

Report On Audit

**HOUSING AUTHORITY OF THE
CITY OF LINDEN**

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

Housing Authority of the City of Linden
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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Linden
1601 Dill Avenue
Linden, New Jersey 07036-1779

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and business activities of the Housing Authority of the City of Linden, as of and for the years ended September 30, 2023, and 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Linden basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and business activities of the Housing Authority of the City of Linden as of September 30, 2023, and 2022, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of the City of Linden and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Linden's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Linden's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Linden.
- Housing Authority of the City of Linden's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and OPEB and PERS supplemental information on pages 5 through 18 and pages 62-67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Linden's basic financial statements. The accompanying supplemental information on pages 68-77 is presented for additional analysis and is not required part of the basic financial statements.

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

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

The Schedule of Expenditures of Federal Awards, Capital Fund cost certifications and the Financial Data Schedule, are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the Schedule of Expenditures of Federal Awards, Capital Fund cost certifications, and the Financial Data Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2024, in our consideration of the Housing Authority of the City of Linden's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Linden's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Linden's internal control over financial reporting and compliance.



Lincroft, New Jersey
Date: May 17, 2024

**HOUSING AUTHORITY OF THE CITY OF LINDEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

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

FINANCIAL HIGHLIGHTS

The liabilities and deferred inflows of the Authority exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$3,175,335, representing a decrease in the financial deficit position of \$1,329,856 or 30% percent as compared to the prior year.

As noted above, the net position of the Authority was a deficit balance of \$3,175,335 as of September 30, 2023. Of this amount, the unrestricted net position is a deficit balance of \$4,461,648, representing a decrease in the deficit of \$1,354,034 or 23% percent from the previous year. Additional information on the Authority's unrestricted net positions can be found in Note 19 the financial statements, which is included in this report.

The net investment in capital assets decreased \$129,597 or 10% percent for an ending balance of \$1,180,894. The major factor that contributed to the decrease was the purchase of fixed assets in the amount of \$46,590, less the recording of depreciation expense in the amount of \$176,187.

The restricted net position increased \$105,419 or 100% percent from the previous year for an ending balance of \$105,419. Additional information on the Authority's restricted net position can be found in Note 18 to the financial statements, which is included in this report.

The Authority's total cash and cash equivalents on September 30, 2023, is \$2,370,059 representing a decrease of \$450,379 or 16% percent from the prior year. Operating cash decreased \$559,670 or 20% percent for an ending balance of \$2,193,405. Total restricted deposits and funded reserves increased \$108,931 or over 100% percent for an ending balance of \$176,654. The full detail of these amounts can be found in the Statement of Cash Flows on pages 22-23 of this report.

The Authority's total assets and deferred outflows are \$6,711,945 of which capital assets net book value is \$1,180,894, deferred outflows of \$1,529,644, leaving total current assets at \$4,001,407.

**HOUSING AUTHORITY OF THE CITY OF LINDEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

FINANCIAL HIGHLIGHTS - CONTINUED

Total current assets increased from the previous year by \$625,671 or 19% percent. Unrestricted cash and cash equivalents decreased by \$559,670, restricted cash increased \$108,931, investments increased by \$1,034,581, accounts receivables increased by \$21,165, and prepaid expenses increased by \$20,664.

Capital assets reported a decrease in the net book value of the capital assets in the amount of \$129,597 or 10% percent. The major factor that contributed to the decrease was the purchase of fixed assets in the amount of \$46,590, less the recording of depreciation expense in the amount of \$176,187. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The Authority reported an increase in the deferred outflow for the pension cost in the amount of \$193,844 for an ending balance of \$1,529,644. The Authority reported a decrease in the deferred inflow for the pension cost in the amount of \$1,005,189 for an ending balance of \$3,728,804. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 9 Deferred Outflows/Inflows of Resources. The Authority also reported a prior period adjustment of \$863,915 during the fiscal year ending September 30, 2023.

The Authority's total liabilities are reported at \$6,158,476, of which current liabilities are stated at \$352,702, and noncurrent liabilities are stated at \$5,805,774. Total liabilities increased during the year as compared to the prior year in the amount of \$365,251 or 6% percent. Total current liabilities increased during the year by \$140,414 or 66% percent, leaving non-current liabilities for an increase of \$224,837 or 4% percent as compared to the previous fiscal year.

As previously stated, total current liabilities increased from the previous year by \$140,414 or 66% percent. Accounts payable increased by \$132,018, accrued liabilities increased by \$4,884, tenant security deposit payable increased by \$3,512, and unearned revenue remained the same.

Total noncurrent liabilities increased by \$224,837 or 4% percent. Long-term obligations such as noncurrent compensated absences with an ending balance of \$86,099, with no offsetting assets, increased \$31,865 or 59% percent from the previous year.

Accrued other post-employment benefits (OPEB) liabilities increased \$192,972 or 3% percent for ending balance of \$5,719,675. Additional information on GASB #68 and #75 effect and the Authority's accrued OPEB liabilities on September 30, 2023, can be found in Notes 15-16 to the financial statements, which is included in this report.

**HOUSING AUTHORITY OF THE CITY OF LINDEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

FINANCIAL HIGHLIGHTS - CONTINUED

The Authority had total operating revenue of \$6,302,338 as compared to \$6,033,551 from the prior year for an increase of \$268,787 or 4% percent. The Authority had total operating expenses of \$5,915,039 as compared to \$5,744,334 from the previous year for an increase of \$170,705 or 3% percent, resulting in excess revenue from operations in the amount of \$387,299 as compared to excess revenue from operations in the amount of \$289,217 for the prior year for an increase in excess revenue in the amount of \$98,032 or 34% percent from the previous year.

Total capital improvements contributions from HUD were in the amount of \$30,254 as compared to \$388,382 from the previous year for a decrease of \$358,128 or 92% percent. The Authority had capital outlays in the amount of \$46,590 for the fiscal year. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The Authority's Expenditures of Federal Awards amounted to \$5,354,877 for the fiscal year 2023 as compared to \$5,367,836 for the previous fiscal year 2022 for a decrease of \$12,959 or less than 1% percent.

USING THIS ANNUAL REPORT

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

1. Public and Indian Housing Program
2. Section 8 Housing Choice Voucher Program
3. Public Housing Capital Fund Program
4. Resident Opportunity and Support Services (ROSS)

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

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

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

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

**HOUSING AUTHORITY OF THE CITY OF LINDEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

The Authority's financial statements and notes to financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) applicable to governmental entities in the United States of America for the Enterprise Fund types. The Authority's activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe, and sanitary housing to low income and special needs populations. The financial statements can be found on pages 19 through 23.

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

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

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

Notes to the Financial Statements - Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Housing Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Housing Authority may face. The Notes to Financial Statements can be found in this Report beginning on page 24 through 62.

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

**HOUSING AUTHORITY OF THE CITY OF LINDEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Audits of States, Local Governments and Non-profit Organizations. The schedule of Expenditures of Federal Awards can be found on pages 67-68 of this report.

The Schedule of Expenditures of Federal Award -Continued

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

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

**HOUSING AUTHORITY OF THE CITY OF LINDEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

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

Computations of Net Position are as follows:

	<u>Year Ended</u>		Increase
	September-23	September-22	(Decrease)
Cash	\$ 2,370,059	\$ 2,820,798	\$ (450,739)
Other Current Assets	1,631,348	554,938	1,076,410
Capital Assets - Net	1,180,894	1,310,491	(129,597)
Deferred Outflows	1,529,644	1,335,800	193,844
Total Assets	6,711,945	6,022,027	689,918
Less: Current Liabilities	(352,702)	(212,288)	(140,414)
Less: Non Current Liabilities	(5,805,774)	(5,580,937)	(224,837)
Less: Deferred Inflows	(3,728,804)	(4,733,993)	1,005,189
Net Position	<u>\$ (3,175,335)</u>	<u>\$ (4,505,191)</u>	<u>\$ 1,329,856</u>
Net Investment in Capital Assets	\$ 1,180,894	\$ 1,310,491	\$ (129,597)
Restricted Net Position	105,419	-	105,419
Unrestricted Net Position	(4,461,648)	(5,815,682)	1,354,034
Total Net Position	<u>\$ (3,175,335)</u>	<u>\$ (4,505,191)</u>	<u>\$ 1,329,856</u>

Cash decreased by \$450,739 or 16% percent. Net cash provided by operating activities was \$693,936, net cash used by capital and related financing activities was \$158,482, and net cash used by investing activities was \$986,193. The full detail of this amount can be found in the Statement of Cash Flows on pages 22-23 of this audit report.

Other current assets increased \$1,076,410 or over 100% percent. Investments increased \$1,034,581, accounts receivable increased \$21,165, and prepaid expenses increased \$20,664.

Capital assets reported a decrease in the net book value of the capital assets in the amount of \$129,597 or 10% percent. The major factor that contributed to the decrease was the purchase of fixed assets in the amount of \$46,590, less the recording of depreciation expense in the amount of \$176,187. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The Authority reported an increase in the deferred outflow for the pension cost in the amount of \$193,844 for an ending balance of \$1,529,644. The Authority reported a decrease in the deferred inflow for the pension cost in the amount of \$1,005,189 for an ending balance of \$3,728,804. The Authority also reported a prior period adjustment of \$863,915 during the fiscal year ending September 30, 2023.

**HOUSING AUTHORITY OF THE CITY OF LINDEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) – CONTINUED

Total current liabilities increased from the previous year by \$140,414 or 66% percent. Accounts payable increased by \$132,018, accrued liabilities increased by \$4,884, tenant security deposit payable increased by \$3,512, and unearned revenue remained the same.

Total noncurrent liabilities increased by \$224,837 or 4% percent. Long-term obligations such as noncurrent compensated absences with an ending balance of \$86,099, with no offsetting assets, increased \$31,865 or 59% percent from the previous year.

