

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED MARCH 31, 2022

**WITH
REPORT OF INDEPENDENT AUDITORS**

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
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YEAR ENDED MARCH 31, 2022

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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners of the
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 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, 2022, 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 net position of the primary government and the aggregate discretely presented component units of the Authority, as of March 31, 2022, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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. 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.

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

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 financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

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 December 22, 2022 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 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.

Novogradac & Company LLP

December 22, 2022
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2022

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, 2022. 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 \$18,122,619 (net position) as opposed to \$16,142,899 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 \$15,364,905, an increase of \$2,527,777 from the prior fiscal year.
3. The Authority's unrestricted cash and cash equivalents balance at March 31, 2022 was \$5,521,410 representing an increase of \$471,219 from the prior fiscal year.
4. The Authority had Total Operating Revenues of \$20,290,256 and Total Operating Expenses of \$19,039,923 (including depreciation of \$44,498) for the year ended March 31, 2022.
5. The Authority had capital asset purchases totaling \$84,308 for the year ended March 31, 2022.
6. The Authority's Expenditures of Federal Awards amounted to \$18,704,852 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, 2022

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, 2022

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 47 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		
	<u>3/31/2022</u>	<u>3/31/2021</u>	<u>Change</u>
Cash and Other Current Assets	\$ 7,717,247	\$ 6,299,482	\$ 1,417,765
Restricted Cash	571,428	1,297,107	(725,679)
Notes Receivable	23,553,387	23,560,171	(6,784)
Capital Assets - Net	322,418	282,608	39,810
Other Assets	1,285,000	1,285,000	-
Deferred Outflows of Resources	1,508,748	1,980,893	(472,145)
Total Assets	<u>34,958,228</u>	<u>34,705,261</u>	<u>252,967</u>
Less: Total Liabilities	11,196,145	12,822,751	(1,626,606)
Less: Deferred Inflows of Resources	5,639,464	5,739,611	(100,147)
Net Position	<u>\$ 18,122,619</u>	<u>\$ 16,142,899</u>	<u>\$ 1,979,720</u>
Net Investment in Capital Assets	\$ 322,418	\$ 282,608	\$ 39,810
Restricted Net Position	2,435,296	3,023,163	(587,867)
Unrestricted Net Position	15,364,905	12,837,128	2,527,777
Net Position	<u>\$ 18,122,619</u>	<u>\$ 16,142,899</u>	<u>\$ 1,979,720</u>

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2022

C. The Authority (Primary Government) as a Whole

1. Cash and other current assets increased \$1,417,765 primarily due operating revenues outweighing operating expenses for the year ended March 31, 2022.
2. Non-current assets decreased \$732,463 primarily due a decrease in Housing Assistance Payment reserves.
3. Capital assets, net increased \$39,810 due to additions \$84,308, net of depreciation of \$44,498 taken in the current year.
4. Liabilities decreased \$1,626,606 primarily due to the change in the net pension liability of (\$1,329,332) and net OPEB liability of (\$59,361).

	Year Ended		Change
	3/31/2022	3/31/2021	
<u>Revenues</u>			
HUD Operating Grants	\$ 16,250,783	\$ 16,100,532	\$ 150,251
Other Governmental Grants	187,301	15,000	172,301
Fraud Recovery Revenue	3,850	6,661	(2,811)
Other Revenues	3,848,322	4,431,589	(583,267)
Total Operating Revenues	<u>20,290,256</u>	<u>20,553,782</u>	<u>-263,526</u>
<u>Expenses</u>			
Other Operating Expenses	3,254,902	3,288,645	(33,743)
Housing Assistance Payments	15,740,523	15,167,317	573,206
Depreciation Expense	44,498	28,238	16,260
Total Operating Expenses	<u>19,039,923</u>	<u>18,484,200</u>	<u>555,723</u>
Operating Income	1,250,333	2,069,582	(819,249)
<u>Non-Operating Revenues (Expenses)</u>			
Interest Income	1,038,852	550,496	488,356
Bad Debt Expense	(309,465)	(535,395)	225,930
Capital Grants	-	88,400	(88,400)
Total Net Non-Operating Revenues (Expenses)	<u>729,387</u>	<u>103,501</u>	<u>625,886</u>
Change in Net Position	1,979,720	2,173,083	(193,363)
Net Position - Beginning of Year	16,142,899	13,969,816	2,173,083
Net Position - End of Year	<u>\$ 18,122,619</u>	<u>\$ 16,142,899</u>	<u>\$ 1,979,720</u>

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2022

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

1. HUD and other government subsidies increased \$322,552 primarily due to the award of Emergency Housing Vouchers funds and Disaster Grants – Public Assistance.
2. Housing assistance payments expense increased \$573,206 due to an increase in unit months leased during year ending 2022.

D. Budgetary Highlights

For the year ended March 31, 2022, 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, 2022, the Authority's investment in capital assets for its Proprietary Fund was \$322,418 (net of accumulated depreciation). There were capital assets purchased totaling \$84,308 during the year.

	As of		
	3/31/2022	3/31/2021	Change
Land	\$ -	\$ -	\$ -
Building and Improvements	204,914	88,312	116,602
Furniture and Equipment	313,872	229,564	84,308
Construction in Progress	-	116,602	(116,602)
Total Capital Assets	518,786	434,478	84,308
Less: Accumulated Depreciation	196,368	151,870	44,498
Net Capital Assets	\$ 322,418	\$ 282,608	\$ 39,810

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2022

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, 2022.

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 \$5,521,410 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
MARCH 31, 2022

ASSETS			
	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Current assets:			
Cash and cash equivalents	\$ 5,521,410	\$ 1,877,734	\$ 7,399,144
Tenant security deposits	-	146,528	146,528
Accounts receivable, net	1,167,724	52,031	1,219,755
Accrued interest receivable	721,639	-	721,639
Prepaid expenses	306,474	200,763	507,237
Total current assets	7,717,247	2,277,056	9,994,303
Non-current assets:			
Restricted cash	571,428	4,313,715	4,885,143
Notes receivable, net	23,553,387	-	23,553,387
Capital assets, net	322,418	25,887,187	26,209,605
Prepaid ground lease	1,285,000	-	1,285,000
Other assets	-	419,864	419,864
Total non-current assets	25,732,233	30,620,766	56,352,999
Total assets	33,449,480	32,897,822	66,347,302
DEFERRED OUTFLOWS OF RESOURCES			
State of New Jersey P.E.R.S.	103,321	-	103,321
State of New Jersey S.H.B.P.	1,405,427	-	1,405,427
Total deferred outflows of resources	1,508,748	-	1,508,748
Total assets and deferred outflows of resources	\$ 34,958,228	\$ 32,897,822	\$ 67,856,050

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
STATEMENT OF NET POSITION (continued)
MARCH 31, 2022

