

**HOUSING AUTHORITY OF THE
BOROUGH OF GLASSBORO**

**REPORT OF AUDIT
FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021**



HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

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HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

PART I - FINANCIAL SECTION

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Borough of Glassboro

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying basic financial statements of the business-type activities of the Housing Authority of the Borough of Glassboro ("Authority"), a component unit of the Borough of Glassboro, and its blended component unit, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's 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 business-type activities of the Authority, and its blended component unit, as of December 31, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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, and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the Authority's proportionate share of the net pension liability – Public Employees Retirement System ("PERS"), and schedule of the Authority's contributions – PERS 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 required supplementary 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Financial Data Schedule, as required by the Department of Housing and Urban Development, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Financial Data Schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
September 13, 2023

**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 Borough of Glassboro

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Housing Authority of the Borough of Glassboro (the "Authority"), a component unit of the Borough of Glassboro and its blended component unit, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 13, 2023.

Report on Internal Control Over Financial Reporting

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, and federal awarding agencies and pass-through entities, in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
September 13, 2023

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2022 and 2021

Unaudited

As management of the Housing Authority of the Borough of Glassboro (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activity of the Authority for the year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this audit report.

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 in care of Kimberly Gober, Executive Director, Housing Authority of the Borough of Glassboro, 181 Delsea Manor Drive, Glassboro New Jersey, 08028.

OVERVIEW OF THE FINANCIAL STATEMENTS:

This annual financial report consists of two parts; Management's Discussion and Analysis and the basic financial statements. The Management's Discussions and Analysis is intended to share management's analysis of the Authority's financial performance. The Authority's financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to private businesses, such as real estate development and management. The financial statements included in this report were prepared in accordance with GAAP applicable to governmental entities for proprietary fund types (business-type activities). The financial statements and accompanying data include the following:

- Statements of Net Position – presenting information on all the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (equity).
- Statements of Revenues, Expenses, and Changes in Net Position – presenting information on revenues and expenses showing how the Authority performed.
- Statements of Cash Flows – presenting the inflows and outflows of cash and cash equivalents.
- Notes to Financial Statements – providing additional information essential to fully understanding the data provided in the financial statements.
- Supplemental Information – presenting the schedule of expenditures of federal awards as required by the US Office of Management and Budget (2 CFR 200 *Uniform Guidance*). Also included are the Financial Data Schedule, Capital Grant Schedule, and schedules related to the State-administered pension plan.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2022 and 2021

Unaudited

FINANCIAL HIGHLIGHTS:

- The assets of the Authority exceeded its liabilities by \$2,876,558 (net position) as of December 31, 2022.
- The Authority had total revenues of \$3,464,996 and total expenses of \$3,631,980 for the year ended December 31, 2022.
- The Authority's capital outlays for the year 2022 were \$178,799.
- The Authority's expenditures of federal awards amounted to \$2,502,376 for the year 2022.
 - Administrative Fees were funded at 89.38%.
- The Authority has a long-term pension liability of \$222,832 at the end of year 2022.

OTHER FINANCIAL INFORMATION

In 2022, the State of New Jersey Pension System (PERS) hired an actuary to allocate the unfunded pension liability among participants in the plan, which was then audited, by an independent auditing firm. An analysis of these liabilities resulted in an increase in liabilities for 2022 of \$91,572. This amount is reflected in the financial statements presented in this report.

THE AUTHORITY AS A WHOLE:

The Authority's net position decreased during the year as detailed below. The Authority's revenue includes subsidies and grants received from HUD.

By far, the largest portion of the Authority's net position reflects its investments in capital assets (e.g., land, buildings, and equipment). The Authority uses these capital assets to provide housing to its tenants; consequently, these assets are not available for future spending. The unrestricted net position of the Authority is available for future use to provide program services.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2022 and 2021

Unaudited

The following table provides a summary of the Authority's net position:

	2022	2021	2020
Assets:			
Current assets	\$ 951,486	\$ 1,048,484	\$ 1,221,430
Non current assets	1,107,516	1,198,199	675,333
Capital assets	1,624,421	1,518,235	1,448,121
TOTAL ASSETS:	<u>\$ 3,683,423</u>	<u>\$ 3,764,918</u>	<u>\$ 3,344,884</u>
Deferred Outflows of Resources:	\$ 77,023	\$ 18,606	\$ 58,719
Liabilities:			
Current liabilities	\$ 423,524	\$ 307,024	\$ 221,140
Non-current liabilities	363,853	268,239	1,423,398
TOTAL LIABILITIES	<u>\$ 787,377</u>	<u>\$ 575,263</u>	<u>\$ 1,644,538</u>
Deferred Inflows of Resources:	\$ 96,511	\$ 164,841	\$ 125,513
Net investment in capital assets	\$ 1,624,421	\$ 1,518,235	\$ 1,448,121
Restricted	580,702	672,843	648,844
Unrestricted	671,435	852,342	461,413
TOTAL NET POSITION	<u>\$ 2,876,558</u>	<u>\$ 3,043,420</u>	<u>\$ 2,558,378</u>

During 2022 total assets decreased by \$81,495, primarily due to a decrease in current assets of \$96,998 and a decrease in non-current assets of \$90,683, which was offset by an increase in capital assets of \$106,186. During 2021 total assets increased by \$420,034, primarily due to a decrease in current assets of \$172,946, which was offset by an increase in non-current assets of \$522,866 and an increase in capital assets of \$70,114.

During 2022 total liabilities increased by \$212,114, primarily due to an increase in current liabilities of \$116,500 and an increase in non-current liabilities of \$95,614. Deferred inflows of resources decreased by \$68,330. During 2021 total liabilities decreased by \$1,069,275, primarily due to a decrease in non-current debt of \$1,155,159 which was offset by an increase in current debt of \$85,884. Deferred inflows of resources increased by \$39,328.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2022 and 2021

Unaudited

The following table provides a summary of the Authority's changes in net position:

	2022	2021	2020
Operating Revenues:			
HUD Grant awards	\$ 2,450,282	\$ 2,439,831	\$ 2,437,688
Tenant charges	422,002	447,411	450,108
Other governmental grants	52,094	52,094	52,194
RAD Housing Assistance			
Payments	506,978	499,739	469,556
Other income	33,640	565,073	22,950
Total Operating revenues	\$ 3,464,996	\$ 4,004,148	\$ 3,432,496
Operating Expenses:			
General Oper. Exp.	\$ 1,436,075	\$ 1,352,242	\$ 1,266,102
Housing assistance payments	2,123,292	2,155,183	2,057,807
Depreciation	72,613	122,182	115,750
Total Operating Expenses	\$ 3,631,980	\$ 3,629,607	\$ 3,439,659
Non-operating revenue (expense):			
Capital Grants			\$649
Gain on disposal of capital assets			
Loss on building demolition			
Interest income	122	508	2,777
Extinguishment of debt revenue		1,032,819	
Total non-operating revenue (expense)	\$ 122	\$ 1,033,327	\$ 3,426
Change in Net Position	(166,862)	1,407,868	(3,974)
Beginning Net Position	3,043,420	1,635,552	1,639,526
Ending Net Position	\$ 2,876,558	\$ 3,043,420	\$ 1,635,552

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2022 and 2021

Unaudited

In 2022, total revenue decreased by \$539,152. HUD Grant revenues increased by \$10,451 overall. Tenant charges decreased by \$25,409. In 2021, total revenue increased by \$571,643. HUD Grant revenues increased by \$2,143 overall. Tenant charges decreased by \$2,697.

CAPITAL ASSETS AND DEBT ADMINISTRATION:

CAPITAL ASSETS

As of December 31, 2022, 2021, and 2020, the Authority's investment in capital assets (net of accumulated depreciation) for its proprietary fund was \$1,624,421, \$1,518,235, and \$1,448,121, respectively. This investment in capital assets includes land, building, and equipment.

