

Housing Authority of Plainfield

Financial Statements and
Supplementary Information

December 31, 2022

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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, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the accompanying table of contents.

In 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, 2022 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, 2022 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 September 25, 2023 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
September 25, 2023

Housing Authority Of Plainfield
Management's Discussion and Analysis
December 31, 2022

As management of Plainfield Housing Authority, 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, 2022. 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, 2022, the liabilities of the Authority exceeded its assets by \$86,993 (net position) as compared to \$ 789,405 at December 31, 2021, an improvement of \$702,412. The net change from year to year is the result of income contributions from the following sources: 1) a \$913,881 gain based on adjustments to the Authority's Pension and OPEB liabilities, 2) Capital grants of \$326,319, investment income of \$2,319 offset by an operating loss of \$ 540,107. The majority of the operating loss can be attributable to a loss of \$265,026 in the COCC as well as a project loss of \$315,095 (which excludes capital grants)
- 2 - As of the close of the current fiscal year, the Authority's proprietary fund reported a deficit in Unrestricted Net Position of \$8,462,265 compared to \$8,976,651 in the prior year. This significant improvement of \$ 514,386 is due to the improved results as noted above.
- 3 - The Authority's unrestricted cash balance at December 31, 2022 was \$1,689,580 representing a decrease of \$500,417 from the prior fiscal year. This decrease is directly attributable to an increase in our accounts receivables of \$565,574. The major components attributing to this increase were amounts due from HUD of \$364,797 as well as \$638,628 due from other Governments.
- 4 - Restricted cash at December 31, 2022 totaled \$558,588 and consisted of \$199,941 associated with our Section 8 Program as well as \$231,360 in our Projects related to deferred antenna sale proceeds. This compares to restricted cash of \$603,234 in 2021.
- 5 - For the year ended December 31, 2022, the Authority had total operating revenues of \$15,386,180 and total operating expenses of \$15,926,287 (including depreciation of \$277,084). This compares to year 2021 revenues of \$15,123,072 and operating expenses of \$14,989,616. Overall year over year operating results decreased by \$673,563. This overall reduction can be attributed to the reduced COVID-19 subsidy used in operations during 2021 coupled with an increase in costs of operations (mainly utilities and maintenance) during 2022.
- 6 - The Authority's capital outlays for the fiscal year ended December 31, 2022 totaled \$326,319 vs 2021 capital outlays of \$1,486,705 in 2021. The significant decrease from 2021 is due to restricting in house major repair projects (kitchen remodeling in Richmond Towers) in 2022 due to Covid restrictions.
- 7 - The Authority's expenditures of federal awards amounted to \$14,159,717 for the year ended December 31, 2022 vs \$14,820,955 in 2021. The expenditures represent a decrease of \$661,238. And can be attributed to an increase in Housing Choice Voucher expenditures as a result of receiving additional vouchers due to the completion of our mixed financing project offset by the reduction in Capital expenditures noted above.

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 \$9,602,214 through December 31, 2022.

9 - During 2020 the Authority received special COVID-19 supplemental grants of which \$176,592 was expended in its Low-Income Housing program and \$385,652 in its Housing Choice Vouchers program during 2020. During 2021, the Authority expended the remaining COVID-19 grants on its Low-Income Housing Program in the amount of \$83,457 and \$979,077 on its Housing Choice Vouchers Program.

These funds were used to offset special and incremental COVID-19 related expenses incurred by the Authority as well as to supplement HAP landlord payments due to increased rental fees and reduced tenant income.

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 the 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 fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of unrelated cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation and earned but unused vacation leave).

The financial statements also 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.

Management's Discussion and Analysis - Continued

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.

C - The Authority as a Whole

The Authority's net position improved during the fiscal year by \$702,412 and is explained in detail in the financial highlights of section A1 above. As noted, it is primarily due to the adoption of GASB 75 and recognizing net operating profits of \$913,881 in 2022.

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, 2022, individual programs or 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. 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, 2022, the Authority's investment in capital assets for its proprietary fund was \$7,536,098 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and construction in progress.

Major capital assets of \$326,319 were purchased during the fiscal year.

Additional information on the Authority's capital assets can be found in Note 7 to the financial statements which is included in this report.

Long Term Debt

As of December 31, 2022, the Authority had no long term or short-term loans payable. 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 decreased by \$500,417. The primary reason for the decrease was due to increases in accounts receivable (see financial highlights # 3 for further details).
2. During 2021 the Authority drew down and spent additional COVID-19 specific subsidy of \$83,457 in its Low-Income Housing program and \$979,077 in its Housing Choice Vouchers program. During 2022 there were no additional or unspent Covid funds to be reported.

Management's Discussion and Analysis - Continued

3. Overall HUD operating grants increased by \$499,148 in 2022. The change was primarily associated with an increased grant subsidy of \$504,200 associated with the Housing Choice Voucher program offset by a reduction of Capital fund operating grants in 2022 vs 2021.
4. During 2022 the Authority recorded other extraordinary income of \$913,881 resulting from adjustments to its pension liability accounts based on actuarial calculations as reflected in the June 30, 2022 audit report of the New Jersey Public Employees' Retirement System pension benefit plan.
5. Major operating expenses increased by \$936,671 and as reflected in the Statement of Revenue and are primarily due to increased Housing Assistance payments due to increased vouchers issued coupled with significant increase in utility and repair and maintenance expenses due to unprecedented inflation price increases.