LIABILITIES			
	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Current liabilities:			
Accounts payable	\$ 56,883	\$ 212,712	\$ 269,595
Accrued expenses	29,291	-	29,291
Accrued compensated absences, current	226,238	-	226,238
Tenant security deposits	-	145,589	145,589
Unearned revenue	23,958	6,098	30,056
Loans payable, current	-	59,783	59,783
Other accrued liabilities	-	465,303	465,303
Total current liabilities	<u>336,370</u>	<u>889,485</u>	<u>1,225,855</u>
Non-current liabilities:			
Accrued compensated absences, non-current	463,446	-	463,446
Loans payable, non-current	-	23,303,256	23,303,256
Accrued interest payable	-	1,915,511	1,915,511
Deferred developer fees	-	381,628	381,628
Accrued pension liability	3,018,292	-	3,018,292
Accrued OPEB liability	5,968,727	-	5,968,727
Other non-current liabilities	1,409,310	-	1,409,310
Total non-current liabilities	<u>10,859,775</u>	<u>25,600,395</u>	<u>36,460,170</u>
Total liabilities	<u>11,196,145</u>	<u>26,489,880</u>	<u>37,686,025</u>
DEFERRED INFLOWS OF RESOURCES			
State of New Jersey P.E.R.S.	2,280,732	-	2,280,732
State of New Jersey S.H.B.P.	3,358,732	-	3,358,732
Total deferred inflows of resources	<u>5,639,464</u>	<u>-</u>	<u>5,639,464</u>
NET POSITION			
Net position:			
Net investment in capital assets	322,418	2,524,148	2,846,566
Restricted	2,435,296	4,313,715	6,749,011
Unrestricted	15,364,905	(429,921)	14,934,984
Total net position	<u>18,122,619</u>	<u>6,407,942</u>	<u>24,530,561</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 34,958,228</u>	<u>\$ 32,897,822</u>	<u>\$ 67,856,050</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, 2022

	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Operating revenues:			
Tenant revenue	\$ -	\$ 4,554,642	\$ 4,554,642
HUD operating grants	16,250,783	-	16,250,783
Other government grants	187,301	-	187,301
Fraud recovery revenue	3,850	-	3,850
Other revenues	<u>3,848,322</u>	<u>174,773</u>	<u>4,023,095</u>
Total operating revenues	<u>20,290,256</u>	<u>4,729,415</u>	<u>25,019,671</u>
Operating expenses:			
Administrative	2,632,474	1,044,328	3,676,802
Tenant services	233,693	-	233,693
Utilities	-	1,236,158	1,236,158
Ordinary maintenance and operations	5,850	795,142	800,992
Protective services	172,301	-	172,301
Insurance	153,468	257,217	410,685
General	57,116	186,739	243,855
Housing assistance payments	15,740,523	-	15,740,523
Amortization	-	36,068	36,068
Depreciation	<u>44,498</u>	<u>1,216,521</u>	<u>1,261,019</u>
Total operating expenses	<u>19,039,923</u>	<u>4,772,173</u>	<u>23,812,096</u>
Operating income (loss)	<u>1,250,333</u>	<u>(42,758)</u>	<u>1,207,575</u>
Non-operating revenues (expenses):			
Investment income	9,788	10,382	20,170
Mortgage interest income	1,029,064	-	1,029,064
Bad debt expense - accrued interest receivable	(309,465)	-	(309,465)
Interest expense	<u>-</u>	<u>(609,257)</u>	<u>(609,257)</u>
Net non-operating revenues (expenses)	<u>729,387</u>	<u>(598,875)</u>	<u>130,512</u>
Change in net position	1,979,720	(641,633)	1,338,087
Net position, beginning of year	<u>16,142,899</u>	<u>7,049,575</u>	<u>23,192,474</u>
Net position, end of year	<u>\$ 18,122,619</u>	<u>\$ 6,407,942</u>	<u>\$ 24,530,561</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, 2022**

	Primary Government
Cash Flows from Operating Activities:	
Cash received from tenants and others	\$ 4,218,321
Cash received from grantors	15,695,157
Cash paid to vendors and suppliers	(17,427,853)
Cash paid to employees	<u>(2,672,349)</u>
Net cash used in operating activities	<u>(186,724)</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	<u>(84,308)</u>
Net cash used in capital and related financing activities	<u>(84,308)</u>
Cash Flows from Investing Activities:	
Investment income	9,788
Collection of notes receivable	<u>6,784</u>
Net cash provided by investing activities	<u>16,572</u>
Net decrease in cash and cash equivalents and restricted cash	(254,460)
Cash and cash equivalents and restricted cash, beginning of year	<u>6,347,298</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 6,092,838</u>
Reconciliation of cash and cash equivalents and restricted cash to Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 5,521,410
Restricted cash	<u>571,428</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 6,092,838</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, 2022**

	<u>Primary Government</u>
Reconciliation of operating income to net cash used in operating activities:	
Operating income	\$ 1,250,333
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation	44,498
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Accounts receivable, net	(186,673)
Prepaid expenses	(40,274)
Deferred outflows of resources	472,145
Accounts payable	(30,151)
Accrued expenses	(39,875)
Prepaid rent	(547)
Accrued compensated absences	(2,362)
Other liabilities	8,527
Accrued pension liability	(1,329,332)
Accrued OPEB liability	(59,361)
Unearned revenue	(173,505)
Deferred inflows of resources	<u>(100,147)</u>
Net cash used in operating activities	<u>\$ (186,724)</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, 2022

ASSETS			
	<u>Dunlap RAD, LLC</u>	<u>Hansen RAD, LLC</u>	Total Discretely Presented Component Units
Current assets:			
Cash and cash equivalents	\$ 1,289,428	\$ 588,306	\$ 1,877,734
Tenant security deposits	98,268	48,260	146,528
Accounts receivable, net	35,524	16,507	52,031
Prepaid expenses	<u>180,217</u>	<u>20,546</u>	<u>200,763</u>
Total current assets	<u>1,603,437</u>	<u>673,619</u>	<u>2,277,056</u>
Non-current assets:			
Restricted cash	3,080,213	1,233,502	4,313,715
Capital assets, net	14,802,806	11,084,381	25,887,187
Other assets	<u>183,491</u>	<u>236,373</u>	<u>419,864</u>
Total non-current assets	<u>18,066,510</u>	<u>12,554,256</u>	<u>30,620,766</u>
Total assets	<u>\$ 19,669,947</u>	<u>\$ 13,227,875</u>	<u>\$ 32,897,822</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 137,215	\$ 75,497	\$ 212,712
Tenant security deposits	98,004	47,585	145,589
Prepaid rent	3,489	2,609	6,098
Loans payable, current	44,224	15,559	59,783
Other accrued liabilities	<u>267,916</u>	<u>197,387</u>	<u>465,303</u>
Total current liabilities	<u>550,848</u>	<u>338,637</u>	<u>889,485</u>
Non-current liabilities:			
Loans payable, non-current	14,019,971	9,283,285	23,303,256
Accrued interest payable	1,182,813	732,698	1,915,511
Deferred developer fees	<u>54,486</u>	<u>327,142</u>	<u>381,628</u>
Total non-current liabilities	<u>15,257,270</u>	<u>10,343,125</u>	<u>25,600,395</u>
Total liabilities	<u>15,808,118</u>	<u>10,681,762</u>	<u>26,489,880</u>
NET POSITION			
Net position:			
Net investment in capital assets	738,611	1,785,537	2,524,148
Restricted	3,080,213	1,233,502	4,313,715
Unrestricted	<u>43,005</u>	<u>(472,926)</u>	<u>(429,921)</u>
Total net position	<u>3,861,829</u>	<u>2,546,113</u>	<u>6,407,942</u>
Total liabilities and net position	<u>\$ 19,669,947</u>	<u>\$ 13,227,875</u>	<u>\$ 32,897,822</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, 2022**