During the years ended December 31, 2022, 2021 and 2020, major capital assets were purchased in the amounts of \$178,799, \$192,296 and \$4,597, and during the year pertained to expenditures made in accordance with the Authority's Modernization and Capital Fund Programs. These activities are funded by grants from HUD.

The following table provides a summary of the Authority's capital assets as of December 31, 2022, 2021 and 2020:

	2022	2021	2020
<i>Non-depreciable assets:</i>			
Land	\$ 160,499	\$ 160,499	\$ 160,499
<i>Depreciable assets:</i>			
Building & Improvements	7,215,954	7,034,113	6,851,144
Furniture, equipment & machinery - dwellings	47,326	47,327	38,000
Furniture, equipment & machinery - administration	111,252	114,453	114,454
TOTAL	7,374,532	7,195,893	7,003,598
Less: accumulated depreciation	5,910,610	5,838,157	5,715,976
Net Capital Assets	\$1,624,421	\$1,518,235	\$1,448,121

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2022 and 2021

Unaudited

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET:

Significant economic factors affecting the Authority are as follows:

- The current state of the economy is indicating higher prices in general which has only been exacerbated since the COVID19 pandemic in 2020.
- Due to the federal and state eviction moratoriums, tenants have not been paying their rent. The special funding allocations that provided assistance to the tenants with unpaid rents have ended and subsequently the Authority's tenant accounts receivable have increased substantially.
- Although the Authority anticipates stable funding, the primary funding is subject to the approval of the federal appropriations bill from Congress.

Should it become necessary, the Authority will utilize its unrestricted net position to fund any operating shortfalls.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Statements of Net Position
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Unrestricted cash and cash equivalents	\$ 826,975	\$ 901,659
Accounts receivable, net of allowance for doubtful accounts of \$37,028 in 2022 and \$28,100 in 2021	65,094	28,726
Due from HUD	807	73,156
Due from other governments	40,675	23,771
Other receivables	17,935	21,172
Total current assets	<u>951,486</u>	<u>1,048,484</u>
Non-current restricted assets		
Cash and cash equivalents	609,183	699,866
Developer's fee receivable	498,333	498,333
Total non-current restricted assets	<u>1,107,516</u>	<u>1,198,199</u>
Capital assets, net of accumulated depreciation	<u>1,624,421</u>	<u>1,518,235</u>
Total assets	<u>3,683,423</u>	<u>3,764,918</u>
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions	<u>77,023</u>	<u>18,606</u>
Total assets and deferred outflows of resources	<u>\$ 3,760,446</u>	<u>\$ 3,783,524</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 249,061	\$ 134,737
Accounts payable related to pension	18,620	6,488
Due to Housing Authority of Gloucester County	85,104	101,981
Accrued expenses and other liabilities	31,753	28,213
Accrued compensated absences	4,090	4,069
Due to other governments	21,263	24,975
Unearned revenue	13,633	6,561
Total current liabilities	<u>423,524</u>	<u>307,024</u>
Non-current liabilities		
Accrued compensated absences	3,230	3,468
Pension liability - contribution subsequent to measurement date	9,310	6,488
Pension liability	222,832	131,260
Tenant security deposits	28,481	27,023
Long term debt	100,000	100,000
Total non-current liabilities	<u>363,853</u>	<u>268,239</u>
Total liabilities	<u>787,377</u>	<u>575,263</u>
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	<u>96,511</u>	<u>164,841</u>
NET POSITION		
Net investment in capital assets	1,624,421	1,518,235
Restricted	580,702	672,843
Unrestricted	671,435	852,342
Total net position	<u>2,876,558</u>	<u>3,043,420</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,760,446</u>	<u>\$ 3,783,524</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Statements of Revenue, Expenses, and Changes in Net Position
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating revenue		
Tenant charges	\$ 422,002	\$ 447,411
Federal grant awards - HUD	2,450,282	2,439,831
Federal grant awards - other	52,094	52,094
RAD Housing assistance payments	506,978	499,739
Development fee	-	498,333
Other income	33,640	66,740
	<hr/>	<hr/>
Total operating revenue	3,464,996	4,004,148
	<hr/>	<hr/>
Operating expenses		
Administration	800,758	743,552
Tenant services	72,902	62,789
Utilities	208,043	180,191
Housing assistance payments	2,123,292	2,155,183
Ordinary maintenance and operations	213,340	209,956
Insurance	69,671	66,100
General expenses	71,361	89,654
Depreciation expense	72,613	122,182
	<hr/>	<hr/>
Total operating expenses	3,631,980	3,629,607
	<hr/>	<hr/>
Operating income (loss)	(166,984)	374,541
	<hr/>	<hr/>
Non-operating revenue		
Interest income	122	508
Extinguishment of debt revenue	-	1,032,819
	<hr/>	<hr/>
Total non-operating revenue	122	1,033,327
	<hr/>	<hr/>
Increase (decrease) in net position	(166,862)	1,407,868
	<hr/>	<hr/>
Net position at the beginning of the year	3,043,420	1,635,552
	<hr/>	<hr/>
Net position at the end of the year	<u>\$ 2,876,558</u>	<u>\$ 3,043,420</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Cash received from federal programs	\$ 3,064,799	\$ 2,918,705
Cash received from tenants	394,164	430,536
Other operating cash receipts	33,640	66,741
Payments for goods and services	(1,239,268)	(1,168,060)
Payments to employees	(116,733)	(139,854)
Payments to landlords for rent	<u>(2,123,292)</u>	<u>(2,155,183)</u>
Net cash provided by (used in) operating activities	<u>13,310</u>	<u>(47,115)</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	<u>(178,799)</u>	<u>(192,296)</u>
Cash flows from investing activities		
Interest income received	<u>122</u>	<u>508</u>
Decrease in cash and cash equivalents	(165,367)	(238,903)
Cash and cash equivalents, beginning of year	<u>1,601,525</u>	<u>1,840,428</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,436,158</u></u>	<u><u>\$ 1,601,525</u></u>
	<u>2022</u>	<u>2021</u>
Reconciliation of operating income (loss) to net cash provided		
by (used in) operating activities		
Operating income (loss)	\$ (166,984)	\$ 374,541
Adjustments to reconcile operating income (loss) to net cash provided		
by (used in) operating activities		
Depreciation	72,613	122,182
Adjustment to actuarial pension expense	(35,175)	(45,407)
Adjustment to actuarial accounts payable amount	2,822	3,942
Provision for allowance for doubtful accounts	8,928	15,990
(Increase) decrease in assets		
Developer's fee receivable	-	(498,333)
Receivables from tenants	(45,296)	(32,725)
Due from HUD	72,349	(68,200)
Due from other governments	(16,904)	(4,759)
Other receivables	3,237	(796)
Increase (decrease) in liabilities		
Accounts payable	114,324	103,121
Accounts payable related to pension	12,132	(10,430)
Due to Housing Authority of Gloucester County	(16,877)	11,000
Accrued expenses and other liabilities	3,540	(12,457)
Liability for compensated absences	(217)	(1,851)
Due to other governments	(3,712)	(2,793)
Unearned revenue	7,072	(674)
Tenant security deposits	<u>1,458</u>	<u>534</u>
Net cash provided by (used in) operating activities	<u><u>\$ 13,310</u></u>	<u><u>\$ (47,115)</u></u>
Reconciliation of cash and cash equivalents to the statements of net position		
Unrestricted cash and cash equivalents - current	\$ 826,975	\$ 901,659
Restricted cash and cash equivalents - current	<u>609,183</u>	<u>699,866</u>
Total cash and cash equivalents	<u><u>\$ 1,436,158</u></u>	<u><u>\$ 1,601,525</u></u>
Extinguishment of debt	<u><u>\$ -</u></u>	<u><u>\$ 1,032,819</u></u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 1: **ORGANIZATION AND ACTIVITY**

Reporting entity

The Housing Authority of the Borough of Glassboro (the "Authority") was created under federal and state housing laws as defined by state statute (N.J.S.A. 40A:12A-1, et seq., the "Housing Authority Act"). The Authority is governed by a Board of seven members who serve five-year terms. The governing Board is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the New Jersey State Department of Community Affairs. An Executive Director is appointed by the Authority's Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance, and management of affordable housing for low and moderate-income families residing in the Borough of Glassboro, New Jersey. Rent subsidies are provided to eligible tenants under the Housing Choice Vouchers (Section 8) Program.