Accrued other post-employment benefits (OPEB) liabilities increased \$192,972 or 3% percent for ending balance of \$5,719,675. Additional information on GASB #68 and #75 effect and the Authority's accrued OPEB liabilities on September 30, 2023, can be found in Notes 15-16 to the financial statements, which is included in this report.

The Authority's reported net position of a deficit balance of \$3,175,335 is made up of three categories. The net investment in capital assets in the amount of \$1,180,894 represents the majority of the total positive account balance. The net investment in capital assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending. The schedule below reflects the activity in this account for the current fiscal year:

Balance September 30, 2022	\$	1,310,491
Depreciation Expense		(176,187)
Purchase of Fixed Assets		<u>46,590</u>
Balance September 30, 2023	\$	<u><u>1,180,894</u></u>

**HOUSING AUTHORITY OF THE CITY OF LINDEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority reported a restricted net position in the amount of \$105,419 which increased 100% percent compared to the prior fiscal year. A full detail of this account can be found in the Notes to the Financial Statements Section Notes – 18.

The Housing Authority of the City of Linden operating results for September 30, 2023, reported a decrease in the deficit of the unrestricted position of \$1,354,034 or 23% percent for an ending deficit balance of \$4,461,648. A full detail of this account can be found in the Notes to the Financial Statements Section Note – 19 Unrestricted Net Position

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

Computation of Changes in Net Position are as follows:

	<u>Year Ended</u>		Increase (Decrease)
	<u>September-23</u>	<u>September-22</u>	
<u>Revenues</u>			
Tenant Revenues	\$ 876,099	\$ 845,368	\$ 30,731
HUD Subsidies	5,324,623	4,979,454	345,169
Other Revenues	101,616	208,729	(107,113)
Total Operating Income	6,302,338	6,033,551	268,787
<u>Expenses</u>			
Operating Expenses	5,738,852	5,592,737	146,115
Depreciation Expense	176,187	151,597	24,590
Total Operating Expenses	5,915,039	5,744,334	170,705
Operating Income before Non Operating Income	387,299	289,217	98,082
Interest Income	48,388	2,803	45,585
HUD Capital Grants	30,254	388,382	(358,128)
Change in Net Position	465,941	680,402	(214,461)
Net Position Prior Year	(4,505,191)	(5,911,427)	1,406,236
Prior Period Adjustment	863,915	725,834	138,081
Total Net Position	\$ (3,175,335)	\$ (4,505,191)	\$ 1,329,856

**HOUSING AUTHORITY OF THE CITY OF LINDEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

Approximately 85% percent of the Authority's total operating revenue was provided by HUD operating subsidy, while 14% percent resulted from tenant revenue. Charges for various services provided the remaining 1% percent of the total operating income.

The Housing Authority of the City of Linden received from the capital fund program \$30,254 in grant money representing a decrease of \$358,128 from the prior fiscal year. The Authority had capital expenditures of \$46,590, which was funded through the capital fund program. The current year's additions included architectural and engineering fees, a new printer, and various elevator repairs.

The Authority's operating expenses cover a range of expenses. The largest expense was for housing assistance payment expenses representing 63% percent of total operating expenses. Administrative expenses accounted for 16% percent, tenant services expense accounted for 2% percent, utilities expense accounted for 6% percent, maintenance expense accounted for 5% percent, other operating expenses accounted for 5% percent, and depreciation expense accounted for the remaining 3% percent of the Authority's total operating expenses.

The Authority's operating revenue exceeded its operating expenses resulting in excess revenue from operations in the amount of \$387,299 as compared to excess revenue from operations of \$289,217 for the previous year. The key elements for the increase in the operating surplus in comparison to the prior year are as follows:

- The Authority reported an increase in total rental revenue in the amount of \$30,731 or 4% percent.
- The Authority reported an increase in HUD PHA operating grants in the amount of \$345,169 or 7% percent.
- The Authority reported a decrease in other revenues in the amount of \$107,113 or 51% percent.
- The Authority experienced a decrease in the following expense accounts:
 - Maintenance expenses decreased \$61,118 or 16% percent.
 - Other operating expenses decreased \$3,461 or 1% percent.
- The Authority experienced an increase in the following expense accounts:
 - Administrative expenses increased \$99,438 or 12% percent.
 - Tenant Services expenses increased \$57,565 or 99% percent.
 - Utility expenses increased \$30,945 or 9% percent.
 - Housing Assistance Payments expense increased \$22,746 or 1% percent.
 - Depreciation expense increased \$24,590 or 16% percent.

**HOUSING AUTHORITY OF THE CITY OF LINDEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

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

	September-23	September-22	September-21	September-20
Significant Income				
Total Tenant Revenue	\$ 876,099	\$ 845,368	\$ 806,478	\$ 777,562
HUD Operating Grants	5,324,623	4,979,454	4,925,385	4,408,441
HUD Capital Grants	30,254	388,382	168,538	201,852
Investment Income	48,388	2,803	6,019	15,908
Other Income	101,616	208,729	165,123	134,327
Total	\$ 6,380,980	\$ 6,424,736	\$ 6,071,543	\$ 5,538,090
Payroll Expense				
Administrative Salaries	\$ 510,861	\$ 524,159	\$ 461,033	\$ 451,361
Tenant Services Salaries	78,891	41,106	91,341	64,154
Utilities Labor	54,604	53,171	44,612	49,798
Maintenance Labor	162,311	159,512	145,695	155,002
Employee Benefits Expense	121,644	232,796	219,383	543,729
Total Payroll Expense	\$ 928,311	\$ 1,010,744	\$ 962,064	\$ 1,264,044
Other Significant Expenses				
Other Administrative Expenses	\$ 357,757	\$ 263,816	\$ 267,412	\$ 256,869
Utilities Expense	306,429	264,810	307,991	306,719
Maintenance Materials Cost	57,347	91,901	74,520	117,123
Maintenance Contract Cost	73,234	109,973	77,924	157,517
Insurance Premiums	135,889	125,275	113,482	105,172
Housing Assistance Payments	3,711,728	3,693,422	3,575,454	3,392,378
HAP Portability Expense	4,440	11,943	44,153	84,559
Total	\$ 4,646,824	\$ 4,561,140	\$ 4,460,936	\$ 4,420,337
Total Operating Expenses	\$ 5,915,039	\$ 5,628,574	\$ 5,892,674	\$ 5,917,829
Total of Federal Awards	\$ 5,354,877	\$ 5,367,836	\$ 5,093,923	\$ 4,610,293

THE AUTHORITY AS A WHOLE

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

**HOUSING AUTHORITY OF THE CITY OF LINDEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

THE AUTHORITY AS A WHOLE -CONTINUED

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

HOUSING AUTHORITY OF THE CITY OF LINDEN PROGRAMS

Public and Indian Housing Program:

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

Public Housing Capital Fund Program:

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

Section 8 Housing Choice Voucher Program

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

Resident Opportunity and Support Services – ROSS:

This program works to promote the development of local strategies to coordinate the use of assistance under the Public Housing program with public and private resources, for supportive services and resident empowerment activities. These services should enable participating families to increase earned income, reduce or eliminate the need for welfare assistance, make progress toward achieving economic independence and housing self-sufficiency or, in the case of elderly or disabled residents, help improve living conditions and enable residents to age-in-place.

**HOUSING AUTHORITY OF THE CITY OF LINDEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

BUDGETARY HIGHLIGHTS

For the year ended September 30, 2023, individual program or grant budgets were prepared by the Authority and adopted by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

The Authority submits its annual operating and capital budgets to the State of New Jersey Department of Community Affairs in accordance with New Jersey statute. After the New Jersey Department of Community Affairs approves the budget, it is formally adopted by resolution of the Housing Authority's Board of Commissioners. Once adopted, the Board of Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenses. Each fund's budget is prepared on a detailed line-item basis. Revenues are budgeted by source and expenditures are budgeted by expense classification within each revenue source.

NEW INITIATIVES

For the fiscal year 2023, the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 84% percent of its revenue from the Department of Housing and Urban Development, (2022 fiscal year was 84% percent), the Authority is constantly monitoring for any appropriation changes, especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy.

The current administration of the Authority is determined to improve the financial results of the Authority's operations. The Authority has made steady progress in various phases of our operations, all the while maintaining a strong occupancy percentage in the public housing units and a high utilization rate in Housing Assistance Programs. Interactions with the residents are a constant reminder of the need of the services. Regardless of the constraints (financial or regulatory) placed on this Housing Authority, the Authority will continuously look for ways to better provide or expand housing and housing assistance to qualified residents of the City of Linden all the while being mindful of their responsibility to be good stewards of the public's tax dollars.

**HOUSING AUTHORITY OF THE CITY OF LINDEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

CAPITAL ASSETS AND DEBT ADMINISTRATION

1 – Capital Assets

The Authority's net investment in capital assets as of September 30, 2023, was \$1,180,894 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and construction in progress. The total decrease during the year in the Authority's investment in capital assets was \$129,597 or 10% percent. Major capital expenditures of \$46,590 were made during the year. Major capital assets events during the fiscal year included the following:

- Elevator Repairs
- Architectural & Engineering Fees
- New Printer & Scanner

	September-23	September-22	Increase (Decrease)
Land	\$ 1	\$ 1	\$ -
Building	11,622,690	11,211,056	411,634
Furniture, Equipment - Dwelling	560,465	560,465	-
Furniture, Equipment - Administration	409,997	393,661	16,336
Construction In Process	247,132	628,512	(381,380)
Total Fixed Assets	12,840,285	12,793,695	46,590
Accumulated Depreciation	(11,659,391)	(11,483,204)	(176,187)
Net Book Value	\$ 1,180,894	\$ 1,310,491	\$ (129,597)

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

2 - Debt Administration

The Authority has no outstanding debt on September 30, 2023.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority of the City of Linden is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the Federal budget than by local economic conditions. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs.