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, 2022.

- 1 - The state of the economy, particularly its effect on tenant incomes, which are used in determining tenant rents paid to the Authority. Management experienced a significant increase in tenant receivable balances and a decline in tenant rental payments as the state and federal governments imposed a COVID-19 related, eviction moratorium for all of 2020 and most of 2021.
- 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 - During March of 2020, the Federal government as well as the State of New Jersey declared a state of emergency and mandated an economic lockdown over all non-essential operations as a result of the COVID-19 pandemic. Additional subsidies were granted and covered all incremental costs incurred with adapting to this pandemic. The Authority did not utilize all of the additional COVID-19 subsidy in 2020 and as HUD extended the timeframe for its use to 2021, it did retain some additional funds all of which were expended in 2021. During 2022 there were no remaining funds to be accounted for.
- 5 - 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 the additional funding it will have sufficient funds to maintain normal operations and provide the necessary safety, security, and level of service throughout the year,

H - Contacting the Authority's Financial Management

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

Management's Discussion and Analysis (Continued)

Year Ended December 31	12/31/2022	12/31/2021	Net Change	% Change
Cash, deferred outflows and other current assets	\$ 5,034,984	\$ 5,410,071	\$ (375,087)	-6.9%
Capital assets, net	8,089,844	8,039,509	50,335	0.6%
Total assets and deferred outflows	13,124,828	13,449,580	(324,752)	-2.4%
Less: total liabilities and deferred inflows	(13,211,821)	(14,238,985)	1,027,164	-7.2%
Net position	\$ (86,993)	\$ (789,405)	\$ 702,412	-89.0%
Invested in capital assets	\$ 8,089,844	\$ 7,486,864	\$ 602,980	8.1%
Restricted net assets	10,500	108,415	(97,915)	-90.3%
Unrestricted net assets	(8,187,337)	(8,384,684)	197,347	-2.4%
Total net position	\$ (86,993)	\$ (789,405)	\$ 702,412	-89.0%

Computations of changes in net position are as follows:

Revenues

Tenant revenues	\$ 1,435,867	\$ 1,447,938	\$ (12,071)	-0.8%
HUD subsidies	13,833,398	13,334,250	499,148	3.7%
Other income	116,915	340,884	(223,969)	-65.7%
Total operating revenues	15,386,180	15,123,072	263,108	1.7%

Operating expenses

Administration	2,099,733	2,080,121	19,612	0.9%
Tenant services	50,852	58,380	(7,528)	-12.9%
Utilities	1,271,827	1,151,518	120,309	10.4%
Maintenance	1,145,426	893,206	252,220	28.2%
Protective services	133,349	87,710	45,639	52.0%
Other general expenses	241,977	327,358	(85,381)	-26.1%
Insurance premiums	319,468	218,664	100,804	46.1%
Interest expense	-	5,000	(5,000)	-100.0%
Housing assistance payments	10,386,571	9,887,668	498,903	5.0%
Depreciation expense	277,084	279,991	(2,907)	-1.0%
Total operating expenses	15,926,287	14,989,616	936,671	6.2%
Operating income (loss)	(540,107)	133,456	(673,563)	-504.7%

Non-operating income

Loss on disposition of property	-	(196,340)	196,340	-100.0%
Interest on investments	2,319	3,148	(829)	-26.3%
Extraordinary gains	913,881	487,571	426,310	87.4%
Net income before capital grants	376,093	427,835	(51,742)	-12.1%
Capital grants	326,319	1,486,705	(1,160,386)	-78.1%
Change in net assets	702,412	1,914,540	(1,212,128)	-63.3%
Net assets, beginning of year	(789,405)	(2,703,945)	1,914,540	-70.8%
Net position, end of year	\$ (86,993)	\$ (789,405)	\$ 702,412	-89.0%

Housing Authority of Plainfield
Statement of Net Position
As of December 31, 2022

Assets	Primary	Component	
<u>Current assets</u>	<u>Government</u>	<u>Unit</u>	<u>Total</u>
Cash and cash equivalents-unrestricted	\$ 1,426,563	\$ 263,017	\$ 1,689,580
Cash and cash equivalents-restricted	558,588	-	558,588
Accounts receivable	1,237,570	12,028	1,249,598
Inventories, net	25,096	-	25,096
	<u>3,247,817</u>	<u>275,045</u>	<u>3,522,862</u>
Capital assets, net	7,807,728	-	7,807,728
Investment in Elmwood Gardens	-	282,116	282,116
Total assets	<u>\$ 11,055,545</u>	<u>\$ 557,161</u>	<u>\$11,612,706</u>
Deferred outflows of resources	1,512,122	-	1,512,122
	<u>\$ 12,567,667</u>	<u>\$ 557,161</u>	<u>\$13,124,828</u>
Liabilities			
<u>Current liabilities:</u>			
Accounts payable and accrued	\$ 612,252	\$ 117	\$ 612,369
Tenant security deposits	127,287	-	127,287
Deferred revenues	170,669	-	170,669
	<u>910,208</u>	<u>117</u>	<u>910,325</u>
<u>Long-term liabilities:</u>			
Accrued compensated absences, non-current	330,994	-	330,994
Accrued pension and OPEB liability	7,041,342	-	7,041,342
Other long term liabilities	856,166	-	856,166
	<u>8,228,502</u>	<u>-</u>	<u>8,228,502</u>
Total Liabilities	9,138,710	117	9,138,827
Deferred inflows of resources	4,072,994	-	4,072,994
Net position			
Net investment in capital assets	7,807,728	282,116	8,089,844
Restricted	10,500	-	10,500
Unrestricted	(8,462,265)	274,928	(8,187,337)
Total net position	<u>(644,037)</u>	<u>557,044</u>	<u>(86,993)</u>
	<u>\$ 12,567,667</u>	<u>\$ 557,161</u>	<u>\$13,124,828</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, 2022

