a lessor of residential dwelling units under regulated leases as defined by GASB 87 and as such recognizes rental revenue in accordance with the terms of the lease contract. The leases which are twelve months in length are regulated by HUD as to rent, unit size, household composition and tenant income. For the year ended March 31, 2024, rental revenue earned by the discretely presented component units under the aforementioned leases totaled \$4,842,790.

Y. Taxes

The Authority is a unit of local government under the State of New Jersey law and is exempt from real estate, sales and income taxes by both the federal and state governments. However, the Authority will pay a payment in lieu of taxes to cover municipal services provided by the local government for certain properties owned throughout the City.

Z. Economic Dependency

The Section 8 Housing Choice Vouchers Program is economically dependent on operating grants and subsidies from HUD. The program operates at a loss prior to receiving the grants.

AA. Budgets and Budgetary Accounting

The Authority adopts annual, appropriated operating budgets for all its programs receiving federal expenditure awards, which are used as a management tool throughout the accounting cycle. All budgets are prepared on a HUD basis, which differs with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BB. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is a member of the New Jersey Public Housing Authorities Joint Insurance Fund ("JIF").

The JIF is both an insured and self-administered group of housing authorities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The JIF will be self-sustaining through member premiums. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the past three years.

CC. Contingencies

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of March 31, 2024, the Authority estimates that no material liabilities will result from such audits.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 2. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

As of March 31, 2024, the Authority had funds on deposit in checking, savings, and money market accounts. The carrying amount of the primary government's cash and cash equivalents (including restricted cash) was \$10,567,659, and the bank balances approximated \$10,607,527.

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Unrestricted	\$ 7,135,584	\$ 665,998	\$ 7,801,582
Tenant security deposits	-	154,072	154,072
Restricted	<u>3,432.075</u>	<u>4,535.450</u>	<u>7,967,525</u>
Total cash and cash equivalents	<u>\$ 10,567,659</u>	<u>\$ 5,355,520</u>	<u>\$ 15,923,179</u>

Of the primary government's bank balances, \$751,060 was covered by federal depository insurance and the remaining \$9,856,467 was collateralized by GUDPA as of March 31, 2024.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of March 31, 2024, the Authority's bank balances were not exposed to custodial credit risk.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following as of March 31, 2024:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Accounts receivable - tenants, net	\$ -	\$ 77,078	\$ 77,078
Accounts receivable - HUD	59,384	-	59,384
Accounts receivable - other governments	12,924	-	12,924
Accounts receivable - miscellaneous	<u>426,736</u>	<u>-</u>	<u>426,736</u>
Total accounts receivable, net	<u>\$ 499,044</u>	<u>\$ 77,078</u>	<u>\$ 576,122</u>

Accounts Receivable - Tenants, Net

Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent. The balance is shown net of an allowance for doubtful accounts of \$43,233.

Accounts Receivable - HUD

As of March 31, 2024, accounts receivable - HUD consisted of amounts due to the Authority for amounts expended under the EHV and ROSS Programs that have not yet been received. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 3. ACCOUNTS RECEIVABLE, NET (continued)

Accounts Receivable - Other Governments

Accounts receivable - other governments represents amounts owed to the Authority by other federal agencies and state and local governments. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Miscellaneous

Accounts receivable - miscellaneous consists of amounts owed to the Authority for services provided to the Perth Amboy Redevelopment Team for Neighborhood Enterprise and Revitalization ("P.A.R.T.N.E.R.") under a fee for service agreement and developer fees owed from Dunlap RAD, LLC and Hansen RAD, LLC. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

NOTE 4. RESTRICTED DEPOSITS

As of March 31, 2024, restricted deposits consisted of the following:

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Housing assistance payment reserves	\$ 180,323	\$ -	\$ 180,323
OPEB trust	2,727,354	-	2,727,354
Reserve and replacement escrows	-	2,371,289	2,371,289
Debt service escrows	-	2,426	2,426
Working capital escrows	-	88,879	88,879
Insurance and tax escrows	-	118,980	118,980
Operating deficit escrows	-	1,903,038	1,903,038
Revenue Bond trustee reserves	-	50,838	50,838
Family Self-Sufficiency ("FSS") escrows	521,696	-	521,696
EHV fund reserves	2,702	-	2,702
Tenant security deposits	-	154,072	154,072
 Total restricted deposits	 \$ 3,432,075	 \$ 4,689,522	 \$ 8,121,597

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for future housing assistance payments.

OPEB trust represent funds that have been place into an irrevocable trust to be used to fund future retirees' pension and OPEB.

The reserve and replacement escrows represent funds that are restricted for repairs and replacements of buildings and equipment.

Debt service escrows represent funds held in reserve for future payments of principal and interest on debt.

Working capital escrows represent funds held in reserve for on-going expenditures related to the RAD conversions.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 4. RESTRICTED DEPOSITS (continued)

Insurance and tax escrows represent funds held in reserve for future payments of real estate taxes and property and mortgage insurance.

Operating deficit escrows represent funds that are restricted in the case that projects encounter an operating deficit.

Revenue Bond Trustee reserves are restricted as part of the Multifamily Conduit Revenue Bonds issued by the New Jersey Housing and Mortgage Finance Agency and are to be used to assist in the substantial rehabilitation of a multi-family residential rental project.

FSS Program escrows are restricted for use in the Section 8 Housing Choice Vouchers Program by FSS Program participants.

EHV fund reserves are restricted to support the Authority's efforts in implementing and operating an effective EHV Program that will best address the needs of eligible individuals and families in the City.

Tenant security deposits represent amounts held by the Authority on behalf of tenants. Upon termination from the Authority, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

NOTE 5. LEASES RECEIVABLE

On November 29, 2017, the Authority entered into a ground lease agreement with Dunlap RAD, LLC. The term of the lease is for ninety nine (99) years, which expires on November 28, 2116. An initial lease receivable was recorded in the amount of \$784,082. As of March 31, 2024, the value of the lease receivable was \$752,953. Beginning on the commencement of the lease term, annual rent shall be paid to the Authority in the amount of \$31,313. For the year ended March 31, 2024, the Authority received payment of \$31,270, which was applied to the outstanding interest balance. As of March 31, 2024, the accrued interest due totaled \$29,840. The implicit interest rate on the lease is 4.06%. The value of the deferred inflows of resources as of March 31, 2024 was \$728,642. For the year ended March 31, 2024, the Authority recognized lease revenue in the amount of \$7,920.

On November 30, 2017, the Authority entered into a ground lease agreement with Hansen RAD, LLC. The term of the lease is for ninety nine (99) years, which expires on November 29, 2116. An initial lease receivable was recorded in the amount of \$500,166. As of March 31, 2024, the value of the lease receivable was \$464,488. Beginning on the commencement of the lease term, annual rent shall be paid to the Authority in the amount of \$22,126. For the year ended March 31, 2024, the Authority received payment of \$22,130, which was applied to the outstanding interest balance. As of March 31, 2024, the accrued interest due totaled \$21,518. The implicit interest rate on the lease is 4.70%. The value of the deferred inflows of resources as of March 31, 2024 was \$464,801. For the year ended March 31, 2024, the Authority recognized lease revenue in the amount of \$5,052.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 6. NOTES RECEIVABLE

Notes receivable of the primary government consists of the following as of March 31, 2024:

The Authority advanced a loan to Perth Willow Pond, LLC in the amount of \$400,000. The loan accrues interest at 1.00% per annum. Annual payments are payable only out of "Net Cash Flow" as defined in the operating agreement and are due starting December 2025. The loan matures December 2044 and is subordinate to a first mortgage. Management expects the current portion of the loan to be nil. Accrued interest on the loan totaled \$1,808 as of March 31, 2024.	\$ 268,597
The Authority advanced a loan to Parkview Senior Housing, LLC in the amount of \$1,950,000 in connection with the development of an 84 unit building of which 31 units will be operated as public housing. The loan accrues interest at 1.00% per annum. Principal and interest are payable only out of "Net Cash Flow" as defined in the operating agreement and are due on August 17, 2040. The loan is secured by the underlying land and building. Management expects the current portion of the loan to be nil. Accrued interest on the loan totaled \$269,282 as of March 31, 2024.	1,950,000
The Authority issued a sellers note to Dunlap RAD, LLC in the amount of \$7,150,000. The note accrues interest at 2.60% per annum. Annual payments are payable only out of "Net Cash Flow" as defined in the operating agreement. The loan matures on November 29, 2047 and is secured by a mortgage on the property. Management expects the current portion of the loan to be nil. Accrued interest on the loan totaled \$179,801 as of March 31, 2024.	6,836,348
The Authority issued a seller take-back bond to Dunlap RAD, LLC in the maximum amount of \$2,350,000 from the acquisition of the tax exempt bonds via their interest in the property. The bonds accrue interest at 4.06% per annum. Annual payments are payable only out of "Net Cash Flow" as defined in the operating agreement. The loan matures on November 1, 2034 and is secured by a mortgage on the property. Management expects the current portion of the loan to be nil. Accrued interest on the loan totaled \$227,494 as of March 31, 2024.	2,300,000
The Authority issued a loan to Dunlap RAD, LLC up to the amount of \$4,415,298. The loan accrues interest at 1.95% per annum. Annual payments are payable only out of "Net Cash Flow" as defined in the operating agreement. The loan matures on November 29, 2047 and is secured by a mortgage on the property. Management expects the current portion of the loan to be nil. Accrued interest on the loan totaled \$338,569 as of March 31, 2024.	3,876,746

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 6. NOTES RECEIVABLE (continued)

The Authority issued a sellers note to Hansen RAD, LLC in the amount of \$5,659,500. The loan accrues interest at 2.60% per annum. Annual payments are payable only out of "Net Cash Flow" as defined in the operating agreement. The loan matures on November 29, 2047 and is secured by a mortgage on the property. Management expects the current portion of the loan to be nil. Accrued interest on the loan totaled \$826,251 as of March 31, 2024.	5,659,500
The Authority issued a loan to Hansen RAD, LLC up to the amount of \$2,735,118. The loan accrues interest at 3.00% per annum. Annual payments are payable only out of "Net Cash Flow" as defined in the operating agreement. The loan matures on November 29, 2047 and is secured by a mortgage on the property. Management expects the current portion of the loan to be nil. Accrued interest on the loan totaled \$197,873 as of March 31, 2024.	2,265,732
The Authority issued a loan to Dunlap RAD, LLC in the amount of \$1,597,500, through the Federal Home Loan Bank of New York. The loan is interest free and is due in a lump sum payment upon maturity on November 29, 2057. The loan is secured by a mortgage on the property. Management has determined to place on allowance on the loan for the full amount of the principal balance.	1,597,500
The Authority issued a loan to Hansen RAD, LLC in the amount of \$1,102,500, through the Federal Home Loan Bank of New York. The loan is interest free and is due in a lump sum payment upon maturity on November 30, 2057. The loan is secured by a mortgage on the property. Management has determined to place on allowance on the loan for the full amount of the principal balance.	1,102,500
The Authority issued a loan to Dunlap RAD, LLC in the amount of \$999,000, through the Energy Efficiency Improvements Assistance Program of the Affordable Housing Trust Fund. The loan is interest free and is due from available cash flow. The loan is unsecured. As of March 31, 2024, \$844,700 has been drawn down on the loan.	844,700
Total notes receivable	26,701,623
Allowance on notes receivable	(2,700,000)
Notes receivable, net	\$ 24,001,623

As of March 31, 2024, the current portion of notes receivable amounted to \$-0- and accrued interest on the notes receivable totaled \$2,041,078, which is shown net of an allowance for uncollectable interest of \$2,039,270. Management estimates that \$1,808 of the accrued interest will be collected currently.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 7. CAPITAL ASSETS, NET

The following is a summary of the primary government's changes in capital assets during the year ended March 31, 2024:

Description	March 31, 2023	Additions	Dispositions	Transfers	March 31, 2024
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,285,000	\$ _____ -	\$ _____ -	\$ _____ -	\$ 1,285,000
<u>Depreciable capital assets:</u>					
Buildings and improvements	\$ 204,914	\$ _____ -	\$ _____ -	\$ _____ -	\$ 204,914
Furniture and equipment	<u>313,872</u>	<u>61,156</u>	<u>(37,426)</u>	<u>_____ -</u>	<u>337,602</u>
Subtotal	<u>518,786</u>	<u>61,156</u>	<u>(37,426)</u>	<u>_____ -</u>	<u>542,516</u>
Less: accumulated depreciation	<u>246,582</u>	<u>51,635</u>	<u>(37,426)</u>	<u>_____ -</u>	<u>260,791</u>
Net capital assets	<u>\$ 1,557,204</u>	<u>\$ 9,521</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ 1,566,725</u>

Depreciation expense for the primary government for the fiscal year ended March 31, 2024 amounted to \$51,635.

The following is a summary of the Authority's discretely presented component units' changes in capital assets during the year ended March 31, 2024:

Description	March 31, 2023	Additions	Dispositions	Transfers	March 31, 2024
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,263,443	\$ _____ -	\$ _____ -	\$ _____ -	\$ 1,263,443
<u>Depreciable capital assets:</u>					
Buildings and improvements	28,511,799	597,134	-	-	29,108,933
Furniture and equipment	<u>477,492</u>	<u>_____ -</u>	<u>_____ -</u>	<u>_____ -</u>	<u>477,492</u>
Subtotal	<u>28,989,291</u>	<u>597,134</u>	<u>_____ -</u>	<u>_____ -</u>	<u>29,586,425</u>
Less: accumulated depreciation	<u>5,582,069</u>	<u>1,185,914</u>	<u>_____ -</u>	<u>_____ -</u>	<u>6,767,983</u>
Net capital assets	<u>\$ 24,670,665</u>	<u>\$ (588,780)</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ 24,081,885</u>

Depreciation expense for Authority's discretely presented component units for the fiscal year ended March 31, 2024 amounted to \$1,185,914.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 8. RIGHT-OF-USE ASSET AND LEASE LIABILITY

On November 29, 2017, Dunlap RAD, LLC entered into a ground lease agreement with the Authority which expires on November 28, 2116. During the term of the lease, base rent of \$31,313 is due annually on January 1st. For the year ended March 31, 2024, Dunlap RAD, LLC incurred amortization expense on the right-of-use asset and interest expense totaling \$7,920 and \$30,599, respectively. The right-of-use asset as of March 31, 2024, totaled \$736,562. As of March 31, 2024, the lease liability totaled \$752,210.

On November 30, 2017, Hansen RAD, LLC entered into a ground lease agreement with the Authority which expires on November 29, 2116. During the term of the lease, base rent of \$22,126 is due annually on January 1st. For the year ended March 31, 2024, Dunlap RAD, LLC incurred amortization expense on the right-of-use asset and interest expense totaling \$5,052 and \$21,844, respectively. The right-of-use asset as of March 31, 2024, totaled \$469,854. As of March 31, 2024, the lease liability totaled \$464,193.