	<u>Dunlap RAD, LLC</u>	<u>Hansen RAD, LLC</u>	<u>Total Discretely Presented Component Units</u>
Operating revenues:			
Tenant revenue	\$ 3,061,388	\$ 1,493,254	\$ 4,554,642
Other revenues	<u>229</u>	<u>174,544</u>	<u>174,773</u>
Total operating revenues	<u>3,061,617</u>	<u>1,667,798</u>	<u>4,729,415</u>
Operating expenses:			
Administrative	566,697	477,631	1,044,328
Utilities	951,495	284,663	1,236,158
Ordinary maintenance and operations	315,293	479,849	795,142
Insurance	168,064	89,153	257,217
General	119,005	67,734	186,739
Amortization	15,728	20,340	36,068
Depreciation	<u>672,654</u>	<u>543,867</u>	<u>1,216,521</u>
Total operating expenses	<u>2,808,936</u>	<u>1,963,237</u>	<u>4,772,173</u>
Operating income (loss)	<u>252,681</u>	<u>(295,439)</u>	<u>(42,758)</u>
Non-operating revenues (expenses):			
Investment income	8,398	1,984	10,382
Interest expense	<u>(353,220)</u>	<u>(256,037)</u>	<u>(609,257)</u>
Net non-operating revenues (expenses)	<u>(344,822)</u>	<u>(254,053)</u>	<u>(598,875)</u>
Change in net position	(92,141)	(549,492)	(641,633)
Net position, beginning of year	<u>3,953,970</u>	<u>3,095,605</u>	<u>7,049,575</u>
Net position, end of year	<u>\$ 3,861,829</u>	<u>\$ 2,546,113</u>	<u>\$ 6,407,942</u>

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

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 (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 governing board 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, 2022

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.

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.

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

Dunlap RAD, LLC

Dunlap RAD, LLC ("Dunlap") was formed as a New Jersey limited liability company on November 29, 2017. The purpose of Dunlap 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.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

Hansen RAD, LLC

Hansen RAD, LLC ("Hansen") was formed as a New Jersey limited liability company on November 30, 2017. The purpose of Hansen 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, 2021 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.

Public and Indian Housing Program

The Public and Indian Housing Program is designed to provide low-cost housing. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program. The Authority converted all of its public housing units to project based vouchers under HUD's Rental Assistance Demonstration Program ("RAD"). Accordingly, the Authority will no longer operate a Public and Indian Housing Program.

Public Housing Capital Fund Program

The purpose of the Public Housing Capital Fund Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing and improving the central office facilities. Funding for this program is provided by grants from HUD.

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, 2022

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 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 PHA's 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 PHA's and affiliate entities.

CARES Act Funding

During the year ended March 31, 2022, the Authority was awarded CARES Act funding as part of the Section 8 Housing Choice Vouchers Program. These funds are to be used to prevent, prepare for, and respond to the Coronavirus ("COVID-19"), as well as help the Agency maintain normal operations during the period impacted by COVID-19.

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.

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 outflows and inflows 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.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash and Cash Equivalents (continued)

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.

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.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Capital Assets, Net (continued)

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. For the year ended March 31, 2022, there were no impairment losses incurred.

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. 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.

N. 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.

O. Prepaid Rent

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

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. 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.

Q. 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.

R. Other Post Employment Benefits

For purposes of measuring the net 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 of New Jersey State Health Benefits Local Government Retired Employees 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.

S. 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.

T. Equity Classifications

Equity is classified as net position and 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.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Equity Classifications (continued)

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.”

U. 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 in accordance with GASB 33 and are accounted for as revenue. Other contributions from HUD that are for development and modernization of capital assets are reflected separately in the accompanying financial statements as capital grants. 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.

V. 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.

W. 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.

X. 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.

Y. 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").

**HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Y. Risk Management (continued)

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 year ended March 31, 2022.

Z. 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, 2022, the Authority estimates that no material liabilities will result from such audits.

NOTE 2. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

As of March 31, 2022, 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 \$6,092,838, and the bank balances approximated \$6,103,338.

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Unrestricted	\$ 5,521,410	\$ 1,877,734	\$ 7,399,144
Tenant security deposits	-	146,528	146,528
Restricted	<u>571,428</u>	<u>4,313,715</u>	<u>4,885,143</u>
Total cash and cash equivalents	<u>\$ 6,092,838</u>	<u>\$ 6,337,977</u>	<u>\$ 12,430,815</u>

Of the primary government's bank balances, \$1,000,807 was covered by federal depository insurance and the remaining \$5,102,531 was collateralized by GUDPA as of March 31, 2022.

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, 2022, the Authority's bank balances were not exposed to custodial credit risk.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following as of March 31, 2022:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Accounts receivable - tenants, net	\$ -	\$ 49,781	\$ 49,781
Accounts receivable - HUD	424,084	-	424,084
Accounts receivable - PHA projects	23,492	-	23,492
Accounts receivable - other governments	175,941	-	175,941
Accounts receivable - miscellaneous	<u>544,207</u>	<u>2,250</u>	<u>546,457</u>
Total accounts receivable, net	<u>\$ 1,167,724</u>	<u>\$ 52,031</u>	<u>\$ 1,219,755</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 \$23,806.

Accounts Receivable - HUD

As of March 31, 2022, accounts receivable - HUD consisted of amounts due to the Authority for amounts expended under the Public Housing Capital Fund 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.

Accounts Receivable - PHA Projects

Accounts receivable - PHA projects represents amounts owed to the Authority by other PHAs under the portability provisions of the Section 8 Housing Choice Vouchers Program. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

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 and Hansen. 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, 2022

NOTE 4. RESTRICTED DEPOSITS

As of March 31, 2022, 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	\$ 133,887	\$ -	\$ 133,887
Construction reserve escrows	-	7,966	7,966
Reserve and replacement escrows	-	2,143,936	2,143,936
Debt service escrows	-	2,426	2,426
Working capital escrows	-	88,543	88,543
Insurance and tax escrows	-	151,725	151,725
Operating deficit escrows	-	1,871,151	1,871,151
Revenue Bond trustee reserves	-	47,968	47,968
Family Self-Sufficiency escrows	423,406	-	423,406
EHV fund reserves	14,135	-	14,135
Tenant security deposits	-	146,528	146,528
Total restricted deposits	\$ <u>571,428</u>	\$ <u>4,460,243</u>	\$ <u>5,031,671</u>

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

The Authority funded construction reserve accounts as part of their conversion of Dunlap and Hansen to RAD. The construction reserve funds will be used for various construction related expenditures in accordance with the RAD Use Agreement.

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.