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

**HOUSING AUTHORITY OF THE CITY OF LINDEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON SEPTEMBER 30, 2023**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES -CONTINUED

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

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

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Jerry Volpe, Interim Executive Director, Housing Authority of the City of Linden, 1601 Dill Avenue, Linden, N.J. 07036-1779, or call (908) 298-3820.

HOUSING AUTHORITY OF THE CITY OF LINDEN
STATEMENTS OF NET POSITION - 1
AS OF SEPTEMBER 30, 2023 AND 2022

	2023	2022
Assets		
Current Assets:		
Cash and Cash Equivalents- Unrestricted	\$ 2,193,405	\$ 2,753,075
Cash and Cash Equivalents- Restricted	176,654	67,723
Cash and Cash Equivalents	2,370,059	2,820,798
Investments	1,455,577	420,996
Accounts Receivables, Net of Allowances	124,830	103,665
Prepaid Expenses	50,941	30,277
Total Current Assets	4,001,407	3,375,736
Noncurrent Assets		
Capital Assets		
Land	1	1
Building	11,622,690	11,211,056
Furniture, Equipment - Dwelling	560,465	560,465
Furniture, Equipment - Administration	409,997	393,661
Construction In Process	247,132	628,512
Total Capital Assets	12,840,285	12,793,695
Less: Accumulated Depreciation	(11,659,391)	(11,483,204)
Net Book Value	1,180,894	1,310,491
 Total Assets	 5,182,301	 4,686,227
Deferred Outflow of Resources		
State of New Jersey P.E.R.S. and OPEB	1,529,644	1,335,800
 Total Assets and Deferred Outflow of Resources	 \$ 6,711,945	 \$ 6,022,027

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF LINDEN
STATEMENTS OF NET POSITION - 2
AS OF SEPTEMBER 30, 2023 AND 2022

	2023	2022
Liabilities		
Current Liabilities:		
Accounts Payable	\$ 266,808	\$ 134,790
Accrued Liabilities	14,659	9,775
Tenant Security Deposit Payable	71,235	67,723
Total Current Liabilities	352,702	212,288
Noncurrent Liabilities		
Accrued Compensated Absences - Long-Term	86,099	54,234
Accrued Pension and Other Post-Employment Benefits (OPEB)	5,719,675	5,526,703
Total Noncurrent Liabilities	5,805,774	5,580,937
 Total Liabilities	 6,158,476	 5,793,225
Deferred Inflow of Resources		
State of New Jersey P.E.R.S. and OPEB	3,728,804	4,733,993
Net Position:		
Net Investment in Capital Assets	1,180,894	1,310,491
Restricted	105,419	-
Unrestricted	(4,461,648)	(5,815,682)
Total Net Position	(3,175,335)	(4,505,191)
 Total Liabilities, Deferred Inflow of Resources, and Net Position	 \$ 6,711,945	 \$ 6,022,027

See accompanying notes to the financial statements.

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

	<u>2023</u>	<u>2022</u>
Revenue:		
Tenant Rental Revenue	\$ 876,099	\$ 845,368
HUD PHA Operating Grants	5,324,623	4,979,454
Other Revenue	101,616	208,729
Total Revenue	<u>6,302,338</u>	<u>6,033,551</u>
Operating Expenses:		
Administrative Expense	938,220	838,782
Tenant Services	115,981	58,416
Utilities Expense	368,434	337,489
Maintenance Expense	313,077	374,195
Other Operating Expenses	286,972	290,433
Housing Assistance Payments	3,716,168	3,693,422
Depreciations Expense	176,187	151,597
Total Operating Expenses	<u>5,915,039</u>	<u>5,744,334</u>
Excess Revenue From Operations	387,299	289,217
Non Operating Income:		
Investment Income	<u>48,388</u>	<u>2,803</u>
Excess Revenue Before Capital Contributions	435,687	292,020
Capital Grant Contributions	<u>30,254</u>	<u>388,382</u>
Change in Net Position	<u>465,941</u>	<u>680,402</u>
Beginning Net Position	(4,505,191)	(5,911,427)
Prior Period Adjustment	863,915	725,834
Beginning Net Position - Restated	<u>(3,641,276)</u>	<u>(5,185,593)</u>
Ending Net Position	<u>\$ (3,175,335)</u>	<u>\$ (4,505,191)</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF LINDEN
STATEMENTS OF CASH FLOWS - 1
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
Cash Flow From Operating Activities		
Receipts from Tenants	\$ 872,651	\$ 842,524
Receipts from Federal Grants	5,289,684	4,957,700
Receipts from Misc. Sources	101,616	187,464
Payments to Vendors and Suppliers	(439,853)	(764,698)
Housing Assistance Payments	(3,716,168)	(3,693,422)
Payment of Utilities Cost	(358,110)	(264,810)
Payments to Employees	(806,667)	(777,948)
Payment of Employee Benefits	(249,217)	(232,796)
Net Cash Provided By Operating Activities	693,936	254,014
Cash Flow From Capital and Related Financing Activities		
Receipts from Capital Grants	30,254	388,382
Acquisitions and Construction of Capital Assets	(46,590)	(388,383)
Accrued Pension and Other Post-Employment Benefits (OPEB) Liabilities	192,972	(2,118,221)
Net Effect of Deferred Inflows and Outflows	(1,199,033)	1,267,651
Prior Period Adjustment	863,915	725,834
Net Cash (Used) by Capital and Related Financing Activities	(158,482)	(124,737)
Cash Flow From Investing Activities		
Interest Income	48,388	2,803
(Purchase) of Investments	(1,034,581)	(4,497)
Net Cash (Used) Investing Activities	(986,193)	(1,694)
Net (Decrease) Increase in Cash and Cash Equivalents	(450,739)	127,583
Beginning Cash, Cash Equivalents and Restricted Cash	2,820,798	2,693,215
Ending Cash, Cash Equivalents and Restricted Cash	\$ 2,370,059	\$ 2,820,798
<u>Reconciliation of Cash Balances:</u>		
Cash and Cash Equivalents - Unrestricted	\$ 2,193,405	\$ 2,753,075
Cash and Cash Equivalents - Restricted	176,654	67,723
Total Ending Cash, Cash Equivalents	\$ 2,370,059	\$ 2,820,798

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF LINDEN
STATEMENTS OF CASH FLOWS - 2
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Excess Revenue	\$ 387,299	\$ 289,217
Adjustments to reconcile excess revenue to net cash provided by operating activities:		
Depreciation Expense	176,187	151,597
(Increase) Decrease in:		
Accounts Receivables	(21,165)	(2,439)
Prepaid Expenses	(20,664)	(3,365)
Increase (Decrease) in:		
Accounts Payable	132,018	(4,536)
Accrued Expenses	4,884	(13,800)
Unearned Revenue	-	(148,764)
Compensated Absences - Long term	31,865	(2,716)
Tenant Security Deposit	3,512	(11,180)
Net Cash Provided By Operating Activities	\$ 693,936	\$ 254,014

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements
September 30, 2023, and 2022

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

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

The Authority is governed by a Board of Commissioners which is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An Executive Director is appointed by the Housing Authority's Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance, and management of public housing for low- and moderate-income families residing in the City of Linden. Operating and modernization subsidies are provided to the Authority by the federal government.

The financial statements include all the accounts of the Authority. The Authority is the lowest level of government over which the Authority's Board of Commissioners and Executive Director exercise oversight responsibility. The Authority is not included in any governmental "reporting entity" since its board members; while they are appointed primarily by the Mayor of Linden and City Council, the Board of Commissioners have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary responsibility for accounting and fiscal matters. The Authority has also concluded that it is excluded from the City of Linden reporting entity.

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

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

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

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements September 30, 2023, and 2022

2. Significant Accounting Policies

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

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

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

Basis of Accounting

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

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

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements
September 30, 2023, and 2022

Basis of Accounting -Continued

Revenue Recognition

The major sources of income for the Authority are HUD operating subsidies, rental payments from tenants, and other sources such as miscellaneous fees from tenants, laundry and vending income, management fees, donations from the City of Linden, and HAP portability payments. The Authority recognizes short-term rental income from tenants who have signed a lease agreement for less than one year, in accordance with HUD guidelines. The Authority considers both rental income and subsidies to be exempt from compliance with ASC 606 as they are covered under current and future lease standards. However, tenant reimbursements for costs like utilities, which are based on consumption, are subject to ASC 606 and recognized as revenue when incurred. Additionally, the Authority also generates revenue from miscellaneous fees from tenants, laundry and vending income, management fees, donations from the City of Linden, and HAP portability payments and are recognized as revenue at the time they are received.

The Authority provides housing assistance payments to participating owners on behalf of eligible tenants. The Authority also provides provide decent, safe, and sanitary housing for extremely low and very low-income families. The revenue is recorded as earned since it is measurable and available.

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

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

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

The Capital Fund Grant program contributions are expenditure driven grants with the revenue from the grant classified based on the expenditure. If the funds were expended for capital activities, the revenue is reported as capital contribution; if the funds are expended for other than capital, the revenue is reported as operating revenue.

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements September 30, 2023, and 2022

Report Presentation -

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

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

Other accounting policies are as follows

- 1 – Cash and cash equivalents are stated at cost, which approximates market. The Authority considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.
- 2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts.
- 3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight-line basis.
- 4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.
- 5 – Operating subsidies received from HUD are recorded as income when earned.
- 6 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.
- 7 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements September 30, 2023, and 2022

Other accounting policies - Continued

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

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

10- Advertising cost is charged to expense when incurred.