Component unit

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit would be or is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Authority is a component unit of the Borough of Glassboro (the "Borough"). These financial statements would be either blended or discretely presented as a part of the Borough's financial statements if the Borough reported using generally accepted accounting principles applicable to governmental entities.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 1: **ORGANIZATION AND ACTIVITY (continued)**

Component unit (continued)

As of December 31, 2022, based upon the application of these criteria, the Authority considers the Affordable Housing Corporation of Glassboro, Inc. ("AHCG") to be a component unit because of the significance of their operational or financial relationships with the Authority. AHCG is a separate entity from the Housing Authority of the Borough of Glassboro but is related by common management. AHCG is a blended component unit which is included in the financial statements of the Authority. AHCG is a nonprofit entity incorporated September 12, 2017. The component unit's year covers the period ending December 31, 2022. The purpose of AHCG is to provide low and moderate-income individuals with affordable housing opportunities. The financial statements of the individual component unit may be obtained by writing to the Authority's Executive Director at 100 Pop Moylan Boulevard, Deptford, NJ 08096-1947.

Programs

As of December 31, 2022, the activities of the Authority include the ownership and/or management of the following housing projects in Glassboro, New Jersey:

The Housing Assistance Payments Program includes tenant and project-based vouchers. This program provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe, and sanitary housing for extremely low and very low-income families as defined by the Housing Act of 1998, at rents that they can afford. The U.S. Department of Housing and Urban Development ("HUD") provides assistance for approximately 112 tenant-based vouchers to the Authority. Effective January 1, 2009, this is part of the Housing Choice Voucher program managed by the Housing Authority of Gloucester County (see Note 9). Additionally, HUD also provides tenant-based relocation voucher assistance for approximately 21 units at Hollybush II Apartments and 41 units related to the Ellis and Whitney Gardens A demolition/disposition project (see Note 12).

The Rental Assistance Demonstration ("RAD") program was created to assist housing authorities with preserving and/or improving public housing properties. The RAD program allows housing authorities to leverage public housing stock and public and private debt to make these improvements in the absence of federal funding for this purpose. In addition, RAD provides for a more stable funding stream. The Authority has 104 rental units of project-based vouchers.

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

The financial statements of the Housing Authority of the Borough of Glassboro 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.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of presentation (continued)

The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activities; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

Basis of accounting

Basis of accounting determines when transactions are being recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

Revenues - Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. Tenant charges are recognized as revenue when services are provided.

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Budgets and budgetary control

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current year and to adopt it not later than the beginning of the Authority's year. The governing body may amend the budget at any point during the year. The budget is adopted on the accrual basis of accounting with provisions for cash payments for long-term debt. Depreciation expense is not included in the budget appropriations.

The legal level of budgetary control is established at the detail shown on the Statements of Revenue, Expenses, and Changes in Net Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended. The Authority did not adopt an amending budget resolution during the year.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Budgets and budgetary control (continued)

Non-appropriated capital budgets were prepared for the Capital Fund Program. Expenditures for these funds were controlled on the basis of applicable separate annual grant awards from HUD and were carried forward each year until the projects are completed or the grant award had been expended.

Cash and cash equivalents

Cash and cash equivalents include petty cash, change funds and cash in banks, and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost, plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value, as applicable.

New Jersey governmental units 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 of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey governmental units. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of the school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services, Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks, or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to 5% of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Additionally, the Authority has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the GUDPA. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted assets

Certain cash of the Authority is restricted by HUD for use to fund future housing assistance payments, for tenant security deposits, or for other specified purposes. In the RAD program, the Authority is required to fund a repair and replacement reserve.

Capital assets and depreciation

Land, buildings, furniture, and equipment are carried substantially at cost. All additions and betterments are charged to the capital asset accounts. The Authority has no infrastructure capital assets.

Expenditures, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the capital asset's currently capitalized cost. The cost of normal repairs and maintenance is not capitalized. Interest has been capitalized during the construction period on buildings and equipment.

Assets capitalized generally have an original cost of \$2,000 or more and a useful life in excess of three years. Depreciation has been provided on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings & building improvements	15 to 40 years
Furniture and equipment	3 to 10 years

Deferred outflows and deferred inflows of resources

The statements of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represent a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represent an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the GASB standards. The Authority is required to report amounts related to the defined benefit pension plan that are applicable to future periods as deferred outflows of resources and deferred inflows of resources.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Compensated absences

Compensated absences are those absences for which employees will be paid, such as vacation, and sick leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

Unearned revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are recorded as a liability until the revenue is both measurable and the Authority is eligible to realize the revenue.

Pensions

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

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), grantors, 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 BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Income taxes

The Authority operates as defined by applicable Internal Revenue Code Sections and is exempt from income taxes under Sections 115 and 501(c)(3).

Operating and non-operating revenue and expenses

The major sources of revenue are various subsidies from the U.S. Department of Housing and Urban Development, charges to tenants, and other miscellaneous revenue as discussed below.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

Federal grant revenue - Operating subsidies, Section 8 housing assistance payments, and Capital Fund program revenue received from the U.S. Department of Housing and Urban Development are susceptible to accrual and are recognized during the year earned in accordance with applicable HUD program guidelines. The Authority is generally entitled to receive monies under an established payment schedule or, for the Capital Fund program, as expenditures are made. Housing Choice Voucher Program income is recognized based on amounts reported per HUD's Voucher Management System (VMS), with subsequent adjustments computed by HUD in accordance with current regulations. Adjustments made by HUD in periods subsequent to the year-end are reflected in the financial statements when they become known and are not anticipated to be material in amount. Advance payments received for the subsequent year are recorded as unearned revenue.

Tenant charges - Tenant charges consist of rental income and fees. Charges are determined and billed monthly and are recognized as revenues when assessed because they are measurable and are collectible within the current period. Amounts not received by year-end are considered to be accounts receivable, and amounts paid for the subsequent year are recorded as unearned revenue.

Other income - Other income is composed primarily of miscellaneous service fees. This revenue is recorded as earned since it is measurable and available.

Use of estimates

Management of the Authority has made certain estimates and assumptions relating to the reporting of assets, liabilities, and revenues and expenses to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results may differ from those estimates.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

New accounting standards adopted

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The adoption of this Statement had no impact on the financial statements.

Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The adoption of this Statement had no impact on the Authority's financial statements.

Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of certain GASB Statements. The requirements of this Statement are effective as follows:

1. The requirements related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
2. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74.
3. The requirements related to the application of Statement No. 84 to post employment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities.
4. The requirements related to the measurement of liabilities (and assets, if any) associated with Asset Retirement Obligations ("AROs") in a government acquisition.

The adoption of this statement had no impact on the Authority's financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

New accounting standards adopted (continued)

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code ("IRC") Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The adoption of this Statement had no impact on the financial statements.