Family Self-Sufficiency ("FSS") Program escrows are restricted for use in the Section 8 Housing Choice Vouchers Program by FSS Program participants.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022

NOTE 4. RESTRICTED DEPOSITS (continued)

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. NOTES RECEIVABLE

Notes receivable of the primary government consists of the following as of March 31, 2022:

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 \$2,053 as of March 31, 2022. \$ 351,409

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 \$225,553 as of March 31, 2022. 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 \$841,773 as of March 31, 2022. 7,150,000

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 bond accrues 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 \$81,366 as of March 31, 2022. 2,300,000

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022

NOTE 5. NOTES RECEIVABLE (continued)

<p>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 \$178,859 as of March 31, 2022.</p>	3,876,746
<p>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 \$666,296 as of March 31, 2022.</p>	5,659,500
<p>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 \$104,532 as of March 31, 2022.</p>	2,265,732
<p>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.</p>	1,597,500
<p>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.</p>	<u>1,102,500</u>
Total notes receivable	26,253,387
Allowance on notes receivable	<u>(2,700,000)</u>
Notes receivable, net	<u>\$ 23,553,387</u>

As of March 31, 2022, the current portion of notes receivable amounted to \$-0- and accrued interest on the notes receivable totaled \$721,639, which is shown net of an allowance for uncollectable interest of \$1,378,793. Management estimates that \$721,639 of the accrued interest will be collected currently.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022

NOTE 6. CAPITAL ASSETS, NET

The following is a summary of the primary government's changes in capital assets during the year ended March 31, 2022:

Description	March 31, 2021	Additions	Dispositions	Transfers	March 31, 2022
<u>Non-depreciable capital assets:</u>					
Construction in progress	\$ 116,602	\$ -	\$ -	\$ (116,602)	\$ -
<u>Depreciable capital assets:</u>					
Buildings and improvements	88,312	-	-	116,602	204,914
Furniture and equipment	<u>229,564</u>	<u>84,308</u>	<u>-</u>	<u>-</u>	<u>313,872</u>
Subtotal	<u>317,876</u>	<u>84,308</u>	<u>-</u>	<u>116,602</u>	<u>518,786</u>
Less: accumulated depreciation	<u>151,870</u>	<u>44,498</u>	<u>-</u>	<u>-</u>	<u>196,368</u>
Net capital assets	<u>\$ 282,608</u>	<u>\$ 39,810</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 322,418</u>

Depreciation expense for the primary government for the fiscal year ended March 31, 2022 amounted to \$44,498.

The following is a summary of the Authority's discretely presented component units' changes in capital assets during the year ended March 31, 2022:

Description	March 31, 2021	Additions	Dispositions	Transfers	March 31, 2022
<u>Non-depreciable capital assets:</u>					
Land	\$ 1,249,993	\$ 13,450	\$ -	\$ -	\$ 1,263,443
<u>Depreciable capital assets:</u>					
Buildings and improvements	28,511,799	-	-	-	28,511,799
Furniture and equipment	<u>459,092</u>	<u>18,400</u>	<u>-</u>	<u>-</u>	<u>477,492</u>
Subtotal	<u>28,970,891</u>	<u>18,400</u>	<u>-</u>	<u>-</u>	<u>28,989,291</u>
Less: accumulated depreciation	<u>3,149,026</u>	<u>1,216,521</u>	<u>-</u>	<u>-</u>	<u>4,365,547</u>
Net capital assets	<u>\$ 27,071,858</u>	<u>\$ (1,184,671)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,887,187</u>

Depreciation expense for Authority's discretely presented component units for the fiscal year ended March 31, 2022 amounted to \$1,216,521.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022

NOTE 7. ACCOUNTS PAYABLE

As of March 31, 2022, accounts payable consisted of the following:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Accounts payable - vendors	\$ 56,107	\$ 116,869	\$ 172,976
Accounts payable - PHA projects	776	-	776
Accounts payable - other governments	<u>-</u>	<u>95,843</u>	<u>95,843</u>
Total account payable	<u>\$ 56,883</u>	<u>\$ 212,712</u>	<u>\$ 269,595</u>

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, 2022, 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 8. 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 the PHA owned 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. During the fiscal year ended March 31, 2022, PILOT expense of the Authority's discretely presented component units, Dunlap and Hansen amounted to \$68,122 and \$33,199, respectively.

NOTE 9. LOANS PAYABLE

Loans payable of the Authority's discretely presented component units consisted of the following as of March 31, 2022:

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 \$689,220 as of March 31, 2022. \$ 6,350,000

**HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022**

NOTE 9. LOANS PAYABLE (continued)

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 \$493,593 as of March 31, 2022. 3,876,745

The New Jersey Housing and Mortgage Finance Agency has issued a 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 noted is secured by a mortgage on the multi-family property. The bond is payable to TD Bank, accrues interest at a fixed rate of 4.06% per annum, and has 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. 2,260,185

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

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 \$624,635 as of March 31, 2022. 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 \$108,063 as of March 31, 2022. 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. 271,111

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022

NOTE 9. LOANS PAYABLE (continued)

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	23,383,274
Less: unamortized debt issuance costs	<u>20,235</u>
Total loans payable, excluding unamortized debt issuance costs	<u>\$ 23,363,039</u>

As of March 31, 2022, the current portion of loans payable amounted to \$59,783 and accrued interest payable on the loans payable totaled \$1,915,511.

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

Year	Principal	Interest	Total
2023	\$ 59,783	\$ 104,699	\$ 164,482
2024	62,385	102,096	164,481
2025	64,850	99,632	164,482
2026	67,926	96,557	164,483
2027	70,884	93,598	164,482
2028-2032	403,179	435,982	839,161
2033-2037	1,802,289	278,471	2,080,760
2038-2042	-	-	-
2043-2047	-	-	-
2048-2052	18,151,978	9,217,499	27,369,477
2053-2057	<u>2,700,000</u>	<u>-</u>	<u>2,700,000</u>
	<u>\$ 23,383,274</u>	<u>\$ 10,428,534</u>	<u>\$ 33,811,808</u>

NOTE 10. NON-CURRENT LIABILITIES

Non-current liabilities activity of the primary government during the year ended March 31, 2022 consisted of the following:

	March 31, 2021	Additions	Payments/ Retirements	March 31, 2022	Due in One Year
Compensated absences	\$ 692,046	\$ 162,854	\$ 165,216	\$ 689,684	\$ 226,238
Accrued pension liability	4,347,624	-	1,329,332	3,018,292	-
Accrued OPEB liability	6,028,088	-	59,361	5,968,727	-
Prepaid lease	1,000,946	-	15,042	985,904	-
Family self sufficiency escrows	<u>399,837</u>	<u>23,569</u>	<u>-</u>	<u>423,406</u>	<u>-</u>
Totals	<u>\$ 12,468,541</u>	<u>\$ 186,423</u>	<u>\$ 1,568,951</u>	<u>\$ 11,086,013</u>	<u>\$ 226,238</u>

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022

NOTE 10. NON-CURRENT LIABILITIES (continued)

Non-current liabilities activity of the Authority's discretely presented component units during the year ended March 31, 2022 consisted of the following:

	March 31, 2021	Additions	Payments/ Retirements	March 31, 2022	Due in One Year
Loans payable	\$ 23,418,852	\$ -	\$ 55,813	\$ 23,363,039	\$ 59,783
Accrued interest payable	1,414,924	500,587	-	1,915,511	-
Deferred developer fees	<u>878,469</u>	<u>-</u>	<u>496,841</u>	<u>381,628</u>	<u>-</u>
Totals	<u>\$ 25,712,245</u>	<u>\$ 500,587</u>	<u>\$ 552,654</u>	<u>\$ 25,660,178</u>	<u>\$ 59,783</u>

NOTE 11. 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. 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.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022

NOTE 11. PENSION PLAN (continued)

C. Contributions (continued)

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, 2022, the Authority reported a liability of \$3,018,292, for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2020, and rolled forward to June 30, 2021.