	Primary Government	Component Unit	Total
Operating revenues			
Tenant revenue	\$ 1,435,867	\$ -	\$ 1,435,867
HUD operating grants	13,827,873	5,525	13,833,398
Other revenues	111,727	5,188	116,915
	<u>15,375,467</u>	<u>10,713</u>	<u>15,386,180</u>
Operating expenses			
Administrative	2,063,280	36,453	2,099,733
Tenant services	50,852	-	50,852
Utilities	1,271,666	161	1,271,827
Ordinary repairs and maintenance	1,141,968	3,458	1,145,426
Protective services	133,349	-	133,349
Insurance premiums	316,899	2,569	319,468
General expenses	238,702	3,275	241,977
Housing assistance payments	10,386,571	-	10,386,571
Depreciation	277,084	-	277,084
	<u>15,880,371</u>	<u>45,916</u>	<u>15,926,287</u>
Operating loss	(504,904)	(35,203)	(540,107)
Non-operating revenues			
Investment income	2,039	280	2,319
Extraordinary gain	913,881	-	913,881
	<u>915,920</u>	<u>280</u>	<u>916,200</u>
Income (loss) before capital grants	411,016	(34,923)	376,093
Capital grants	<u>326,319</u>	<u>-</u>	<u>326,319</u>
Change in net position	737,335	(34,923)	702,412
Net position at beginning of year	(1,381,372)	591,967	(789,405)
Net position at end of year	<u>\$ (644,037)</u>	<u>\$ 557,044</u>	<u>\$ (86,993)</u>

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

Housing Authority of Plainfield
Statement of Cash Flows
December 31, 2022

	Primary Government	Component Unit	Total
Net cash provided(used) by:			
Operating activities:			
Cash received from:			
Tenants	\$ 1,460,885	\$ (6,619)	\$ 1,454,266
Grantors	13,090,382	(201,319)	12,889,063
Others	111,727	5,188	116,915
Cash paid for:			
Employees	(1,433,025)	(8,050)	(1,441,075)
Vendors and contractors	(1,860,256)	314,976	(1,545,280)
Utilities	(1,268,208)	(3,619)	(1,271,827)
Insurance	(316,899)	(2,569)	(319,468)
General expenses	(238,702)	(3,275)	(241,977)
Housing assistance payments	(10,386,571)	-	(10,386,571)
	(840,667)	94,713	(745,954)
Capital and related financing activities:			
Purchase of capital assets	(326,318)	(1,101)	(327,419)
Proceeds from capital grants	326,319	-	326,319
Decrease in pension and other post employment benefits	(345,203)	-	(345,203)
Decrease in other long term liabilities	199,672	-	199,672
Increase in deferred outflows of resources	53,696	-	53,696
	(91,834)	(1,101)	(92,935)
Investing activities:			
Extraordinary gain	913,881	-	913,881
Deferred inflows of resources	(622,374)	-	(622,374)
Interest received on investments	2,039	280	2,319
	293,546	280	293,826
Net increase (decrease) in cash and cash equivalents	(638,955)	93,892	(545,063)
Cash and cash equivalents, beginning of year	2,624,106	169,125	2,793,231
Cash and cash equivalents, end of year	\$ 1,985,151	\$ 263,017	\$ 2,248,168
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, 2022

	Primary Government	Component Unit	Total
Reconciliation of operating income to net cash provided(used) by operating activities:			
Operating loss	\$ (504,904)	\$ (35,203)	\$ (540,107)
Items which did not use cash:			
Depreciation	277,084	-	277,084
Changes in operating assets and liabilities:			
Accounts receivable	(558,955)	(6,619)	(565,574)
Inventories	(8,087)	349,989	341,902
Accounts payable	80,139	(6,610)	73,529
Compensated absences	27,574	-	27,574
Deferred revenues	(161,900)	(206,844)	(368,744)
Tenant security deposits	8,382	-	8,382
	<u>\$ (840,667)</u>	<u>\$ 94,713</u>	<u>\$ (745,954)</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 doubtful accounts is established to provide for all accounts which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts.

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, 2022 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 2021, 2020 and 2019. Settlement amounts, except for deductibles, have not exceeded insurance coverage for the past three years.

Deferred Outflows/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.