New accounting standards to be implemented in the future

The Authority plans to implement the following pronouncements by the required implementation dates or earlier, when deemed feasible:

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements ("APAs"). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The Statement will become effective for the Authority in the year ending December 31, 2023. Management does not expect this Statement will have an impact on the financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

New accounting standards to be implemented in the future (continued)

Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right to use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Statement will become effective for the Authority in the year ending December 31, 2023. Management is currently evaluating the impact this Statement will have on the basic financial statements of the Authority.

Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statement and (2) accounting and financial reporting for financial guarantees. The requirements related to the extension of the use of LIBOR, accounting for Supplemental Nutrition Assistance Program ("SNAP") distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective immediately. The requirements related to leases, PPPs, and SBITAs will become effective for the Authority in the year ending December 31, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will become effective for the Authority in the year ending December 31, 2024. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Statement will become effective for the Authority in the year ending December 31, 2024. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement will become effective for the Authority in the year ending December 31, 2025. Management is currently evaluating the impact this Statement will have on the basic financial statements of the Authority.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 3: CASH AND CASH EQUIVALENTS

Custodial credit risk – Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's formal policy regarding custodial credit risk is the same as described in Note 1, N.J.S.A. 17:9-41 et seq. and included in its cash management plan. The Authority shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. As of December 31, 2022 and 2021, the bank balances of \$1,444,038 and \$1,668,697, respectively, were insured or collateralized as follows:

	December 31,	
	2022	2021
Insured	\$ 500,000	\$ 500,000
Collateralized under GUDPA	944,038	1,168,697
Uninsured or uncollateralized	-	-
	<u>\$ 1,444,038</u>	<u>\$ 1,668,697</u>

Note 4: RESTRICTED ASSETS

The Authority established restricted cash accounts as required by HUD to report the cash associated with unused Housing Assistance Payments, to hold tenant security deposits, and funds in the repair and replacement reserve.

The Authority's restricted cash is as follows:

	December 31,	
	2022	2021
Repair and replacement reserve	\$ 526,045	\$ 652,510
Housing Assistance Payments	54,657	20,333
Tenant security deposits	28,481	27,023
	<u>\$ 609,183</u>	<u>\$ 699,866</u>

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 5: CAPITAL ASSETS

The Authority's capital asset activity for the years ended December 31, 2022 and 2021, was as follows:

	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022
Capital assets not being depreciated				
Land	\$ 160,499	\$ -	\$ -	\$ 160,499
Total capital assets not being depreciated	160,499	-	-	160,499
Capital assets being depreciated				
Buildings	7,034,113	181,841	-	7,215,954
Furniture, equipment & machinery - dwelling	47,327	-	-	47,327
Furniture, equipment & machinery - administration	114,454	-	(3,202)	111,252
Total capital assets being depreciated	7,195,894	181,841	(3,202)	7,374,533
Total capital assets	7,356,393	181,841	(3,202)	7,535,032
Less: accumulated depreciation	5,838,158	72,613	(160)	5,910,611
Capital assets, net	\$ 1,518,235	\$ 109,228	\$ (3,042)	\$ 1,624,421

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 5: CAPITAL ASSETS (continued)

	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021
Capital assets not being depreciated				
Land	\$ 160,499	\$ -	\$ -	\$ 160,499
Total capital assets not being depreciated	160,499	-	-	160,499
Capital assets being depreciated				
Buildings	6,851,144	182,969	-	7,034,113
Furniture, equipment & machinery - dwelling	38,000	9,327	-	47,327
Furniture, equipment & machinery - administration	114,454	-	-	114,454
Total capital assets being depreciated	7,003,598	192,296	-	7,195,894
Total capital assets	7,164,097	192,296	-	7,356,393
Less: accumulated depreciation	5,715,976	122,182	-	5,838,158
Capital assets, net	\$ 1,448,121	\$ 70,114	\$ -	\$ 1,518,235

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 6: **COMPENSATED ABSENCES**

The Authority accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Employees earn vacation and sick leave in varying amounts based upon length of service in accordance with the Authority's Personnel Policy and Union Contract. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service based on any accumulated and unpaid annual leave at the current rate of pay under the Personnel Policy and Union Contract. Employees may not be compensated for sick leave taken upon retirement or separation under the Personnel Policy. However, under the Union Contract, upon retirement, sick leave may be paid at a rate of one day's pay for every two days of sick leave accumulated, subject to a maximum sick leave payment of \$2,500 per employee. The following summarizes compensated absences at year-end:

	December 31,	
	2022	2021
Beginning balance	\$ 7,537	\$ 9,388
Increase	9,353	6,134
Decrease	9,570	7,985
Ending balance	\$ 7,320	\$ 7,537
Current portion	\$ 4,090	\$ 4,069

Note 7: **LONG-TERM DEBT**

During 2017, the Authority entered into an unsecured loan agreement with the Borough to secure funds to be used in the demolition of Ellis Manor and Whitney Gardens A. Funds were drawn in the amount of \$1,132,819. The loan has an interest rate of 0%. Payments to the Borough are required as various milestones in the redevelopment project are achieved, as outlined in the loan agreement. Demolition was completed in August 2017. The balance of the debt is \$100,000 and \$100,000 as of December 31, 2022 and 2021, respectively. See also Note 12.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 8: **PENSION PLAN**

Public Employees' Retirement System

A substantial number of the Authority employees participate in the Public Employees' Retirement System ("PERS"), a defined benefit pension plan, which is administered by the New Jersey Division of Pensions and Benefits ("the Division"). This plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about the PERS plan's fiduciary net position which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plan

Plan Descriptions

The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS' designated purpose is to provide retirement, death, disability, and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. The PERS' Board of Trustees is primarily responsible for the administration of the PERS.

Vesting and Benefit Provisions

The vesting and benefit provisions are set by N.J.S.A. 43:15A. The PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

Tier Definition

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

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 8: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Vesting and Benefit Provisions (continued)

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

Contributions

Public Employees' Retirement System - The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate is currently 7.50% of base salary, effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Special Funding Situation Component - Under N.J.S.A. 43:15A, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. One of such legislations, which legally obligate the State, is Chapter 133, P.L. 2001. This legislation increased the accrual rate from 1/60 to 1/55. In addition, it lowered the age required for a veteran benefit equal to 1/55 of highest 12-month compensation for each year of service from 60 to 55. Chapter 133, P.L. 2001 also established the Benefit Enhancement Fund (BEF) to fund the additional annual employer normal contribution due to the State's increased benefits. If the assets in the BEF are insufficient to cover the normal contribution for the increased benefits for a valuation period, the State will pay such amount for both the State and local employers.

The Authority's contractually required contribution rate for the years ending December 31, 2022 and 2021 were 18.55% and 14.37% of the Authority's covered payroll, respectively. This amount was actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 8: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Contributions (continued)

Based on the most recent PERS measurement date of June 30, 2022, the Authority's contractually required contribution to the pension plan for the year ended December 31, 2022, was \$18,620 and was payable by April 1, 2023. Employee contributions to the Plan for the year ended December 31, 2022, were \$9,322.

Based on the PERS measurement date as of June 30, 2021, the Authority's contractually required contribution to the pension plan for the year ending December 31, 2021, was \$12,976, and paid by April 1, 2022. Employee contributions to the Plan for the year ended December 31, 2021, were \$7,081.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Authority, under Chapter 133, P.L. 2001, for the year ended December 31, 2022, was 0.47% of the Authority's covered payroll.

Based on the most recent PERS measurement date of June 30, 2022, the State's contractually required contribution, under Chapter 133, P.L. 2001, on behalf of the Authority, to the pension plan for the year ended December 31, 2022, was \$469, and is payable by April 1, 2023.