For the year ended March 31, 2022, the Authority recognized pension benefit of \$773,666. At March 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes of Assumptions	\$ 15,719	\$ 1,074,531
Changes in Proportion	40,000	389,497
Differences between expected and actual experience	47,602	21,607
Net differences between actual and projected earnings on pension plan investments	<u>-</u>	<u>795,097</u>
Total	<u>\$ 103,321</u>	<u>\$ 2,280,732</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>
2023	\$ (848,355)
2024	(605,723)
2025	(413,000)
2026	(310,453)
2027	<u>120</u>
	<u>\$ (2,177,411)</u>

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022

NOTE 11. PENSION PLAN (continued)

E. Actuarial Assumptions

The collective total pension liability at the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following assumptions.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00 - 6.00% based on years of service
Thereafter	3.00 - 7.00% 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. 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, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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, 2021, 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	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.95%
Risk Mitigation Strategies	3.00%	3.35%

**HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022**

NOTE 11. PENSION PLAN (continued)

G. Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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.

	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>4,154,117</u>	\$ <u>3,018,292</u>	\$ <u>2,113,863</u>

NOTE 12. 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 financial statements, 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.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022

NOTE 12. OTHER POST EMPLOYMENT BENEFITS PLAN (continued)

B. Benefits (continued)

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, 2022, the Authority reported a liability of \$5,968,727, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and rolled forward to June 30, 2021.

For the year ended March 31, 2022, the Authority recognized an OPEB benefit of \$243,029. At March 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 858,619	\$ 1,055,043
Changes in Proportion	57,557	1,054,943
Differences between expected and actual experience	133,931	1,248,746
Net differences between projected and actual investment earnings on OPEB plan investments	2,854	-
Contributions paid subsequent to the measurement date	<u>352,466</u>	<u>-</u>
Total	<u>\$ 1,405,427</u>	<u>\$ 3,358,732</u>

Other amounts reported as deferred outflow of resources and deferred inflow of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>Amount</u>
Year ending March 31:	
2023	\$ (532,057)
2024	(532,757)
2025	(533,396)
2026	(380,900)
2027	(64,032)
Thereafter	<u>89,837</u>
	<u>\$ (1,953,305)</u>

**HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022**

NOTE 12. OTHER POST EMPLOYMENT BENEFITS PLAN (continued)

D. Actuarial Assumptions

The total OPEB liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following assumptions:

Inflation Rate	2.50%
Salary increases:	
Through 2026	2.00 to 6.00% based on years of service
Thereafter	3.00 to 7.00% 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. Certain actuarial assumptions used in the July 1, 2020 valuation were based on the results of the PERS experience studies prepared for July 1, 2014 to June 30, 2018. 100% of active members are considered to participate in the Plan upon retirement.

E. Discount Rate

The discount rate used to measure the total OPEB liability was 2.16% as of June 30, 2021. 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 2.16%, 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 (1.16%) or 1 percentage point higher (3.16%) than the current rate.

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Authority's proportionate share of the net OPEB liability	\$ <u>7,024,047</u>	\$ <u>5,968,727</u>	\$ <u>5,132,364</u>

G. Healthcare Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years.

HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022

NOTE 12. OTHER POST EMPLOYMENT BENEFITS PLAN (continued)

H. 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 healthcare trend rate as disclosed above, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a healthcare trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	<u>1% Decrease</u>	Healthcare Cost <u>Trend Rate</u>	<u>1% Increase</u>
Authority's proportionate share of the net OPEB liability	\$ <u>4,979,929</u>	\$ <u>5,968,727</u>	\$ <u>7,258,987</u>

NOTE 13. RESTRICTED NET POSITION

As of March 31, 2022, 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	\$ 133,887	\$ -	\$ 133,887
Construction reserve escrows	-	7,966	7,966
Reserve and replacement escrows	-	2,143,936	2,143,936
Debt service escrows	-	2,426	2,426
Working capital escrows	-	88,543	88,543
Insurance and tax escrows	-	151,725	151,725
Operating deficit escrows	-	1,871,151	1,871,151
Revenue Bond trustee escrows	-	47,968	47,968
Mixed finance loan receivable reserves	<u>2,301,409</u>	<u>-</u>	<u>2,301,409</u>
Total restricted net position	<u>\$ 2,435,296</u>	<u>\$ 4,313,715</u>	<u>\$ 6,749,011</u>

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

The Authority funded construction reserve accounts as part of their conversion of Dunlap and Hansen to RAD. The construction reserve funds will be used for various construction related expenditures in accordance with the RAD Use Agreement.

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, 2022

NOTE 13. RESTRICTED NET POSITION (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.

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

NOTE 14. COMMITMENTS AND CONTINGENCIES

The Authority has assumed certain financial guarantees on behalf of Dunlap and Hansen. 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 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 the deficits that occur prior to re-tenanting the property to stabilized occupancy for the balance of the compliance period.

As of March 31, 2022, 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, 2022, the Authority estimates that no material liabilities will result from such audits.

NOTE 15. 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 December 22, 2022, which is the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or 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 of the
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 and for the year ended March 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated December 22, 2022. 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

December 22, 2022
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 of the
Housing Authority of the City of Perth Amboy:

Opinion on 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, 2022. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State of New Jersey OMB Circular 15-08. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' 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*, the Uniform Guidance, and the State of New Jersey OMB Circular 15-08, 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 generally accepted auditing standards, *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 the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 and the State of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Novogradac & Company LLP

December 22, 2022
Toms River, New Jersey

**HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2022**

Federal Grantor/Program Title	Federal Assistance Listing Number	State Pass-through Number	Grant Period From / To		Grant Award	Total Fiscal Year Federal Expenditures	Cumulative Expenditures
<u>U.S. Department of Housing and Urban Development</u>							
Housing Voucher Cluster							
Section 8 Housing Choice Voucher	14.871	N/A	4/1/2021	3/31/2022	\$ 14,337,173	\$ 16,605,496	\$ 16,605,496
Housing Choice Voucher CARES Act	14.HCC	N/A	4/1/2020	3/31/2022	1,083,781	187,640	1,083,781
Emergency Housing Vouchers	14.EHV	N/A	4/1/2021	3/31/2022	<u>449,116</u>	<u>447,561</u>	<u>447,561</u>
Total Housing Voucher Cluster					<u>15,870,070</u>	<u>17,240,697</u>	<u>18,136,838</u>
Public and Indian Housing	14.850	N/A	1/1/2021	9/30/2030	456,160	174,725	456,162
Public Housing Capital Fund	14.872	N/A	5/29/2018	2/22/2025	1,183,656	951,337	1,150,657
Resident Opportunity and Supportive Services - Service Coordinators	14.870	N/A	1/15/2021	12/31/2022	<u>333,199</u>	<u>150,792</u>	<u>187,845</u>
Total Direct Awards					<u>17,843,085</u>	<u>18,517,551</u>	<u>19,931,502</u>
Passed Through the City of Perth Amboy: Community Development Block Grant	14.218	N/A	6/1/2020	5/31/2021	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
Total U.S. Department of Housing and Urban Development					<u>17,858,085</u>	<u>18,532,551</u>	<u>19,946,502</u>
<u>U.S. Department of Homeland Security</u>							
Disaster Grants - Public Assistance	97.036	N/A	4/1/2021	6/30/2022	<u>172,301</u>	<u>172,301</u>	<u>172,301</u>
Total Expenditures of Federal Awards					<u>\$ 18,030,386</u>	<u>\$ 18,704,852</u>	<u>\$ 20,118,803</u>

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, 2022**

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, 2022. 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
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED MARCH 31, 2022**

NOTE 4. SCHEDULE OF CAPITAL FUND PROGRAM COSTS AND ADVANCES

The total amounts of Capital Fund Program Costs and Advances incurred and earned by the Authority as of and for the year ended March 31, 2022 are provided herein.