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

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

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

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements
September 30, 2023, and 2022

Other accounting policies - Continued

14 - Taxes

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

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

15 - Net Position

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

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

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

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

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements September 30, 2023, and 2022

Other accounting policies - Continued

16 - Operating and non-operating revenues and expenses

The major sources of income for the Authority are HUD operating subsidies, rental payments from tenants, and other sources such as miscellaneous fees from tenants, laundry and vending income, management fees, donations from the City of Linden, and HAP portability payments that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities.

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

Non-Operating Revenue and Expenses

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

17-Impairment Losses

The Authority reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. No impairment losses were recognized in 2023.

18- Recent Accounting Pronouncements

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

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements September 30, 2023, and 2022

Budgetary and Policy Control –

The Authority submits its annual operating budgets and capital budgets to HUD. The Authority also submits its annual operating and capital budgets to the State of New Jersey Department of Community Affairs in accordance with New Jersey statute. After the New Jersey Department of Community Affairs approves the budget, it is formally adopted by resolution of the Housing Authority's Board of Commissioners. Once adopted, the Board of Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenses. Each fund's budget is prepared on a detailed line-item basis. Revenues are budgeted by source and expenditures are budgeted by expense classification within each revenue source.

Activities - The programs administered by the Authority were:

<u>Program</u>	<u>CFDA #</u>	<u>Project #</u>	<u>Units Authorized</u>
<u>Public Housing</u>			
Public and Indian Housing	14.850	NJ-66	200
Public Housing Capital Fund	14.872		
ROSS Grant	14.870		
<u>Section 8 Housing</u>			
Housing Choice Vouchers	14.871	NJ-39V0-66	357

A. Public and Indian Housing

The Public and Indian housing program is designed to provide low-cost housing within the City of Linden. Funding is provided by eligible residents who are charged monthly rent based on family size, family income and other determinants, as well as by subsidies provided by HUD.

B. Public Housing Capital Fund Program:

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

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements
September 30, 2023, and 2022

Activities

C. Section 8 Housing Choice Vouchers Program

Under the Section 8 Housing Choice Voucher Program, the Authority administers contracts with independent landlords to provide housing to Section 8 tenants. The Authority subsidizes the tenant's rent through Housing Assistance Payment made payable to the landlord. This program is also administered under an Annual Contributions Contract (ACC) with HUD.

D. Resident Opportunity and Support Services – ROSS:

This program works to promote the development of local strategies to coordinate the use of assistance under the Public Housing program with public and private resources, for supportive services and resident empowerment activities. These services should enable participating families to increase earned income, reduce or eliminate the need for welfare assistance, make progress toward achieving economic independence and housing self-sufficiency, or, in the case of elderly or disabled residents, help improve living conditions and enable residents to age-in-place.

E. Business Activities Program

The Housing Authority of the City of Linden manages several properties. The property management agreements provide the details for each entity to pay the Housing Authority of the City of Linden direct cost for administrative salaries, maintenance salaries, employee benefits, maintenance, maintenance contracts, management agent fee, and direct office overhead expense related to the direct operations and administration of each entity.

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

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

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements September 30, 2023, and 2022

Revenue from Rental Contracts

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

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

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

NOTE 2 – ESTIMATES

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use, and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates, particularly given that the COVID-19 pandemic continues to create financial uncertainty throughout the economy. The most significant estimates included in the preparation of the financial statements are allowance for doubtful accounts and estimated fixed asset lives.

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements September 30, 2023, and 2022

NOTE 3 - PENSION PLAN

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

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

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employer's contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 7.50% of base wages. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2023 amounted to \$249,340 and \$242,895 for 2022.

Post Employment Retirement Benefits

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

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0925.

On the web:

<http://www.state.nj.us/treasury/pensions/pdf/financial/2022divisioncombined.pdf>

Further information on the Pension Plan and its effects due to the adoption of GASB 68 can be found in Note 16– Accrued Pension Liability.

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements September 30, 2023, and 2022

NOTE 4 – CASH, CASH EQUIVALENTS

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

Concentration of Credit Risk

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

Risk Disclosures

Collateral for Deposits

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

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. On September 30, 2023, and 2022, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED

Credit Risk

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

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

<u>Depository Accounts</u>	<u>September-23</u>	<u>September-22</u>
Insured	\$ 750,600	\$ 750,600
Collateralized held by pledging bank's trust department in the Authority's name	1,619,459	2,491,194
Total	<u>\$ 2,370,059</u>	<u>\$ 3,241,794</u>

Investments

The Authority's investments on September 30, 2023, included the following:

<u>Investment</u>	<u>Maturities</u>	<u>Interest Rate</u>	<u>Fair Value</u>
Certificate of Deposit	19-Dec-23	3.92%	\$ 432,831
Certificate of Deposit	15-Dec-23	3.92%	123,876
Certificate of Deposit	28-Dec-23	4.45%	505,711
Certificate of Deposit	28-Jun-24	4.50%	505,783
Total Investments			<u>\$ 1,568,201</u>

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED

Restricted Cash

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

	<u>September-23</u>	<u>September-22</u>
Security Deposit	\$ 71,235	\$ 67,723
HAP Reserve	105,419	-
Total Restricted Cash	<u>\$ 176,654</u>	<u>\$ 67,723</u>

The restricted cash in the amount of \$105,419 was reported under the Housing Choice Voucher Program as a HAP reserve for future use. In accordance with HUD’s PIH Notice 2007-03, the reserve fund balance may only be used to assist additional families up to the number of units under contract.

The Authority has restricted cash for the tenants on September 30, 2023, in the amount of \$71,235. This amount is held as security deposits for the tenants an interest-bearing account.

NOTE 5 - ACCOUNTS RECEIVABLE

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

	<u>September-23</u>	<u>September-22</u>
Tenants Accounts Receivable - Present	\$ 3,448	\$ 5,871
Less: Allowance for Doubtful Accounts	-	-
Net Tenants Accounts Receivable	<u>3,448</u>	<u>5,871</u>
Other Receivable -HUD	34,939	21,754
Other Receivable -City of Linden	51,215	51,215
Other Receivable -Ross Grant	34,939	15,238
Fraud Recovery	289	6,027
Accrued Interest Income	-	3,560
Less: Allowance for Doubtful Accounts	-	-
Net Other Receivables	<u>121,382</u>	<u>97,794</u>
Net Accounts Receivable	<u>\$ 124,830</u>	<u>\$ 103,665</u>

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements September 30, 2023, and 2022

NOTE 5 - ACCOUNTS RECEIVABLE - CONTINUED

Tenant rents are due on the first day of each month. If a rent payment is not received by the 5th day of the month, it is considered past due and late fees are applied. The Authority records its accounts receivable at cost minus an allowance for doubtful accounts, which is established as needed based on factors such as historical collection experience, the current state of accounts receivable, economic conditions, and other considerations. This process involves assessing the creditworthiness of individual tenants and the portfolio. The determination of the collectability of amounts due requires the Authority to make judgments about future events and trends. Management continually monitors tenant payment patterns, investigates past-due accounts, and stays informed of industry and economic trends to estimate the necessary allowances.

NOTE 6 - PREPAID EXPENSES

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. All purchases of insurance premiums are written off on a monthly basis. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed. Prepaid expenses on September 30, 2023, and 2022 consisted of prepaid insurance.

NOTE 7 - INTERFUND ACTIVITY

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

NOTE 8 - FIXED ASSETS

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

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

Expenditures are capitalized when they meet the Capitalization Policy requirements. Under the policy, assets purchased or constructed at a cost not exceeding \$1,000 are expensed when incurred. Donated fixed assets are stated at their fair value on the date donated.

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 8 - FIXED ASSETS - CONTINUED

Depreciation Expense

Depreciation expenses for the primary government for the period ended September 30, 2023, was \$176,187 and \$151,597 for 2022. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

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

The Housing Authority of the Town of Dover reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value to determine whether an impairment loss has occurred. The amount of impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended September 30, 2023 and 2022.

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

	September-22	Additions	Transfer	September-23
Land	\$ 1	\$ -	\$ -	\$ 1
Building	11,211,056	-	411,634	11,622,690
Furniture, Equipment - Dwelling	560,465	-	-	560,465
Furniture, Equipment - Administration	393,661	16,336	-	409,997
Construction in Process	628,512	30,254	(411,634)	247,132
Total Fixed Assets	12,793,695	46,590	-	12,840,285
Accumulated Depreciation	(11,483,204)	(176,187)	-	(11,659,391)
Net Book Value	\$ 1,310,491	\$ (129,597)	\$ -	\$ 1,180,894

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 8 - FIXED ASSETS - CONTINUED

	September-21	Additions	Transfer	September-22
Land	\$ 1	\$ -	\$ -	\$ 1
Building	11,041,498	1	169,557	11,211,056
Furniture, Equipment - Dwelling	560,465	-	-	560,465
Furniture, Equipment - Administration	393,661	-	-	393,661
Construction in Process	409,687	388,382	(169,557)	628,512
Total Fixed Assets	12,405,312	388,383	-	12,793,695
Accumulated Depreciation	(11,331,607)	(151,597)	-	(11,483,204)
Net Book Value	\$ 1,073,705	\$ 236,786	\$ -	\$ 1,310,491

Below is a schedule of the net book value of the fixed assets for the Authority as of September 30, 2023:

	<u>Net Book Value</u>	<u>September-23</u>
Land		\$ 1
Building		867,432
Furniture, Equipment - Dwelling		32,889
Furniture, Equipment - Administration		33,440
Construction in Process		247,132
Net Book Value		<u>\$ 1,180,894</u>

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements September 30, 2023, and 2022

NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

The OPEB liability discussed in Note 15 and the pension liability discussed in Note 16 resulted in the Authority incurring deferred outflows and inflows. The difference between expected and actual experience with regard to economic and demographic factors, when the actuary calculated the net pension liability, is amortized over a five-year closed period for PERS, reflecting the average remaining service life of members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The Authority's deferred outflows and inflows are as follows as of September 30, 2023:

Deferred Outflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ 141,277	\$ 21,537	\$ 162,814
Changes in Assumptions	365,096	9,245	374,341
Net Difference Between Projected and Actual Earning on Pension Plan Investments	720	123,502	124,222
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	498,716	101,865	600,581
Contributions Subsequent to the Measurement Date		267,686	267,686
Total	<u>\$ 1,005,809</u>	<u>\$ 523,835</u>	<u>\$ 1,529,644</u>

Deferred Inflows of Resources	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ 647,962	\$ 18,992	\$ 666,954
Changes in Assumptions	1,193,029	446,813	1,639,842
Net Difference Between Projected and Actual Earning on Pension Plan Investments	524,260	-	524,260
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	673,258	224,490	897,748
Total	<u>\$ 3,038,509</u>	<u>\$ 690,295</u>	<u>\$ 3,728,804</u>

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED

Difference in Expected and Actual Experience

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

Changes in Assumptions

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

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

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

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

The change in employer proportionate share is the amount of difference between the employer proportionate shares of net pension liability in the prior year compared to the current year. The difference between employer contributions and proportionate share of contributions is the difference between the total amount of employer contributions and the amount of the proportionate share of employer contributions. The change in proportionate share and the difference between employer contributions and proportionate share of contributions is amortized over a six-year closed period for PERS, reflecting the average remaining service life of ERS members (active and inactive members), respectively. The changes in proportion and differences between employer contributions and proportionate share of contributions for the fiscal year.

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements September 30, 2023, and 2022

NOTE 10 – ACCOUNTS PAYABLE

The Authority reported accounts payable on its Statements of Net Position. Accounts payable vendors are amount owing to creditors because of delivered goods and completed services. The Authority accounts payable on September 30, 2023, and 2022 consisted of the following:

	September-23	September-22
Accounts Payable Vendors	\$ 164,087	\$ 83,575
Accounts Payable - Other Government	102,721	51,215
Total Accounts Payable	<u>\$ 266,808</u>	<u>\$ 134,790</u>

NOTE 11 – ACCOUNTS PAYABLE – OTHER GOVERNMENT (PILOT PAYABLE)

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the City of Linden. Under the Cooperation Agreements, the Authority must pay the municipality 10% of its net shelter rent for real property taxes. During year ended September 30, 2023, PILOT expense of \$51,506 and \$51,512 for 2022 was incurred and \$102,721 was payable on September 30, 2023.

NOTE 12 – ACCRUED EXPENSES

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

	September-23	September-22
Compensated Absences - Current Portion	\$ 9,567	\$ 6,026
Accrued Wages and Payroll Taxes	5,092	3,749
Total Accrued Liabilities	<u>\$ 14,659</u>	<u>\$ 9,775</u>

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements September 30, 2023, and 2022

NOTE 13 – ACCRUED COMPENSATED ABSENCES

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

Unused sick leave may be carried over to future periods and used in the event of extended illness. In the event of retirement, an employee employed before May 21, 2010, is compensated for one of three sick days for a maximum of \$25,000. Employees hired after May 21, 2010, are compensated for one of three sick days for a maximum of \$15,000 upon retirement under the Authority's current personnel policy.

The Authority has determined that the potential liability for accumulated vacation time, sick leave, and terminal pay for September 30, 2023, is stated below. The Authority's management estimated that ten percent (10%) is a reasonable amount for the current portion of accrued compensated absences.

Balance September-22	Additions	Payments Made	Balance September-23	Current Portion
\$ 60,260	\$ 54,493	\$ (19,087)	\$ 95,666	\$ 9,567

NOTE 14 – UNEARNED REVENUE

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

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements September 30, 2023, and 2022

NOTE 15 – ACCRUED PENSION AND OPEB LIABILITIES

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

	<u>September-23</u>	<u>September-22</u>
Accrued OPEB Payable	\$ 2,735,741	\$ 3,069,683
Accrued Pension Payable	2,983,934	2,457,020
Total OPEB and Pension Payable	<u>\$ 5,719,675</u>	<u>\$ 5,526,703</u>

These amounts arose due to adoption of GASB #75 in 2018 year as well as GASB #68 which was adopted in 2015 year. This note will discuss the liability associated with GASB #75, which is accrued other postemployment benefits. Note - 16 will discuss the effect of GASB #68 and the pension liability which arose from that.

OPEB Liability

The Authority as of September 30, 2023, reported a net OPEB liability in the amount of \$2,735,741 due to GASB #75. The component of the current year net OPEB liability of the Authority as of June 30, 2022, the last evaluation date, is as follows:

	<u>September-23</u>	<u>September-22</u>
Employer OPEB Liability	\$ 2,725,803	\$ 3,078,256
Plan Net Position	9,938	(8,573)
Employer Net OPEB Liability	<u>\$ 2,735,741</u>	<u>\$ 3,069,683</u>

The Authority allocation percentage is 0.0169400% as of June 30, 2022.

OPEB Liability – Plan Description and Benefits Provided

Plan Description: The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple- employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements September 30, 2023, and 2022

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS – CONTINUED

Benefits Provided: The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission.

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

- 1) retired on a disability pension; or
- 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or
- 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or
- 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiation's agreement.

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The total OPEB liability for the year ended September 30, 2023 was \$2,735,741.

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 15 – OTHER POST EMPLOYMENT BENEFITS -CONTINUED

Plan Description and Benefits Provided - Continued

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

Total Plan Members	<u><u>18</u></u>
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Net OPEB Liability

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

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

- Inflation Rate = 2.16%
- Salary Increases
 - Through 2026 = 2.75% to 6..55%
 - Thereafter = 3.00% to 7.00%

Net OPEB Liability - Continued

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

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

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 15 - OTHER POST EMPLOYMENT BENEFITS -CONTINUED

Health Care Trend Assumptions

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

Discount Rate

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

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

	<u>Discount Rate Sensitivity</u>		
	1% Decrease	Current Rate	1% Increase
	2.54%	3.54%	4.54%
Total OPEB Liability	\$ 3,171,275	\$ 2,735,741	\$ 2,385,314

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

	<u>Healthcare Cost Inflation Rate Sensitivity</u>		
	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 2,320,812	\$ 2,735,741	\$ 3,267,149

Change in Assumptions: Effective June 30, 2022.

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 15 - OTHER POST EMPLOYMENT BENEFITS -CONTINUED

Changes in Proportion

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

Changes in Net OPEB Liability:

<u>Total OPEB Liability</u>	<u>2023</u>	<u>2022</u>
Service Cost	\$ 134,953	\$ 144,290
Interest on Total OPEB liability	67,993	70,576
Expected Investment Return	15	(406)
Administrative Expenses	2,089	1,933
Changes in Benefits Term	68,179	346
Current Period Deferred		
Inflows/Outflows of Resources	(106,792)	(119,986)
Changes in Assumptions or Other		
Inputs	(141,548)	(64,001)
Net Difference Between Projected		
and Actual Investments Earning on	(358,831)	(1,268,820)
Pension Plan Investments		
Benefit Payments		
Change in Plan	-	-
Net Change in Total OPEB Liability	(333,942)	(1,236,068)
Total OPEB Liability, Beginning	3,069,683	4,305,751
Total OPEB Liability, Ending	<u>\$ 2,735,741</u>	<u>\$ 3,069,683</u>

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 15 - OTHER POST EMPLOYMENT BENEFITS -CONTINUED

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

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

Year Ending June 30, 2023	\$	(247,897)
Year Ending June 30, 2024		(248,116)
Year Ending June 30, 2025		(195,933)
Year Ending June 30, 2026		(87,505)
Year Ending June 30, 2027		(19,618)
Therafter		(134,585)
Total	\$	<u>(933,654)</u>

NOTE 16 – ACCRUED PENSION LIABILITY

Net Pension Liability Information

The Authority as of September 30, 2023, reported a net pension liability in the amount of \$2,983,934 due to GASB 68. The component of the current year net pension liability of the Authority as of June 30, 2022, the last evaluation date, is as follows:

	<u>September-23</u>	<u>September-22</u>
Employer Total Pension Liability	\$ 13,875,141	\$ 8,370,764
Plan Net Position	(10,891,207)	(5,913,744)
Employer Net Pension Liability	\$ 2,983,934	\$ 2,457,020

The Authority allocation percentage is 0.0197724429% as of June 30, 2022.

Plan Description

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

For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at

www.state.nj.gov/treasury/pensions/financial-reports.shtml.

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements September 30, 2023, and 2022

NOTE 16 – ACCRUED PENSION LIABILITY – CONTINUED

Net Pension Liability Information

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The Authority participates in the State of New Jersey, Public Employees' Retirement System (PERS).

The following represents the membership tiers for PERS:

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

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012, and will be adjusted by the rate of return on the actuarial value of assets.

Allocation Percentage Methodology

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

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 16 – ACCRUED PENSION LIABILITY – CONTINUED

Net Pension Liability Information

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

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

Actuarial Assumptions

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

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

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

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

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 16 – ACCRUED PENSION LIABILITY – CONTINUED

Actuarial Assumptions - Continued

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2022.

