

Housing Authority of Plainfield

**Financial Statements and
Supplementary Information**

December 31, 2023

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Independent Auditor's Report

To the Board of Commissioners of
Housing Authority of Plainfield

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of the aggregate enterprise funds, business type activities and the discretely presented component unit of the Housing Authority of Plainfield (the "Authority") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the accompanying table of contents.

In my opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Housing Authority of Plainfield as of December 31, 2023 and the results of its operations and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Housing Authority of Plainfield and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of Plainfield's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of Plainfield 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Housing Authority of Plainfield's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those in charge with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that I identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and the required pension and OPEB information on pages 30 and 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial

statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards for the year ended December 31, 2023 is presented on page 28 for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. The Financial Data Schedule presented on pages 32 through 38 are also not required parts of the financial statements, but are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my 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*, I have also issued my report dated August 23, 2024 on my consideration of the Housing Authority of Plainfield's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of Plainfield's internal control over financial reporting and compliance.

Frank Glien, LLC, CPA

Frank Glien LLC, CPA

Cranford, New Jersey
August 23, 2024

Housing Authority Of Plainfield

Management's Discussion and Analysis

December 31, 2023

As management of the Housing Authority of Plainfield, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

A- Financial Highlights

1 - As of December 31, 2023, the assets of the Authority exceeded its liabilities by \$828,232 (net position) as compared to a negative net position of \$ 86,993 at December 31, 2022, an improvement of \$915,225. The net change from year to year is the result of income contributions from the following sources: 1) current year operating income of \$407,257; 2) an extraordinary gain of \$266,260, based on adjustments to the Authority's pension liabilities; 3) capital grants of \$297,309; 4) investment income of \$2,711; 5) offset by a decrease in net position of \$58,152 resulting from a prior period adjustment for 2021 and 2022 expenses paid in 2023.

2 - As of the close of the current fiscal year, the Authority's proprietary fund reported a deficit in Unrestricted Net Position of \$7,853,267 compared to a \$8,462,265 deficit in the prior year. This significant improvement of \$ 608,998 is due to the improved results as noted above.

3- The Authority's unrestricted cash balance at December 31, 2023 was \$2,416,390 representing an increase of \$726,810 from the prior fiscal year. This increase is directly attributable to a reduction in our accounts receivable balances of \$315,025, as well as operating income of \$407,097.

4 - Restricted cash at December 31, 2023 totaled \$633,141 and consisted of \$118,681 associated with our Section 8 Family Self Sufficiency Program as well as \$219,965 in our Projects related to deferred antenna sale proceeds along with \$135,556 of tenant security deposits and other restricted cash of \$158,939 in our Section 8 program. This compares to restricted cash of \$558,588 in year 2022.

5 - For the year ended December 31, 2023, the Authority had total operating revenues of \$16,648,670 and total operating expenses of \$16,241,573 (including depreciation of \$276,588. This compares to year 2022 revenues of \$15,386,180 and operating expenses of \$15,926,287. Overall year over year operating results improved by \$947,204. This overall improvement can be attributed to the fact that during 2022 the Authority experienced significant operating losses as it came out of a very difficult COVID related year where our expenses far exceeded our revenue.

6 - The Authority's capital outlays for the fiscal year ended December 31, 2023 totaled \$297,309 compared to capital outlays of \$326,319 in 2022. During both years, due to COVID restrictions, many large capital projects were delayed.

7 - The Authority's expenditures of federal awards amounted to \$14,832,850 for the year ended December 31, 2023 compared to \$14,159,717 in 2022. The expenditures represent an increase of \$ 315,286, of which \$392,821 can be attributed to an increase in Housing Choice Voucher payments. During 2023 the Authority received additional vouchers as a result of the completion of our mixed financing .

Management's Discussion and Analysis – Continued

8 – During 2015, the Authority implemented GASB 68, adopted GASB 65 in 2016 and GASB 75 during 2018. Adopting these accounting pronouncements, which relate to recognizing the future expense and liability of the Authority's health, medical, and pension benefits costs for all qualifying employees on the Authority's financial statements, had the cumulative effect of reducing the Authority's net position by \$9,375,954 through December 31, 2023.

B – Using the Annual Report

1 – Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements and notes to the financial statements included in this report were prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to governmental entities for proprietary fund types.

2 – Financial Statements

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

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

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

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

3 – Notes to the Financial Statements

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

4 – Supplemental Information

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Expenditures of Federal Awards can be found on page 28 of this report.

Management's Discussion and Analysis - Continued

C - The Authority as a Whole

The Authority's net position improved during the fiscal year by \$ 915,225 and is explained in detail in the financial highlights A1 above. As noted, the improvement is primarily due to the adoption of GASB 68 which resulted in an extraordinary gain of \$ 266,260, operating profits of \$407,097, and capital fund grants of \$ 297,260.

By far, the largest portion of the Authority's net assets reflects its investment in capital assets (e.g., land, buildings, equipment, and construction on process). The Authority uses these capital assets to provide housing services to its tenants; consequently, these assets are not available for future spending. The unrestricted net assets of the Authority are available for future use to provide program services. Restricted net assets represent unexpended housing assistance payments subsidies which are available only to make housing assistance payments to eligible families.

D - Budgetary Highlights

For the year ended December 31, 2023, individual programs and grant budgets were prepared by the Authority and were approved by the board of commissioners. The budgets were primarily used as a management tool and have no legal stature and therefore are not presented in the financial statements. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

E - Capital Assets and Debt Administration

Capital Assets

As of December 31, 2023, the Authority's investment in capital assets for its proprietary fund was \$7,828,449 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and construction in progress.

Major capital expenditures of \$297,309 were incurred during the fiscal year. Additional information on the Authority's capital assets can be found in Note 6 to the financial statements.

Long Term Debt

As of December 31, 2023, the Authority had no long-term debt or short-term loans. Previously all loans were related to property of the component unit, Premier Community Development Corporation. These loans were paid in full during 2021.

F - Summary of Significant Changes

1. Unrestricted cash and cash equivalents increased by \$ 726,810. The primary reason for the increase was due to increases in tenant rents and a decrease in net accounts receivable. (see financial highlights # 3 for further details).
2. HUD operating grants increased by \$673,133 in 2023. The change was primarily associated with an increase in grant subsidy of \$ 619,037 in the Housing Choice Voucher program, offset by a reduction of Capital Fund operating grants in 2023.
3. During 2023 the Authority recorded an extraordinary gain of \$ 266,260 resulting from adjustments to its pension liability accounts based on actuarial calculations as reflected in the June 30, 2023 audit report of the New Jersey Public Employees Retirement System pension benefit plan.

Management's Discussion and Analysis - Continued

4.

Operating expenses increased by \$ 315,286 and, as reflected in the Statement of Revenues, Expenses and Changes in Net Position, are primarily due to an increase of \$392,821 in Housing Assistance payments, offset by a significant decrease in maintenance costs and an increase in other costs.

G - Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Authority's budget for the fiscal year ending December 31, 2023.

1 - The state of the economy, particularly its effect on tenant incomes, which are used in determining tenant rents paid to the Authority. The Authority experienced an increase in tenant rents and a decrease in net accounts receivable. The increase was due to the easing of COVID restrictions enabling tenants to return to work and resume making their rent payments.

2 - The continued cutbacks affecting HUD subsidies and grants.