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, 2022, 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, 2022, the carrying amount of the Authority's cash was \$2,248,168 and the bank balances approximated \$ 2,599,075. Of the bank balances at December 31, 2022 \$ 855,124 covered by FDIC and the remaining \$1,743,951 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, 2022, restricted cash consisted of the following:

Tenant security deposits	\$ 127,287
Family self sufficiency escrow and HCV reserves	89,210
Deferred antenna revenue	231,360
	<u>\$ 447,857</u>

Note 5. Accounts Receivable

As of December 31, 2022, accounts receivable consisted of the following:

Tenants, net of allowance of \$ 206,980	\$ 98,528
Due from HUD other projects	364,797
Due from Union County DHS, net of allowance of \$17,971	621,741
Notes receivable-projects, net of allowance of \$ 65,197	19,861
Due from sub-recipient	94,495
Due from Plainfield Housing Authority	17,450
Due from component unit	12,028
Due from supplemental fund	20,698
	<u><u>\$ 1,249,598</u></u>

Housing Authority of Plainfield
Notes to the Financial Statements
December 31, 2022

Note 6. Capital Assets

A summary of the changes in capital assets during 2022 is as follows:

	Jan 1, 2022	Additions	Retirements	Dec 31, 2022
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	(16,772,092)	(277,084)	-	(17,049,176)
	4,906,696	(277,084)	-	4,629,612
Construction in progress	3,132,813	327,419	-	3,460,232
	\$ 8,039,509	\$ 50,335	\$ -	\$ 8,089,844

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, 2022 the Authority incurred PILOT expense of 29,149.

Note 9. Long Term Liabilities

Long term liabilities at December 31, 2022 consisted of the following:

Description	Balance at Jan. 1, 2022	Additions	Deletions	Balance at Dec. 31, 2022	Due Within One Year
Pension liability	1,702,853	474,877	-	2,177,730	-
OPEB liability	5,683,692	-	820,080	4,863,612	-
Compensated absences	303,420	27,574	-	330,994	36,777
Other long term liabilities	656,494	199,672	-	856,166	63,916
	\$ 8,346,459	\$ 702,123	\$ 820,080	\$ 8,228,502	\$ 100,693

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, 2022, the Housing Choice Voucher Program maintained the following components of Net Position:

Restricted net position-HAP equity	\$ -
Administrative fee equity	(1,591,201)
	<u>\$ (1,591,201)</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, 2022 amounted to \$ 204,665.

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

At December 31, 2022, the Authority reported a liability of \$ 2,177,731 for its proportionate share of the pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the Authority's proportion of net pension liability was 0.0144502990%.

For the year ended December 31, 2022, the Authority recognized pension benefit of \$ 412,520. At December 31, 2022 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
Changes in assumptions	\$ 6,747	\$ -
Difference between expected and actual expense	15,718	(13,861)
Net differences between projected and actual earnings and plan investments	90,134	(326,093)
Change in proportion	81,037	(114,412)
Total deferred	<u>193,636</u>	<u>(454,366)</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,	
2023	\$ (186,804)
2024	(95,170)
2025	(46,413)
2026	101,255
2027	(222)
	<u>\$ (227,354)</u>

Note 12. Pension Plan (Continued)

Actuarial Assumptions - The total pension liability for the June 30, 2021 measurement date was determined by an actuarial evaluation as of July 1, 2020, which was rolled forward to June 30, 2021. 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%

Mortality rates were based on the RP-2000 Combined Healthy and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on projection Scale AA. The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal rate of 3.50% as of June 30, 2022, based on the Bond Buyer Go'20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year.

The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date 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, 2021, 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	\$ 2,825,351	\$ 2,177,731	\$ 1,666,353

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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.30%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

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.

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.

Note 13. Other Post-Employment Benefits -OPEB

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

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, is continuing to work with the IRS to reduce the amount of the penalty. Management believes that the ultimate amount due the IRS, if any, will be less than \$34,600, but the exact amount is not readily determinable and cannot be reasonably estimated. Accordingly, no provision in the financial statements has been made for this contingency.

Note 14. Risks and Uncertainties (Continued)

Roof Top Rentals

In 2014 HUD Office of the Inspector General (OIG) conducted a review of the Authority's procurement in general and long-term use of the roof at a housing authority project by a third party for telecommunications purposes. The HUD IG has questioned the Authority's procedures and transaction documentation. Management may be required to expend considerable time and effort to comply with the OIG's final recommendation, when issued. The financial impact, if any, of such recommendation has not been stated by the OIG and the Authority cannot reasonably estimate the amount. Accordingly, no provision for this contingency has been recorded.

Note 15. Transactions with Component Unit

There were no transactions with the component unit, Premier Community Development Corporation, in the year ended December 31, 2022.

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 September 25, 2023 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, 2022

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	\$ 42,360
Resident Opportunity and Supportive Services	14.870	70,000
Low-Income Public Housing	14.850	1,960,619
Section 8 Housing Choice Vouchers	14.871	10,473,900
Public Housing Capital Fund	14.872	732,009
Passed through:		
County of Union-Dept of Human Services/ Shelter Plus Care	14.238	880,829
		<u>\$ 14,159,717</u>

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

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, 2022.