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

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

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

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 16 – ACCRUED PENSION LIABILITY – CONTINUED

Discount Rate

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

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

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

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

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,566,737	\$ 2,983,934	\$ 2,470,582

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

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

Year Ending June 30, 2023	\$ (255,959)
Year Ending June 30, 2024	(130,402)
Year Ending June 30, 2025	(63,595)
Year Ending June 30, 2026	(138,740)
Year Ending June 30, 2027	305
Total	<u>\$ (588,391)</u>

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 16 – ACCRUED PENSION LIABILITY – CONTINUED

Changes in Proportion

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

Pension Expense

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

Service Cost	\$	223,840
Interest on the Total Pension Liability		940,446
Benefits Changes		-
Member Contributions		(913,086)
Administrative Expenses		3,829
Expected Investment Return Net of Investment Expenses		(32,866)
Pension Expense Related to Specific Liabilities of Individual Employers		(3,080)
Current Period Recognition (Amortization) of Deferred Outflows and Inflows of Resources:		
Difference Between Expected and Actual Experience		(87,317)
Changes of Assumptions		(49,526)
Differences Between Projected and Actual Investment Earnings on Pension Plan Investments		83,488
Total	\$	<u>165,728</u>

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 17 – NET INVESTMENT IN CAPITAL ASSETS

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

	<u>September-23</u>	<u>September-22</u>
Land	\$ 1	\$ 1
Building	11,622,690	11,211,056
Furniture, Equipment - Dwelling	560,465	560,465
Furniture, Equipment - Administration	409,997	393,661
Construction In Process	247,132	628,512
Total Fixed Assets	12,840,285	12,793,695
Accumulated Depreciation	(11,659,391)	(11,483,204)
Net Book Value	<u>\$ 1,180,894</u>	<u>\$ 1,310,491</u>

NOTE 18 – RESTRICTED NET POSITION

The Authority restricted net position account balance on September 30, 2023, is \$105,419 and \$-0- for 2022. The restricted net position consisted of HAP Reserves.

HUD requires any excess HAP reserves held by the Authority to be deposited in an interest-bearing account. The Authority HAP reserves may only be used for eligible HAP needs of rent, family self-sufficient escrow payments or utility reimbursements.

Housing Choice Voucher Program HUD Held Reserves Funds

Effective January 1, 2012, HUD was required to control the disbursement of funds in such a way that the Authority does not receive funds before they are needed, resulting in the re-establishment of HUD held program reserves to comply with the Treasury requirements. HUD held reserve is a holding account at the HUD level that maintains the excess of HAP funds that have been obligated (ABA) but undisbursed to the Authority. The excess HAP funds will remain obligated but not disbursed to the Authority. HUD will hold these funds until needed by the Authority. The amount of HUD held reserves for the Authority on September 30, 2023, was not made available.

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 19 – UNRESTRICTED NET POSITION

The Authority’s unrestricted net position account balance on September 30, 2023, is a deficit of (\$4,461,648) and (\$5,815,682) for 2022. The detail of the account balance is as follows:

	PIH Program Reserves	HCV Adm Reserves	Business Reserves	Total
Balance September 30, 2021	\$ (7,296,748)	\$ (179,940)	\$ 459,491	\$ (7,017,197)
Increase During the Year	422,183	106,085	-	528,268
Decrease During the Year	-	-	(52,587)	(52,587)
Prior Period Adjustment	728,856	(3,022)	-	725,834
Balance September 30, 2022	(6,145,709)	(76,877)	406,904	(5,815,682)
Increase During the Year	357,698	130,294	2,127	490,119
Decrease During the Year	-	-	-	-
Prior Period Adjustment	1,023,563	(159,648)	-	863,915
Balance September 30, 2023	\$ (4,764,448)	\$ (106,231)	\$ 409,031	\$ (4,461,648)

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements
September 30, 2023, and 2022

NOTE 20 – RELATED PARTY TRANSACTION

The Housing Authority of the City of Linden manages several properties. The property management agreements provide the details for each entity to pay the Housing Authority of the City of Linden direct cost for administrative salaries, maintenance salaries, employee benefits, maintenance, maintenance contracts, management agent fee, and direct office overhead expense related to the direct operations and administration of each entity. As of September 30, 2023, and 2022, the following cost were incurred and paid by the Housing Authority of the City of Linden.

Linden Housing Corporation

	September-23	September-22
Administrative Salaries	\$ 840,385	\$ 812,679
Social Worker Salaries	12,137	39,896
Maintenance Salaries	216,914	212,683
Employee Benefits	347,495	362,178
Total	1,416,931	1,427,436
Less Payments Made During the Period	(1,416,931)	(1,427,436)
Payable Balance at September 30,	\$ -	\$ -

Mongil Corporation

	September-23	September-22
Management Fee	\$ 44,928	\$ 44,928
Administrative Salaries	67,165	66,462
Social Worker	12,136	39,895
Maintenance Salaries	95,065	97,796
Employee Benefits	103,051	112,600
Bookkeeping Service	4,560	4,560
Donation	-	100,000
Total	326,905	466,241
Less Payments Made During the Period	(326,905)	(466,241)
Payable Balance at September 30,	\$ -	\$ -

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements September 30, 2023, and 2022

NOTE 21 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES

HUD contributes operating subsidy for the Public and Indian program approved in the operating budget under the Annual Contribution Contract. The operating subsidy contributions for the year ended September 30, 2023, were \$783,152.

Annual Contributions Contracts for the Section 8 Housing Choice Program provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low-income families. The program provides for such payment with respect to existing housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by the participating family and related administrative expense. HUD contributions for the Housing Choice Voucher for September 30, 2023, were in the amount of \$4,280,185.

NOTE 22 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

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

Total financial support by HUD was \$5,354,877 to the Authority which represents approximately 84% percent of the Authority's total revenue for the year ended September 30, 2023.

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements September 30, 2023, and 2022

NOTE 23 - CONTINGENCIES

Litigation – On September 30, 2023, the Authority, from time-to-time, may be involved with lawsuits arising in the ordinary course of business. In the opinion of the Authority's management, any liability resulting from such litigation would not be material in relation to the Authority's financial position and results of operations.

Contingencies

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

Other Insurance

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

Construction Commitments

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

NOTE 24 – PRIOR PERIOD ADJUSTMENT

For year ending September 30, 2023

As of September 30, 2023, the Authority had a prior period adjustment in the amount of \$863,915 while recording the opening Net Pension Liability and OPEB as of October 1, 2021.

HOUSING AUTHORITY OF THE CITY OF LINDEN

Notes to Financial Statements September 30, 2023, and 2022

NOTE 25 – SUBSEQUENT EVENTS

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

Management has conducted an evaluation of the Authority's activity up to May 17, 2024, which is the date when the financial statements became available for issuance. Following this assessment, it has been determined that no subsequent events have transpired that would require recognition in the financial statements or disclosure in the notes accompanying the financial statements.

HOUSING AUTHORITY OF THE CITY OF LINDEN

Required Supplementary Information

September 30, 2023

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

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

Total OPEB Liability	2023	2022	2021	2020
Service Cost	\$ 134,953	\$ 144,290	\$ 145,379	\$ 137,094
Interest on Total OPEB liability	67,993	70,576	119,347	130,823
Expected Investment Return	15	(406)	(1,831)	(2,321)
Administrative Expenses	2,089	1,933	2,378	1,949
Changes in Benefits Term	68,179	346	248	(392)
Current Period Deferred				
Inflows/Outflows of Resources	(106,792)	(119,986)	(132,100)	(127,393)
Changes in Assumptions or Other				
Inputs	(141,548)	(64,001)	(100,444)	(166,465)
Net Difference Between Projected				
and Actual Investments Earning on	(358,831)	(1,268,820)	1,486,754	(412,596)
Pension Plan Investments				
Benefit Payments	-	-	-	-
Change in Plan				
Net Change in Total OPEB Liability	(333,942)	(1,236,068)	1,519,731	(439,301)
Total OPEB Liability, Beginning	3,069,683	4,305,751	2,786,020	3,225,321
Total OPEB Liability, Ending	\$ 2,735,741	\$ 3,069,683	\$ 4,305,751	\$ 2,786,020
Covered, Employee Payroll	\$ 806,667	\$ 777,948	\$ 742,681	\$ 720,315
Percentage of the Total OPEB Liability	339.14%	394.59%	579.76%	386.78%

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

HOUSING AUTHORITY OF THE CITY OF LINDEN

Required Supplementary Information
September 30, 2023

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

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

<u>Total OPEB Liability</u>	2019	2018
Service Cost	\$ 32,787	\$ 90,831
Interest on Total OPEB liability	94,767	110,450
Expected Investment Return	-	-
Administrative Expenses	-	-
Changes in Benefits Term		
Current Period Deferred		
Inflows/Outflows of Resources	-	-
Changes in Assumptions or Other		
Inputs	183,920	-
Net Difference Between Projected and Actual Investments Earning on Pension Plan Investments	-	-
Benefit Payments	(110,193)	(129,259)
Change in Plan	-	-
Net Change in Total OPEB Liability	201,281	72,022
Total OPEB Liability, Beginning	3,024,040	2,952,018
Total OPEB Liability, Ending	<u>\$ 3,225,321</u>	<u>\$ 3,024,040</u>
Covered, Employee Payroll	\$ 710,638	\$ 709,554
Percentage of the Total OPEB Liability	453.86%	426.19%

HOUSING AUTHORITY OF THE CITY OF LINDEN

Required Supplementary Information
September 30, 2023

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

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

	2023	2022	2021	2020	2019
Housing Authority's proportion of the net pension liability	0.01977244290%	0.02074046920%	0.02047644680%	0.00211447364%	0.0198762026%
Housing Authority's proportionate share of the net pension liability	\$ 2,983,934	\$ 2,457,020	\$ 3,339,173	\$ 3,809,961	\$ 3,913,525
Housing Authority's covered employee payroll	\$ 806,667	\$ 777,948	\$ 742,681	\$ 720,315	\$ 710,638
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	369.91%	315.83%	449.61%	528.93%	550.71%
Plan fiduciary net position as a percentage of the total pension liability	21.50%	29.35%	24.09%	43.42%	46.41%

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

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

HOUSING AUTHORITY OF THE CITY OF LINDEN

Required Supplementary Information
September 30, 2023

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

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

	2018	2017	2016	2015
Housing Authority's proportion of the net pension liability	0.02042750%	0.02111178%	0.01915086%	0.00901700%
Housing Authority's proportionate share of the net pension liability	\$ 4,755,196	\$ 6,252,702	\$ 4,298,983	\$ 3,560,493
Housing Authority's covered employee payroll	\$ 709,554	\$ 750,098	\$ 648,417	\$ 782,064
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	670.17%	833.58%	663.00%	455.27%
Plan fiduciary net position as a percentage of the total pension liability	48.01%	59.86%	52.07%	52.08%

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

HOUSING AUTHORITY OF THE CITY OF LINDEN

Required Supplementary Information
September 30, 2023

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

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

	2023	2022	2021	2020	2019
Contractually required contribution	\$ 249,340	\$ 242,895	\$ 224,002	\$ 205,676	\$ 197,704
Contribution in relation to the contractually required contribution	(249,340)	(242,895)	(224,002)	(205,676)	(197,704)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 806,667	\$ 777,948	\$ 742,681	\$ 720,315	\$ 710,638
Contribution as a percentage of covered employee payroll	30.91%	31.22%	30.16%	28.55%	27.82%

**The amounts determined for each fiscal year were determined as of June 30. Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

HOUSING AUTHORITY OF THE CITY OF LINDEN

Required Supplementary Information
September 30, 2023

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

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

	2018	2017	2016	2015
Contractually required contribution	\$ 189,239	\$ 187,554	\$ 180,252	\$ 156,773
Contribution in relation to the contractually required contribution	(189,239)	(187,554)	(180,252)	(156,773)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 709,554	\$ 750,098	\$ 648,417	\$ 782,064
Contribution as a percentage of covered employee payroll	26.67%	25.00%	27.80%	20.05%

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

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

**HOUSING AUTHORITY OF THE CITY OF LINDEN
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2023**

Programs funded by:

U.S. Department of Housing and Urban Development

<u>CFDA #'s</u>	<u>Beginning Balance</u>	<u>Revenue Recognized</u>	<u>Fiscal Year Expenditures</u>	<u>Ending Balance</u>
<u>Public and Indian Housing Program</u>				
NJ066	\$ -	\$ 783,152	\$ 783,152	\$ -
Grant Total 14.850	-	783,152	783,152	-
<u>Section 8 Housing Choice Voucher Program</u>				
NJ39P066	-	4,280,185	4,280,185	-
Grant Total 14.871	-	4,280,185	4,280,185	-
<u>Public Housing Capital Fund Program</u>				
NJ39P066	-	182,004	182,004	-
Grant Total 14.872	-	182,004	182,004	-
<u>Resident Opportunity & Self Sufficiency</u>				
ROSS221624	-	109,536	109,536	-
Grant Total 14.870	-	109,536	109,536	-
Total Expenditures of Federal Awards	\$ -	\$ 5,354,877	\$ 5,354,877	\$ -

**HOUSING AUTHORITY OF THE CITY OF LINDEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2023**

Note 1. Presentation:

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

Note 2. Summary of Significant Accounting Policies:

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

Note 3. Indirect Cost Rate

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

Note 4. Loans Outstanding:

The Housing Authority of the City of Linden had no loans outstanding on September 30, 2023.

Note 5. Non- Cash Federal Assistance:

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

Note 6. Sub recipients:

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

Housing Authority City of Linden (NJ066)
LINDEN, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2023

	Project Total	1 Business Activities	Housing Choice Vouchers	Resident Opportunity and	Subtotal	Total
			14,871	14,870		
111 Cash - Unrestricted	\$1,087,741	\$357,816	\$747,848		\$2,193,405	\$2,193,405
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted			\$105,419		\$105,419	\$105,419
114 Cash - Tenant Security Deposits	\$71,235				\$71,235	\$71,235
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$1,158,976	\$357,816	\$853,267	\$0	\$2,370,059	\$2,370,059
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects				\$34,939	\$34,939	\$34,939
124 Accounts Receivable - Other Government		\$51,215			\$51,215	\$51,215
125 Accounts Receivable - Miscellaneous	\$34,939		\$262		\$35,201	\$35,201
126 Accounts Receivable - Tenants	\$3,448				\$3,448	\$3,448
126.1 Allowance for Doubtful Accounts - Tenants	\$0				\$0	\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery	\$27				\$27	\$27
128.1 Allowance for Doubtful Accounts - Fraud	\$0				\$0	\$0
129 Accrued Interest Receivable						
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$38,414	\$51,215	\$262	\$34,939	\$124,830	\$124,830
131 Investments - Unrestricted	\$1,455,577				\$1,455,577	\$1,455,577
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	\$49,613		\$1,328		\$50,941	\$50,941
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From						
145 Assets Held for Sale						
150 Total Current Assets	\$2,702,580	\$409,031	\$854,857	\$34,939	\$4,001,407	\$4,001,407
161 Land	\$1				\$1	\$1

Housing Authority City of Linden (NJ066)
LINDEN, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2023

	Project Total	1 Business Activities	Housing Choice Vouchers	Resident Opportunity and	Subtotal	Total
162 Buildings	\$11,622,690		14,871	14,870	\$11,622,690	\$11,622,690
163 Furniture, Equipment & Machinery - Dwellings	\$560,465				\$560,465	\$560,465
164 Furniture, Equipment & Machinery - Administration	\$409,997				\$409,997	\$409,997
165 Leasehold Improvements						
166 Accumulated Depreciation	-\$11,659,391				-\$11,659,391	-\$11,659,391
167 Construction in Progress	\$247,132				\$247,132	\$247,132
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,180,894	\$0	\$0	\$0	\$1,180,894	\$1,180,894
171 Notes, Loans and Mortgages Receivable - Non-Current						
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current						
174 Other Assets						
176 Investments in Joint Ventures						
180 Total Non-Current Assets	\$1,180,894	\$0	\$0	\$0	\$1,180,894	\$1,180,894
200 Deferred Outflow of Resources	\$1,376,680		\$152,964		\$1,529,644	\$1,529,644
290 Total Assets and Deferred Outflow of Resources	\$5,260,154	\$409,031	\$1,007,821	\$34,939	\$6,711,945	\$6,711,945
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$97,250		\$31,898		\$129,148	\$129,148
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	\$5,092				\$5,092	\$5,092
322 Accrued Compensated Absences - Current Portion	\$6,378		\$3,189		\$9,567	\$9,567
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government	\$102,721				\$102,721	\$102,721
341 Tenant Security Deposits	\$71,235				\$71,235	\$71,235

Housing Authority City of Linden (NJ066)
LINDEN, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2023

	14,871	14,870					
	Housing Choice Vouchers	Resident Opportunity and	1 Business Activities	Project Total		Subtotal	Total
342 Unearned Revenue							
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue							
344 Current Portion of Long-term Debt - Operating Borrowings							
345 Other Current Liabilities		\$34,939				\$34,939	\$34,939
346 Accrued Liabilities - Other							
347 Inter Program - Due To							
348 Loan Liability - Current							
310 Total Current Liabilities	\$282,676	\$34,939	\$0	\$282,676		\$352,702	\$352,702
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue							
352 Long-term Debt, Net of Current - Operating Borrowings							
353 Non-current Liabilities - Other							
354 Accrued Compensated Absences - Non Current	\$57,401			\$57,401		\$86,099	\$86,099
355 Loan Liability - Non Current							
356 FASB 5 Liabilities							
357 Accrued Pension and OPEB Liabilities	\$5,147,708			\$5,147,708		\$5,719,675	\$5,719,675
350 Total Non-Current Liabilities	\$5,205,109	\$0	\$0	\$5,205,109		\$5,805,774	\$5,805,774
300 Total Liabilities	\$5,487,785	\$34,939	\$0	\$5,487,785		\$6,158,476	\$6,158,476
400 Deferred Inflow of Resources	\$3,355,923			\$3,355,923		\$3,728,804	\$3,728,804
508.4 Net Investment in Capital Assets	\$1,180,894			\$1,180,894		\$1,180,894	\$1,180,894
511.4 Restricted Net Position	\$0			\$0		\$105,419	\$105,419
512.4 Unrestricted Net Position	-\$4,764,448		\$409,031	-\$4,764,448		-\$4,461,648	-\$4,461,648
513 Total Equity - Net Assets / Position	-\$3,583,554		\$409,031	-\$3,583,554		-\$3,175,335	-\$3,175,335
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$5,260,154	\$34,939	\$409,031	\$5,260,154	\$1,007,821	\$6,711,945	\$6,711,945

Housing Authority City of Linden (NJ066)
LINDEN, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2023

	Project Total	1 Business Activities	Housing Choice Vouchers	Resident Opportunity and	Subtotal	Total
			14,871	14,870		
70300 Net Tenant Rental Revenue	\$854,389				\$854,389	\$854,389
70400 Tenant Revenue - Other	\$21,710				\$21,710	\$21,710
70500 Total Tenant Revenue	\$876,099	\$0	\$0	\$0	\$876,099	\$876,099
70600 HUD PHA Operating Grants	\$934,902		\$4,280,185	\$109,536	\$5,324,623	\$5,324,623
70610 Capital Grants	\$30,254				\$30,254	\$30,254
70710 Management Fee						
70720 Asset Management Fee						
70730 Book Keeping Fee						
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue						
70800 Other Government Grants						
71100 Investment Income - Unrestricted	\$48,388				\$48,388	\$48,388
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery						
71500 Other Revenue	\$52,870	\$14,504	\$29,392		\$29,392	\$29,392
71600 Gain or Loss on Sale of Capital Assets			\$4,850		\$72,224	\$72,224
72000 Investment Income - Restricted						
70000 Total Revenue	\$1,942,513	\$14,504	\$4,314,427	\$109,536	\$6,380,980	\$6,380,980
91100 Administrative Salaries	\$317,136		\$193,725		\$510,861	\$510,861
91200 Auditing Fees	\$6,865		\$6,670		\$13,535	\$13,535
91300 Management Fee						
91310 Book-keeping Fee						
91400 Advertising and Marketing	\$607				\$607	\$607
91500 Employee Benefit contributions - Administrative	\$44,004		\$25,598		\$69,602	\$69,602
91600 Office Expenses	\$44,239		\$46,747	\$6,189	\$97,175	\$97,175

Housing Authority City of Linden (NJ066)
LINDEN, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2023

	Project Total	1 Business Activities	Housing Choice Vouchers	Resident Opportunity and	Subtotal	Total
91700 Legal Expense	\$162,300		\$8,000	14,870	\$170,300	\$170,300
91800 Travel	\$229				\$229	\$229
91810 Allocated Overhead						
91900 Other	\$43,477	\$1,234	\$31,200		\$75,911	\$75,911
91000 Total Operating - Administrative	\$618,857	\$1,234	\$311,940	\$6,189	\$938,220	\$938,220
92000 Asset Management Fee						
92100 Tenant Services - Salaries				\$78,891	\$78,891	\$78,891
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services				\$24,456	\$24,456	\$24,456
92400 Tenant Services - Other	\$2,434	\$10,200			\$12,634	\$12,634
92500 Total Tenant Services	\$2,434	\$10,200	\$0	\$103,347	\$115,981	\$115,981
93100 Water	\$62,949				\$62,949	\$62,949
93200 Electricity	\$129,950				\$129,950	\$129,950
93300 Gas	\$85,719				\$85,719	\$85,719
93400 Fuel						
93500 Labor	\$54,604				\$54,604	\$54,604
93600 Sewer	\$27,811				\$27,811	\$27,811
93700 Employee Benefit Contributions - Utilities	\$7,401				\$7,401	\$7,401
93800 Other Utilities Expense						
93000 Total Utilities	\$368,434	\$0	\$0	\$0	\$368,434	\$368,434
94100 Ordinary Maintenance and Operations - Labor	\$162,311				\$162,311	\$162,311
94200 Ordinary Maintenance and Operations - Materials and Other	\$57,347				\$57,347	\$57,347
94300 Ordinary Maintenance and Operations Contracts	\$73,234				\$73,234	\$73,234
94500 Employee Benefit Contributions - Ordinary Maintenance	\$20,185				\$20,185	\$20,185
94000 Total Maintenance	\$313,077	\$0	\$0	\$0	\$313,077	\$313,077
95100 Protective Services - Labor						

Housing Authority City of Linden (NJ066)
LINDEN, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2023

	Project Total	1 Business Activities	Housing Choice Vouchers	Resident Opportunity and	Subtotal	Total
95200 Protective Services - Other Contract Costs			14,871	14,870		
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$61,213				\$61,213	\$61,213
96120 Liability Insurance	\$48,576				\$48,576	\$48,576
96130 Workmen's Compensation	\$12,985		\$5,365		\$18,350	\$18,350
96140 All Other Insurance	\$7,750				\$7,750	\$7,750
96100 Total Insurance Premiums	\$130,524	\$0	\$5,365	\$0	\$135,889	\$135,889
96200 Other General Expenses		\$943	\$20,983		\$21,926	\$21,926
96210 Compensated Absences	\$30,234		\$24,258		\$54,492	\$54,492
96300 Payments in Lieu of Taxes	\$51,506				\$51,506	\$51,506
96400 Bad debt - Tenant Rents						
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense	\$23,159				\$23,159	\$23,159
96000 Total Other General Expenses	\$104,899	\$943	\$45,241	\$0	\$151,083	\$151,083
96710 Interest of Mortgage (or Bonds) Payable						
96720 Interest on Notes Payable (Short and Long Term)						
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,538,225	\$12,377	\$362,546	\$109,536	\$2,022,684	\$2,022,684
97000 Excess of Operating Revenue over Operating Expenses	\$404,288	\$2,127	\$3,951,881	\$0	\$4,358,296	\$4,358,296
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						

Housing Authority City of Linden (NJ066)
LINDEN, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2023

	Project Total	1 Business Activities	Housing Choice Vouchers	Resident Opportunity and	Subtotal	Total
			14,871	14,870		
97300 Housing Assistance Payments			\$3,711,728		\$3,711,728	\$3,711,728
97350 HAP Portability-In			\$4,440		\$4,440	\$4,440
97400 Depreciation Expense	\$176,187				\$176,187	\$176,187
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$1,714,412	\$12,377	\$4,078,714	\$109,536	\$5,915,039	\$5,915,039
10010 Operating Transfer In	\$107,515				\$107,515	\$107,515
10020 Operating transfer Out	-\$107,515				-\$107,515	-\$107,515
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)	\$228,101	\$2,127	\$235,713	\$0	\$465,941	\$465,941
Total Expenses						
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	-\$4,835,218	\$406,904	-\$76,877	\$0	-\$4,505,191	-\$4,505,191
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$1,023,563		-\$159,648		\$863,915	\$863,915
11050 Changes in Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						

Housing Authority City of Linden (NJ066)
LINDEN, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2023

	Project Total	1 Business Activities	Housing Choice Vouchers	Resident Opportunity and	Subtotal	Total
11070 Changes in Unrecognized Pension Transition Liability			14,871	14,870		
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			-\$106,231		-\$106,231	-\$106,231
11180 Housing Assistance Payments Equity			\$105,419		\$105,419	\$105,419
11190 Unit Months Available	2400		4344	0	6744	6744
11210 Number of Unit Months Leased	2377		3742	0	6119	6119
11270 Excess Cash	\$2,245,792				\$2,245,792	\$2,245,792
11610 Land Purchases	\$0				\$0	\$0
11620 Building Purchases	\$30,254				\$30,254	\$30,254
11630 Furniture & Equipment - Dwelling Purchases	\$0				\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0				\$0	\$0
11650 Leasehold Improvements Purchases	\$0				\$0	\$0
11660 Infrastructure Purchases	\$0				\$0	\$0
13510 CFFP Debt Service Payments	\$0				\$0	\$0
13901 Replacement Housing Factor Funds	\$0				\$0	\$0

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

Board of Commissioners
Housing Authority of the City of Linden
1601 Dill Avenue
Linden, New Jersey 07036-1779

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business activities of the Housing Authority of the City of Linden, as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise Housing Authority of the City of Linden's basic financial statements, and have issued our report thereon dated May 17, 2024.

Report on Internal Control over Financial Reporting

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

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

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

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

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

Report on Compliance and Other Matters

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

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

Purpose of This Report

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

Giampaolo & Associates

Lincroft, New Jersey
Date: May 17, 2024

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

Board of Commissioners
Housing Authority of the City of Linden
1601 Dill Avenue
Linden, New Jersey 07036-1779

**Report on Compliance for Each Major Federal Program
*Opinion on Each Major Federal Program***

We have audited Housing Authority of the City of Linden's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Housing Authority of the City of Linden's major federal program for the year ended September 30, 2023. Housing Authority of the City of Linden's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Housing Authority of the City of Linden 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 September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Housing Authority of the City of Linden's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Housing Authority of the City of Linden's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Housing Authority of the City of Linden'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.

Opinion on Each Major Federal Program

In our opinion, Housing Authority of the City of Linden 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 program for the year ended September 30, 2023.

Report on Internal Control over Compliance

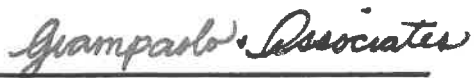
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Lincroft, New Jersey

Date: May 17, 2024

HOUSING AUTHORITY OF THE CITY OF LINDEN

Schedule of Findings and Questioned Cost

Year Ended September 30, 2023

Prior Audit Findings

None reported

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

Material Weakness (es) Identified? _____ yes X no

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

Noncompliance Material to Financial Statements Noted? _____ yes X no

Federal Awards

Internal Control over Major Programs:

Material Weakness (es) Identified? _____ yes X no

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

Type of audit report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements,

_____ yes X no

Identification of Major Programs

CFDA#	Name of Federal Program	Amount
14.871	Section 8 Housing Choice Vouchers	\$ 4,280,185

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

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

FINDINGS – FINANCIAL STATEMENT AUDIT

None reported

FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAM AUDIT

None reported

INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Housing Authority of the City of Linden
1601 Dill Avenue
Linden, New Jersey 07036-1779

We have performed the procedures enumerated below on whether the electronic submission of certain information agrees with the hard copy documents within the reporting package for the year ended September 30, 2023. The U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC) is responsible for the Uniform Financial Reporting Standards (UFRS) procedures.

Housing Authority of the City of Linden has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with the REAC’s UFRS requirements for the submission of the PHA financial data for the year ended September 30, 2023. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

Procedure	UFRS Rule Information	Hardcopy Documents	Agrees	Does Not Agree
1	Balance Sheet and Revenue and Expense (Data lines 111 to 13901)	Financial Data Schedule of all CFDAs, If Applicable	Yes	
2	Footnotes (data element G5000-010)	Footnotes to the audited basic financial statements	Yes	
3	Type of Opinion on FDS (data element G3100-040)	Auditors Report on Supplemental Data	Yes	
4	Audit findings narrative (date element G5200-010)	Schedule of Findings and Questioned Costs	Yes	

Procedure	UFRS Rule Information	Hardcopy Documents	Agrees	Does Not Agree
5	General Information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form	Yes	
6	Financial Statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	Yes	
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	Yes	
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form	Yes	
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Yes	

We were engaged by the Housing Authority of the City of Linden to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on UFRS Rule Information. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of REAC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Housing Authority of the City of Linden and REAC, and is not intended to be, and should not be, used by anyone other than these specified parties.

Giampardo Associates

Lincroft, New Jersey
May 17, 2024