3 - The use of the Authority's net assets to fund any shortfalls arising from a possible economic downturn and reduced subsidies and grants. The Authority's net assets appear sufficient to cover any potential shortfall.

4 - The Authority's management has taken all recommended and precautionary steps to protect its staff as well as its tenants and to date has experienced little if any health related issues or disruption in service or operations. Based on current budgets and projections, management has projected that with its existing funding it will have sufficient resource to maintain normal operations and provide the necessary safety, security, and level of service throughout the year,

H - Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Plainfield Housing Authority 510 East Front Street, Plainfield, NJ 07060.

Management's Discussion and Analysis (Continued)

Year Ended December 31	12/31/2023	12/31/2022	Net Change	% Change
Cash, deferred outflows and other current assets	\$ 5,427,652	\$ 5,034,984	\$ 392,668	7.8%
Capital assets, net	8,133,950	8,089,844	44,106	0.5%
Total assets and deferred outflows	13,561,602	13,124,828	436,774	3.3%
Less: total liabilities and deferred inflows	(12,733,370)	(13,211,821)	478,451	-3.6%
Net position	\$ 828,232	\$ (86,993)	\$ 915,225	-1052.1%
Invested in capital assets	\$ 7,828,449	\$ 8,089,844	\$ (261,395)	-3.2%
Restricted net assets	-	10,500	(10,500)	-100.0%
Unrestricted net assets	(7,000,217)	(8,187,337)	1,187,120	-14.5%
Total net position	\$ 828,232	\$ (86,993)	\$ 915,225	-1052.1%

Computations of changes in net position are as follows:

Revenues				
Tenant revenues	\$ 1,581,760	\$ 1,435,867	\$ 145,893	10.2%
HUD subsidies	14,535,541	13,833,398	702,143	5.1%
Other income	531,369	116,915	414,454	354.5%
Total operating revenues	16,648,670	15,386,180	1,262,490	8.2%

Operating expenses

Administration	2,137,343	2,099,733	37,610	1.8%
Tenant services	57,823	50,852	6,971	13.7%
Utilities	1,262,632	1,271,827	(9,195)	-0.7%
Maintenance	968,482	1,145,426	(176,944)	-15.4%
Protective services	168,627	133,349	35,278	26.5%
Other general expenses	251,293	241,977	9,316	3.8%
Insurance premiums	339,393	319,468	19,925	6.2%
Housing assistance payments	10,779,392	10,386,571	392,821	3.8%
Depreciation expense	276,588	277,084	(496)	-0.2%
Total operating expenses	16,241,573	15,926,287	315,286	2.0%
Operating income (loss)	407,097	(540,107)	947,204	-175.4%

Non-operating income

Interest on investments	2,711	2,319	392	16.9%
Extraordinary gains	266,260	913,881	(647,621)	-70.9%
Net income before capital grants	676,068	376,093	299,975	79.8%
Capital grants	297,309	326,319	(29,010)	-8.9%
Change in net assets	973,377	702,412	270,965	38.6%
Net position, beginning of year	(86,993)	(789,405)	702,412	-89.0%
Prior period adjustment	(58,152)	-	(58,152)	#DIV/0!
Beginning net position as restated	(145,145)	(789,405)	644,260	-81.6%
Net position, end of year	\$ 828,232	\$ (86,993)	\$ 973,377	-1118.9%

Housing Authority of Plainfield
Statement of Net Position
As of December 31, 2023

Assets	Primary	Component	
<u>Current assets</u>	<u>Government</u>	<u>Unit</u>	<u>Total</u>
Cash and cash equivalents-unrestricted	\$ 1,915,102	\$ 501,288	\$ 2,416,390
Cash and cash equivalents-restricted	582,802	50,339	633,141
Accounts receivable, net	930,328	4,245	934,573
Inventories, net	18,009	-	18,009
Prepaid and other assets	13,283	1,000	14,283
	<u>3,459,524</u>	<u>556,872</u>	<u>4,016,396</u>
Capital assets, net	7,828,449	-	7,828,449
Investment in Elmwood Gardens	-	305,501	305,501
Total assets	<u>\$ 11,287,973</u>	<u>\$ 862,373</u>	<u>\$12,150,346</u>
Deferred outflows of resources	1,411,256	-	1,411,256
	<u>\$ 12,699,229</u>	<u>\$ 862,373</u>	<u>\$13,561,602</u>
Liabilities			
<u>Current liabilities:</u>			
Accounts payable and accrued	\$ 475,156	\$ 9,323	\$ 484,479
Tenant security deposits	135,556	-	135,556
Deferred revenues	175,948	-	175,948
	<u>786,660</u>	<u>9,323</u>	<u>795,983</u>
<u>Long-term liabilities:</u>			
Accrued compensated absences, non-current	386,807	-	386,807
Accrued pension and OPEB liability	6,967,796	-	6,967,796
Other long term liabilities	803,371	-	803,371
	<u>8,157,974</u>	<u>-</u>	<u>8,157,974</u>
Total Liabilities	<u>8,944,634</u>	<u>9,323</u>	<u>8,953,957</u>
Deferred inflows of resources	3,779,413	-	3,779,413
Net position			
Net investment in capital assets	7,828,449	-	7,828,449
Restricted	-	-	-
Unrestricted	(7,853,267)	853,050	(7,000,217)
Total net position	<u>(24,818)</u>	<u>853,050</u>	<u>828,232</u>
	<u>\$ 12,699,229</u>	<u>\$ 862,373</u>	<u>\$13,561,602</u>

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

Housing Authority of Plainfield
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2023

	Primary Government	Component Unit	Total
Operating revenues			
Tenant revenue	\$ 1,580,410	\$ 1,350	\$ 1,581,760
HUD operating grants	14,533,698	1,843	14,535,541
Other revenues	180,142	351,227	531,369
	<u>16,294,250</u>	<u>354,420</u>	<u>16,648,670</u>
Operating expenses			
Administrative	2,097,649	39,694	2,137,343
Tenant services	57,823	-	57,823
Utilities	1,262,632	-	1,262,632
Ordinary repairs and maintenance	968,482	-	968,482
Protective services	168,627	-	168,627
Insurance premiums	336,021	3,372	339,393
General expenses	245,223	6,070	251,293
Housing assistance payments	10,779,392	-	10,779,392
Depreciation	276,588	-	276,588
	<u>16,192,437</u>	<u>49,136</u>	<u>16,241,573</u>
Operating income	101,813	305,284	407,097
Non-operating revenues			
Investment income	2,711	-	2,711
Other non-operating income	266,260	-	266,260
	<u>268,971</u>	<u>-</u>	<u>268,971</u>
Income before capital grants	370,784	305,284	676,068
Capital grants	<u>297,309</u>	<u>-</u>	<u>297,309</u>
Change in net position	668,093	305,284	973,377
Net position at beginning of year	(634,759)	547,766	(86,993)
Prior period adjustment	(58,152)		(58,152)
Net position at end of year	<u>\$ (24,818)</u>	<u>\$ 853,050</u>	<u>\$ 828,232</u>