Note 4. Loan Guarantees

At December 31, 2022, 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
Required Pension Information
As of December 31, 2022

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

Year ended December 31,	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	181,432	168,908	\$ 204,665	\$ 169,729	\$ 152,717	\$ 146,196	\$ 156,794	\$ 150,795
Contributions in relation to the contractual required contribution	181,432	168,908	204,665	169,729	152,717	146,196	\$ 156,794	\$ 150,795
(Over)/underfunded	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	<u>\$ 1,308,999</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>	<u>\$1,469,260</u>
Contributions as a percentage of covered employee payroll	13.86%	13.83%	17.89%	12.26%	11.10%	9.98%	11.02%	10.26%

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%	0.143%	0.0145%	0.0137%	0.0154%	0.0159%	0.0159%	0.0194%
Authority's proportionate share of net pension liability	<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>	<u>\$2,655,513</u>
Authority's covered-employee payroll	<u>\$ 1,308,999</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>	<u>\$1,136,040</u>
Authority's proportionate share of net pension liability(asset) as percentage of covered employee payroll	166.37%	139.40%	206.43%	182.11%	212.27%	224.74%	293.06%	233.75%
Plan fiduciary net position as percentage of total pension liability	62.91%	70.33%	58.32%	56.3%	53.6%	48.1%	43.5%	47.9%

(a)=Ten year trend has not been compiled. The Authority is presenting the years that are available

Housing Authority of Plainfield
Required Other Post Employment Benefits Information
December 31, 2022

Schedule of Authority Contributions for the Past Ten Fiscal Years(1)

Measurement date	06/30/22	06/30/21	06/30/20	06/30/19	06/30/18
Authority's Fiscal Year End December 31,	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>\$ 4,863,612</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%

(1)=Ten year trend has not been compiled. The Authority is presenting the years that are available

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Plainfield Housing Authority (NJ039)

PLAINFIELD, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/

Fiscal Year End: 12/31/2022

	Project Total	14.170 Congregate Housing Service Program	16.541 Juvenile Justice and Delinquency Prevention Special Emphasis	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	\$411,193			\$263,017	\$61,610	\$953,760				\$1,689,580		\$1,689,580
112 Cash - Restricted - Modernization and Development												
113 Cash - Other Restricted	\$231,360					\$89,210				\$320,570		\$320,570
114 Cash - Tenant Security Deposits	\$127,287									\$127,287		\$127,287
115 Cash - Restricted for Payment of Current Liabilities						\$110,731				\$110,731		\$110,731
100 Total Cash	\$769,840	\$0	\$0	\$263,017	\$61,610	\$1,153,701	\$0	\$0	\$0	\$2,248,168	\$0	\$2,248,168
121 Accounts Receivable - PHA Projects												
122 Accounts Receivable - HUD Other Projects	\$105,714					\$259,083				\$364,797		\$364,797
124 Accounts Receivable - Other Government								\$638,628		\$638,628		\$638,628
125 Accounts Receivable - Miscellaneous			\$94,495	\$12,028	\$20,698				\$17,450	\$144,671		\$144,671
126 Accounts Receivable - Tenants	\$305,508									\$305,508		\$305,508
126.1 Allowance for Doubtful Accounts - Tenants	-\$206,980									-\$206,980		-\$206,980
126.2 Allowance for Doubtful Accounts - Other	-\$59,585		\$0	\$0	\$0	\$0				-\$59,585		-\$59,585
127 Notes, Loans, & Mortgages Receivable - Current	\$79,446							-\$16,887	\$0	-\$76,472		-\$76,472
128 Fraud Recovery										\$79,446		\$79,446
128.1 Allowance for Doubtful Accounts - Fraud												
129 Accrued Interest Receivable												
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$224,103	\$0	\$94,495	\$12,028	\$20,698	\$259,083	\$0	\$621,741	\$17,450	\$1,249,598	\$0	\$1,249,598
131 Investments - Unrestricted												
132 Investments - Restricted												
135 Investments - Restricted for Payment of Current Liability												
142 Prepaid Expenses and Other Assets												
143 Inventories	\$18,584				\$8,087					\$8,087		\$8,087
143.1 Allowance for Obsolete Inventories	-\$1,575									\$18,584		\$18,584
144 Inter Program Due From	\$0				\$0					-\$1,575		-\$1,575
145 Assets Held for Sale										\$0		\$0
150 Total Current Assets	\$1,010,952	\$0	\$94,495	\$275,045	\$90,395	\$1,412,784	\$0	\$621,741	\$17,450	\$3,522,862	\$0	\$3,522,862
160 Land	\$869,924											
161 Land					\$271,630					\$1,141,554		\$1,141,554
162 Buildings	\$19,863,342									\$19,863,342		\$19,863,342