	<u>501-18</u>	<u>501-19</u>	<u>501-20</u>	<u>501-21</u>	<u>Total</u>
Budget	\$ <u>294,539</u>	\$ <u>310,145</u>	\$ <u>332,321</u>	\$ <u>246,651</u>	\$ <u>1,183,656</u>
<u>Advances:</u>					
Cumulative through 3/31/2021	\$ 198,104	\$ 1,216	\$ -	\$ -	\$ 199,320
Current year	<u>96,435</u>	<u>202,564</u>	<u>227,474</u>	<u>19,052</u>	<u>545,525</u>
Cumulative through 3/31/2022	<u>294,539</u>	<u>203,780</u>	<u>227,474</u>	<u>19,052</u>	<u>744,845</u>
<u>Costs:</u>					
Cumulative through 3/31/2021	198,104	1,216	-	-	199,320
Current year	<u>96,435</u>	<u>308,929</u>	<u>299,322</u>	<u>246,651</u>	<u>951,337</u>
Cumulative through 3/31/2022	<u>294,539</u>	<u>310,145</u>	<u>299,322</u>	<u>246,651</u>	<u>1,150,657</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>(106,365)</u>	\$ <u>(71,848)</u>	\$ <u>(227,599)</u>	\$ <u>(405,812)</u>

As of the report date, December 22, 2022, the Public Housing Capital Fund Grants NJ39P006501-18, NJ39P006501-19, and NJ39P006501-21 with approved fundings of \$294,539, \$310,145, and \$246,651 respectively, have been fully drawn down and expended as per Capital Fund Grant Regulations.

**HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2022**

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.HCC	Housing Choice Vouchers CARES Act
14.EHV	Emergency Housing Vouchers

14.872	Public Housing Capital Fund Program
--------	-------------------------------------

- | | | |
|----|--|-----------|
| 5. | Dollar threshold used to distinguish between Type A and Type B Programs: | \$750,000 |
| 6. | Auditee qualified as low-risk Auditee? | Yes |

**HOUSING AUTHORITY OF THE CITY OF PERTH AMBOY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED MARCH 31, 2022**

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, 2022**

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>
Contractually required contribution	\$ 227,703	\$ 234,166	\$ 243,708	\$ 257,702	\$ 273,343	\$ 270,610	\$ 291,652	\$ 298,381
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>
(Over) / under funded	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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>
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>

*** = 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 PENSION INFORMATION (continued)
MARCH 31, 2022**

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>
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>
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>
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>
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>
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>

*** = 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
MARCH 31, 2022**

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>
Statutorily required contribution	\$ 151,145	\$ 113,867	\$ 252,681	\$ 599,778	\$ 527,489
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>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <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>
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>

*** = 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, 2022**

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>
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>
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>
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>
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>
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>

*** = 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: 03/31/2022

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services
111 Cash - Unrestricted			\$1,877,734	\$3,495,127	\$2,026,283	
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted	\$0		\$4,313,715	\$18,905	\$536,833	
114 Cash - Tenant Security Deposits			\$146,528			
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$0	\$0	\$6,337,977	\$3,514,032	\$2,563,116	\$0
121 Accounts Receivable - PHA Projects					\$23,492	
122 Accounts Receivable - HUD Other Projects	\$0			\$405,812		\$18,272
124 Accounts Receivable - Other Government				\$3,640		
125 Accounts Receivable - Miscellaneous			\$2,250	\$532,428	\$11,779	
126 Accounts Receivable - Tenants			\$40,535			
126.1 Allowance for Doubtful Accounts - Tenants			-\$6,983			
126.2 Allowance for Doubtful Accounts - Other			\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery			\$16,229		\$23,806	
128.1 Allowance for Doubtful Accounts - Fraud			\$0		-\$23,806	
129 Accrued Interest Receivable				\$721,639		
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$52,031	\$1,663,519	\$35,271	\$18,272
131 Investments - Unrestricted						
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets			\$200,763	\$262,230	\$44,244	
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From					\$190,573	
145 Assets Held for Sale						
150 Total Current Assets	\$0	\$0	\$6,590,771	\$5,439,781	\$2,833,204	\$18,272
161 Land			\$1,263,443			
162 Buildings			\$28,511,799	\$149,844		
163 Furniture, Equipment & Machinery - Dwellings			\$477,492			
164 Furniture, Equipment & Machinery - Administration				\$252,577	\$61,295	
165 Leasehold Improvements				\$55,070		
166 Accumulated Depreciation			-\$4,365,547	-\$168,093	-\$28,275	
167 Construction in Progress						
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$25,887,187	\$289,398	\$33,020	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0			\$23,553,387		
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current						
174 Other Assets			\$419,864			
176 Investments in Joint Ventures				\$1,285,000		
180 Total Non-Current Assets	\$0	\$0	\$26,307,051	\$25,127,785	\$33,020	\$0
200 Deferred Outflow of Resources				\$543,160	\$965,588	
290 Total Assets and Deferred Outflow of Resources	\$0	\$0	\$32,897,822	\$31,110,726	\$3,831,812	\$18,272

Perth Amboy Housing Authority (NJ006)

Perth Amboy, NJ

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 03/31/2022

	Project Total	14,218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	1 Business Activities	14,871 Housing Choice Vouchers	14,870 Resident Opportunity and Supportive Services
311 Bank Overdraft						
312 Accounts Payable <= 90 Days			\$116,869	\$8,030	\$48,077	
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable				\$13,630	\$15,661	
322 Accrued Compensated Absences - Current Portion				\$112,421	\$113,817	
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs					\$776	
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government			\$95,843			
341 Tenant Security Deposits			\$145,589			
342 Unearned Revenue			\$6,098	\$9,823		
344 Current Portion of Long-term Debt - Operating Borrowings			\$59,783			
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities			\$430,768			
346 Accrued Liabilities - Other			\$34,535			
347 Inter Program - Due To						\$18,272
348 Loan Liability - Current						
310 Total Current Liabilities	\$0	\$0	\$889,485	\$143,904	\$178,331	\$18,272
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$21,705,756			
352 Long-term Debt, Net of Current - Operating Borrowings						
353 Non-current Liabilities - Other			\$2,297,139	\$1,004,809	\$404,501	
354 Accrued Compensated Absences - Non Current				\$234,514	\$228,932	
355 Loan Liability - Non Current			\$1,597,500			
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities				\$3,397,640	\$5,589,379	
350 Total Non-Current Liabilities	\$0	\$0	\$25,600,395	\$4,636,963	\$6,222,812	\$0
300 Total Liabilities	\$0	\$0	\$26,489,880	\$4,780,867	\$6,401,143	\$18,272
400 Deferred Inflow of Resources				\$2,091,798	\$3,547,666	
508.4 Net Investment in Capital Assets			\$2,524,148	\$289,398	\$33,020	
511.4 Restricted Net Position			\$4,313,715	\$2,301,409	\$132,332	
512.4 Unrestricted Net Position	\$0	\$0	-\$429,921	\$21,647,254	-\$6,282,349	\$0
513 Total Equity - Net Assets / Position	\$0	\$0	\$6,407,942	\$24,238,061	-\$6,116,997	\$0
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$0	\$32,897,822	\$31,110,726	\$3,831,812	\$18,272