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

Housing Authority of Plainfield
Statement of Cash Flows
December 31, 2023

	Primary Government	Component Unit	Total
Net cash provided by:			
Operating activities:			
Cash received from:			
Tenants	\$ 1,897,271	\$ 7,783	\$ 1,905,054
Grantors	14,539,470	1,350	14,540,820
Others	178,299	353,070	531,369
Cash paid for:			
Employees	(1,522,210)	-	(1,522,210)
Vendors and contractors	(1,892,010)	(41,197)	(1,933,207)
Utilities	(1,262,632)	-	(1,262,632)
Insurance	(350,304)	(3,372)	(353,676)
General expenses	(245,223)	(6,070)	(251,293)
Housing assistance payments	(10,779,392)	-	(10,779,392)
	<u>563,269</u>	<u>311,564</u>	<u>874,833</u>
Capital and related financing activities:			
Purchase of capital assets	(297,309)	(23,385)	(320,694)
Proceeds from capital grants	297,309	-	297,309
Decrease in pension and other post employment benefits	(73,546)	-	(73,546)
Decrease in other long term liabilities	(52,795)	-	(52,795)
Increase in deferred outflows of resources	100,866	-	100,866
	<u>(25,475)</u>	<u>(23,385)</u>	<u>(48,860)</u>
Investing activities:			
Other none operating income	266,260	-	266,260
Deferred inflows of resources	(293,581)	-	(293,581)
Interest received on investments	2,431	280	2,711
	<u>(24,890)</u>	<u>280</u>	<u>(24,610)</u>
Net increase in cash and cash equivalents	512,904	288,459	801,363
Cash and cash equivalents, beginning of year	1,985,000	263,168	2,248,168
Cash and cash equivalents, end of year	\$ 2,497,904	\$ 551,627	\$ 3,049,531
Supplemental Disclosures			
Cash paid for interest	\$ -	\$ -	\$ -

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

Housing Authority of Plainfield
Statement of Cash Flows (Continued)
December 31, 2023

	Primary Government	Component Unit	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 101,813	\$ 305,284	\$ 407,097
Items which did not use cash:			
Depreciation	276,588	-	276,588
Increase (decrease) in cash from:			
Accounts receivable	307,242	7,783	315,025
Prepaid expenses	(14,283)	-	(14,283)
Inventories	7,087	-	7,087
Accounts payable	(184,539)	(1,503)	(186,042)
Compensated absences	55,813	-	55,813
Deferred revenues	5,279	-	5,279
Tenant security deposits	8,269	-	8,269
	<u>\$ 563,269</u>	<u>\$ 311,564</u>	<u>\$ 874,833</u>

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

Note 1. Nature of Organization and Description of Programs

The Housing Authority of Plainfield (the "Authority") is a governmental, public corporation created under federal and state housing laws as defined by State statute (NJ, S.A. 4A: 12A-1, et. Seq., the "Housing Authority Act") for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low- and moderate-income families residing in the City of Plainfield, New Jersey. The Authority is responsible for operating certain low-rent housing programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

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

The Authority maintains its accounting records by programs. Significant programs include the following:

Low Income Housing Program

The Low-Income Public Housing Program is designed to provide low-cost housing within the City of Plainfield. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

Housing Choice Vouchers Program

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

Capital Fund Program

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

Shelter Plus Care Program

This program offers HUD funded grants to states and local governments, public housing authorities (PHAs) and other entities to provide rental assistance to homeless persons with disabilities. Rental assistance grants must be matched in aggregate by supportive services that are equal in value to the rental assistance and appropriate to the needs of the population served. It is a tenant-based program.

Congregate Housing Services Program

The Congregate Housing Services Program offers grants to states, units of general local government, PHAs, tribally designated housing entities, and local nonprofit housing sponsors to provide meals and other supportive services needed by frail, elderly residents, and residents with disabilities in federally subsidized housing. It is a project-based rather than a tenant-based program.

Note 1. Nature of Organization and Description of Programs (Continued)

Resident Opportunity and Supportive Service Program

The Resident Opportunity and Supportive Services (ROSS) grant provides funds for job training and supportive services to help residents of public housing transition from welfare to work. The program also provides funding to connect elderly/disabled residents to critical services which help them continue to live independently.

Note 2. Summary of Significant Accounting Policies

Reporting Entity

In accordance with statement No. 39 Government Accounting Standards Board ("GASB"), the Authority's financial statements include those of the Housing Authority of Plainfield and its component unit. Component units are legally separate, tax-exempt organizations that meet all of the following criteria:

- The economic resources received by the separate organization are almost entirely for the direct benefit of the Authority.
- The Authority has the ability to access a majority of the economic resources held by the separate organization.
- The economic resources referred to above are significant to the Authority.

Based upon the application of these criteria, this report includes all programs and activities operated by the Authority, including the component unit described below. Also, the Authority is not included in any other reporting entity on the basis of such criteria.

Component Unit

Premier Community Development Corporation is a not-for profit corporation formed in 2007 by the Housing Authority of Plainfield to pursue the promotion and development of low- and moderate-income housing in the City of Plainfield, New Jersey. It is a legally separate entity and meets the criteria of a component unit as listed above. Based on the criteria and in accordance with GASB 39 Paragraph 5, the transactions of the Premier Community Development Corporation are included in the financial statements of the Authority as a discrete presentation. Separate financial statements of the component unit may be obtained at the Authority's main office 510 East Front Street, Plainfield, NJ 07060.

Basis of Accounting

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

Note 2. Summary of Significant Accounting Policies (Continued)

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

All enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenue, expenses, gains, and losses resulting from exchange and exchange-like transactions are recognized when exchanges take place.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, grant, and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

Administrative fee and Housing Assistance Payments (HAP) revenue under the Housing Choice Vouchers program are also recognized under the guidelines of GASB Statement No. 33. Accordingly, both time and purpose restrictions as defined by GASB No. 33 are met when these funds are available and measurable, as opposed to when funds are expended. The Authority recognizes unspent administrative fee and HAP revenue in the reporting period as revenue for financial statement purposes. Investment income earned on these funds is reflected in the net asset class on which the investment income is earned.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities that Use Proprietary Fund Accounting*, the Authority has elected to apply all Financial Accounting Standards Board pronouncements, Accounting Principles Board Opinions and Accounting Research Bulletins issued that do not conflict with or contradict GASB Pronouncements.

Pensions

The Authority has adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. Accordingly, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the Public Employees Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

Other Post Employment Benefits

The Authority reports Other Post Employment Benefits (OPEB) in accordance with GASB Statement No. 75. Under this standard the Authority reports OPEB in essentially the same way as it accounts for pension benefits. The standard further requires a systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service.

Note 2. Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Cash and Cash Equivalents

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

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

HUD requires housing authorities to invest excess funds in obligations of the United States, certificates of deposit or any other federally insured investment. HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes Federal Deposit Insurance Corporation and Federal Surety and Loans Insurance Corporation insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority. It is the Authority's policy to maintain collateralization in accordance with state and HUD requirements.

For the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase.

Tenant Accounts Receivable, Net

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and vacated tenants. An allowance for credit losses is established to provide for all accounts which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts.

Inventory

The Authority's inventory is comprised of office supplies and maintenance materials and supplies. Inventory is valued at the lower cost or market, and the Authority uses the first-in, first-out (FIFO) flow assumption in determining cost. If inventory falls below cost due to damage, deterioration or obsolescence, the Authority establishes an allowance for obsolete inventory. Inventory at December 31, 2023 is shown net of an allowance \$1,575.

Inventory also includes property held for resale by the component unit Premier Community Development Corp. and is valued at cost. No depreciation is being taken on this property.

Note 2. Summary of Significant Accounting Policies (Continued)

Prepaid Expenses

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

Capital Assets

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of capital assets, the cost and related accumulated depreciation is eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position. Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets, which range from 3 to 40 years.