	Project Total	14.170 Congregate Housing Service Program	16.541 Juvenile Justice and Delinquency Prevention Special Emphasis	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
348 Loan Liability - Current												
310 Total Current Liabilities	\$224,456	\$0	\$94,495	\$117	\$12,791	\$199,751	\$0	\$16,130	\$362,585	\$910,325	\$0	\$910,325
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue												
352 Long-term Debt, Net of Current - Operating Borrowings												
353 Non-current Liabilities - Other	\$766,956					\$89,210				\$856,166		\$856,166
354 Accrued Compensated Absences - Non Current	\$152,257					\$39,720			\$139,017	\$330,994		\$330,994
355 Loan Liability - Non Current	\$1,055,056					\$383,186		\$553,749	\$3,541,773	\$5,533,764	-\$5,533,764	\$0
356 FASB 5 Liabilities												
357 Accrued Pension and OPEB Liabilities	\$4,724,089					\$1,614,978			\$702,275	\$7,041,342		\$7,041,342
350 Total Non-Current Liabilities	\$6,698,358	\$0	\$0	\$0	\$0	\$2,127,094	\$0	\$553,749	\$4,383,065	\$13,762,266	-\$5,533,764	\$8,228,502
300 Total Liabilities	\$6,922,814	\$0	\$94,495	\$117	\$12,791	\$2,326,845	\$0	\$569,879	\$4,745,650	\$14,672,591	-\$5,533,764	\$9,138,827
400 Deferred Inflow of Resources	\$2,930,662					\$976,874			\$165,458	\$4,072,994		\$4,072,994
508.4 Net Investment in Capital Assets	\$7,536,098			\$282,116	\$271,630							
511.4 Restricted Net Position						\$0				\$8,089,844		\$8,089,844
512.4 Unrestricted Net Position	-\$3,607,344	\$0	\$0	\$274,928	\$1,160,007	-\$1,591,201	\$0	\$10,500	-\$4,465,089	\$10,500		\$10,500
513 Total Equity - Net Assets / Position	\$3,928,754	\$0	\$0	\$557,044	\$1,431,637	-\$1,591,201	\$0	\$41,362	-\$4,465,089	-\$8,187,337		-\$8,187,337
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$13,782,230	\$0	\$94,495	\$557,161	\$1,444,428	\$1,712,518	\$0	\$51,862	\$446,019	\$18,658,592	-\$5,533,764	\$13,124,828

Plainfield Housing Authority (NJ039)

PLAINFIELD, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audit

Fiscal Year End: 12/31/2022

	Project Total	14.170 Congregate Housing Service Program	10.391 Juvenile Justice and Delinquency Prevention Sp Social Emobasic	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
70300 Net Tenant Rental Revenue	\$1,412,322									\$1,412,322		\$1,412,322
70400 Tenant Revenue - Other	\$23,545									\$23,545		\$23,545
70500 Total Tenant Revenue	\$1,435,867	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,435,867	\$0	\$1,435,867
70600 HUD PHA Operating Grants	\$2,366,309	\$42,360				\$10,473,900	\$70,000	\$880,829		\$13,833,398		\$13,833,398
70610 Capital Grants	\$326,319									\$326,319		\$326,319
70710 Management Fee									\$487,140	\$487,140	-\$487,140	
70720 Asset Management Fee												
70730 Book Keeping Fee									\$96,758	\$96,758	-\$96,758	
70740 Front Line Service Fee												
70750 Other Fees												
70700 Total Fee Revenue									\$583,898	\$583,898	-\$583,898	
70800 Other Government Grants												
71100 Investment Income - Unrestricted	\$1,229			\$5,525						\$5,525		\$5,525
71200 Mortgage Interest Income				\$280	\$195	\$138			\$0	\$1,842		\$1,842
71300 Proceeds from Disposition of Assets Held for Sale												
71310 Cost of Sale of Assets												
71400 Fraud Recovery												
71500 Other Revenue		\$2,330				\$8,078				\$8,078		\$8,078
71600 Gain or Loss on Sale of Capital Assets	\$56,416			\$31,202	\$6,443	\$12,823			\$20,112	\$72,910		\$72,910
72000 Investment Income - Restricted	\$477			-\$26,014						\$30,402		\$30,402
70000 Total Revenue	\$4,186,617	\$44,690	\$0	\$10,993	\$6,638	\$10,494,939	\$70,000	\$880,829	\$604,010	\$16,298,716	-\$583,898	\$15,714,817
91100 Administrative Salaries	\$351,430	\$18,598		\$8,050		\$230,784	\$48,000	\$49,500	\$350,320	\$1,056,682		\$1,056,682
91200 Auditing Fees	\$10,000					\$4,000			\$4,100	\$18,100		\$18,100
91300 Management Fee	\$285,127					\$202,013				\$487,140	-\$487,140	
91310 Book-keeping Fee	\$28,778					\$67,980				\$96,758	-\$96,758	
91400 Advertising and Marketing				\$3,804						\$3,804		\$3,804
91500 Employee Benefit Contributions - Administrative	\$156,527	\$4,478		\$35		\$99,581	\$22,000	\$21,446	\$148,823	\$452,890		\$452,890
91600 Office Expenses	\$31,500			\$60	\$1,220	\$68,832			\$19,238	\$120,850		\$120,850
91700 Legal Expense	\$43,492			\$175		\$134			\$76,586	\$120,387		\$120,387
91800 Travel	\$2,721				\$9,207	\$7,138			\$20,451	\$39,517		\$39,517
91810 Allocated Overhead												
91900 Other	\$51,052			\$24,329	\$18,793	\$29,497			\$163,832	\$287,503		\$287,503

	Project Total	14.170 Congregate Housing Service Program	10.341 Juvenile Justice and Delinquency Prevention_So cial Emphasis	6.1 Component Unit - Discreetly 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
91000 Total Operating - Administrative	\$960,627	\$23,076	\$0	\$36,453	\$29,220	\$709,959	\$70,000	\$70,946	\$783,350	\$2,683,631	-\$583,898	\$2,099,733
92000 Asset Management Fee												
92100 Tenant Services - Salaries												
92200 Relocation Costs		\$4,790								\$4,790		\$4,790
92300 Employee Benefit Contributions - Tenant Services												
92400 Tenant Services - Other	\$29,238	\$16,824										
92500 Total Tenant Services	\$29,238	\$21,614	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$46,062	\$0	\$46,062
93100 Water	\$228,523											
93200 Electricity	\$554,269			\$161						\$228,684		\$228,684
93300 Gas	\$132,039									\$554,269		\$554,269
93400 Fuel										\$132,039		\$132,039
93500 Labor	\$106,033											
93600 Sewer	\$205,017									\$106,033		\$106,033
93700 Employee Benefit Contributions - Utilities	\$45,785									\$205,017		\$205,017
93800 Other Utilities Expense										\$45,785		\$45,785
93000 Total Utilities	\$1,271,666	\$0	\$0	\$161	\$0	\$0	\$0	\$0	\$0	\$1,271,827	\$0	\$1,271,827
94100 Ordinary Maintenance and Operations - Labor	\$245,412											
94200 Ordinary Maintenance and Operations - Materials and Other	\$189,843			\$3,458						\$245,412		\$245,412
94300 Ordinary Maintenance and Operations Contracts	\$590,301								\$10,443	\$203,744		\$203,744
94500 Employee Benefit Contributions - Ordinary Maintenance	\$105,969									\$590,301		\$590,301
94000 Total Maintenance	\$1,131,525	\$0	\$0	\$3,458	\$0	\$0	\$0	\$0	\$10,443	\$1,145,426	\$0	\$1,145,426
95100 Protective Services - Labor	\$93,134											
95200 Protective Services - Other Contract Costs										\$93,134		\$93,134
95300 Protective Services - Other												
95500 Employee Benefit Contributions - Protective Services	\$40,215											
95000 Total Protective Services	\$133,349	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40,215	\$0	\$40,215
96110 Property Insurance										\$133,349	\$0	\$133,349
96120 Liability Insurance												
96130 Workmen's Compensation												
96140 All Other Insurance	\$231,826			\$2,569								
96100 Total Insurance Premiums	\$231,826	\$0	\$0	\$2,569	\$0	\$41,277	\$0	\$0	\$43,796	\$319,468	\$0	\$319,468
96200 Other General Expenses												
96210 Compensated Absences	\$38,027			\$3,275		\$51,603				\$54,878		\$54,878
						\$14,979			\$31,446	\$84,452		\$84,452

	Project Total	14.170 Congregate Housing Service Program	10.941 Juvenile Justice and Delinquency Prevention_Sp ocial Emphasis	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
96300 Payments in Lieu of Taxes	\$16,337									\$16,337		\$16,337
96400 Bad debt - Tenant Rents	\$86,310									\$86,310		\$86,310
96500 Bad debt - Mortgages												
96600 Bad debt - Other												
96800 Severance Expense												
96000 Total Other General Expenses	\$140,674	\$0	\$0	\$3,275	\$0	\$66,582	\$0	\$0	\$31,446	\$241,977	\$0	\$241,977
96710 Interest of Mortgage (or Bonds) Payable												
96720 Interest on Notes Payable (Short and Long Term)												
96730 Amortization of Bond Issue Costs												
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$3,898,905	\$44,690	\$0	\$45,916	\$29,220	\$817,818	\$70,000	\$70,946	\$869,035	\$5,846,530	-\$583,898	\$5,262,632
97000 Excess of Operating Revenue over Operating Expenses	\$287,712	\$0	\$0	-\$34,923	-\$22,582	\$9,677,121	\$0	\$809,883	-\$265,025	\$10,452,186	\$0	\$10,452,186
97100 Extraordinary Maintenance												
97200 Casualty Losses - Non-capitalized												
97300 Housing Assistance Payments												
97350 HAP Portability-In						\$9,565,787		\$809,883		\$10,375,670		\$10,375,670
97400 Depreciation Expense	\$276,588				\$496	\$10,901				\$10,901		\$10,901
97500 Fraud Losses										\$277,084		\$277,084
97600 Capital Outlays - Governmental Funds												
97700 Debt Principal Payment - Governmental Funds												
97800 Dwelling Units Rent Expense												
90000 Total Expenses	\$4,175,493	\$44,690	\$0	\$45,916	\$29,716	\$10,394,506	\$70,000	\$880,829	\$869,035	\$16,510,185	-\$583,898	\$15,926,287
10010 Operating Transfer In	\$217,790											
10020 Operating Transfer Out	-\$217,790									\$217,790	-\$217,790	\$0
10030 Operating Transfers from/to Primary Government										-\$217,790	\$217,790	\$0
10040 Operating Transfers from/to Component Unit												
10050 Proceeds from Notes, Loans and Bonds												
10060 Proceeds from Property Sales												
10070 Extraordinary Items, Net Gain/Loss	\$452,644					\$171,537			\$289,700	\$913,881		\$913,881
10080 Special Items (Net Gain/Loss)												
10091 Inter Project Excess Cash Transfer In												
10092 Inter Project Excess Cash Transfer Out												
10093 Transfers between Program and Project - In												
10094 Transfers between Project and Program - Out												
10100 Total Other Financing Sources (Uses)	\$452,644	\$0	\$0	\$0	\$0	\$171,537	\$0	\$0	\$289,700	\$913,881	\$0	\$913,881

	Project Total	14.170 Congregate Housing Service Program	10.341 Juvenile Justice and Delinquency Prevention Sp Social Emphasis	6.1 Component Unit - Discreetly 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
10000 Excess (Deficiency) or Total Revenue Over (Under)	\$463,768	\$0	\$0	-\$34,923	-\$23,078	\$271,970	\$0	\$0	-\$24,675	\$702,412	\$0	\$702,412
Total Expenses												
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$3,464,986	\$0	\$0	\$591,967	\$1,454,715	-\$1,863,171	\$0	\$51,862	-\$4,489,764	-\$789,405		-\$789,405
11040 Prior Period Adjustments - Equity Transfers and Correction of Errors												
11050 Changes in Compensated Absence Balance												
11060 Changes in Contingent Liability Balance												
11070 Changes in Unrecognized Pension Transition Liability												
11080 Changes in Special Term/Severance Benefits Liability												
11090 Changes in Allowance for Doubtful Accounts - Dwellings/Rentals												
11100 Changes in Allowance for Doubtful Accounts - Other Dwellings/Rentals												
11170 Administrative Fee Equity						-\$1,591,201				-\$1,591,201		-\$1,591,201
11180 Housing Assistance Payments Equity						\$0				\$0		\$0
11190 Unit Months Available	4140					10884		876		15900		15900
11210 Number of Unit Months Leased	3933					9372		864		14169		14169
11270 Excess Cash	\$228,878									\$228,878		\$228,878
11610 Land Purchases	\$0								\$0	\$0		\$0
11620 Building Purchases	\$0								\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$92,213								\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0								\$0	\$92,213		\$92,213
11650 Leasehold Improvements Purchases	\$234,106								\$0	\$0		\$0
11660 Infrastructure Purchases	\$0								\$0	\$234,106		\$234,106
13510 CFFP Debt Service Payments	\$0								\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0								\$0	\$0		\$0

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 the 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, 2022, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued my report thereon dated September 25, 2023.

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 2022-001.

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

Frank Glien LLC. CPA

Cranford, New Jersey
September 25, 2023

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

Opinion on Each Major Federal Program

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, 2022. 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.

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 each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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.

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 2022-001. My opinion on each 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

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

A significant deficiency in internal control over compliance is a deficiency or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. I consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

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
September 25, 2023

Housing Authority of Plainfield
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

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 | Unmodified |
| 5. Internal control over compliance | |
| • Material weakness (es) identified? | None noted |
| • Were significant deficiencies identified not considered to be material weaknesses? | Yes |
| • Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance | Yes |
| 6. Identification of major programs | |

CFDA Number

14.871
14.238

Name of Federal Program

Housing Choice Vouchers Program
Shelter Plus Care Program

Housing Authority of Plainfield
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

Section II-Financial Statement Findings

(See Reference 2022-001)

Section III-Federal Award Findings and Questioned Costs

Reference 2022-001

Eligibility

ALN 14.871 Section-8 Housing Choice Vouchers Program

ALN 14.238 Shelter Plus Care Program

U.S. Department of Housing and Urban Development

Criteria

The Authority is required to determine that all applications for admission 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, and re-inspections.

Conditions

Tenant Files-Based on management inquiries and inspection of documents, some documents were not available for examination at the time of the audit.

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

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.

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 \$ - 0 -

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, 2022

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 Housing Choice Vouchers 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.

Section IV-Follow Up of Prior Audit Findings

There were no Federal awards findings or questioned costs in the year ended December 31, 2021.

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

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

Attn: Financial Analyst

In response to audit finding 2022-001 cited in the Authority's audit report as of December 31, 2022, please be advised that it is the Authority's policy is to follow appropriate procedures with respect to properly maintaining tenant files of the Housing Choice Vouchers program. However, during year 2022 our Housing Manager resigned and has not been replaced as yet. Her responsibilities were assumed by the Assistant Housing Manager who was not as experienced nor fully trained to assume the responsibilities. Because of the shortage in personnel as a result of the Housing Manager's resignation, normal monitoring procedures were not performed which led to the deficiencies cited in the audit report.

Subsequently, the Assistant Housing Manager has received and will continue to receive on-going training in procedures of the Housing Choice Vouchers program. We will also continue our monitoring procedures by periodically examining an appropriate selection of tenant files to ensure compliance with the Program's requirements. Furthermore, we will seek to hire a new, experienced Housing Manager.

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.

Sincerely,

Randall Wood

Randall Wood
Executive Director