The following is a summary of the Authority's changes in right-of-use asset for the year ended March 31, 2024:

Description	March 31, 2023	Additions	Dispositions	March 31, 2024
Right-of-use asset	\$ 1,284,248	\$ -	\$ -	\$ 1,284,248
Less: accumulated amortization	<u>64,860</u>	<u>12,972</u>	<u>-</u>	<u>77,832</u>
Net right-of-use asset	<u>\$ 1,219,388</u>	<u>\$ (12,972)</u>	<u>\$ -</u>	<u>\$ 1,206,416</u>

Annual lease payments for the next five years and thereafter are as follows:

Year	Principal
2025	\$ 53,439
2026	53,439
2027	53,439
2028	53,439
2029	53,439
Thereafter	<u>949,208</u>
	<u>\$ 1,216,403</u>

NOTE 9. ACCOUNTS PAYABLE

As of March 31, 2024, accounts payable consisted of the following:

Description	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Accounts payable - vendors	\$ 62,196	\$ 95,023	\$ 157,219
Accounts payable - PHA projects	5,398	-	5,398
Accounts payable - other governments	<u>-</u>	<u>123,170</u>	<u>123,170</u>
Total account payable	<u>\$ 67,594</u>	<u>\$ 218,193</u>	<u>\$ 285,787</u>

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 9. ACCOUNTS PAYABLE (continued)

Accounts Payable - Vendors

Accounts payable - vendors represents the amounts payable to contractors and vendors for materials received or services rendered.

Accounts Payable - PHA Projects

As of March 31, 2024, accounts payable - PHA Projects consisted of amounts payable to other PHAs under the portability provisions of the Section 8 Housing Choice Vouchers Program.

Accounts Payable - Other Governments

Accounts payable - other governments represents amounts due and payable to the City for payments in lieu of taxes.

NOTE 10. PAYMENTS IN LIEU OF TAXES

Under Federal, State and local law, the Authority's programs and discretely presented component units are exempt from income, property and excise taxes. However, the Authority and its discretely presented component units are required to make payments in lieu of taxes ("PILOT") for certain units in accordance with the provisions of its Cooperation Agreement with the City. Under the Cooperation Agreements, the Authority and its discretely presented component units must pay the City the lesser of 10% of its net shelter rent or the approximate full real property taxes. For the fiscal year ended March 31, 2024, PILOT expense of the Authority's discretely presented component units, Dunlap and Hansen amounted to \$85,962 and \$37,208, respectively.

NOTE 11. LOANS PAYABLE

Loans payable of the Authority's discretely presented component units consisted of the following as of March 31, 2024:

The Authority issued a sellers note to Dunlap RAD, LLC in the amount of \$7,150,000. The note accrues interest at 2.60% per annum with an effective interest rate of 2.63%. Annual payments are payable only out of "Net Cash Flow" as defined in the operating agreement. The loan matures on November 29, 2047 and is secured by a mortgage on the property. Management expects the current portion of the loan to be nil. Accrued interest on the loan totaled \$161,002 as of March 31, 2024.

\$ 5,951,527

The Authority issued a loan to Dunlap RAD, LLC in the amount of \$4,415,298 in November 2017. The loan accrues interest at 1.95% per annum and is due annual payments are payable only out of "Net Cash Flow" as defined in the operating agreement. The loan matures on November 30, 2047 and is secured by a mortgage on the property. Management expects the current portion of the loan to be nil. Accrued interest on the loan totaled \$666,698 as of March 31, 2024.

3,876,745

The Authority issued a loan to Dunlap RAD, LLC in the amount of \$1,597,500, through the Federal Home Loan Bank of New York. The loan is interest free and is due in a lump sum payment upon maturity on November 29, 2057. The loan is secured by a mortgage on the property. Management expects the current portion of the loan to be nil.

1,597,500

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 11. LOANS PAYABLE (continued)

The New Jersey Housing and Mortgage Finance Agency has issued Multifamily Conduit Revenue Bond Series 2017 K-2 in the amount of \$2,350,000 to Dunlap RAD, LLC. This note is to assist in the substantial rehabilitation of a 213 unit multi-family residential rental project. The note is secured by a mortgage on the multi-family property. The bonds are payable to TD Bank, accrue interest at a fixed rate of 4.06% per annum, and have an effective interest rate of 4.14%. Interest payments are due on the first day of each calendar month through November 1, 2019, at which time principal payments are due monthly until maturity on November 1, 2034. As of March 31, 2024, the loan is shown net of unamortized debt issuance costs totaling \$17,101.	2,152,465
The Authority issued a loan to Dunlap RAD, LLC in the amount of \$999,000, through the Energy Efficiency Improvements Assistance Program of the Affordable Housing Trust Fund. The loan is interest free and is due from available cash flow. The loan is unsecured. As of March 31, 2024, \$595,484 has been drawn down on the loan.	595,484
The Authority issued a sellers note to Hansen RAD, LLC in the amount of \$5,659,500. The loan accrues interest at 2.60% per annum with an effective interest rate of 2.63%. Annual payments are payable only out of "Net Cash Flow" as defined in the operating agreement. The loan matures on November 30, 2047 and is secured by a mortgage on the property. Management expects the current portion of the loan to be nil. Accrued interest on the loan totaled \$922,189 as of March 31, 2024.	5,659,500
The Authority issued a loan to Hansen RAD, LLC in the amount of \$2,735,118 in November 2017. The loan accrues interest at 1.95% per annum and is due annual payments are payable only out of "Net Cash Flow" as defined in the operating agreement. The loan matures on November 30, 2047 and is secured by a mortgage on the property. Management expects the current portion of the loan to be nil. Accrued interest on the loan totaled \$201,544 as of March 31, 2024.	2,265,733
The New Jersey Housing and Mortgage Finance Agency has issued a loan in the amount of \$300,000 to Hansen RAD, LLC. The loan has an interest of 4.7% per annum and matures on December 1, 2034. Principal and interest payments are due at the beginning of each month. The loan is secured by a first mortgage on the property.	236,578
The Authority issued a loan to Hansen RAD, LLC in the amount of \$1,102,500, through the Federal Home Loan Bank of New York. The loan is interest free and is due in a lump sum payment upon maturity on November 30, 2057. The loan is secured by a mortgage on the property. Management expects the current portion of the loan to be nil.	<u>1,102.500</u>
Total loans payable	<u>\$ 23,438,032</u>

As of March 31, 2024, the current portion of loans payable amounted to \$64,850 and accrued interest payable on the loans payable totaled \$1,951,433.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 11. LOANS PAYABLE (continued)

Annual debt service for principal and interest over the next five years and in five-year increments thereafter is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 64,850	\$ 99,632	\$ 164,482
2026	67,926	96,557	164,483
2027	70,884	93,598	164,482
2028	73,972	90,510	164,482
2029	76,967	87,516	164,483
2030-2034	439,208	383,206	822,414
2035-2039	1,612,337	59,623	1,671,960
2040-2044	-	-	-
2045-2049	18,348,989	13,631,909	31,980,898
2050-2054	-	-	-
2055-2057	<u>2,700,000</u>	<u>-</u>	<u>2,700,000</u>
	<u>\$ 23,455,133</u>	<u>\$ 14,542,551</u>	<u>\$ 37,997,684</u>

NOTE 12. RELATED PARTY PAYABLES

Dunlap RAD, LLC and Hansen RAD, LLC are controlled by Perth Amboy Housing Inc. (a 501(c)(3) organization and the 100% owner of the managing member), who also controls other entities whose operations are similar.

Dunlap RAD, LLC and Hansen RAD, LLC entered into property management agreements with P.A.R.T.N.E.R. at a fee of \$65 per unit, per month for each occupied unit, escalating two percent annually. As part of the agreements, the discretely presented component units will also pay P.A.R.T.N.E.R. a service fee equal to \$7.50 per unit, per month for data processing and accounting. For the year ended March 31, 2024, property management fees totaled \$181,093 and \$126,352, respectively. For the year ended March 31, 2024, bookkeeping fees totaled \$20,892 and \$12,930, respectively.