Pension Liabilities, Pension Expense (Benefit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of December 31, 2022, there is no net pension liability associated with the special funding situation under Chapter 133, P.L. 2001, as there was no accumulated difference between the annual additional normal cost and the actual State contribution through the valuation date. The Authority's proportionate share of the net pension liability was \$222,832. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2022 measurement date, the Authority's proportion was 0.0014765496%, which was an increase of 0.0003685468% from its proportion measured as of June 30, 2021.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 8: **PENSION PLAN** (continued)

Public Employees' Retirement System (continued)

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

As of December 31, 2021, the Authority's proportionate share of the net pension liability was \$131,260. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2021. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2021 measurement date, the Authority's proportion was 0.0011080028%, which was a decrease of 0.0004385036% from its proportion measured as of June 30, 2020.

Pension (Benefit) Expense - For the years ended December 31, 2022 and 2021, the Authority recognized pension (benefit) of \$12,735 and \$28,488, respectively. These amounts were based on the plan's June 30, 2022 and 2021 measurement dates, respectively.

For the year ended December 31, 2022, the Authority has recognized as a revenue and an expenditure on-behalf payments made by the State for the State's proportionate share of the PERS pension expense, associated with the Authority, under Chapter 133, P.L. 2001, calculated by the Plan as of the June 30, 2022, measurement date. The amounts recognized as a revenue and an expenditure in the financial statements were \$469.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 8: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2022 and 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	December 31, 2022		December 31, 2021	
	Measurement Date June 30, 2022		Measurement Date June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,608	\$ 1,418	\$ 2,070	\$ 940
Change of assumptions	690	33,367	684	46,729
Net difference between projected and actual earnings on pension plan investments	9,223	-	-	34,577
Changes in proportion and differences between Authority contributions and proportionate share of contributions	56,192	61,726	9,364	82,595
Authority contributions subsequent to the measurement date	9,310	-	6,488	-
	<u>\$ 77,023</u>	<u>\$ 96,511</u>	<u>\$ 18,606</u>	<u>\$ 164,841</u>

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 8: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

The deferred outflows of resources related to pensions totaling \$9,310 and \$6,488 will be included as a reduction of the net pension liability in the years ended December 31, 2023 and 2022, respectively. This amount is based on an estimated April 1, 2024 and April 1, 2023, contractually required contribution, prorated from the pension plans measurement date of June 30, 2022 and June 30, 2021, to the Authority's year-end of December 31, 2022 and 2021.

The Authority will amortize the other deferred outflow of resources and deferred inflows of resources related to PERS over the following number of years:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Year of pension plan deferral:		
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04
Changes of assumptions		
Year of pension plan deferral:		
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
Net difference between projected and actual earnings on pension plan investments		
Year of pension plan deferral:		
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
June 30, 2022	5.00	-

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued)
For the Years Ended December 31, 2022 and 2021

Note 8: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between Authority contributions and proportionate share of contributions Year of pension plan deferral:		
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13
June 30, 2022	5.04	5.04

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

<u>Year Ending December 31,</u>	
2023	\$ (25,756)
2024	(15,739)
2025	(9,681)
2026	21,845
2027	533
	<u>\$ (28,798)</u>

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 8: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

Actuarial Assumptions

The net pension liability was measured as of June 30, 2022 and 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 and 2020. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2022 and 2021. These actuarial valuations used the following actuarial assumptions, applied to all periods included in the measurement:

	Measurement Date June 30, 2022	Measurement Date June 30, 2021
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary increases:		
Through 2026	2.75% - 6.55%	2.00% - 6.00%
Thereafter	Based on years of service	Based on years of service 3.00% - 7.00%
Investment rate of return	7.00%	7.00%
Period of actuarial experience Study upon which actuarial assumptions were based	July 1, 2018 – June 30, 2021	July 1, 2014 – June 30, 2018

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 8: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Actuarial Assumptions (continued)

For the June 30, 2022 measurement date, 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-2021.

For the June 30, 2021 measurement date, 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-2021.

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022 and 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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 weighting 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' target asset allocation as of June 30, 2022 and 2021, are summarized in the table on the following page.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 8: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

Actuarial Assumptions (continued)

Asset Class	Measurement Date June 30, 2022		Measurement Date June 30, 2021	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	4.91%	3.00%	3.35%
Cash Equivalents	4.00%	1.75%	4.00%	0.50%
U.S. Treasuries	4.00%	1.75%	5.00%	0.95%
Investment Grade Credit	7.00%	3.38%	8.00%	1.68%
High Yield	4.00%	4.95%	2.00%	3.75%
Private Credit	8.00%	8.10%	8.00%	7.60%
Real Assets	3.00%	7.60%	3.00%	7.40%
Real Estate	8.00%	11.19%	8.00%	9.15%
U.S. Equity	27.00%	8.12%	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.38%	13.50%	8.71%
Emerging Markets Equity	5.50%	10.33%	5.50%	10.96%
Private Equity	13.00%	11.80%	13.00%	11.30%
	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.54% as of the June 30, 2022 measurement date based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity would 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 projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 8: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

Discount Rate (continued)

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.16% as of the June 30, 2021 measurement date based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity would 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 projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the Authority's proportionate share of the net pension liability at June 30, 2022, the plan's measurement date, calculated using a discount rate of 7.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	<u>\$ 286,273</u>	<u>\$ 222,832</u>	<u>\$ 168,840</u>

The following presents the Authority's proportionate share of the net pension liability at June 30, 2021, the plan's measurement date, calculated using a discount rate of 7.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	<u>\$ 178,749</u>	<u>\$ 131,260</u>	<u>\$ 90,958</u>

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 8: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Pension Plan Fiduciary Net Position

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

Note 9: **MANAGEMENT AGREEMENTS**

The Housing Authority of Gloucester County manages operations for the Authority. The total management fees paid for the years ended December 31, 2022 and 2021, were \$694,555 and \$633,797, respectively.

Note 10: **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered through a joint insurance pool as described below. Settled claims from these risks have not exceeded coverage for the past several years.

The Authority is a member of the New Jersey Public Housing Authority Joint Insurance Fund. The Fund provides its members with the following coverage:

- Property and Physical Damage
- General and Automobile Liability
- Workers' Compensation
- Public Official Liability/Employment Practices Liability

Contributions to the Fund are payable in an annual premium and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment to the Fund's obligation.

The Fund publishes its own financial report which can be obtained from:

- New Jersey Public Housing Authorities Joint Insurance Fund
- 9 Campus Drive, Suite 16
- Parsippany, New Jersey 07054-4412

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 11: OTHER MATTERS

In the opinion of management, any potential claims against the Authority are adequately covered by insurance or are without merit.

Note 12: REDEVELOPMENT PROJECT AND PUBLIC HOUSING CONVERSION

During 2012, the Authority began the process of obtaining approval and funding for a demolition/disposition plan at the Ellis Manor and Whitney Gardens A properties. These are two public housing projects of the Authority, and such a plan is authorized in accordance with Section 18 of the Housing Act of 1937.

The Authority's Board approved the Authority's Relocation Plan at the May 21, 2012 meeting. This plan was approved by HUD in addition to funding for 51 relocation vouchers during 2013. The Authority issued an 18-month notice to the residents to relocate in May 2013.

The Authority began preparing the residents for the relocation process in 2012. As a result, vacancies increased beginning in 2012 and through 2013. Some residents moved to live with relatives, were removed for cause, and some used relocation vouchers.

In July 2012, HUD approved the Authority's plan for disposition of portions of Ellis and Whitney Gardens A. In September 2013, a request for proposal for a developer for the Ellis Manor and Whitney Gardens A properties was issued.