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

Impairment of Long-Lived Assets

In accordance with GASB, 42 management reviews for the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. Management has not identified any such impairment losses.

Deferred Revenues

Deferred revenue consists of the prepayment of rent by residents and the receipt of grant funding applicable to future years. Deferred revenue also consists of a lump sum payment for roof top rentals which is being amortized over a period of twenty years.

Compensated Absences

Compensated absences represent amounts to which employees are entitled to based on accumulated leave earned in accordance with the Authority's personnel policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service at the current salary. Employees may carry over 30 vacation days each year. Employees accrue sick days at the rate of one day per month for the first year and fifteen days per calendar year thereafter. On termination, regular employees with ten or more years of service are paid 33 1/3% of accrued sick time and all other employees who were terminated in good standing receive 25% of accrued sick time up to a maximum of \$15,000.

Inter-program Receivables and Payables

Inter-program receivables/payables are current, and are the result of the use of the public housing program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all inter-program balances net zero. In accordance with GASB Statement No. 34, inter-program receivables and payables are eliminated for financial statement purposes. However, they are reflected in the accompanying Financial Data Schedule as required by HUD.

Taxes

The Authority is a unit of local government under New Jersey law and is exempt from real estate, sales, and income taxes.

Note 2. Summary of Significant Accounting Policies (Continued)

Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues and expenses as non-operating.

Budgets and Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its enterprise funds receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods.

Economic Dependency

The Housing Choice Vouchers and Low Rent Housing programs of the Authority are economically dependent on operating grants and subsidies from HUD. The programs operate at a loss prior to receiving grants.

Equity Classifications

Equity is classified as net position and displayed in three components:

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

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws, or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Net position restricted by law includes housing assistance payment reserve.

Unrestricted net position - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Risk Management

Significant losses are covered by commercial insurance for all major programs. There have been no reductions in insurance coverage for 2022, 2021 and 2020. Settlement amounts, except for deductibles, have not exceeded insurance coverage for the past three years.

Deferred Outflows and Deferred Inflows of Resources and Net Position

The Authority has adopted Government Accounting Standards Board Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, which was issued in June 2011. This Statement, among other things, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources as defined by Concepts Statement No. 4, *Elements of Financial Statements*. The Statement further identifies net position as the residual of all other elements presented in the statement of financial position.

Housing Authority of Plainfield
Notes to the Financial Statements
December 31, 2023

Note 2. Summary of Significant Accounting Policies (Continued)

New GASB Pronouncements Adopted

Management actively reviews all newly issued GASB pronouncements. Although it does not believe that the adoption of any recently issued pronouncements will have a material effect on the Authority's financial statements, a final determination cannot be made until the evaluation is complete.

Note 3. Cash and Cash Equivalents

At December 31, 2023, the Authority had funds on deposit in checking and money market accounts. All bank deposits as of the balance sheet date are covered by the Government Unit Depository Protection Act of the State of New Jersey, which requires the financial institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the Authority's name.

For the fiscal year ended December 31, 2023, the carrying amount of the Authority's cash was \$3,049,164 and the bank balances approximated \$ 3,215,000. Of the bank balances at December 31, 2023 \$ 1,015,359 covered by FDIC and the remaining \$ 2,200,079 was collateralized by the financial institutions.

The Authority believes it is not exposed to any custodial credit risks, that is, the risk that in the event of a bank failure the Authority's deposits may not be returned.

Note 4. Restricted Cash

As of December 31, 2023, restricted cash consisted of the following:

Projects	\$ 219,965
Housing Choice Vouchers	118,681
Tenant security deposits	135,556
Restricted for current liabilities Housing Choice Vouchers	158,939
	<u>\$ 633,141</u>

Note 5. Accounts Receivable

As of December 31, 2023, accounts receivable consisted of the following:

Tenants, net of allowance of \$ 111,630	\$ 108,561
Due from HUD other projects	97,635
Due from Union County DHS, net of allowance of \$16,887	570,986
Notes receivable-projects, net of allowance of \$ 50,889	16,963
Due from sub-recipient	94,495
Due from Plainfield Housing Authority	17,450
Due from component unit	4,245
Due from Shelter Care Plus	3,540
Due from supplemental fund	20,698
	<u>\$ 934,573</u>

Housing Authority of Plainfield
Notes to the Financial Statements
December 31, 2023

Note 6. Capital Assets

A summary of the changes in capital assets during 2023 is as follows:

	Jan 1, 2023	Additions	Retirements	Dec 31, 2023
Land	\$ 1,141,554	\$ -	\$ -	\$ 1,141,554
Buildings	19,863,342	-	-	19,863,342
Furniture and equipment	673,892	-	-	673,892
	21,678,788	-	-	21,678,788
Less: accumulated depreciation	(17,049,176)		(276,588)	(17,325,764)
	4,629,612	-	(276,588)	4,353,024
Construction in progress	3,460,232	320,694	(305,501)	3,475,425
	<u>\$ 8,089,844</u>	<u>\$ 320,694</u>	<u>\$ (582,089)</u>	<u>\$ 7,828,449</u>

Property and equipment purchased with U.S. Department of HUD funds are restricted to use in HUD programs and may revert to the Federal funding source. HUD has a reversionary interest in such restricted property.

Note 7. Tenant Security Deposits

Tenant security deposits represent amounts held by the Authority on behalf of tenants participating in the Low-Income Housing Program. Upon termination from the program, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit. This account is maintained in a separate bank account and is matched with an offsetting liability.

Note 8. Payments in Lieu of Taxes

Under Federal, State, and local law, the Authority's programs are exempt from income, property, and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the Authority's owned housing program in accordance with the provisions of its cooperation agreement with the City of Plainfield. Under the cooperation agreement, the Authority must pay the township the lesser of 10% of its net shelter rent or the approximate full real property taxes. For the year ended December 31, 2023 the Authority incurred PILOT expense of 30,907.

Note 9. Long Term Liabilities

Long term liabilities at December 31, 2023 consisted of the following:

Description	Balance at Jan. 1, 2023	Additions	Deletions	Balance at Dec. 31, 2023	Due Within One Year
Other long term liabilities	856,166	-	52,795	803,371	63,913
Compensated absences	330,994	55,811	-	386,805	42,978
Pension liability	2,177,730	-	73,546	2,104,184	-
OPEB liability	4,863,612	-	-	4,863,612	-
	<u>\$ 8,228,502</u>	<u>\$ 55,811</u>	<u>\$ 126,341</u>	<u>\$ 8,157,972</u>	<u>\$ 106,891</u>

Note 10. Housing Choice Voucher Program -Net Position

The Authority reports unused housing assistance payments under proprietary fund reporting as restricted net position, with the associated cash and investments also being reported on HUD's Financial Data Schedule (FDS) as restricted. Unused administrative fees are required to be reported as unrestricted net position, with the associated cash and investments being reported on the FDS as unrestricted. As of December 31, 2023, the Housing Choice Voucher Program maintained the following components of Net Position:

Restricted net position-HAP equity	\$ -
Administrative fee equity	(1,320,113)
	<u>\$ (1,320,113)</u>

Note 11. Pension Plan

Plan Description - The Authority participates in the New Jersey Public Employees Retirement System (PERS) which is sponsored and administered by the New Jersey Division of Pensions and Benefits. PERS is a cost-sharing, multiple-employer, defined benefits pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). PERS issues a publicly available report that can be obtained at the following website: www.state.nj.us/treasury/pensions/annrpts.shtml

Benefits Provided - The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

Tier 1 - Members who were enrolled by July 1, 2007.