Dunlap RAD, LLC and Hansen RAD, LLC reimburse P.A.R.T.N.E.R. for salaries and employee benefits. For the year ended March 31, 2024, salaries and employee benefits incurred totaled \$854,316 and \$255,029, respectively. Included in related party payables is \$8,585 and \$2,563, respectively, owed to P.A.R.T.N.E.R. for the reimbursement of salaries and benefits as of March 31, 2024.

The investor services fee is the annual fee paid to the investment member for its services in monitoring the operations of the discretely presented component units. The base fees of \$15,975 and \$11,025, respectively, are increased annually by 3%. For the year ended March 31, 2024, investor services fees in the amount of \$17,980 and \$13,164, respectively, were incurred and are included in related party payables.

The Authority periodically pays expenditures on behalf of the discretely presented component units. The advances are interest free and due upon demand. As of March 31, 2024, Dunlap RAD, LLC and Hansen RAD, LLC owe \$19,929 and \$36,171, respectively, to the Authority, which is included in related party payables.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 12. RELATED PARTY PAYABLES (continued)

Dunlap RAD, LLC and Hansen RAD, LLC also pay to the managing member, an annual non-cumulative company management fee equal to \$31,950 and \$22,050, respectively, which increases annually by 3% subject to available net cash flow as defined in the operating agreements. For the year ended March 31, 2024, company management fees were incurred in the amount of \$35,960 and \$0, respectively, to the managing member, which are included in related party payables.

NOTE 13. NON-CURRENT LIABILITIES

Non-current liabilities activity of the primary government during the year ended March 31, 2024 consisted of the following:

	March 31, 2023	Additions	Payments/ Retirements	March 31, 2024	Due in One Year
Compensated absences	\$ 714,011	\$ 97,525	\$ 53,178	\$ 758,358	\$ 252,365
Accrued pension liability	3,551,939	525,263	816,632	3,260,570	-
Accrued OPEB liability	5,167,709	902,161	476,783	5,593,087	-
Family self sufficiency escrows	439,874	81,821	-	521,695	1,678
Other miscellaneous liabilities	<u>4,510</u>	<u>-</u>	<u>-</u>	<u>4,510</u>	<u>-</u>
Totals	<u>\$ 9,878,043</u>	<u>\$ 1,606,770</u>	<u>\$ 1,346,593</u>	<u>\$ 10,138,220</u>	<u>\$ 254,043</u>

Non-current liabilities activity of the Authority's discretely presented component units during the year ended March 31, 2024 consisted of the following:

	March 31, 2023	Additions	Payments/ Retirements	March 31, 2024	Due in One Year
Loans payable	\$ 23,302,064	\$ 595,484	\$ 459,516	\$ 23,438,032	\$ 64,850
Accrued interest payable	1,669,805	562,921	281,293	1,951,433	-
Related party payables	665,852	-	531,500	134,352	134,352
Lease liabilities	<u>1,217,442</u>	<u>-</u>	<u>1,039</u>	<u>1,216,403</u>	<u>-</u>
Totals	<u>\$ 26,855,163</u>	<u>\$ 1,158,405</u>	<u>\$ 1,273,348</u>	<u>\$ 26,740,220</u>	<u>\$ 199,202</u>

NOTE 14. PENSION PLAN

A. Plan Description

The 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 the Division's Annual Comprehensive Financial Report, which can be found at <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

B. Benefits

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.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 14. PENSION PLAN (continued)

B. Benefits (continued)

The following represents the membership tiers for PERS:

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

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

C. Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by all 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 2023, the State's pension contribution was more than the actuarial determined amount.

The local employers' contribution amounts are based on the 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 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 the assets.

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

At March 31, 2024, the Authority reported a liability of \$3,260,570, for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2022, and rolled forward to June 30, 2023.

For the year ended March 31, 2024, the Authority recognized pension benefit of \$535,263. At March 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 14. PENSION PLAN (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 7,163	\$ 197,605
Changes in Proportion	3,102	525,812
Differences between expected and actual experience	31,175	13,328
Net differences between actual and projected earnings on pension plan investments	<u>15,015</u>	-
Total	<u>\$ 56,455</u>	<u>\$ 736,745</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending March 31:	<u>Amount</u>
2025	\$ (265,052)
2026	(189,247)
2027	(129,034)
2028	(96,995)
2029	<u>38</u>
	<u>\$ (680,290)</u>

E. Actuarial Assumptions

The collective total pension liability at the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.75 - 6.55% based on years of service
Investment rate of return	7.00%

Pre-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.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 14. PENSION PLAN (continued)

E. Actuarial Assumptions (continued)

Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial adjustments used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

F. Long-Term Expected Rate of Return

The long-term expected rate of return is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and the Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class, including the PERS's target asset allocation as of June 30, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

G. Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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 nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all 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 to determine the total pension liability.

H. Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 14. PENSION PLAN (continued)

H. Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (continued)

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Authority's proportionate share of the net pension liability	<u>\$ 4,280,354</u>	<u>\$ 3,260,570</u>	<u>\$ 2,443,486</u>

NOTE 15. OTHER POST EMPLOYMENT BENEFITS PLAN

A. Plan Description

The SHBP is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Division. It covers employees of local government employers that have adopted a resolution to participate in the SHBP. For additional information about SHBP, please refer to the Division's Annual Comprehensive Financial Report, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

B. Benefits

SHBP provides medical and prescription drug to retirees and their covered dependents of the employers. 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 services credit in a State of locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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.

C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At March 31, 2024, the Authority reported a liability of \$5,593,087, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2022, and rolled forward to June 30, 2023.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 15. OTHER POST EMPLOYMENT BENEFITS PLAN (continued)

C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

For the year ended March 31, 2024, the Authority recognized an OPEB benefit of \$520,194. At March 31, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 724,515	\$ 1,580,987
Changes in Proportion	1,026,991	780,323
Differences between expected and actual experience	257,924	1,518,900
Net differences between projected and actual investment earnings on OPEB plan investments	-	923
Contributions paid subsequent to the measurement date	476.783	-
Total	\$ 2,486,213	\$ 3,881,133

The Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending March 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>Amount</u>
Year ending March 31:	
2025	\$ (509,830)
2026	(510,500)
2027	(511,113)
2028	(364,987)
2029	(61,357)
Thereafter	<u>86,084</u>
	<u>\$ (1,871,703)</u>

D. Actuarial Assumptions

The total OPEB liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following assumptions:

Salary increases:	
Rate for all future years	2.75 to 6.55% based on years of service

Mortality rates were based on the Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using the MP-2021 scale.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 15. OTHER POST EMPLOYMENT BENEFITS PLAN (continued)

D. Actuarial Assumptions (continued)

Certain actuarial assumptions used in the July 1, 2022 valuation were based on the results of the PERS experience studies prepared for July 1, 2018 to June 30, 2021. 100% of active members are considered to participate in the SHBP upon retirement.

E. Discount Rate

The discount rate used to measure the total OPEB liability was 3.65% as of June 30, 2023. 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.

F. Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net OPEB liability calculated using the discount rate of 3.65%, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65%) or 1 percentage point higher (4.65%) than the current rate.

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Authority's proportionate share of the net OPEB liability	<u>\$ 6,478,578</u>	<u>\$ 5,593,087</u>	<u>\$ 4,880,847</u>

G. Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreased to 4.50% in fiscal year 2033. For HMO, the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

G. Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the Authority's proportionate share of the net OPEB liability calculated using the health care trend rate, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a health care trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Authority's proportionate share of the net OPEB liability	<u>\$ 4,753,466</u>	<u>\$ 5,593,087</u>	<u>\$ 6,668,059</u>

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 16. GRANTS RECEIVED IN ADVANCE

As of March 31, 2024, the Authority received grants in advance totaling \$1,625,022. These grants received in advance represent housing assistance payments subsidy received in advance of the timing requirements of the Section 8 Housing Choice Vouchers and EHV Programs.

NOTE 17. RESTRICTED NET POSITION

As of March 31, 2024, restricted net position consisted of the following:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Housing assistance payments reserves	\$ 180,323	\$ -	\$ 180,323
OPEB trust	2,727,354	-	2,727,354
Reserve and replacement escrows	-	2,371,289	2,371,289
Debt service escrows	-	2,426	2,426
Working capital escrows	-	88,879	88,879
Insurance and tax escrows	-	118,980	118,980
Operating deficit escrows	-	1,903,038	1,903,038
Revenue Bond trustee escrows	-	50,838	50,838
Mixed finance loan receivable reserves	<u>2,218,597</u>	<u>-</u>	<u>2,218,597</u>
 Total restricted net position	 <u>\$ 5,126,274</u>	 <u>\$ 4,535,450</u>	 <u>\$ 9,661,724</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for future housing assistance payments.

OPEB trust represent funds that have been place into an irrevocable trust to be used to fund future retirees' pension and OPEB.

The reserve and replacement escrows represent funds that are restricted for repairs and replacements of buildings and equipment.

Debt service escrows represent funds held in reserve for future payments of principal and interest on debt.

Working capital escrows represent funds held in reserve for on-going expenditures related to the RAD conversions.

Insurance and tax escrows represent funds held in reserve for future payments of real estate taxes and property and mortgage insurance.

Operating deficit escrows represent funds that are restricted in the case that projects encounter an operating deficit.

Revenue Bond Trustee reserves are restricted as part of the Multifamily Conduit Revenue Bonds issued by the New Jersey Housing and Mortgage Finance Agency and are to be used to assist in the substantial rehabilitation of a multi-family residential rental project.

Mixed finance loan receivable reserves are restricted for affordable housing purposes upon collection of the loans and the satisfaction of regulatory requirements.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2024

NOTE 18. COMMITMENTS AND CONTINGENCIES

The Authority has assumed certain financial guarantees on behalf of Dunlap RAD, LLC and Hansen RAD, LLC. While the guarantees vary by individual companies, they include such things as guarantees related to the loss of tax benefits to investors and certain operating deficit guarantees.

The Authority is also required to guarantee funding of the deficits that result from any reduction in rental subsidy. In the event the rental contract is terminated or not renewed, the Authority will guarantee funding of the deficits that occur prior to re-tenanting the property to stabilized occupancy for the balance of the compliance period.

As of March 31, 2024, the Authority has not incurred any costs related to guarantees.

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD.

As of March 31, 2024, the Authority estimates that no material liabilities will result from such audits.

NOTE 19. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Subsequent events have been evaluated through October 30, 2024, which is the date the financial statements were available to be issued, and management concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosures in the notes to the financial statements.

**INDEPENDENT AUDITORS' 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***

To the Board of Commissioners
Housing Authority of the City of Perth Amboy:

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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business type activities (primary government) and the discretely presented component units of the Housing Authority of the City of Perth Amboy (the "Authority") as of March 31, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated October 30, 2024. The financial statements of Dunlap RAD, LLC were not audited in accordance with *Government Auditing Standards* and accordingly do not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with that entity.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Novogradac & Company LLP

October 30, 2024
Toms River, New Jersey

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
THE STATE OF NEW JERSEY OMB CIRCULAR 15-08**

To the Board of Commissioners
Housing Authority of the City of Perth Amboy:

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Perth Amboy (the "Authority") compliance with the types of compliance requirements described in the OMB Compliance Supplement and the State of New Jersey OMB Circular 15-08 that could have a direct and material effect on each of the Authority's major federal programs for the year ended March 31, 2024. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2024.

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), and the State of New Jersey OMB Circular 15-08. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibility 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 its federal programs.

Auditors' Responsibilities for 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 the Authority's compliance based on our audit.

Auditors' Responsibilities for Audit of Compliance (continued)

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 the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, the Uniform Guidance, and the State of New Jersey OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority'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 the Authority'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 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 Auditors' Responsibilities for 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.

Purpose of this Report

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.

Novogrodac & Company LLP

October 30, 2024
Toms River, New Jersey

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2024

<u>Federal Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>State Pass-through Number</u>	<u>Grant Period From / To</u>		<u>Grant Award</u>	<u>Total Fiscal Year Federal Expenditures</u>	<u>Cumulative Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>							
Housing Voucher Cluster							
Section 8 Housing Choice Voucher	14.871	N/A	4/1/2022	3/31/2023	\$ 18,410,695	\$ 20,056,139	\$ 20,056,139
Emergency Housing Vouchers	14.EHV	N/A	4/1/2022	3/31/2023	640,592	648,265	648,265
Total Housing Voucher Cluster					19,051,287	20,704,404	20,704,404
Resident Opportunity and Supportive Services -							
Service Coordinators	14.870	N/A	1/11/2023	12/31/2023	219,853	219,853	219,853
Total Direct Awards					19,271,140	20,924,257	20,924,257
Passed Through the City of Perth Amboy:							
Community Development Block Grant	14.218	D-20-56-881-806	6/1/2022	5/31/2023	17,000	17,000	17,000
Total Expenditures of Federal Awards					\$ 19,288,140	\$ 20,941,257	\$ 20,941,257

See accompanying notes to the Schedule of Expenditures of Federal Awards

**HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2024**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended March 31, 2024. The information in the 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) and State of New Jersey OMB Circular 15-08. Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the net position, changes in net position or cash flows of the Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

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 principles contained in the Uniform Guidance and the State of New Jersey OMB Circular 15-08, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3. INDIRECT COST RATE

The Authority has not elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2024

I. Summary of Auditors' Results

Financial Statement Section

1.	Type of auditors' report issued:	Unmodified
2.	Internal control over financial reporting	
a.	Material weakness(es) identified?	No
b.	Significant deficiency(ies) identified?	None Reported
3.	Noncompliance material to the financial statements?	No

Federal Awards Section

1.	Internal control over compliance:	
a.	Material weakness(es) identified?	No
b.	Significant deficiency(ies) identified?	None Reported
2.	Type of auditors' report on compliance for major programs:	Unmodified
3.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
4.	Identification of major programs:	

ALN Name of Federal Program

Housing Voucher Cluster:

14.871	Section 8 Housing Choice Vouchers
14.EHV	Emergency Housing Vouchers

5.	Dollar threshold used to distinguish between Type A and Type B Programs:	\$750,000
6.	Auditee qualified as low-risk Auditee?	No

**HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED MARCH 31, 2024**

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

III. Federal Award Findings and Questioned Costs

There were no findings or questioned costs relating to federal awards.

IV. Summary of Prior Audit Findings

There were no findings or questioned costs in the prior year.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
REQUIRED PENSION INFORMATION
MARCH 31, 2024

SCHEDULE OF AUTHORITY CONTRIBUTIONS FOR THE LAST TEN FISCAL YEARS

	March 31, <u>2015</u>	March 31, <u>2016</u>	March 31, <u>2017</u>	March 31, <u>2018</u>	March 31, <u>2019</u>	March 31, <u>2020</u>	March 31, <u>2021</u>	March 31, <u>2022</u>	March 31, <u>2023</u>	March 31, <u>2024</u>
Contractually required contribution	\$ 227,703	\$ 234,166	\$ 243,708	\$ 257,702	\$ 273,343	\$ 270,610	\$ 291,652	\$ 298,381	\$ 296,803	\$ 300,865
Contributions in relation to the contractually required contribution	<u>227,703</u>	<u>234,166</u>	<u>243,708</u>	<u>257,702</u>	<u>273,343</u>	<u>270,610</u>	<u>291,652</u>	<u>298,381</u>	<u>296,803</u>	<u>300,865</u>
(Over) / under funded	\$ <u> -</u>									
Authority's covered-employee payroll	<u>\$1,711,276</u>	<u>\$1,746,039</u>	<u>\$1,717,481</u>	<u>\$1,764,809</u>	<u>\$1,714,759</u>	<u>\$1,831,365</u>	<u>\$1,811,873</u>	<u>\$1,656,406</u>	<u>\$1,600,531</u>	<u>\$1,637,927</u>
Contributions as a percentage of covered- employee payroll	<u>13.31 %</u>	<u>13.41 %</u>	<u>14.19 %</u>	<u>14.60 %</u>	<u>15.94 %</u>	<u>14.78 %</u>	<u>16.10 %</u>	<u>18.01 %</u>	<u>18.54 %</u>	<u>18.37 %</u>

See Report of Independent Auditors.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
REQUIRED PENSION INFORMATION (continued)
MARCH 31, 2024

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY FOR THE LAST TEN FISCAL YEARS

	March 31, <u>2015</u>	March 31, <u>2016</u>	March 31, <u>2017</u>	March 31, <u>2018</u>	March 31, <u>2019</u>	March 31, <u>2020</u>	March 31, <u>2021</u>	March 31, <u>2022</u>	March 31, <u>2023</u>	March 31, <u>2024</u>
Authority's proportion of the net pension liability	<u>0.0267 %</u>	<u>0.0264 %</u>	<u>0.0274 %</u>	<u>0.0278 %</u>	<u>0.0275 %</u>	<u>0.0278 %</u>	<u>0.0267 %</u>	<u>0.0255 %</u>	<u>0.0235 %</u>	<u>0.0225 %</u>
Authority's proportionate share of the net pension liability	<u>\$5,005,694</u>	<u>\$5,924,255</u>	<u>\$8,124,773</u>	<u>\$6,475,534</u>	<u>\$5,410,789</u>	<u>\$5,012,804</u>	<u>\$4,347,624</u>	<u>\$3,018,292</u>	<u>\$3,551,939</u>	<u>\$3,260,570</u>
Authority's covered-employee payroll	<u>\$1,711,276</u>	<u>\$1,746,039</u>	<u>\$1,717,481</u>	<u>\$1,764,809</u>	<u>\$1,714,759</u>	<u>\$1,831,365</u>	<u>\$1,811,873</u>	<u>\$1,656,406</u>	<u>\$1,600,531</u>	<u>\$1,637,927</u>
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>292.51 %</u>	<u>339.30 %</u>	<u>473.06 %</u>	<u>366.93 %</u>	<u>315.54 %</u>	<u>273.72 %</u>	<u>239.95 %</u>	<u>182.22 %</u>	<u>221.92 %</u>	<u>199.07 %</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>52.08 %</u>	<u>47.93 %</u>	<u>43.35 %</u>	<u>48.10 %</u>	<u>53.60 %</u>	<u>56.30 %</u>	<u>58.32 %</u>	<u>70.33 %</u>	<u>62.91 %</u>	<u>65.23 %</u>

See Report of Independent Auditors.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
REQUIRED OTHER POST EMPLOYMENT BENEFITS INFORMATION
MARCH 31, 2024

SCHEDULE OF AUTHORITY CONTRIBUTIONS FOR THE LAST TEN FISCAL YEARS***

	March 31, <u>2018</u>	March 31, <u>2019</u>	March 31, <u>2020</u>	March 31, <u>2021</u>	March 31, <u>2022</u>	March 31, <u>2023</u>	March 31, <u>2024</u>
Statutorily required contribution	\$ 151,145	\$ 113,867	\$ 252,681	\$ 599,778	\$ 527,489	\$ 561,565	\$ 634,466
Contributions in relation to the statutorily required contribution	<u>151,145</u>	<u>113,867</u>	<u>252,681</u>	<u>599,778</u>	<u>527,489</u>	<u>561,565</u>	<u>634,466</u>
Contribution deficiency (excess)	\$ <u> -</u>						
Authority's covered-employee payroll	<u>\$1,764,809</u>	<u>\$1,714,759</u>	<u>\$1,831,365</u>	<u>\$1,811,873</u>	<u>\$1,656,406</u>	<u>\$1,600,531</u>	<u>\$1,637,927</u>
Contributions as a percentage of covered-employee payroll	<u>8.56 %</u>	<u>6.64 %</u>	<u>13.80 %</u>	<u>33.10 %</u>	<u>31.85 %</u>	<u>35.09 %</u>	<u>38.74 %</u>

*** = Until a full 10 year trend is compiled the Authority is presenting information for those years that are available.

See Report of Independent Auditors.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
REQUIRED OTHER POST EMPLOYMENT BENEFITS INFORMATION (continued)
MARCH 31, 2024

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THEIR NET OPEB LIABILITY FOR THE LAST TEN FISCAL YEARS***

	March 31, <u>2018</u>	March 31, <u>2019</u>	March 31, <u>2020</u>	March 31, <u>2021</u>	March 31, <u>2022</u>	March 31, <u>2023</u>	March 31, <u>2024</u>
Authority's proportion of the net OPEB liability	<u>0.0411 %</u>	<u>0.0386 %</u>	<u>0.0340 %</u>	<u>0.0336 %</u>	<u>0.0332 %</u>	<u>0.0320 %</u>	<u>0.0373 %</u>
Authority's proportionate share of the net OPEB liability	<u>\$7,783,519</u>	<u>\$6,051,075</u>	<u>\$4,602,955</u>	<u>\$6,028,088</u>	<u>\$5,968,727</u>	<u>\$5,167,709</u>	<u>\$5,593,087</u>
Authority's covered- employee payroll	<u>\$1,764,809</u>	<u>\$1,714,759</u>	<u>\$1,831,365</u>	<u>\$1,811,873</u>	<u>\$1,656,406</u>	<u>\$1,600,531</u>	<u>\$1,637,927</u>
Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	<u>441.04 %</u>	<u>352.88 %</u>	<u>251.34 %</u>	<u>332.70 %</u>	<u>360.34 %</u>	<u>322.87 %</u>	<u>341.47 %</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>1.03 %</u>	<u>1.97 %</u>	<u>1.98 %</u>	<u>0.91 %</u>	<u>0.28 %</u>	<u>(36.46)%</u>	<u>(0.79)%</u>

*** = Until a full 10 year trend is compiled the Authority is presenting information for those years that are available.

See Report of Independent Auditors.

Perth Amboy Housing Authority (NJ006)

Perth Amboy, NJ

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 03/31/2024

	14.EFA FSS Escrow Forfeiture Account	14.218 Community Development Block Grants/Entitlement Grants	16.1 Component Unit - Discretely Presented	1 Business Activities
111 Cash - Unrestricted			\$665,998	\$1,892,796
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted			\$4,535,450	\$2,729,032
114 Cash - Tenant Security Deposits			\$154,072	
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$0	\$0	\$5,355,520	\$4,621,828
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				\$7,137
125 Accounts Receivable - Miscellaneous				\$425,120
126 Accounts Receivable - Tenants			\$69,029	
126.1 Allowance for Doubtful Accounts - Tenants			-\$20,973	
126.2 Allowance for Doubtful Accounts - Other				\$0
127 Notes, Loans, & Mortgages Receivable - Current			\$29,022	\$3,248
128 Fraud Recovery			\$0	
128.1 Allowance for Doubtful Accounts - Fraud				\$0
129 Accrued Interest Receivable				\$53,166
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$77,078	\$488,671
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets			\$360,987	\$269,462
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$0	\$0	\$5,793,585	\$5,379,961
161 Land			\$1,263,443	\$1,285,000
162 Buildings			\$29,108,933	\$149,844
163 Furniture, Equipment & Machinery - Dwellings			\$477,492	\$276,307
164 Furniture, Equipment & Machinery - Administration				
165 Leasehold Improvements			\$1,206,416	\$55,070
166 Accumulated Depreciation			-\$6,767,983	-\$212,196
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$25,288,301	\$1,554,025
171 Notes, Loans and Mortgages Receivable - Non-Current				\$25,215,816
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets			\$347,730	\$0
176 Investments in Joint Ventures				\$0
180 Total Non-Current Assets	\$0	\$0	\$25,636,031	\$26,769,841
200 Deferred Outflow of Resources				\$901,663
290 Total Assets and Deferred Outflow of Resources	\$0	\$0	\$31,429,616	\$33,051,465

Perth Amboy Housing Authority (NJ006)

Perth Amboy, NJ

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 03/31/2024

	14.EFA FSS Escrow Forfeiture Account	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	1 Business Activities
311 Bank Overdraft				
312 Accounts Payable, <= 90 Days			\$95,023	\$11,753
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable				\$19,868
322 Accrued Compensated Absences - Current Portion				\$123,109
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government			\$123,170	
341 Tenant Security Deposits			\$158,453	
342 Unearned Revenue			\$4,733	\$500
344 Current Portion of Long-term Debt - Operating Borrowings			\$64,850	
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities			\$134,352	\$1,678
346 Accrued Liabilities - Other				
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$0	\$0	\$580,581	\$156,908
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$23,373,182	
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other			\$3,167,836	\$4,510
354 Accrued Compensated Absences - Non Current				\$253,535
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities				\$3,224,871
350 Total Non-Current Liabilities	\$0	\$0	\$26,541,018	\$3,482,916
300 Total Liabilities	\$0	\$0	\$27,121,599	\$3,639,824
400 Deferred Inflow of Resources				\$3,764,433
508.4 Net Investment in Capital Assets			\$643,853	\$1,554,025
511.4 Restricted Net Position			\$4,535,450	\$4,945,951
512.4 Unrestricted Net Position	\$0	\$0	\$871,286	\$19,147,232
513 Total Equity - Net Assets / Position	\$0	\$0	\$4,308,017	\$25,647,208
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$0	\$31,429,616	\$33,051,465

Perth Amboy Housing Authority (NJ006)

Perth Amboy, NJ

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 03/31/2024

	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher	Total
111 Cash - Unrestricted	\$5,240,592		\$2,196	\$7,801,582
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted	\$700,341		\$2,702	\$7,967,525
114 Cash - Tenant Security Deposits				\$154,072
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$5,940,933	\$0	\$4,898	\$15,923,179
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects	\$0	\$53,399	\$5,985	\$59,384
124 Accounts Receivable - Other Government	\$5,787			\$12,924
125 Accounts Receivable - Miscellaneous	\$1,616			\$426,736
126 Accounts Receivable - Tenants				\$69,029
126.1 Allowance for Doubtful Accounts - Tenants				-\$20,973
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current				\$3,248
128 Fraud Recovery	\$43,233			\$72,255
128.1 Allowance for Doubtful Accounts - Fraud	-\$43,233			-\$43,233
129 Accrued Interest Receivable				\$53,166
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$7,403	\$53,399	\$5,985	\$632,536
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$30,108			\$660,557
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$5,978,444	\$53,399	\$10,883	\$17,216,272
161 Land				\$2,548,443
162 Buildings				\$29,258,777
163 Furniture, Equipment & Machinery - Dwellings				\$753,799
164 Furniture, Equipment & Machinery - Administration	\$61,295			\$61,295
165 Leasehold Improvements				\$1,261,486
166 Accumulated Depreciation	-\$48,595			-\$7,028,774
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$12,700	\$0	\$0	\$26,855,026
171 Notes, Loans and Mortgages Receivable - Non-Current				\$25,215,816
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets				\$347,730
176 Investments in Joint Ventures				\$0
180 Total Non-Current Assets	\$12,700	\$0	\$0	\$52,418,572
200 Deferred Outflow of Resources	\$1,641,005			\$2,542,668
290 Total Assets and Deferred Outflow of Resources	\$7,632,149	\$53,399	\$10,883	\$72,177,512

Perth Amboy Housing Authority (NJ006)

Perth Amboy, NJ

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 03/31/2024

	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher	Total
311 Bank Overdraft				
312 Accounts Payable, < 90 Days	\$50,443			\$157,219
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$19,734			\$39,602
322 Accrued Compensated Absences - Current Portion	\$129,256			\$252,365
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs	\$5,398			\$5,398
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government				\$123,170
341 Tenant Security Deposits				\$158,453
342 Unearned Revenue	\$3,753		\$2,702	\$11,688
344 Current Portion of Long-term Debt - Operating Borrowings				\$64,850
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				\$136,030
346 Accrued Liabilities - Other				
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$208,584	\$0	\$2,702	\$948,775
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				\$23,373,182
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other	\$520,017			\$3,692,363
354 Accrued Compensated Absences - Non Current	\$252,458			\$505,993
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities	\$5,628,786			\$8,853,657
350 Total Non-Current Liabilities	\$6,401,261	\$0	\$0	\$36,425,195
300 Total Liabilities	\$6,609,845	\$0	\$2,702	\$37,373,970
400 Deferred Inflow of Resources	\$4,566,023		\$47,517	\$8,377,973
508.4 Net Investment in Capital Assets	\$12,700			\$2,210,578
511.4 Restricted Net Position	\$180,323			\$9,661,724
512.4 Unrestricted Net Position	-\$3,736,742	\$53,399	-\$39,336	\$14,553,267
513 Total Equity - Net Assets / Position	-\$3,543,719	\$53,399	-\$39,336	\$26,425,569
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$7,632,149	\$53,399	\$10,883	\$72,177,512

Perth Amboy Housing Authority (NJ006)

Perth Amboy, NJ

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 03/31/2024

	14.EFA FSS Escrow Forfeiture Account	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	1 Business Activities
70300 Net Tenant Rental Revenue			\$4,842,790	
70400 Tenant Revenue - Other			\$9,000	
70500 Total Tenant Revenue	\$0	\$0	\$4,851,790	\$0
70600 HUD PHA Operating Grants		\$17,000		
70610 Capital Grants				
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants				\$999,000
71100 Investment Income - Unrestricted			\$55,596	\$80,310
71200 Mortgage Interest Income			\$1,972	\$531,902
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				\$0
71400 Fraud Recovery				
71500 Other Revenue			\$153,281	\$843,121
71600 Gain or Loss on Sale of Capital Assets				\$10,805
72000 Investment Income - Restricted				\$227,354
70000 Total Revenue	\$0	\$17,000	\$5,062,639	\$2,692,492
91100 Administrative Salaries		\$13,605	\$429,655	\$470,932
91200 Auditing Fees			\$19,800	\$7,990
91300 Management Fee			\$343,405	
91310 Book-keeping Fee			\$0	
91400 Advertising and Marketing			\$400	\$180
91500 Employee Benefit contributions - Administrative		\$3,395	\$240,890	\$358,071
91600 Office Expenses			\$119,980	\$236,547
91700 Legal Expense			\$22,249	\$22,716
91800 Travel			\$3,913	\$12,468
91810 Allocated Overhead				
91900 Other	\$639		\$66,458	\$10,115
91000 Total Operating - Administrative	\$639	\$17,000	\$1,246,750	\$1,119,019
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other				
92500 Total Tenant Services	\$0	\$0	\$0	\$0
93100 Water			\$322,742	
93200 Electricity			\$369,937	\$9,919
93300 Gas			\$230,302	\$4,473
93400 Fuel				
93500 Labor			\$306,904	
93600 Sewer			\$134,692	
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$0	\$0	\$1,364,577	\$14,392

Perth Amboy Housing Authority (NJ006)

Perth Amboy, NJ

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 03/31/2024

	14.EFA FSS Escrow Forfeiture Account	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	1 Business Activities
94100 Ordinary Maintenance and Operations - Labor				
94200 Ordinary Maintenance and Operations - Materials and Other			\$208,569	\$191
94300 Ordinary Maintenance and Operations Contracts			\$721,931	\$1,437
94500 Employee Benefit Contributions - Ordinary Maintenance			\$131,896	
94000 Total Maintenance	\$0	\$0	\$1,062,396	\$1,628
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				
96120 Liability Insurance				
96130 Workmen's Compensation				
96140 All Other Insurance			\$577,513	\$42,880
96100 Total insurance Premiums	\$0	\$0	\$577,513	\$42,880
96200 Other General Expenses			\$89,500	\$50,000
96210 Compensated Absences				\$29,972
96300 Payments in Lieu of Taxes			\$123,170	
96400 Bad debt - Tenant Rents			\$180	
96500 Bad debt - Mortgages				
96600 Bad debt - Other				\$300,476
96800 Severance Expense				
96000 Total Other General Expenses	\$0	\$0	\$212,850	\$380,448
96710 Interest of Mortgage (or Bonds) Payable			\$563,762	
96720 Interest on Notes Payable (Short and Long Term)			\$23,398	
96730 Amortization of Bond Issue Costs			\$49,039	
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$636,199	\$0
96900 Total Operating Expenses	\$639	\$17,000	\$5,100,285	\$1,558,367
97000 Excess of Operating Revenue over Operating Expenses	-\$639	\$0	-\$37,646	\$1,134,125
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense			\$1,185,914	\$41,475
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$639	\$17,000	\$6,286,199	\$1,599,842

Perth Amboy Housing Authority (NJ006)

Perth Amboy, NJ

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 03/31/2024

	14.EFA FSS Escrow Forfeiture Account	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	1 Business Activities
10010 Operating Transfer In				
10020 Operating transfer Out				
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$639	\$0	-\$1,223,560	\$1,092,650
11020 Required Annual Debt Principal Payments	\$0	\$0	\$62,385	\$0
11030 Beginning Equity	\$639	\$0	\$5,531,577	\$24,554,558
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors				\$0
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				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available			5040	
11210 Number of Unit Months Leased			4932	

Perth Amboy Housing Authority (NJ006)

Perth Amboy, NJ

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 03/31/2024

	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher	Total
70300 Net Tenant Rental Revenue				\$4,842,790
70400 Tenant Revenue - Other				\$9,000
70500 Total Tenant Revenue	\$0	\$0	\$0	\$4,851,790
70600 HUD PHA Operating Grants	\$18,410,695	\$219,853	\$640,592	\$19,288,140
70610 Capital Grants				
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				\$0
70800 Other Government Grants				\$999,000
71100 Investment Income - Unrestricted	\$41,865			\$177,771
71200 Mortgage Interest Income				\$533,874
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				\$0
71400 Fraud Recovery	\$12,164			\$12,164
71500 Other Revenue	\$2,888,756			\$3,885,158
71600 Gain or Loss on Sale of Capital Assets				\$10,805
72000 Investment Income - Restricted				\$227,354
70000 Total Revenue	\$21,353,480	\$219,853	\$640,592	\$29,986,056
91100 Administrative Salaries	\$869,553		\$34,058	\$1,817,803
91200 Auditing Fees	\$7,990			\$35,780
91300 Management Fee				\$343,405
91310 Book-keeping Fee				\$0
91400 Advertising and Marketing				\$580
91500 Employee Benefit contributions - Administrative	\$408,672		\$18,082	\$1,029,110
91600 Office Expenses	\$168,033			\$524,560
91700 Legal Expense				\$44,965
91800 Travel	\$4,048			\$20,429
91810 Allocated Overhead				
91900 Other	\$8,203	\$6,000	\$24,942	\$116,357
91000 Total Operating - Administrative	\$1,466,499	\$6,000	\$77,082	\$3,932,989
92000 Asset Management Fee				
92100 Tenant Services - Salaries		\$159,158		\$159,158
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services		\$54,695		\$54,695
92400 Tenant Services - Other				
92500 Total Tenant Services	\$0	\$213,853	\$0	\$213,853
93100 Water				\$322,742
93200 Electricity				\$379,856
93300 Gas				\$234,775
93400 Fuel				
93500 Labor				\$306,904
93600 Sewer				\$134,692
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$0	\$0	\$0	\$1,378,969

Perth Amboy Housing Authority (NJ006)

Perth Amboy, NJ

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 03/31/2024

	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher	Total
94100 Ordinary Maintenance and Operations - Labor				
94200 Ordinary Maintenance and Operations - Materials and Other				\$208,760
94300 Ordinary Maintenance and Operations Contracts				\$723,368
94500 Employee Benefit Contributions - Ordinary Maintenance				\$131,896
94000 Total Maintenance	\$0	\$0	\$0	\$1,064,024
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				
96120 Liability Insurance				
96130 Workmen's Compensation				
96140 All Other Insurance	\$87,443			\$707,836
96100 Total insurance Premiums	\$87,443	\$0	\$0	\$707,836
96200 Other General Expenses	\$48,348			\$187,848
96210 Compensated Absences	\$23,206			\$53,178
96300 Payments in Lieu of Taxes				\$123,170
96400 Bad debt - Tenant Rents				\$180
96500 Bad debt - Mortgages				
96600 Bad debt - Other				\$300,476
96800 Severance Expense				
96000 Total Other General Expenses	\$71,554	\$0	\$0	\$664,852
96710 Interest of Mortgage (or Bonds) Payable				\$563,762
96720 Interest on Notes Payable (Short and Long Term)				\$23,398
96730 Amortization of Bond Issue Costs				\$49,039
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$636,199
96900 Total Operating Expenses	\$1,625,496	\$219,853	\$77,082	\$8,598,722
97000 Excess of Operating Revenue over Operating Expenses	\$19,727,984	\$0	\$563,510	\$21,387,334
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments	\$16,439,502		\$571,183	\$17,010,685
97350 HAP Portability-In	\$1,991,141			\$1,991,141
97400 Depreciation Expense	\$10,160			\$1,237,549
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$20,066,299	\$219,853	\$648,265	\$28,838,097

Perth Amboy Housing Authority (NJ006)

Perth Amboy, NJ

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 03/31/2024

	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.EHV Emergency Housing Voucher	Total
10010 Operating Transfer In				
10020 Operating transfer Out				
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$1,287,181	\$0	-\$7,673	\$1,147,959
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$62,385
11030 Beginning Equity	-\$4,825,018	\$0	\$15,854	\$25,277,610
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$5,882	\$53,399	-\$47,517	\$0
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	-\$3,724,042			-\$3,724,042
11180 Housing Assistance Payments Equity	\$180,323			\$180,323
11190 Unit Months Available	18012		372	23424
11210 Number of Unit Months Leased	17949		360	23241