In March 2014, the Authority designated Pennrose Properties, LLC as the developer for the project. The Authority and Pennrose approved the Master Development Agreement (MDA) in December 2014.

Pennrose applied for 9% Low Income Housing Tax Credits through the NJHMFA in July 2015 and July 2017, but was not awarded funding for the Lincoln Boulevard Redevelopment Project.

During 2017, the Authority applied for permission from HUD and was approved to demolish the Ellis Manor and Whitney Gardens A properties. The Authority also entered into a loan agreement with the Borough to secure funds to be used in the demolition of Ellis Manor and Whitney Gardens A. Upon closing for the financing of the development project, a mortgage and note will be executed between the Borough of Glassboro and Lincoln Senior Urban Renewal I LP. Demolition was completed in August 2017. See also Note 7.

Pennrose applied for 9% Low-Income Housing Tax Credits through the NJHMFA again in August 2018 to fund the Lincoln Boulevard Redevelopment Project. The NJHMFA notified Pennrose of the award of the Low-Income Housing Tax Credits in November 2018. The NJHMFA approved a resolution of commitment for Special Needs Housing Trust Funds towards the project on June 25, 2020. The Authority closed with HUD for the conversion of the remaining 24 PH units to RAD on August 3, 2021. The Authority committed 24 RAD PBVs as well as 40 regular PBV to the redevelopment project.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

Notes to Financial Statements (continued) For the Years Ended December 31, 2022 and 2021

Note 12: REDEVELOPMENT PROJECT AND PUBLIC HOUSING CONVERSION (continued)

A construction closing took place on August 3, 2021. At closing, the Authority entered into a "Development Fee and Post Closing Agreement" between several parties, Lincoln Senior Urban Renewal I LP (project entity), Penrose, LLC (developer), and Pennrose Holdings, LLC (Pennrose holdings). When this agreement was entered into, the Authority earned \$498,333 of development fee, which is one-third of the total development fee for the project, and is included in the statements of revenue, expenses, and changes in net position for the year ended December 31, 2021. Development fee is expected to be paid at the completion of project construction.

Also at the construction closing, Pennrose paid \$500,000 to the Borough of Glassboro on the Authority's behalf, related to the demolition loan. A note was also issued to extinguish \$532,819 of debt on the Authority's books, as it was assumed by Pennrose. The remaining balance of \$100,000 is due from the Authority to the Borough of Glassboro when development fees are received.

In January 2022, the Authority was notified that the development project was awarded \$1 million of additional funding, to address the rising cost of construction materials, from the Federal Home Loan Bank of New York.

Note 13: SUBSEQUENT EVENTS

During 2023, the Authority's development partner completed construction of the Village at Harmony Garden property. The property has 64 units of low-income housing. Of the 64 units, 40 are project based vouchers, allocated from the Authority's Housing Choice Voucher program. The remaining 24 units are RAD project based vouchers.

Management of the Glassboro Housing Authority has evaluated subsequent events through September 13, 2023, the date the financial statements were available to be issued.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2022

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Other Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System
Last Ten Plan Years

	<u>Measurement Date Ending June 30,</u>									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion of the net pension liability	0.0014765496%	0.0011080028%	0.0015465064%	0.0015748858%	0.0015777988%	0.0015993209%	0.0011090903%	0.0015615335%	0.0020831272%	0.0020884441%
Proportionate share of the net pension liability	\$ 222,832	\$ 131,260	\$ 252,195	\$ 283,771	\$ 310,661	\$ 372,296	\$ 328,481	\$ 350,533	\$ 390,018	\$ 399,143
Covered payroll (plan measurement period)	\$ 108,820	\$ 81,204	\$ 111,912	\$ 111,912	\$ 110,804	\$ 110,804	\$ 76,308	\$ 107,712	\$ 144,068	\$ 144,068
Proportionate share of the net pension liability as a percentage of covered payroll	204.77%	161.64%	225.35%	253.57%	280.37%	336.00%	430.47%	325.44%	270.72%	277.05%
Plan fiduciary net position as a percentage of the total pension liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Other Required Supplementary Information
Schedule of the Authority's Contributions
Public Employees' Retirement System
Last Ten Years

	<u>Year Ended December 31,</u>									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 18,620	\$ 12,976	\$ 16,918	\$ 15,319	\$ 15,694	\$ 14,816	\$ 9,853	\$ 13,425	\$ 17,173	\$ 15,736
Contributions in relation to the contractually required contribution	<u>(18,620)</u>	<u>(12,976)</u>	<u>(16,918)</u>	<u>(15,319)</u>	<u>(15,694)</u>	<u>(14,816)</u>	<u>(9,853)</u>	<u>(13,425)</u>	<u>(17,173)</u>	<u>(15,736)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 100,392	\$ 90,285	\$ 85,194	\$ 126,739	\$ 111,912	\$ 111,358	\$ 110,804	\$ 86,408	\$ 107,712	\$ 134,979
Contributions as a percentage of covered payroll	18.55%	14.37%	19.86%	12.09%	14.02%	13.30%	8.89%	15.54%	15.94%	11.66%

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Note to Other Required Supplementary Information
For the Year Ended December 31, 2022

Note to Required Supplementary Information

Public Employees' Retirement System (PERS)

Change in Benefit Terms:

The June 30, 2022 measurement date included three changes to the plan provisions, only one of which had an impact on the Total Pension Liability (TPL). Chapter 226, P.L. 2021 reopened the Prosecutors Part of PERS and made membership in the Prosecutors Part of PERS mandatory for all prosecutors.

Change in Assumptions:

The discount rate used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	7.00%	2017	5.00%
2021	7.00%	2016	3.98%
2020	7.00%	2015	4.90%
2019	6.28%	2014	5.39%
2018	5.66%		

The long-term expected rate of return used as of June 30 measurement date is as follows:

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
2022	7.00%	2017	7.00%
2021	7.00%	2016	7.65%
2020	7.00%	2015	7.90%
2019	7.00%	2014	7.90%
2018	7.00%		

The underlying demographic and economic assumptions were updated as a result of the Experience Study covering the period of July 1, 2018 - June 30, 2021.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

SUPPLEMENTARY INFORMATION

**(AS REQUIRED BY U.S. DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT)**

DECEMBER 31, 2022

Glassboro Housing Authority (NJ051)
GLASSBORO, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

	Project Total	6.2 Component Unit - Blended	1 Business Activities	93.044 Special Programs for the Aging Title III, Part B Grants for Supportive	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted		\$90,123	\$617,805		\$119,048	\$826,976		\$826,976
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted		\$526,045			\$54,657	\$580,702		\$580,702
114 Cash - Tenant Security Deposits			\$28,481			\$28,481		\$28,481
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	\$0	\$616,168	\$646,286	\$0	\$173,705	\$1,436,159	\$0	\$1,436,159
121 Accounts Receivable - PHA Projects								
122 Accounts Receivable - HUD Other Projects				\$14,305	\$807	\$15,112		\$15,112
124 Accounts Receivable - Other Government			\$26,369			\$26,369		\$26,369
125 Accounts Receivable - Miscellaneous		\$13,606	\$529,632		\$201	\$543,439		\$543,439
126 Accounts Receivable - Tenants			\$74,951			\$74,951		\$74,951
126.1 Allowance for Doubtful Accounts -Tenants			-\$37,028			-\$37,028		-\$37,028
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current								
128 Fraud Recovery								
128.1 Allowance for Doubtful Accounts - Fraud								
129 Accrued Interest Receivable								
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$13,606	\$593,924	\$14,305	\$1,008	\$622,843	\$0	\$622,843
131 Investments - Unrestricted								
132 Investments - Restricted								
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets								
143 Inventories								
143.1 Allowance for Obsolete Inventories								
144 Inter Program Due From		\$0	\$14,305			\$14,305	-\$14,305	\$0
145 Assets Held for Sale								
150 Total Current Assets	\$0	\$629,774	\$1,254,515	\$14,305	\$174,713	\$2,073,307	-\$14,305	\$2,059,002