Tier 2 - Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.

Tier 3 - Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010.

Tier 4 - Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011.

Tier 5 - Members who were eligible to enroll on or after June 28, 2011.

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and to 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 service retirement age for the respective tier.

Contributions - The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

Note 12. Pension Plan (Continued)

The local employers' contribution amounts are based on the actuarially determined rate which includes normal cost and unfunded accrued liability. Chapter 9, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Contributions to the pension plan from the Authority for the year ended December 31, 2023 amounted to \$ 194,161.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At December 31, 2023, the Authority reported a liability of \$ 2,104,185 for its proportionate share of the pension liability. The net pension liability was measured as of June 30, 2023, and the total pension used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportionate 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 housing authorities, school districts and municipalities that participate in the plan and is actuarially determined. At December 31, 2023, the Authority's proportion of net pension liability was 0.0145272757%.

For the year ended December 31, 2023, the Authority recognized pension benefit of \$ 266,260. At December 31, 2023 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual expense	20,119	(8,601)
Changes in assumptions	\$ 4,622	\$ (127,523)
Net differences between projected and actual earnings and plan investments	9,690	(24,661)
Change in proportion	58,338	-
Total deferred	<u>92,769</u>	<u>(160,785)</u>

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

Year ended December 31,	
2024	\$ (111,093)
2025	(62,008)
2026	86,652
2027	(15,507)
2028	264
	<u>\$ (101,693)</u>

Note 12. Pension Plan (Continued)

Actuarial Assumptions - The total pension liability for the June 30, 2023 measurement date was determined by an actuarial evaluation as of July 1, 2022, which was rolled forward to June 30, 2023. That actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	Price-2.75%, Wage-3.25%
Salary increases through 2027	2.75%-6.55% based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.25% 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 Retire mortality table with a 127.7 adjustment for males and 117.2 adjustment for females, and with future improvement from base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

Discount Rate - The discount rate used to measure the total pension liability was 7% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contribution from plan members will be made at the current member contribution rates and that contribution from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate - The following presents the collective net pension liability of the Authority as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	At 1% Decrease (6%)	At current dis- count rate(7%)	At 1% Increase (8%)
PHA Propor- tionste share	\$ 2,762,328	\$ 2,104,183	\$ 1,576,886

Note 12. Pension Plan (Continued)

Long-term Expected Rate of Return

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

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

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in a separate report issued by the State of New Jersey Division Pension and Benefits, Public Employees Retirement System, Employer Allocations and Schedules of Pension Amounts.

Note 13. Other Post-Employment Benefits -OPEB

Plan Description Covered Benefits and Claim Cost Assumptions

The Authority provides post-employment medical benefits, including prescription drug benefits, as part of the medical plan on a fully insured basis through the New Jersey State Health Benefits Program. Valuation reflects the reimbursement of Medicare Part B premium to retirees, spouses, and surviving spouses over age 65 that are eligible for the benefit. Employee will pay Medicare Part B premium and be reimbursed by the Authority. The Authority's annual OPEB expense is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with parameters of GASB Statement No. 75.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of the working lifetime of the individual employee. The following table shows the components of the Authority's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Authority's net OPEB obligation to the plan. The amounts below reflect a measurement date of June 30, 2022 the most recent data available.

Housing Authority of Plainfield
Notes to the Financial Statements
December 31, 2023

Note 13. Other Post-Employment Benefits -OPEB (Continued)

Annual required contributions	\$ 133,310
Interest on net OPEB Obligations	120,887
	<u>254,197</u>
Contributions made	381,446
Net OPEB liability - beginning of year	\$ 5,683,692
OPEB expense(benefit)	(501,361)
Increase/(decrease) in deferred inflows	(105,538)
Increase/(decrease) in deferred outflows	(213,181)
Net OPEB liability - end of year	<u>\$ 4,863,612</u>

The Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2022 fiscal year and the four preceding years were as follows:

	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2018	389,509	43%	9,105,785
June 30, 2019	389,509	25%	3,997,310
June 30, 2020	308,692	25%	5,683,692
June 30, 2021	308,692	25%	5,683,692
June 30, 2022	381,446	105%	4,863,612

Funded Status and Funding Progress

As of June 30, 2022, the most recent valuation date, the plan was not funded. The actuarial liability for benefits was \$ 4,863,612. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented in the required supplementary information following the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial assumptions

The total OPEB liability in the July 1, 2021 to June 30, 2022 actuarial valuation was determined using the following assumptions, applied to all periods in the measurement:

Inflation rate:	2.75% Price 3.25% Wage
Salary increases	2.75%-6.55% based on years of service
Investment rate of return	7.0% net of related costs
Discount rate	3.54%

Note 13. Other Post-Employment Benefits -OPEB (Continued)

Detailed summaries of assumptions, benefit provisions and demographic census information included in the actuarial report are prepared by AON Health Solutions. The opining actuaries Alfred Johnson, Jessica Fenske and Paul F. Koch, Senior Vice Presidents at AON Health Solutions, are members of the American Academy of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion on the New Jersey Health Benefits Program.

Note 14. Risks and Uncertainties

Contingencies

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

Department of Justice Audit

The Authority is currently involved with an ongoing audit conducted by the U.S. Department of Justice (the "DOJ") concerning a grant received by the Authority from the DOJ. The audit disclosed, among other things, \$ 244,233 in questioned costs which represent unsupported funds that were passed to a sub-recipient whose accounting records originally could not account for the funds spent. The DOJ requires significant accounting records, which the Authority has requested from the sub-recipient. Subsequently, the sub-recipient provided the Authority with satisfactory documentation for all but \$83,011 of the questioned costs. The DOJ is now requiring significant accounting records to account for the remaining amount of the questioned costs. The Authority continues to work with the sub-recipient and the DOJ to resolve this issue. Management made an initial provision of \$94,495 for this contingency which is included in deferred revenues.

Internal Revenue Service Audit

The Internal Revenue Service (the "IRS") conducted an audit of the Authority's information return filings which resulted in a proposed penalty of \$34,600 for the tax period ended December, 31 2017, for 346 returns that the IRS claims were not timely submitted. The Authority's position is that due to recent changes by the IRS with respect to information return due dates, the Authority believes, with respect to a substantial portion of the 346 returns, the IRS penalty is improper. The Authority has appealed the adjustment and, after multiple correspondences between parties, continued to work with the IRS to reduce the amount of the penalty. As a result of various discussions, the issue was settled in year 2023 for an amount that was less than the proposed amount.

Housing Authority of Plainfield
Notes to the Financial Statements
December 31, 2023

Note 15. Transactions with Component Unit

There were no transactions with the component unit, Premier Community Development Corporation, in the year ended December 31, 2023.

Note 16. Subsequent Events

There were no events or transactions that have occurred subsequent to the date of the financial statements that would require adjustment to, or disclosure in the financial statements.

Subsequent events have been evaluated through August 23, 2024 which is the date the financial statements were available to be issued.

Housing Authority of Plainfield
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Current Year Expenditures
U.S Department of Housing and Urban Development		
Direct programs:		
Congregate Housing Service	14.170	\$ 46,044
Resident Opportunity and Supportive Services	14.870	106,974
Low-Income Public Housing	14.850	2,112,209
Section 8 Housing Choice Vouchers	14.871	11,092,937
Public Housing Capital Fund	14.872	641,825
Passed through:		
County of Union-Dept of Human Services/ Shelter Plus Care	14.238	832,861
		<u>\$ 14,832,850</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Housing Authority of Plainfield
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2023

Note 1. General Information

The accompanying Schedule of Expenditures of Federal Awards presents the activities in all the federal programs of Housing Authority of Plainfield. All financial assistance received directly from federal agencies as well as financial assistance passed through other governmental agencies is included on the schedule.

Note 2. Basis of Accounting

The information in the accompanying schedule is presented in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Accordingly, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 3. Non-Cash Federal Assistance

The Authority did not receive any non-cash Federal assistance for the year ended December 31, 2023.

Note 4. Loan Guarantees

At December 31, 2023, the Authority is not the guarantor of any loans outstanding.

Note 5. Sub-Recipients

Of the federal and state expenditures presented in this schedule, no expenditures were used to provide federal or state awards to sub-recipients.

Note 6. Indirect Cost Rate

The Organization has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

Housing Authority of Plainfield
Schedule of Authority Contributions to the Public Employees Retirement System (PERS)
As of December 31, 2023

Schedule of the Authority Contributions for the Last Ten Fiscal Years(a)

Year ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	191,350	181,432	168,908	\$ 204,665	\$ 169,729	\$ 152,717	\$ 146,196	\$ 156,794
Contributions in relation to the contractual required contribution	191,350	181,432	168,908	204,665	169,729	152,717	146,196	\$ 156,794
(Over)/underfunded	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	<u>\$1,027,444</u>	<u>\$1,161,722</u>	<u>\$1,221,547</u>	<u>\$1,143,945</u>	<u>\$1,255,389</u>	<u>\$1,229,514</u>	<u>\$1,465,287</u>	<u>\$1,422,904</u>
Contributions as a percentage of covered employee payroll	18.62%	15.62%	13.83%	17.89%	12.26%	11.10%	9.98%	11.02%

Schedule of the Authority's Proportionate Share of Net Pension Liability for the Last Ten Fiscal Years

Authority's proportion of net pension liability	0.145%	0.145%	0.143%	0.0145%	0.0137%	0.0154%	0.0159%	0.0159%
Authority's proportionate share of net pension liability	<u>\$2,104,185</u>	<u>\$2,177,731</u>	<u>\$1,702,854</u>	<u>\$2,361,400</u>	<u>\$2,470,558</u>	<u>\$3,023,013</u>	<u>\$2,817,778</u>	<u>\$3,650,092</u>
Authority's covered-employee payroll	<u>\$1,027,444</u>	<u>\$1,161,722</u>	<u>\$1,221,547</u>	<u>\$1,143,945</u>	<u>\$1,255,389</u>	<u>\$1,229,514</u>	<u>\$1,253,769</u>	<u>\$1,245,498</u>
Authority's proportionate share of net pension liability(asset) as percentage of covered employee payroll	204.80%	187.46%	139.40%	206.43%	182.11%	212.27%	224.74%	293.06%
Plan fiduciary net position as percentage of total pension liability	65.23%	62.91%	70.33%	58.32%	56.3%	53.6%	48.1%	43.5%

Housing Authority of Plainfield
Schedule of Authority Contributions to the State Health Benefits Plan
December 31, 2023

Schedule of Authority Contributions

Measurement date	6/30/2023	06/30/22	06/30/21	06/30/20	06/30/19	06/30/18
Authority's Fiscal Year End December 31,	2023 (A)	2022	2021	2020	2019	2018
Service cost		239,920	191,904	\$ 191,904	\$ 196,700	\$ 110,794
Interest on OPEB liability		120,877	157,541	157,541	187,702	94,457
Expected investment return		26	(2,417)	(2,417)	-	-
Administrative expense		3,715	3,140	3,140	-	-
Changes in benefits returns		121,209	328	328	(562)	-
Difference between expected and actual experience		(189,855)	(174,375)	(174,375)	(413,103)	(173,061)
Changes in assumptions		(251,645)	(132,589)	(132,589)	(482,696)	(202,216)
Difference between expected and actual investment earnings on OPE plan investments		1,214	1,436	1,436	-	-
Contribution made during the year		-	-	-	12,763	6,674
Benefits payments		-	-	-	(138,745)	(52,122)
Change in plan		(865,542)	1,641,414	1,641,414	(4,470,532)	7,893,255
Total OPEB expense(benefit)		(820,080)	1,686,382	1,686,382	(5,108,475)	7,677,782
OPEB liability, beginning		5,683,692	3,997,310	3,997,310	9,105,785	1,428,003
OPEB liability, ending		<u>\$1,863,612</u>	<u>\$5,683,692</u>	<u>\$5,683,692</u>	<u>\$3,997,310</u>	<u>\$9,105,785</u>
Authority's proportion of net OPEB liability		0.030116%	0.03167%	0.0317%	0.0295%	0.0124%
Authority's covered payroll		1,547,823	1,493,323	\$1,493,323	\$1,356,606	\$1,424,110
Total OPEB liability as a percentage of covered payroll		314.22%	380.61%	380.61%	294.66%	639.40%

(A) The information for this column comes from the audited financial statements of the State Health Benefits Plan. As of the date of the audit report the audit report had not been completed and therefor this column is left blank

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Plainfield Housing Authority (NJ039)

PLAINFIELD, NJ

Entity Wide Balance Sheet Summary

Submission Type:

Audited/Single Audit

12/31/2023

	Project Total	14.170 Congregate Housing Service Program	16.541 Juvenile Justice and Delinquency Prevention_S pecial	6.1 Component Unit - Discretely Presented	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$587,421			\$551,627	\$49,830	\$1,227,512			\$0	\$2,416,390		\$2,416,390
112 Cash - Restricted - Modernization and Development												
113 Cash - Other Restricted	\$219,965					\$118,681				\$338,646		\$338,646
114 Cash - Tenant Security Deposits	\$135,556									\$135,556		\$135,556
115 Cash - Restricted for Payment of Current Liabilities						\$158,939				\$158,939		\$158,939
100 Total Cash	\$942,942	\$0	\$0	\$551,627	\$49,830	\$1,505,132	\$0	\$0	\$0	\$3,049,531	\$0	\$3,049,531
121 Accounts Receivable - PHA Projects												
122 Accounts Receivable - HUD Other Projects						\$97,635				\$97,635		\$97,635
124 Accounts Receivable - Other Government								\$587,873		\$587,873		\$587,873
125 Accounts Receivable - Miscellaneous			\$94,495	\$4,245	\$20,698			\$3,540	\$17,450	\$140,428		\$140,428
126 Accounts Receivable - Tenants	\$220,191									\$220,191		\$220,191
126.1 Allowance for Doubtful Accounts - Tenants	-\$111,630				\$0	\$0				-\$111,630		-\$111,630
126.2 Allowance for Doubtful Accounts - Other	-\$50,889		\$0	\$0	\$0	\$0		-\$16,887	\$0	-\$67,776		-\$67,776
127 Notes, Loans, & Mortgages Receivable - Current	\$67,852									\$67,852		\$67,852
128 Fraud Recovery												
128.1 Allowance for Doubtful Accounts - Fraud												
129 Accrued Interest Receivable												
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$125,524	\$0	\$94,495	\$4,245	\$20,698	\$97,635	\$0	\$574,526	\$17,450	\$934,573	\$0	\$934,573
131 Investments - Unrestricted												
132 Investments - Restricted												
135 Investments - Restricted for Payment of Current Liability												
142 Prepaid Expenses and Other Assets				\$1,000						\$1,000		\$1,000
143 Inventories	\$18,584									\$18,584		\$18,584
143.1 Allowance for Obsolete Inventories	-\$1,575									-\$1,575		-\$1,575
144 Inter Program Due From	\$0				\$0					\$0		\$0
145 Assets Held for Sale												
150 Total Current Assets	\$1,085,475	\$0	\$94,495	\$556,872	\$70,528	\$1,602,767	\$0	\$574,526	\$17,450	\$4,002,113	\$0	\$4,002,113
161 Land	\$869,924				\$271,630					\$1,141,554		\$1,141,554
162 Buildings	\$19,863,342									\$19,863,342		\$19,863,342
163 Furniture, Equipment & Machinery - Dwellings	\$374,850									\$374,850		\$374,850
164 Furniture, Equipment & Machinery - Administration	\$131,068				\$88,919	\$19,758			\$59,297	\$299,042		\$299,042

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	Project Total	14.170 Congregate Housing Service Program	16.541 Juvenile Justice and Delinquency Prevention Program	6.1 Component Unit - Discretely Presented	1. Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
353 Non-current Liabilities - Other	\$703,043					\$100,328				\$803,371		\$803,371
354 Accrued Compensated Absences - Non Current	\$177,932					\$46,417			\$162,458	\$386,807		\$386,807
355 Loan Liability - Non Current	\$1,055,056					\$319,921		\$520,099	\$3,010,239	\$5,713,315	-\$5,713,315	\$0
356 FASB 5 Liabilities												
357 Accrued Pension and OPEB Liabilities	\$4,687,662					\$1,601,173			\$678,961	\$6,967,796		\$6,967,796
350 Total Non-Current Liabilities	\$6,623,693	\$0	\$0	\$0	\$0	\$2,067,839	\$0	\$520,099	\$4,659,658	\$13,871,289	-\$5,713,315	\$8,157,974
300 Total Liabilities	\$6,873,839	\$0	\$94,495	\$9,323	\$18,010	\$2,231,935	\$0	\$520,099	\$4,919,571	\$14,667,272	-\$5,713,315	\$8,953,957
400 Deferred Inflow of Resources	\$2,785,251					\$921,769				\$3,779,413		\$3,779,413
508.4 Net Investment in Capital Assets	\$7,556,819				\$271,630	\$0			\$0	\$7,828,449		\$7,828,449
511.4 Restricted Net Position						\$0	\$0			\$0		\$0
512.4 Unrestricted Net Position	-\$3,202,647	\$0	\$0	\$853,050	\$1,143,008	-\$1,270,135	\$0	\$54,427	-\$4,577,920	-\$7,000,217		-\$7,000,217
513 Total Equity - Net Assets / Position	\$4,354,172	\$0	\$0	\$853,050	\$1,414,638	-\$1,270,135	\$0	\$54,427	-\$4,577,920	\$828,232	\$0	\$828,232
600 Total Liabilities, Deferred Inflows of Resources and Equity	\$14,013,262	\$0	\$94,495	\$862,373	\$1,432,648	\$1,883,569	\$0	\$574,526	\$414,044	\$19,274,917	-\$5,713,315	\$13,561,602

Entity Wide Revenue and Expense Summary

Audited/Single Audit

12/31/2023

[illegible]

	Project Total	14.170 Congregate Housing Service Program	16.541 Juvenile Justice and Delinquency Prevention_S pecial	6.1 Component Unit - Discretely Presented	1 Business Activities	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	14.238 Shelter Plus Care	COCC	Subtotal	ELIM	Total
91900 Other	\$117,907			\$29,040	\$16,269	\$18,068			\$239,274	\$420,558		\$420,558
91000 Total Operating - Administrative	\$1,022,428	\$27,275	\$0	\$39,694	\$17,139	\$730,655	\$106,974	\$53,511	\$755,094	\$2,752,770	-\$615,427	\$2,137,343
92000 Asset Management Fee												
92100 Tenant Services - Salaries		\$4,200								\$4,200		\$4,200
92200 Relocation Costs												
92300 Employee Benefit Contributions - Tenant Services												
92400 Tenant Services - Other	\$36,951	\$16,672								\$53,623		\$53,623
92500 Total Tenant Services	\$36,951	\$20,872	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$57,823	\$0	\$57,823
93100 Water	\$176,555									\$176,555		\$176,555
93200 Electricity	\$600,762									\$600,762		\$600,762
93300 Gas	\$109,075									\$109,075		\$109,075
93400 Fuel												
93500 Labor	\$121,157									\$121,157		\$121,157
93600 Sewer	\$200,088									\$200,088		\$200,088
93700 Employee Benefit Contributions - Utilities	\$54,995									\$54,995		\$54,995
93800 Other Utilities Expense												
93000 Total Utilities	\$1,262,632	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,262,632	\$0	\$1,262,632
94100 Ordinary Maintenance and Operations - Labor	\$282,386									\$282,386		\$282,386
94200 Ordinary Maintenance and Operations - Materials and Contract	\$130,593								\$10,719	\$141,312		\$141,312
94300 Ordinary Maintenance and Operations Contracts	\$416,605									\$416,605		\$416,605
94500 Employee Benefit Contributions - Ordinary Maintenance	\$128,179									\$128,179		\$128,179
94000 Total Maintenance	\$957,763	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,719	\$968,482	\$0	\$968,482
95100 Protective Services - Labor	\$115,981									\$115,981		\$115,981
95200 Protective Services - Other Contract Costs												
95300 Protective Services - Other												
95500 Employee Benefit Contributions - Protective Services	\$52,646									\$52,646		\$52,646
95000 Total Protective Services	\$168,627	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$168,627	\$0	\$168,627
96110 Property Insurance												
96120 Liability Insurance												
96130 Workmen's Compensation												
96140 All Other Insurance	\$274,479			\$3,372		\$33,126			\$28,416	\$339,393		\$339,393
96100 Total Insurance Premiums	\$274,479	\$0	\$0	\$3,372	\$0	\$33,126	\$0	\$0	\$28,416	\$339,393	\$0	\$339,393

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Frank Glien LLC

Certified Public Accountant

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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*

To the Board of Commissioners of
Housing Authority of Plainfield

I have audited, 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, the financial statements of the aggregate enterprise funds, business activities and the discretely presented component unit of the Housing Authority of Plainfield (the "Authority") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued my report thereon dated August 23, 2024.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I 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 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-001 and 2023-002.

Authority's Response to Finding

The Authority's response to the finding identified on my audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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

Frank Glien LLC, CPA

Cranford, New Jersey
August 23, 2024

Frank Glien LLC

Certified Public Accountant

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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Commissioners of
Housing Authority of Plainfield

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

I have audited Housing Authority of Plainfield's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2023. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Low Income Housing Program

In my opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of my report, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Low Income Housing program for the year ended December 31, 2023.

Unmodified Opinion on the Other Major Federal Program

In my opinion, the Authority complied, in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on the other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2023.

Basis for Qualified and Unmodified Opinions

I conducted my 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). My responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

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

Matters Giving Rise to Qualified Opinion on the Low Income Housing Program

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with the requirements regarding Assistance Listing 14.850 Low Income Housing as described in finding number 2023-001 for Eligibility. Compliance with such requirements is necessary, for the Authority to comply with the requirements listed 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

My 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 Authority's compliance based on my 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 I:

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

I am 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 I identified during the audit.

Other Matters

The results of my auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as 2023-002. My opinion on each of the other major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance finding identified in my audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subject to the other auditing procedures applied to the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control over Compliance

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I did identify certain deficiencies in internal control over compliance that I consider to be material weaknesses and significant deficiencies.

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. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be material weaknesses

My 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

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance finding identified in my audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subject to the other auditing procedures applied to the audit of compliance and, accordingly, I express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

Frank Glien, LLC, CPA

Frank Glien LLC, CPA

Cranford, New Jersey
August 23, 2024

Housing Authority of Plainfield
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Section I-Summary of Auditor's Results

Financial Statement Section

1. Type of auditor's report issued	Unmodified
2. Internal control over financial reporting	
Material weakness (es) identified?	None
Were significant deficiencies identified not considered to be material weaknesses?	None noted
3. Non-compliance material to the financial statements?	None

Federal Awards Section

1. Dollar threshold used to determine Type A programs	\$ 750,000
2. Dollar threshold used to determine Type B programs	\$ 187,500
3. Auditee qualified as a low-risk auditee	No
4. Type of auditor's report on compliance	Qualified
5. Internal control over compliance	
• Material weakness (es) identified?	Yes
• Were significant deficiencies identified not considered to be material weaknesses?	No
• Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	Yes
6. Identification of major programs	

CFDA Number

14.850
14.238

Name of Federal Program

Low Rent Public Housing
Shelter Plus Care Program

Section II-Financial Statement Findings

(See Reference2 2023-001 and 2023-002)

Housing Authority of Plainfield
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Section III-Federal Award Findings and Questioned Costs

Reference 2023-001

Eligibility

ALN 14.850 Low Income Housing Program

U.S. Department of Housing and Urban Development

Criteria

The Authority is required to determine that all applicants for admission to the Low Income Housing Program meet the eligibility and continued occupancy requirements. The process includes the performance and documentation of income verification, obtaining appropriate identification, annual re-certifications, and re-inspections.

Conditions

Tenant Files-Based on management inquiries and inspection of documents, the following conditions were noted:

Of the forty (40) files selected for testing, the following exceptions with respect to availability for examination were noted.

Eleven (11) files did not contain evidence that the tenant was recertified. Form 50058 was not available for inspection.

Thirty one (31) files did not contain all of the required admission documentation.

Two (2) did not contain sufficient information to determine that tenant rent was calculated accurately.

Thirty one (31) did not contain evidence that units underwent required annual inspections.

One (1) tenant was not timely recertified.

One (1) had evidence that the family was not placed in appropriate unit size

The sample size was statistically determined and considered to be adequate.

Effect

With respect to income verification, the Authority may not be compliant and the tenant's portion of rent could be incorrect.

Failure to maintain proper admissions and continued occupancy documentation could subject the Authority to increased oversight and possible sanctions.

Known Questioned Costs

Known questioned costs could not be determined.

Cause

The Authority did not properly monitor the activities of personnel who performed income verification and recertification processes. This may have been caused by the resignation of the Housing Manager with no replacement.

Housing Authority of Plainfield
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Recommendation

With respect to the eligibility requirements, the Authority should consider hiring an experienced Housing Manager, or ensure that existing housing personnel receive appropriate training for admission and continued participation in the Low Income Housing program. All tenant files should contain complete and accurate information and files should contain sufficient documentation verifying tenant income and the tenant's portion of rent.

Management's Response

Management concurs with the finding and has implemented procedures as outlined in the accompanying corrective plan.

Reference 2023-002

Eligibility

ALN 14.238 Shelter Plus Care Program
U.S. Department of Housing and Urban Development

Criteria

The Authority is required to ensure that each dwelling unit of participants in the Shelter Plus Care is inspected on an annual basis or other basis approved by HUD.

Condition

Of the Twenty five (25) files selected for testing, eight units failed inspection and had not been reinspected as of the date of my audit report.

The population is complete and the sample size was statistically valid.

Effect

With respect to income verification, the Authority may not be compliant and the tenant's portion of rent could be incorrect.

Failure to properly inspect units as required by HUD could subject the Authority to increased oversight and possible sanctions.

Known Questioned Costs

None

Cause

Due to the backlog of inspections that resulted from the health and safety issues of the COVID 19 pandemic, the Authority had insufficient personnel to perform normal inspections.

Recommendation

The Authority should review and update its monitoring procedures to ensure that required inspections under the Shelter Care Plus program are performed timely. The policy should be strictly enforced.

Management's Response

Management concurs with the finding and has implemented procedures as outlined in the accompanying corrective plan.

Housing Authority of Plainfield
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Section IV-Follow Up of Prior Audit Findings

Reference 2022-001

Eligibility

CFDA 14.238 Shelter Plus Care Program
CFDA 14.871 Section-8 Housing Choice Vouchers Program
U.S. Department of Housing and Urban Development

Criteria

The Authority is required to determine that all applications for to the Section 8 Housing Choice Vouchers and Shelter Care Plus Programs meet the eligibility and continued occupancy requirements. The process includes the performance and documentation of income verification, obtaining appropriate identification, annual re-certifications, inspections, and re-inspections.

Conditions

Of the thirty (35) files selected for testing, I noted the following exceptions:

Three (3) files did not contain evidence to support income and assets

Five (5) files were missing some or all documentation required at time of admission and for continued occupancy.

Current Status

Based on my inquiries of management, observations, and other procedures, with respect to the Section-8 Housing Choice Vouchers program, I did not observe the above conditions in year 2023.

With respect to the Shelter Plus Care Program and the required inspections, the condition was noted in 2023 and is repeated in Reference 2023-002.

HOUSING AUTHORITY OF PLAINFIELD

510 East Front Street
Plainfield, New Jersey 07060
Telephone No. (908) 769-6335
Fax (908) 753-2232
www.hap-nj.org

August 23, 2024

U.S. Department of Housing and Urban Development
Real Estate Assessment Center

Attn: Financial Analyst

In response to audit findings 2023-001 and 2023-002 cited in the Authority's audit report dated August 23, 2024 for the year ended December 31, 2023, please be advised that the Authority strictly adheres to its administrative plan and other HUD guidelines for administering all of its housing programs. However, the Authority has experienced a significant turnover in personnel in the past few years. The Director of Development resigned and the position was not replaced, in year 2022, the housing manager for the Housing Choice Vouchers program resigned and in 2023 the manager of Low Income Housing program resigned. These positions were assumed by other personnel who were not as experienced or trained and were short staffed. Because of this condition, normal monitoring procedures were not performed. The circumstances were compounded by the serious illness of the Executive Director that kept him away from the office for approximately four months.

Subsequently, the personnel in the Housing Choice Vouchers program have received and will continue the receive on-going training. Additional staff has been added and normal monitoring procedures have resumed. For the Low Income Housing program, we will hire a new Housing Manager or promote from within. We anticipate filling the position by September 30, 2024. We will also continue our monitoring procedures by periodically examining an appropriate selection of tenant files to ensure compliance with the eligibility requirements of the program.

As the disruption in service caused by the pandemic comes to an end, we anticipate that we will be able to perform Housing Quality Inspections in accordance with the Housing Choice Vouchers program. We anticipate inspections to be completed by September 30, 2024.

Sincerely,

Randall Wood

Randall Wood
Executive Director