Perth Amboy Housing Authority (NJ006)

Perth Amboy, NJ

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 03/31/2022

	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	8 Other Federal Program 1	ELIM	Total
111 Cash - Unrestricted					\$7,399,144
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted		\$15,690			\$4,885,143
114 Cash - Tenant Security Deposits					\$146,528
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$0	\$15,690	\$0	\$0	\$12,430,815
121 Accounts Receivable - PHA Projects					\$23,492
122 Accounts Receivable - HUD Other Projects					\$424,084
124 Accounts Receivable - Other Government			\$172,301		\$175,941
125 Accounts Receivable - Miscellaneous					\$546,457
126 Accounts Receivable - Tenants					\$40,535
126.1 Allowance for Doubtful Accounts - Tenants					-\$6,983
126.2 Allowance for Doubtful Accounts - Other			\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					\$40,035
128.1 Allowance for Doubtful Accounts - Fraud					-\$23,806
129 Accrued Interest Receivable					\$721,639
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$172,301	\$0	\$1,941,394
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets					\$507,237
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From				-\$190,573	\$0
145 Assets Held for Sale					
150 Total Current Assets	\$0	\$15,690	\$172,301	-\$190,573	\$14,879,446
161 Land					\$1,263,443
162 Buildings					\$28,661,643
163 Furniture, Equipment & Machinery - Dwellings					\$477,492
164 Furniture, Equipment & Machinery - Administration					\$313,872
165 Leasehold Improvements					\$55,070
166 Accumulated Depreciation					-\$4,561,915
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0	\$0	\$26,209,605
171 Notes, Loans and Mortgages Receivable - Non-Current					\$23,553,387
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets					\$419,864
176 Investments in Joint Ventures					\$1,285,000
180 Total Non-Current Assets	\$0	\$0	\$0	\$0	\$51,467,856
200 Deferred Outflow of Resources					\$1,508,748
290 Total Assets and Deferred Outflow of Resources	\$0	\$15,690	\$172,301	-\$190,573	\$67,856,050

Perth Amboy Housing Authority (NJ006)

Perth Amboy, NJ

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 03/31/2022

	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	8 Other Federal Program 1	ELIM	Total
311 Bank Overdraft					
312 Accounts Payable <= 90 Days					\$172,976
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable					\$29,291
322 Accrued Compensated Absences - Current Portion					\$226,238
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					\$776
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					\$95,843
341 Tenant Security Deposits					\$145,589
342 Unearned Revenue		\$14,135			\$30,056
344 Current Portion of Long-term Debt - Operating Borrowings					\$59,793
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					\$430,768
346 Accrued Liabilities - Other					\$34,535
347 Inter Program - Due To			\$172,301	-\$190,573	\$0
348 Loan Liability - Current					
310 Total Current Liabilities	\$0	\$14,135	\$172,301	-\$190,573	\$1,225,855
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					\$21,705,756
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					\$3,706,449
354 Accrued Compensated Absences - Non Current					\$463,446
355 Loan Liability - Non Current					\$1,597,500
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					\$8,987,019
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$0	\$36,460,170
300 Total Liabilities	\$0	\$14,135	\$172,301	-\$190,573	\$37,686,025
400 Deferred Inflow of Resources					\$5,639,464
508.4 Net Investment in Capital Assets					\$2,846,566
511.4 Restricted Net Position		\$1,555			\$6,749,011
512.4 Unrestricted Net Position	\$0	\$0	\$0		\$14,934,984
513 Total Equity - Net Assets / Position	\$0	\$1,555	\$0	\$0	\$24,530,561
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$15,690	\$172,301	-\$190,573	\$67,856,050

Perth Amboy Housing Authority (NJ006)

Perth Amboy, NJ

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 03/31/2022

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services
70300 Net Tenant Rental Revenue			\$4,539,291			
70400 Tenant Revenue - Other			\$15,351			
70500 Total Tenant Revenue	\$0	\$0	\$4,554,642	\$0	\$0	\$0
70600 HUD PHA Operating Grants	\$1,126,062				\$14,337,173	\$150,792
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		\$15,000				
71100 Investment Income - Unrestricted	\$1,650		\$10,382	\$3,864	\$4,287	
71200 Mortgage Interest Income	\$21,540			\$1,007,511		
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery					\$3,850	
71500 Other Revenue	\$51,254		\$174,773	\$927,165	\$2,869,903	
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted						
70000 Total Revenue	\$1,200,506	\$15,000	\$4,739,797	\$1,938,540	\$17,215,213	\$150,792
91100 Administrative Salaries		\$12,000	\$340,473	\$446,251	\$542,239	
91200 Auditing Fees			\$23,150	\$7,450	\$7,450	
91300 Management Fee	\$176,375		\$287,481			
91310 Book-keeping Fee						
91400 Advertising and Marketing			\$61	\$679		
91500 Employee Benefit contributions - Administrative		\$3,000	\$210,202	\$315,478	\$355,242	
91600 Office Expenses	\$3,922		\$97,676	\$194,373	\$136,071	
91700 Legal Expense	\$55,396		\$20,209	\$20,038		
91800 Travel			\$3,153	\$2,707	\$223	
91810 Allocated Overhead						
91900 Other	\$1,950		\$61,923	\$111,716	\$9,177	
91000 Total Operating - Administrative	\$237,643	\$15,000	\$1,044,328	\$1,098,692	\$1,050,402	\$0
92000 Asset Management Fee						
92100 Tenant Services - Salaries						\$112,150
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services						\$38,642
92400 Tenant Services - Other			\$0			
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0	\$150,792
93100 Water			\$282,503			
93200 Electricity			\$372,729			
93300 Gas			\$201,100			
93400 Fuel						
93500 Labor			\$239,810			
93600 Sewer			\$140,016			
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense						
93000 Total Utilities	\$0	\$0	\$1,236,158	\$0	\$0	\$0

Perth Amboy Housing Authority (NJ006)

Perth Amboy, NJ

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 03/31/2022

	Project Total	14,218 Community Development Block Grants/Entitlement Grants	6.1 Component Unit - Discretely Presented	1 Business Activities	14,871 Housing Choice Vouchers	14,870 Resident Opportunity and Supportive Services
94100 Ordinary Maintenance and Operations - Labor			\$0			
94200 Ordinary Maintenance and Operations - Materials and Other			\$102,312			
94300 Ordinary Maintenance and Operations Contracts	\$5,850		\$600,906			
94500 Employee Benefit Contributions - Ordinary Maintenance			\$91,924			
94000 Total Maintenance	\$5,850	\$0	\$795,142	\$0	\$0	\$0
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	\$0	\$0
96110 Property Insurance						
96120 Liability Insurance						
96130 Workmen's Compensation						
96140 All Other Insurance	\$7,988		\$257,217	\$64,488	\$80,992	
96100 Total Insurance Premiums	\$7,988	\$0	\$257,217	\$64,488	\$80,992	\$0
96200 Other General Expenses			\$84,380		\$49,643	
96210 Compensated Absences				\$1,974	\$5,499	
96300 Payments in Lieu of Taxes			\$101,321			
96400 Bad debt - Tenant Rents			\$1,038			
96500 Bad debt - Mortgages	\$21,540			\$287,925		
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$21,540	\$0	\$186,739	\$289,899	\$55,142	\$0
96710 Interest of Mortgage (or Bonds) Payable			\$607,690			
96720 Interest on Notes Payable (Short and Long Term)			\$1,567			
96730 Amortization of Bond Issue Costs			\$36,068			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$645,325	\$0	\$0	\$0
96900 Total Operating Expenses	\$273,021	\$15,000	\$4,164,909	\$1,453,079	\$1,186,536	\$150,792
97000 Excess of Operating Revenue over Operating Expenses	\$927,485	\$0	\$574,888	\$485,461	\$16,028,677	\$0
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments					\$13,562,092	
97350 HAP Portability-In					\$1,856,868	
97400 Depreciation Expense	\$2,915		\$1,216,521	\$31,423	\$10,160	
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$275,936	\$15,000	\$5,381,430	\$1,484,502	\$16,615,656	\$150,792

Perth Amboy Housing Authority (NJ006)

Perth Amboy, NJ

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 03/31/2022

	Project Total	14,218 Community Development Block Grants/Entitlement Grants	6,1 Component Unit - Discretely Presented	1 Business Activities	14,871 Housing Choice Vouchers	14,870 Resident Opportunity and Supportive Services
10010 Operating Transfer In	\$951,337					
10020 Operating transfer Out	-\$951,337					
10030 Operating Transfers from/to Primary Government						
10040 Operating Transfers from/to Component Unit						
10050 Proceeds from Notes, Loans and Bonds						
10060 Proceeds from Property Sales						
10070 Extraordinary Items, Net Gain/Loss						
10080 Special Items (Net Gain/Loss)						
10091 Inter Project Excess Cash Transfer In						
10092 Inter Project Excess Cash Transfer Out						
10093 Transfers between Program and Project - In						
10094 Transfers between Project and Program - Out						
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$924,570	\$0	-\$641,633	\$454,038	\$599,557	\$0
11020 Required Annual Debt Principal Payments	\$0	\$0	\$55,527	\$0	\$0	\$0
11030 Beginning Equity	\$3,524,281	\$0	\$7,049,575	\$19,335,172	-\$6,716,554	\$0
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$4,448,851			\$4,448,851		
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					-\$6,249,329	
11180 Housing Assistance Payments Equity					\$132,332	
11190 Unit Months Available	517		4320		15447	
11210 Number of Unit Months Leased	517		4271		15341	

Perth Amboy Housing Authority (NJ006)

Perth Amboy, NJ

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 03/31/2022

	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	8 Other Federal Program 1	ELIM	Total
70300 Net Tenant Rental Revenue					\$4,539,291
70400 Tenant Revenue - Other					\$15,351
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$4,554,642
70600 HUD PHA Operating Grants	\$187,640	\$449,116			\$16,250,783
70610 Capital Grants					
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue				\$0	\$0
70800 Other Government Grants			\$172,301		\$187,301
71100 Investment Income - Unrestricted					\$20,183
71200 Mortgage Interest Income					\$1,029,051
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery					\$3,850
71500 Other Revenue					\$4,023,095
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$187,640	\$449,116	\$172,301	\$0	\$25,068,905
91100 Administrative Salaries	\$140,614	\$51,779			\$1,533,356
91200 Auditing Fees					\$38,050
91300 Management Fee					\$463,856
91310 Book-keeping Fee					
91400 Advertising and Marketing					\$740
91500 Employee Benefit contributions - Administrative	\$27,281	\$5,448			\$916,651
91600 Office Expenses	\$4,084	\$1,182			\$437,308
91700 Legal Expense					\$95,643
91800 Travel		\$349			\$6,432
91810 Allocated Overhead					
91900 Other		\$0			\$184,766
91000 Total Operating - Administrative	\$171,979	\$58,758	\$0	\$0	\$3,676,802
92000 Asset Management Fee					
92100 Tenant Services - Salaries					\$112,150
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					\$38,642
92400 Tenant Services - Other	\$15,661	\$67,240			\$82,901
92500 Total Tenant Services	\$15,661	\$67,240	\$0	\$0	\$233,693
93100 Water					\$282,503
93200 Electricity					\$372,729
93300 Gas					\$201,100
93400 Fuel					
93500 Labor					\$239,810
93600 Sewer					\$140,016
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$0	\$0	\$0	\$0	\$1,236,158

Perth Amboy Housing Authority (NJ006)

Perth Amboy, NJ

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 03/31/2022

	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	8 Other Federal Program 1	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor					\$0
94200 Ordinary Maintenance and Operations - Materials and Other					\$102,312
94300 Ordinary Maintenance and Operations Contracts					\$606,756
94500 Employee Benefit Contributions - Ordinary Maintenance					\$91,924
94000 Total Maintenance	\$0	\$0	\$0	\$0	\$800,992
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs			\$172,301		\$172,301
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$172,301	\$0	\$172,301
96110 Property Insurance					
96120 Liability Insurance					
96130 Workmen's Compensation					
96140 All Other Insurance					\$410,685
96100 Total insurance Premiums	\$0	\$0	\$0	\$0	\$410,685
96200 Other General Expenses					\$134,023
96210 Compensated Absences					\$7,473
96300 Payments in Lieu of Taxes					\$101,321
96400 Bad debt - Tenant Rents					\$1,038
96500 Bad debt - Mortgages					\$309,465
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$0	\$0	\$0	\$0	\$553,320
96710 Interest of Mortgage (or Bonds) Payable					\$607,690
96720 Interest on Notes Payable (Short and Long Term)					\$1,567
96730 Amortization of Bond Issue Costs					\$36,068
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$645,325
96900 Total Operating Expenses	\$187,640	\$125,998	\$172,301	\$0	\$7,729,276
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$323,118	\$0	\$0	\$18,339,629
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments		\$321,563			\$13,883,655
97350 HAP Portability-In					\$1,856,868
97400 Depreciation Expense					\$1,261,019
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$187,640	\$447,561	\$172,301	\$0	\$24,730,818

Perth Amboy Housing Authority (NJ006)

Perth Amboy, NJ

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 03/31/2022

	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	8 Other Federal Program 1	ELIM	Total
10010 Operating Transfer In				-\$951,337	\$0
10020 Operating transfer Out				\$951,337	\$0
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$1,555	\$0	\$0	\$1,338,087
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0		\$55,527
11030 Beginning Equity	\$0	\$0	\$0		\$23,192,474
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					-\$6,249,329
11180 Housing Assistance Payments Equity					\$132,332
11190 Unit Months Available		279			20563
11210 Number of Unit Months Leased		216			20345