Glassboro Housing Authority (NJ051)

GLASSBORO, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

	Project Total	6.2 Component Unit - Blended	1 Business Activities	93.044 Special Programs for the Aging Title III, Part B Grants for Supportive	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
161 Land	\$23,584		\$136,915			\$160,499		\$160,499
162 Buildings			\$7,215,954			\$7,215,954		\$7,215,954
163 Furniture, Equipment & Machinery - Dwellings			\$47,327			\$47,327		\$47,327
164 Furniture, Equipment & Machinery - Administration			\$111,251			\$111,251		\$111,251
165 Leasehold Improvements								
166 Accumulated Depreciation			-\$5,910,611			-\$5,910,611		-\$5,910,611
167 Construction in Progress								
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$23,584	\$0	\$1,600,836	\$0	\$0	\$1,624,420	\$0	\$1,624,420
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	\$23,584	\$0	\$1,600,836	\$0	\$0	\$1,624,420	\$0	\$1,624,420
200 Deferred Outflow of Resources			\$77,023			\$77,023		\$77,023
290 Total Assets and Deferred Outflow of Resources	\$23,584	\$629,774	\$2,932,374	\$14,305	\$174,713	\$3,774,750	-\$14,305	\$3,760,445
311 Bank Overdraft								
312 Accounts Payable <= 90 Days		\$45,949	\$219,011			\$264,960		\$264,960
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable			\$16,023			\$16,023		\$16,023
322 Accrued Compensated Absences - Current Portion			\$4,090			\$4,090		\$4,090
324 Accrued Contingency Liability								
325 Accrued Interest Payable								
331 Accounts Payable - HUD PHA Programs					\$0	\$0		\$0
332 Account Payable - PHA Projects			\$202			\$202		\$202

Glassboro Housing Authority (NJ051)
GLASSBORO, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

	Project Total	6.2 Component Unit - Blended	1 Business Activities	93.044 Special Programs for the Aging Title III, Part B Grants for Supportive	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
333 Accounts Payable - Other Government		\$20,971	\$78,869		\$6,529	\$106,369		\$106,369
341 Tenant Security Deposits			\$28,481			\$28,481		\$28,481
342 Unearned Revenue			\$13,631			\$13,631		\$13,631
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue								
344 Current Portion of Long-term Debt - Operating Borrowings								
345 Other Current Liabilities		\$58				\$58		\$58
346 Accrued Liabilities - Other			\$27,500			\$27,500		\$27,500
347 Inter Program - Due To				\$14,305		\$14,305	-\$14,305	\$0
348 Loan Liability - Current								
310 Total Current Liabilities	\$0	\$66,978	\$387,807	\$14,305	\$6,529	\$475,619	-\$14,305	\$461,314
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$100,000			\$100,000		\$100,000
352 Long-term Debt, Net of Current - Operating Borrowings								
353 Non-current Liabilities - Other								
354 Accrued Compensated Absences - Non Current			\$3,230			\$3,230		\$3,230
355 Loan Liability - Non Current								
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities			\$222,832			\$222,832		\$222,832
350 Total Non-Current Liabilities	\$0	\$0	\$326,062	\$0	\$0	\$326,062	\$0	\$326,062
300 Total Liabilities	\$0	\$66,978	\$713,869	\$14,305	\$6,529	\$801,681	-\$14,305	\$787,376
400 Deferred Inflow of Resources			\$96,511			\$96,511		\$96,511
508.4 Net Investment in Capital Assets	\$23,584		\$1,602,837			\$1,626,421		\$1,626,421
511.4 Restricted Net Position		\$526,045			\$54,657	\$580,702		\$580,702
512.4 Unrestricted Net Position	\$0	\$36,751	\$519,157	\$0	\$113,527	\$669,435		\$669,435
513 Total Equity - Net Assets / Position	\$23,584	\$562,796	\$2,121,994	\$0	\$168,184	\$2,876,558	\$0	\$2,876,558
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$23,584	\$629,774	\$2,932,374	\$14,305	\$174,713	\$3,774,750	-\$14,305	\$3,760,445

Glassboro Housing Authority (NJ051)
GLASSBORO, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

	Project Total	6.2 Component Unit - Blended	1 Business Activities	93.044 Special Programs for the Aging_Title III, Part B_Grants for Supportive	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue			\$420,677			\$420,677		\$420,677
70400 Tenant Revenue - Other			\$1,312			\$1,312		\$1,312
70500 Total Tenant Revenue	\$0	\$0	\$421,989	\$0	\$0	\$421,989	\$0	\$421,989
70600 HUD PHA Operating Grants					\$2,450,282	\$2,450,282		\$2,450,282
70610 Capital Grants								
70710 Management Fee								
70720 Asset Management Fee								
70730 Book Keeping Fee								
70740 Front Line Service Fee								
70750 Other Fees								
70700 Total Fee Revenue						\$0	\$0	\$0
70800 Other Government Grants			\$506,978	\$52,094		\$559,072		\$559,072
71100 Investment Income - Unrestricted		\$8	\$40		\$29	\$77		\$77
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery		\$3				\$3		\$3
71500 Other Revenue			\$33,651			\$33,651		\$33,651
71600 Gain or Loss on Sale of Capital Assets								
72000 Investment Income - Restricted		\$46				\$46		\$46
70000 Total Revenue	\$0	\$57	\$962,658	\$52,094	\$2,450,311	\$3,465,120	\$0	\$3,465,120
91100 Administrative Salaries								
91200 Auditing Fees			\$17,701		\$9,800	\$27,501		\$27,501
91300 Management Fee			\$462,717		\$231,838	\$694,555		\$694,555

Glassboro Housing Authority (NJ051)
GLASSBORO, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

	Project Total	6.2 Component Unit - Blended	1 Business Activities	93.044 Special Programs for the Aging_Title III, Part B_Grants for Supportive	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
91310 Book-keeping Fee								
91400 Advertising and Marketing			\$981			\$981		\$981
91500 Employee Benefit contributions - Administrative								
91600 Office Expenses		\$123	\$21,327		\$391	\$21,841		\$21,841
91700 Legal Expense			\$38,316			\$38,316		\$38,316
91800 Travel		\$8	\$754			\$762		\$762
91810 Allocated Overhead								
91900 Other		\$162	\$16,620		\$21	\$16,803		\$16,803
91000 Total Operating - Administrative	\$0	\$293	\$558,416	\$0	\$242,050	\$800,759	\$0	\$800,759
92000 Asset Management Fee								
92100 Tenant Services - Salaries			\$20,608	\$45,965		\$66,573		\$66,573
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services				\$0		\$0		\$0
92400 Tenant Services - Other			\$6,330			\$6,330		\$6,330
92500 Total Tenant Services	\$0	\$0	\$26,938	\$45,965	\$0	\$72,903	\$0	\$72,903
93100 Water			\$25,917			\$25,917		\$25,917
93200 Electricity			\$50,013			\$50,013		\$50,013
93300 Gas			\$83,606			\$83,606		\$83,606
93400 Fuel								
93500 Labor								
93600 Sewer			\$48,506			\$48,506		\$48,506
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense								
93000 Total Utilities	\$0	\$0	\$208,042	\$0	\$0	\$208,042	\$0	\$208,042
94100 Ordinary Maintenance and Operations - Labor			\$44,673			\$44,673		\$44,673
94200 Ordinary Maintenance and Operations - Materials and Other			\$69,764			\$69,764		\$69,764
94300 Ordinary Maintenance and Operations Contracts			\$98,903			\$98,903		\$98,903
94500 Employee Benefit Contributions - Ordinary Maintenance			\$0			\$0		\$0
94000 Total Maintenance	\$0	\$0	\$213,340	\$0	\$0	\$213,340	\$0	\$213,340

Glassboro Housing Authority (NJ051)
GLASSBORO, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

	Project Total	6.2 Component Unit - Blended	1 Business Activities	93.044 Special Programs for the Aging_Title III, Part B_Grants for Supportive	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
95100 Protective Services - Labor								
95200 Protective Services - Other Contract Costs								
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services								
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance			\$27,156			\$27,156		\$27,156
96120 Liability Insurance			\$24,704			\$24,704		\$24,704
96130 Workmen's Compensation			\$1,740	\$6,129		\$7,869		\$7,869
96140 All Other Insurance			\$5,890		\$4,053	\$9,943		\$9,943
96100 Total insurance Premiums	\$0	\$0	\$59,490	\$6,129	\$4,053	\$69,672	\$0	\$69,672
96200 Other General Expenses			\$23,265		\$654	\$23,919		\$23,919
96210 Compensated Absences								
96300 Payments in Lieu of Taxes			\$21,263			\$21,263		\$21,263
96400 Bad debt - Tenant Rents			\$8,928			\$8,928		\$8,928
96500 Bad debt - Mortgages								
96600 Bad debt - Other					\$17,250	\$17,250		\$17,250
96800 Severance Expense								
96000 Total Other General Expenses	\$0	\$0	\$53,456	\$0	\$17,904	\$71,360	\$0	\$71,360
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	\$0	\$0

Glassboro Housing Authority (NJ051)
GLASSBORO, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

	Project Total	6.2 Component Unit - Blended	1 Business Activities	93.044 Special Programs for the Aging Title III, Part B Grants for Supportive	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
96900 Total Operating Expenses	\$0	\$293	\$1,119,682	\$52,094	\$264,007	\$1,436,076	\$0	\$1,436,076
97000 Excess of Operating Revenue over Operating Expenses	\$0	-\$236	-\$157,024	\$0	\$2,186,304	\$2,029,044	\$0	\$2,029,044
97100 Extraordinary Maintenance								
97200 Casualty Losses - Non-capitalized								
97300 Housing Assistance Payments					\$2,123,292	\$2,123,292		\$2,123,292
97350 HAP Portability-In								
97400 Depreciation Expense			\$72,613			\$72,613		\$72,613
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	\$0	\$293	\$1,192,295	\$52,094	\$2,387,299	\$3,631,981	\$0	\$3,631,981
10010 Operating Transfer In								
10020 Operating transfer Out								
10030 Operating Transfers from/to Primary Government			\$0			\$0		\$0
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	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	-\$236	-\$229,637	\$0	\$63,012	-\$166,861	\$0	-\$166,861

Glassboro Housing Authority (NJ051)
GLASSBORO, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

	Project Total	6.2 Component Unit - Blended	1 Business Activities	93.044 Special Programs for the Aging Title III, Part B Grants for Supportive	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$507,981	\$563,032	\$1,867,235	\$0	\$105,172	\$3,043,420		\$3,043,420
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$484,397		\$484,396			-\$1		-\$1
11050 Changes in Compensated Absence Balance								
11060 Changes in Contingent Liability Balance								
11070 Changes in Unrecognized Pension Transition Liability								
11080 Changes in Special Term/Severance Benefits Liability								
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents								
11100 Changes in Allowance for Doubtful Accounts - Other								
11170 Administrative Fee Equity					\$113,527	\$113,527		\$113,527
11180 Housing Assistance Payments Equity					\$54,657	\$54,657		\$54,657
11190 Unit Months Available	0				4332	4332		4332
11210 Number of Unit Months Leased	0				3173	3173		3173
11270 Excess Cash	\$0					\$0		\$0
11610 Land Purchases	\$0					\$0		\$0
11620 Building Purchases	\$0					\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0					\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0					\$0		\$0
11650 Leasehold Improvements Purchases	\$0					\$0		\$0
11660 Infrastructure Purchases	\$0					\$0		\$0
13510 CFFP Debt Service Payments	\$0					\$0		\$0
13901 Replacement Housing Factor Funds	\$0					\$0		\$0

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

PART II - SINGLE AUDIT SECTION

DECEMBER 31, 2022

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

Board of Commissioners
Housing Authority of the Borough of Glassboro

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Housing Authority of the Borough of Glassboro's ("Authority"), a component unit of the Borough of Glassboro, 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 the Authority's major federal program for the year ended December 31, 2022. The Authority'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, the Housing Authority of the Borough of Glassboro, a component unit of the Borough of Glassboro, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

The Authority's blended component unit is not subject to Single Audit requirements and is not covered by this report.

Basis for Opinion on Each Major Federal Program

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

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in 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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control may exist that have not been identified.

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

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

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
September 13, 2023

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

<u>Federal Grantor Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal FAIN Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development Direct Programs					
Housing Voucher Cluster					
Section 8 Housing Choice Vouchers	14.871	various	N/A	\$ -	\$ 2,450,282
Total Housing Voucher Cluster				-	2,450,282
Total U.S. Department of Housing and Urban Development				-	2,450,282
U.S. Department of Health and Human Services Passed through County of Gloucester					
Grants for Supportive Services & Senior Centers	93.044	N/A	036	-	52,094
Total U.S. Department of Health and Human Services				-	52,094
Total expenditures of federal awards				\$ -	\$ 2,502,376

See accompanying notes to financial statements and notes to the schedule of expenditures of federal awards.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Note 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Housing Authority of the Borough of Glassboro (the "Authority") under programs of the federal government for the year ended December 31, 2022. The Authority is defined in Note 1 to the financial statements. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on this Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: DE MINIMIS COST RATE

The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 4: RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedule agree with, in all material respects, the amounts reported in the related financial statements.

Note 5: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

All amounts in the accompanying schedule agree with, in all material respects, the amounts reported in the related federal financial reports.

Note 6: PHA'S STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

There were no Modernization Cost Certificates filed by the Housing Authority in 2022.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO

PART III – SCHEDULE OF FINDINGS & QUESTIONED COSTS

DECEMBER 31, 2022

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

Section 1 – Summary of Auditor’s Results

Financial Statements

- | | |
|--|------------|
| A. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP | Unmodified |
| B. Internal control over financial reporting: | |
| 1. Material weakness(es) identified? | None noted |
| 2. Significant deficiency(ies) identified? | None noted |
| C. Noncompliance material to financial statements noted? | None noted |

Federal Awards Section

- | | |
|---|------------|
| D. Internal control over major federal programs: | |
| 1. Material weakness(es) identified? | None noted |
| 2. Significant deficiency(ies) identified? | None noted |
| E. Type of auditor’s report on compliance for major federal programs: | Unmodified |
| F. Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a): | None noted |
| G. Identification of major federal programs: | |

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.871	Housing Voucher Cluster

- | | |
|---|------------|
| H. Dollar threshold used to distinguish between type A and type B programs: | \$ 750,000 |
| I. Auditee qualified as low-risk auditee? | Yes |

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

Section 2- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires.

No Current Year Findings.

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs, and significant instances of abuse related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

No Current Year Findings.

HOUSING AUTHORITY OF THE BOROUGH OF GLASSBORO
Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and Federal Awards that are required to be reported in accordance with *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

FINANCIAL STATEMENT FINDINGS

No Prior Year Findings.

FEDERAL AWARDS

No Prior Year Findings.

APPRECIATION

We express our appreciation for the courtesies extended and assistance rendered to us during the course of this audit.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants