

HOUSING AUTHORITY OF THE
CITY OF RAHWAY
Rahway, New Jersey

FINANCIAL STATEMENTS
For the Years Ended
June 30, 2023 and 2022

RAHWAY HOUSING AUTHORITY
Rahway, New Jersey
COMPARATIVE FINANCIAL STATEMENTS

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HOUSING AUTHORITY OF THE CITY OF RAHWAY
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2023

As Management of the Housing Authority of the City of Rahway (the "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 June 30, 2023. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

A - Financial Highlights

1. The Authority reported a deficit in net position of \$110,828 at the close of the most recent fiscal year as opposed to a deficit in net position of \$476,654 for the prior fiscal year.
2. As of the close of the current fiscal year, the Authority's proprietary fund reported a deficit in ending unrestricted net position of \$3,843,967.
3. The Authority's cash and cash equivalent balance (including restricted cash and tenant security deposits) at June 30, 2023 was \$1,253,324, representing a decrease of \$38,145 from the prior fiscal year.
4. The Authority had total operating revenues of \$6,068,978 and total operating expenses of \$6,080,054 (including depreciation expense of \$551,110) for the year ended June 30, 2023.
5. The Authority's capital outlays for the fiscal year were \$227,926.
6. The Authority's expenditures of federal awards amounted to \$4,863,837 for the fiscal year.

B – Using the Annual Report

1 – Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's Financial Statements and Notes to Financial Statements included in this Report were prepared in accordance with Generally Accepted Accounting Principles (GAAP) applicable to governmental entities in the United States of America for 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 Comparative Statements of Net Position, Comparative Statements of Revenue, Expenses and Changes in Net Position and Comparative Statements of Cash Flows.

The Comparative Statements of Net Position present 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 Comparative Statements of Revenue, Expenses and Changes in Net Position present information that shows how the Authority's net position changed during the two most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related 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).

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MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2023

The Statement of Cash Flows presents relevant information about the Authority's cash receipts and cash payments during the year.

The Comparative Statements of Cash Flows present information showing how the Authority's cash and cash equivalents position changed during the year. The statements classify cash receipts and cash payments as resulting from operating activities, financing activities and investing activities.

The financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide safe and sanitary housing to low income and special needs populations. The financial statements can be found on pages 9 through 11.

3 – Notes to Financial Statements

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

4 – Supplemental Information

The Schedule of Expenditures of Federal Awards (SEFA) is presented for purpose of additional analysis as required by Uniform Guidance, Audits of States, Local Governments, and Non-profit Organizations. The SEFA can be found on page 24 of this report. Supplemental Schedules pertaining to the Public Employees Retirement System and OPEB are also presented on pages 30-31 to supplement the basic financial statements.

C – The Authority as a Whole

The Authority's Net Position increased during the fiscal year as detailed below. The Authority's revenues are primarily subsidies and grants received from HUD. The Authority receives subsidies each month based on an amount pre-approved by HUD. Grants are drawn down based on need against a pre-authorized funding level.

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

D – Budgetary Highlights

For the year ended June 30, 2023 individual program 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. (Also, the Authority adopted a comprehensive annual budget for the General Fund). The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

E – Capital Assets and Debt Administration

1 – Capital Assets

As of June 30, 2023, the Authority's net capital assets for its Proprietary Fund was \$3,717,025 (net of accumulated depreciation). This net investment in capital assets includes land, buildings, equipment and construction in progress. Major capital assets purchased from grants of \$199,475 during the fiscal year pertained to expenditures made in accordance with the Authority's Capital Fund. These activities are funded by grants from HUD. Additional information on the Authority's capital assets can be found in Note 4 to the Financial Statements.

HOUSING AUTHORITY OF THE CITY OF RAHWAY
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2023

2 – Long Term Debt

The Authority has no long term debt as of June 30, 2023. The Authority obtained a \$777,000 permanent note from RSI bank. The purpose of the loan is to purchase and install energy efficient boilers, hot water systems, controls, lighting, and insulated water equipment for Authority buildings. The loan matured and the final payment was made in November 2022.

F – Significant Changes from FYE June 30, 2022 to June 30, 2023

Changes in the Statement of Net Position

Cash and other current assets increased \$223,704 or 12.97%, primarily because prepaid assets increased \$182,632 due to deferred charges related to a flood claim and CDBG grant expenditures.

Net capital assets decreased \$323,183, or 8.00%. The Authority had \$227,927 of fixed asset purchases and incurred \$551,110 of depreciation expense.

Deferred outflow of resources increased \$98,820, or 74.79%, due to the most recent Pension Liability actuarial valuation.

Deferred inflow of resources decreased \$672,286, or 22.64%, due to the most recent Pension Liability actuarial valuation.

HUD Operating Grants increased \$158,340, or 3.53%. Shortfall funding increased \$341,116, HCV HAP revenue increased \$30,326, HCV Administrative revenue increased \$30,480 and ROSS Grant revenue increased \$5,921 when compared to the prior fiscal year. Public housing operating subsidy decreased \$140,847 and CFP used for operations decreased \$108,656.

Prior period adjustments decreased \$277,939, or 65.25%, due to the most recent Pension liability actuarial valuation.

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 June 30, 2024.

1 – The state of the economy, particularly its effect on tenant incomes, which are used in determining tenant rents paid to the Authority.

2 – The possibility of reduced HUD funding as Congress addresses the federal budget, which may result in continued cut-backs on HUD subsidies and grants.

HOUSING AUTHORITY OF THE CITY OF RAHWAY
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2023

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 Ms. Jennifer Wenson Maier, Housing Authority of the City of Rahway, 165 East Grand Avenue, Rahway, NJ 07065.

HOUSING AUTHORITY OF THE CITY OF RAHWAY
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2023

	<u>Balance As of</u>			
	<u>June 2023</u>	<u>June 2022</u>	<u>Variance</u>	<u>% Var.</u>
Cash and Other Current Assets	\$ 1,948,091	\$ 1,724,387	\$ 223,704	12.97%
Net Capital Assets	3,717,025	4,040,208	(323,183)	-8.00%
Deferred Outflow of Resources	<u>230,946</u>	<u>132,126</u>	<u>98,820</u>	<u>74.79%</u>
Total Assets	5,896,062	5,896,721	(659)	-0.01%
Less: Total Liabilities	(3,709,170)	(3,403,369)	(305,801)	8.99%
Less: Deferred Inflows of Resources	<u>(2,297,720)</u>	<u>(2,970,006)</u>	<u>672,286</u>	<u>-22.64%</u>
Net Position	<u>\$ (110,828)</u>	<u>\$ (476,654)</u>	<u>\$ 365,826</u>	<u>-76.75%</u>
Net Investment in Capital Assets	3,717,025	3,999,107	(282,082)	-7.05%
Restricted Net Position	16,114	24,886	(8,772)	-35.25%
Unrestricted Net Position	<u>(3,843,967)</u>	<u>(4,500,647)</u>	<u>656,680</u>	<u>-14.59%</u>
Total Net Position	<u>\$ (110,828)</u>	<u>\$ (476,654)</u>	<u>\$ 365,826</u>	<u>-76.75%</u>

Computations of Changes in Net Position are as follows:

	<u>For the Year Ended</u>			
	<u>June 2023</u>	<u>June 2022</u>	<u>Variance</u>	<u>% Var.</u>
<u>Operating Revenues</u>				
Tenant Revenues	\$ 1,384,272	\$ 1,299,552	84,720	6.52%
HUD Operating Grants	4,648,867	4,490,527	158,340	3.53%
Other	<u>35,839</u>	<u>56,192</u>	<u>(20,353)</u>	<u>-36.22%</u>
Total Operating Revenues	<u>6,068,978</u>	<u>5,846,271</u>	<u>222,707</u>	<u>3.81%</u>
<u>Operating Expenses</u>				
Op Exps excl. HAP & Depreciation	3,161,364	3,109,056	52,308	1.68%
Housing Assistance Payments	2,367,580	2,349,029	18,551	0.79%
Depreciation Expense	<u>551,110</u>	<u>604,069</u>	<u>(52,959)</u>	<u>-8.77%</u>
Total Operating Expenses	<u>6,080,054</u>	<u>6,062,154</u>	<u>17,900</u>	<u>0.30%</u>
Operating Profit/(Loss)	(11,076)	(215,883)	204,807	-94.87%
<u>Non-Operating Revenues</u>				
Interest on Investments	<u>13,911</u>	<u>5,724</u>	<u>8,187</u>	<u>143.03%</u>
Income/(Loss) Before Capital Grants	2,835	(210,159)	212,994	-101.35%
Capital Grants	<u>214,970</u>	<u>223,176</u>	<u>(8,206)</u>	<u>-3.68%</u>
Excess Revenues/(Deficiency)	217,805	13,017	204,788	1573.24%
Net Position - Beginning Balance	(476,654)	(915,631)	438,977	-47.94%
Prior Period Adjustment	<u>148,021</u>	<u>425,960</u>	<u>(277,939)</u>	<u>-65.25%</u>
Net Position - Ending Balance	<u>\$ (110,828)</u>	<u>\$ (476,654)</u>	<u>\$ 365,826</u>	<u>-76.75%</u>



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Housing Authority of the City of Rahway
Rahway, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Net Position, Revenue, Expenses, and Changes in Net Position, and Cash Flows of the Housing Authority of the City of Rahway, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Rahway's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Authority as of June 30, 2023 and 2022, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Proportionate Share of the Net Pension Liability, Schedule of Authority Contributions to the Public Employee Retirement System, and Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios presented on pages 1–5 and 31-32, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of Housing Authority of the City of Rahway. The Financial Data Schedule is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Additionally, the Statement of Certification of Completed Capital Fund Program Grants is supplemental information and is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the financial data schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2024 on our consideration of the Housing Authority of the City of Rahway's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Rahway's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Rahway's internal control over financial reporting and compliance.



POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
March 19, 2024

RAHWAY HOUSING AUTHORITY
Rahway, New Jersey
STATEMENT OF NET POSITION
At June 30, 2023 and 2022

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents - Unrestricted	\$ 1,140,508	\$ 1,166,681
Cash - Restricted	16,114	24,886
Cash - Tenant Security Deposits	96,702	99,902
Accounts Receivable - HUD	265,166	238,000
Accounts Receivable - Tenants (Net of Allowance for Doubtful Accounts of \$25,898 and \$18,448)	78,441	50,438
Accounts Receivable - Miscellaneous	54,001	29,953
Prepaid Expenses and Other Current Assets	297,159	114,527
Total Current Assets	<u>1,948,091</u>	<u>1,724,387</u>
<u>FIXED ASSETS</u>		
Land	299,623	299,623
Buildings and Improvements	17,018,692	16,754,752
Furniture, Equipment and Machinery	314,087	314,087
Construction in Progress	358,423	394,436
Total Fixed Assets	17,990,825	17,762,898
Less: Accumulated Depreciation	<u>(14,273,800)</u>	<u>(13,722,690)</u>
Net Fixed Assets	<u>3,717,025</u>	<u>4,040,208</u>
Deferred Outflow of Resources	<u>230,946</u>	<u>132,126</u>
Total Assets	<u>\$ 5,896,062</u>	<u>\$ 5,896,721</u>
<u>LIABILITIES AND NET POSITION</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable:		
Vendors and Contractors	\$ 50,637	\$ 53,700
Accrued Wages and Payroll Taxes	54,774	55,829
Accrued Expenses	74,711	47,447
Due to Tenants:		
Security Deposits	96,701	99,902
Deferred Revenue	6,865	6,301
Accrued Liabilities:		
Compensated Absences - Current Portion	10,293	15,729
Due to Other Governments	66,358	122,703
Current Portion of Long Term Debt	-	41,101
Total Current Liabilities	<u>360,339</u>	<u>442,712</u>
Accrued Compensated Absences - Noncurrent	92,631	141,565
Pension and OPEB Liability	<u>3,256,200</u>	<u>2,819,092</u>
Total Non-Current Liabilities	<u>3,348,831</u>	<u>2,960,657</u>
Deferred Inflow of Resources	<u>2,297,720</u>	<u>2,970,006</u>
Total Liabilities and Deferred Inflow of Resources	<u>6,006,890</u>	<u>6,373,375</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	3,717,025	3,999,107
Restricted	16,114	24,886
Unrestricted	<u>(3,843,967)</u>	<u>(4,500,647)</u>
Total Net Position	<u>\$ (110,828)</u>	<u>\$ (476,654)</u>

See Notes to Financial Statements.

RAHWAY HOUSING AUTHORITY
Rahway, New Jersey
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the Years Ended June 30, 2023 and 2022

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<u>OPERATING REVENUES</u>		
Tenant Rental Revenue	\$ 1,384,272	\$ 1,299,552
HUD Operating Grants	4,648,867	4,490,527
Other	<u>35,839</u>	<u>56,192</u>
Total Operating Revenues	<u>6,068,978</u>	<u>5,846,271</u>
<u>OPERATING EXPENSES</u>		
Administration	\$ 909,387	\$ 954,924
Tenant Services	197,330	148,186
Utilities	530,854	456,657
Ordinary Maintenance & Operations	1,181,572	1,257,446
Protective Services	46,778	45,920
General Expense	278,050	239,465
Bad Debts	16,917	2,336
Housing Assistance Payments	2,367,580	2,349,029
Interest Expense	476	4,122
Depreciation Expense	<u>551,110</u>	<u>604,069</u>
Total Operating Expenses	<u>6,080,054</u>	<u>6,062,154</u>
EXCESS OF OPERATING REVENUE OVER EXPENSES	(11,076)	(215,883)
Non Operating Revenues/(Expenses):		
Interest Income - Unrestricted	<u>13,911</u>	<u>5,724</u>
Income/(Loss) Before Contributions and Transfers	2,835	(210,159)
Capital Grants	<u>214,970</u>	<u>223,176</u>
INCREASE/(DECREASE) IN NET POSITION	217,805	13,017
Beginning Net Position	(476,654)	(915,631)
Prior Period Adjustment	<u>148,021</u>	<u>425,960</u>
Ending Net Position	<u>\$ (110,828)</u>	<u>\$ (476,654)</u>

See Notes to Financial Statements.

RAHWAY HOUSING AUTHORITY
Rahway, New Jersey
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash Received:		
From Tenants for Rental & Other Income	\$ 1,356,269	\$ 1,267,563
From Government Agencies for Operating Grants	4,622,265	4,335,010
For Other Operating Revenues	11,791	87,645
Cash Paid:		
To Employees for Operations	(1,068,852)	(1,036,781)
To Suppliers for Operations	(2,548,690)	(2,350,994)
For Housing Assistance Payments	(2,367,580)	(2,349,029)
Net Cash Provided/(Used) by Operating Activities	<u>5,203</u>	<u>(46,586)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Net Cash Received/(Paid) for Long Term Debt	(41,101)	(92,511)
Capital Grants Received	214,970	223,176
Acquisition of Property and Equipment	(227,927)	(210,219)
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(54,058)</u>	<u>(79,554)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash Received/(Paid) for Tenant Security Deposits	(3,201)	(10,887)
Cash Received/(Paid) for Investments	13,911	5,724
Net Cash Provided/(Used) by Investing Activities	<u>10,710</u>	<u>(5,163)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(38,145)	(131,303)
Cash and Equivalents at Beginning of Period	1,291,469	1,422,772
Cash and Equivalents at End of Period	<u>\$ 1,253,324</u>	<u>\$ 1,291,469</u>
<u>RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET</u> <u>CASH PROVIDED (USED) BY OPERATIONS</u>		
Operating Income/(Loss)	\$ (11,076)	\$ (215,883)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities		
Depreciation	551,110	604,069
Decrease/(Increase) in Assets		
Due From HUD	(27,166)	(155,280)
Accounts Receivable - Tenants	(28,003)	(31,989)
Accounts Receivable - Other	(24,048)	31,453
Prepaid Expenses and Other Current Assets	(182,632)	(46,895)
Increase/(Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	24,201	41,111
Accrued Wages and Payroll Taxes Payable	(1,055)	1,961
Deferred Revenue	564	(237)
Compensated Absences	(54,370)	(25,315)
Due to Other Government Agencies	(56,345)	(863)
Pension and OPEB Liability	(185,977)	(248,718)
Net Cash Provided by Operating Activities	<u>\$ 5,203</u>	<u>\$ (46,586)</u>

See Notes to Financial Statements.

HOUSING AUTHORITY OF THE CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 –Summary of Organization, Activities and Significant Accounting Policies:

1. Organization and Activities – The Housing Authority of the City of Rahway (the "Authority") is a governmental, public corporation created under federal and state housing laws as defined by State statute (N.J.S.A. 4A: 12A-1) 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 Rahway (the "City"). 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 governing board is essentially autonomous but is responsible to HUD and the State of New Jersey Department of Community Affairs. An executive director is appointed by the Authority's Board to manage the day-to-day operations of the Authority.

The combined financial statements include all accounts of the Authority. The Authority is the lowest level of government over which the Authority's Board of Commissioners and Executive Director exercise oversight responsibility. The federally funded programs administered by the Authority are detailed on the Financial Data Schedule and the Schedule of Expenditures of Federal Awards, both of which are included as Supplemental Information.

2. Significant Accounting Policies

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 is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

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

The Authority's enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's financial statements are prepared in accordance with GASB 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments ("GASB 34"), as amended. GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. GASB 34 also requires the Authority to include management's discussion and analysis as part of the Required Supplemental Information.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, Accounting and Financial Reporting for Non-exchange Transactions ("GASB 33"), grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

On January 30, 2008, HUD issued PIH Notice 2008-9 which requires that unused housing assistance payments ("HAP") under proprietary fund reporting should be reported as restricted net position, with the

HOUSING AUTHORITY OF THE CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies (Continued):

associated cash and investments also being reported on HUD's Financial Data Schedule ("FDS") as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported on the FDS as unrestricted.

Both administrative fee and HAP revenue continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions as defined by GASB 33 are met when these funds are available and measurable, not when these funds are expended. The Section 8 Housing Choice Vouchers program is no longer a cost reimbursement grant; therefore, the Authority recognizes unspent administrative fee and HAP revenue in the reporting period as revenue for financial statement reporting.

In accordance with 2 CFR 200.305(b)(9), any investment income earned up to \$500 on these funds may be retained by the Authority. Amounts in excess of \$500 must be remitted annually to the Department of Health and Human Services, Payment Management System,

b. Report Presentation – The financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America applicable to governmental entities for Proprietary Fund Types. The Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" (Statement No. 34). The Authority also adopted the provisions of Statement No. 37 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" and Statement No. 38 "Certain Financial Statement Note Disclosures", which supplement Statement No. 34. Statement No. 34 established standards for all state and local governmental entities that includes a statement of net position, a statement of activities and a statement of cash flows. It requires the classification of net position into three components – Net Investment in Capital Asset; Restricted Net Position and Unrestricted Net Position. Statement No. 63 requires the re-naming of the Statement of Net Assets to the Statement of Net Position. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities and deferred inflows of resources and net position. These classifications are defined as follows:

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

Restricted Net Position – This component includes net position subject to restrictions placed on net asset use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by the law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component consists of net position that does not meet the definition of Restricted Net Position or Net Investment in Capital Assets.

The adoption of GASB Statement no. 63 had no significant effect on the basic financial statements, except for the classification of net position.

Significant accounting policies are as follows:

1 – Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in banks, petty cash and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

HOUSING AUTHORITY OF THE CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies (Continued):

2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts.

3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight line basis. Interest costs necessary to place a Capital Asset in its intended location and condition are capitalized.

4 – Maintenance repairs funded out of operations are charged against income for all programs.

5 – The Authority is subsidized by the Federal Government. The Authority is not subject to Federal or State income taxes, nor is it required to file Federal and State income tax returns.

6 – Operating subsidies received from HUD are recorded as income when earned.

7 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.

8 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.

9 – Inventories in the Proprietary Fund consist of supplies and are recorded at the lower of first-in first-out, cost or market.

10 - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period.

11 - The Authority has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989.

12 – The Authority does not have any infrastructure assets for its Proprietary Fund.

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

14 – Long-lived assets to be held and used are tested for recoverability whenever events of changes in circumstances indicate that the carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset and long lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell. As of June 30, 2022 the Authority has not recognized any reduction in the carrying value of its fixed assets when considering AU 360.

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

HOUSING AUTHORITY OF THE CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – Summary of Organization, Activities and Significant Accounting Policies (Continued):

d. New Accounting Pronouncements - The Authority adopted GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions which requires employers to recognize their proportionate share of the collective net healthcare liability excluding that attributable to employer-paid member contributions. Additional information regarding the adoption of GASB 75 can be found in Note 9 to these financial statements.

NOTE 2 – Cash and Cash Equivalents

The Authority maintains cash and investments in local banks. These funds are covered by the Governmental Unit Deposit Protection Act of the state of New Jersey, which requires the institutions to pool collateral for all of governmental deposits and have the collateral held by an approved custodian in the institution's name. Cash and cash equivalents of \$1,253,324 and \$1,291,469 at June 30, 2023 and 2022, consisted of the following:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Checking Accounts	\$ 429,447	\$ 518,799
Tenant Security Deposits	96,702	99,902
CDs and Money Market Accounts	<u>727,175</u>	<u>672,768</u>
Total Cash and Cash Equivalents	<u>\$ 1,253,324</u>	<u>\$ 1,291,469</u>

The carrying amount of the Authority's cash and cash equivalents held in banks as of June 30, 2023 was \$1,253,324 and the bank balances were \$1,500,773. Of the bank balances, \$250,000 was covered by FDIC insurance and \$1,250,773 was covered by a collateral pool maintained by the banks as required by New Jersey statute. Cash equivalents, except petty cash are held in the Authority's name.

NOTE 3 – Accounts Receivable

Accounts Receivable HUD – As of June 30, 2023, the Authority had \$265,166 of accounts receivable due from HUD. As of June 30, 2022, the Authority had \$238,000 of accounts receivable due from HUD. These amounts represent funds due from the Authority's capital fund programs received after the fiscal year end dates.

Tenant Accounts Receivable – As of June 30, 2023 and 2022, the Authority had \$78,441 and \$50,438 of amounts due from tenants as part of the Authority's Low Rent Public Housing Program. The amounts are stated net of an allowance for doubtful accounts of \$25,898 and \$18,448, respectively.

Other Accounts Receivable – As of June 30, 2023, the Authority was owed \$40,404 related to a CDBG grant and had an additional \$13,597 of miscellaneous accounts receivables. As of June 30, 2022, the Authority was owed \$12,957 related to a CDBG grant and had an additional \$16,996 of miscellaneous accounts receivables.

HOUSING AUTHORITY OF THE CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 - Fixed Assets

Fixed assets consist primarily of expenditures to acquire, construct, place in operation and improve the facilities of the Authority and are stated at cost, less accumulated depreciation. Expenditures are capitalized when they meet the Authority's Capitalization policy. Under that policy, assets purchased or constructed at a cost not exceeding \$5,000 are expensed when incurred. The following is a summary of the changes in fixed assets for the fiscal years ended June 30, 2023 and 2022:

	July 1, 2022	Additions	Disposals	Transfers/Other	June 30, 2023
Land	\$ 299,623	\$ -	\$ -	\$ -	\$ 299,623
Buildings	15,316,644	94,000	-	169,940	15,580,584
Furniture and Equipment	314,087	-	-	-	314,087
Leasehold Improvements	1,438,108	-	-	-	1,438,108
Construction in Progress	394,436	133,926	-	(169,940)	358,423
Total Fixed Assets	17,762,898	227,926	-	-	17,990,825
Accumulated Depreciation	(13,722,690)	(551,110)	-	-	(14,273,800)
Net Fixed Assets	\$ 4,040,208	\$ (323,184)	\$ -	\$ -	\$ 3,717,025

	July 1, 2021	Additions	Disposals	Transfers/Other	June 30, 2022
Land	\$ 299,623	\$ -	\$ -	\$ -	\$ 299,623
Buildings	14,990,286	-	-	326,358	15,316,644
Furniture and Equipment	314,087	-	-	-	314,087
Leasehold Improvements	1,438,108	-	-	-	1,438,108
Construction in Progress	510,574	210,219	-	(326,358)	394,436
Total Fixed Assets	17,552,678	210,219	-	-	17,762,898
Accumulated Depreciation	(13,118,621)	(604,069)	-	-	(13,722,690)
Net Fixed Assets	\$ 4,434,057	\$ (393,850)	\$ -	\$ -	\$ 4,040,208

Depreciation expense for the fiscal years ended June 30, 2023 and 2022 amounted to \$551,110 and \$604,069, respectively. Depreciation of fixed assets is provided using the straight-line method for reporting purposes at rates based upon the following estimated useful lives:

Years

Buildings	40
Building Improvements	15
Furniture & Equipment	5

NOTE 5 – Deferred Revenue

As of June 30, 2023 and 2022, \$6,865 and \$6,301 of deferred revenues represented prepaid tenant rents.

NOTE 6 – Payment in Lieu of Taxes (PILOT)

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Town. Under the Cooperation Agreement, the Authority must pay the Town the lesser of 10% of its net shelter rent or the approximate full real property taxes. At June 30, 2023 and 2022, PILOT payable was \$66,358 and \$122,703, respectively. PILOT expense for the current fiscal year was \$66,358 and PILOT expense for the prior fiscal year was \$63,330.

HOUSING AUTHORITY OF THE CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 – Accrued Compensated Absences

Accrued compensated absences of \$102,924 and \$157,294 at June 30, 2023 and 2022, respectively, represent amounts of accumulated leave for which employees are entitled to receive payment in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service at the current salary. Employees may be compensated for sick leave at retirement or termination at one half of the earned sick leave at the current salary to a maximum of \$5,000.

NOTE 8 – Loan Payable

The Authority has no outstanding debt at June 30, 2023. The Authority had a \$777,000 permanent loan from RSI Bank. The purpose of the loan was to purchase and install energy efficient boilers, hot water systems, controls, lighting and insulated water equipment for Authority buildings. Interest was charged on outstanding principal at a per annum rate of 4.5%. The loan was repaid in 120 monthly instalments of \$8,053 including interest commencing in December 2012 and matured in November 2022.

NOTE 9 – Pension Plan

General Information about the 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.

HOUSING AUTHORITY OF THE CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 – Pension Plan (Continued)

Contributions - The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount 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 the noncontributory group benefits is based on actual claims paid. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

The housing authority's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

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

At the June 30, 2023 and 2022, the Authority reported \$1,771,108 and \$1,334,000, respectively, for its proportionate share of the net pension liability. The Authority's portion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's allocation percentages as of June 30, 2023 and 2022 were 0.0117% and 0.0112%, respectively. The components of the Authority's net pension liability as of June 30, 2023 and June 30, 2022, are as follows:

	<u>2023</u>	<u>2022</u>
Total Pension Liability	\$ 4,815,143	\$ 4,544,774
Less: Plan Fiduciary Net Position	<u>3,044,035</u>	<u>3,182,334</u>
Net Pension Liability	<u>\$ 1,771,108</u>	<u>\$ 1,362,440</u>

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Actuarial Assumptions - The collective total pension liability as of June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 - 6.55%
	based on years of service
Investment Rate of Return	7.00%

HOUSING AUTHORITY OF THE CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 – Pension Plan (Continued)

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the bases year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

In accordance with State statute, the long term expected rate of return on plan investments (7% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
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%

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine this discount rate assumed that contributions from plan members will be made as the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

HOUSING AUTHORITY OF THE CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 – Pension Plan (Continued)

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate – The following presents the collective net pension liability of the Authority as of June 30, 2023 and 2022, 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:

	<u>At 1% Decrease</u>	<u>At June 30 Discount Rate</u>	<u>At 1% Increase</u>
2023	\$ 2,303,788	\$ 1,771,108	\$ 1,358,743
2022	\$ 1,816,637	\$ 1,334,000	\$ 924,414

At June 30, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2023 Deferred Outflows of Resources</u>	<u>2023 Deferred Inflows of Resources</u>	<u>2022 Deferred Outflows of Resources</u>	<u>2022 Deferred Inflows of Resources</u>
Changes of assumptions	\$ 5,487	\$ 265,205	\$ 6,947	\$ 474,913
Differences between expected and actual experience	12,783	11,273	21,039	9,550
Net differences between projected and actual earnings on plan investments	73,304	-	-	351,411
Changes in proportion	139,372	241,371	104,140	354,261
Authority's contributions subsequent to the measurement date	-	-	-	-
Total	<u>\$ 230,946</u>	<u>\$ 517,849</u>	<u>\$ 132,126</u>	<u>\$ 1,190,135</u>

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

Year ended June 30:

2023	(1,525,306)
2024	(777,092)
2025	(378,973)
2026	826,775
2027	(1,816)
Total	<u>\$ (1,856,411)</u>

NOTE 10 – Other Post-Employment Benefits (OPEB)

PLAN DESCRIPTION

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

The Plan provides medical and prescription drugs to retirees and their covered dependents of the Authority. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, the Authority elects to provide postretirement medical coverage to its employees and must file a resolution with the Division.

HOUSING AUTHORITY OF THE CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – Other Post-Employment Benefits (OPEB) (Continued)

BENEFITS PROVIDED

Under Chapter 88, the Authority has elected to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows the Authority to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the Authority may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

BASIS OF PRESENTATION

GASB Statement No. 75 requires the Authority to recognize its proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense.

NET OPEB LIABILITY

At June 30, 2023 and 2022, the Authority reported an OPEB liability of \$1,485,092 and \$1,485,092, respectively.

For the years ended June 30, 2023 and 2022, the Authority reported deferred outflows of resources from the following sources:

	<u>2023</u>	<u>2022</u>
Changes in Assumptions	\$ 1,072,886	\$ 1,072,886
Changes in proportion	287,922	287,922
Differences between expected and actual experience	422,489	422,489
Net differences between projected and actual investment earnings on OPEB plan investments	(1,191)	(1,191)
Contributions made subsequent to the measurement date	(2,235)	(2,235)
	<u>\$ 1,779,871</u>	<u>\$ 1,779,871</u>

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

June 30:

2023	\$ (326,119)
2024	(326,119)
2025	(326,119)
2026	(584,519)
2027	(79,623)
Thereafter	(137,371)
	<u>\$ (1,779,871)</u>

HOUSING AUTHORITY OF THE CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – Other Post-Employment Benefits (OPEB) (Continued)

DISCOUNT RATE

The discount rate used to measure the June 30, 2023 and 2022 total OPEB liability was 3.77%. The selected discount rate is based on the prescribed discount interest rate methodology under GASB 74/75 using an average of three 20-year bond indices.

SENSITIVITY OF NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Authority's proportionate share of the net OPEB liability calculated using the discount rate of 2.09%, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

		Current	
	1% Decrease	Discount Rate	1% Increase
2023	\$ 1,730,122	\$ 1,485,092	\$ 1,288,598
2022	\$ 1,730,122	\$ 1,485,092	\$ 1,288,598

SENSITIVITY TO NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE TREND RATE

The following presents the Authority's proportionate share of the net OPEB liability calculated using the healthcare trend rate as disclosed above, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates.

	1% Decrease	Trend Rates	1% Increase
2023	\$ 1,373,910	\$ 1,485,092	\$ 1,613,086
2022	\$ 1,373,910	\$ 1,485,092	\$ 1,613,086

NOTE 11 – Risk Management

The Authority is exposed to various risks of loss related to torts, theft, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. During the years ended June 30, 2023 and 2022, the Authority's risk management program, in order to deal with potential liabilities, consisted of various insurance policies for fire, general liability, crime, auto and public-officials errors and omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its Projects for the purpose of determining potential liability issues. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Settled claims relating to the commercial insurance have not exceeded the amount of insurance in any of the past three fiscal years.

NOTE 12 – Construction Commitments

At June 30, 2023 and 2022 the Authority's outstanding construction commitments pertained to its Capital Fund Programs. The costs pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

HOUSING AUTHORITY OF THE CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 13 – Economic Dependency

For the years ended June 30, 2023 and 2022, a substantial portion of the Authority's revenues were received from the United States Department of Housing and Urban Development, which are subject to availability of funds and Congressional approval, as well as the Authority's compliance with Federal rules and regulations.

NOTE 14 – Prior Period Adjustments

For the fiscal year ending June 30, 2023, the Authority had \$148,021 of prior period adjustments related to the most recent Pension liability actuarial valuation report. The prior period adjustments increased the Authority's net position.

For the fiscal year ending June 30, 2022, the Authority had \$425,960 of prior period adjustments related to the most recent Pension and OPEB liability actuarial valuation reports. The prior period adjustments increased the Authority's net position.

NOTE 15 – Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated subsequent events through March 19, 2024, the date on which the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statement.

RAHWAY HOUSING AUTHORITY
Rahway, New Jersey
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

	Beginning Balance	Revenue Recognized	Expenditures	Ending Balance
<u>US Department of Housing & Urban Development</u>				
Low Rent Public Housing (CFDA # 14.850)	\$ -	\$ 1,389,196	\$ 1,389,196	\$ -
Capital Fund Program (CFDA # 14.872)	-	677,088	677,088	-
Housing Choice Vouchers (CFDA # 14.871)	-	2,631,083	2,631,083	-
Resident Opportunity & Support Services (CFDA #14.870)	-	85,427	85,427	-
Total Federal Financial Assistance - Direct	-	4,782,794	4,782,794	-
Passed Through the County of Union - Community Development Block Grant (CFDA # 14.218)	-	81,043	81,043	-
Total Federal Financial Assistance - Indirect	-	81,043	81,043	-
Total Expenditure of Federal Awards	<u>\$ -</u>	<u>\$ 4,863,837</u>	<u>\$ 4,863,837</u>	<u>\$ -</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation - The Schedule of Expenditures of Federal Awards is presented in accordance with generally accepted accounting principles and is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.
2. There were no subrecipient activities during the audit period.
3. The Authority has elected not to use the 10% de minimis cost rate.
4. The Authority received no non-cash assistance.
5. The Authority did not have any HUD issued mortgages or loans.

Rahway Housing Authority (NJ032)

Rahway, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$458,400		\$371,174		\$310,934	\$1,140,508		\$1,140,508
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted			\$16,114			\$16,114		\$16,114
114 Cash - Tenant Security Deposits	\$96,702					\$96,702		\$96,702
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	\$555,102	\$0	\$387,288	\$0	\$310,934	\$1,253,324		\$1,253,324
121 Accounts Receivable - PHA Projects								
122 Accounts Receivable - HUD Other Projects	\$265,166					\$265,166		\$265,166
124 Accounts Receivable - Other Government	\$40,404					\$40,404		\$40,404
125 Accounts Receivable - Miscellaneous					\$5,129	\$5,129		\$5,129
126 Accounts Receivable - Tenants	\$104,339					\$104,339		\$104,339
126.1 Allowance for Doubtful Accounts - Tenants	-\$25,898					-\$25,898		-\$25,898
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current								
128 Fraud Recovery	\$16,936					\$16,936		\$16,936
128.1 Allowance for Doubtful Accounts - Fraud	-\$8,468					-\$8,468		-\$8,468
129 Accrued Interest Receivable								
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$392,479	\$0	\$0	\$0	\$5,129	\$397,608		\$397,608
131 Investments - Unrestricted								
132 Investments - Restricted								
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets	\$197,630				\$99,529	\$297,159		\$297,159
143 Inventories								
143.1 Allowance for Obsolete Inventories								
144 Inter Program Due From								
145 Assets Held for Sale								
150 Total Current Assets	\$1,145,211	\$0	\$387,288	\$0	\$415,692	\$1,948,091		\$1,948,091
161 Land	\$299,623					\$299,623		\$299,623
162 Buildings	\$15,196,174				\$384,410	\$15,580,584		\$15,580,584
163 Furniture, Equipment & Machinery - Dwellings								
164 Furniture, Equipment & Machinery - Administration	\$51,468				\$262,619	\$314,087		\$314,087
165 Leasehold Improvements	\$1,438,108					\$1,438,108		\$1,438,108
166 Accumulated Depreciation	-\$13,650,576				-\$623,224	-\$14,273,800		-\$14,273,800
167 Construction In Progress	\$358,423					\$358,423		\$358,423
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,693,220	\$0	\$0	\$0	\$23,805	\$3,717,025		\$3,717,025
171 Notes, Loans and Mortgages Receivable - Non-Current								
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due								
173 Grants Receivable - Non Current								
174 Other Assets								
176 Investments in Joint Ventures								
180 Total Non-Current Assets	\$3,693,220	\$0	\$0	\$0	\$23,805	\$3,717,025		\$3,717,025
200 Deferred Outflow of Resources	\$164,866		\$9,672		\$56,408	\$230,946		\$230,946
290 Total Assets and Deferred Outflow of Resources	\$5,003,297	\$0	\$396,960	\$0	\$495,805	\$5,896,062		\$5,896,062
311 Bank Overdraft								
312 Accounts Payable <= 90 Days	\$44,769				\$5,868	\$50,637		\$50,637
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable					\$54,774	\$54,774		\$54,774
322 Accrued Compensated Absences - Current Portion	\$8,248		\$1,103		\$942	\$10,293		\$10,293
324 Accrued Contingency Liability								
325 Accrued Interest Payable								
331 Accounts Payable - HUD PHA Programs								
332 Account Payable - PHA Projects								
333 Accounts Payable - Other Government	\$66,358					\$66,358		\$66,358

Rahway Housing Authority (NJ032)

Rahway, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
341 Tenant Security Deposits	\$96,701					\$96,701		\$96,701
342 Unearned Revenue	\$6,865					\$6,865		\$6,865
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue								
344 Current Portion of Long-term Debt - Operating Borrowings								
345 Other Current Liabilities	\$74,343				\$368	\$74,711		\$74,711
346 Accrued Liabilities - Other								
347 Inter Program - Due To								
348 Loan Liability - Current								
310 Total Current Liabilities	\$297,284	\$0	\$1,103	\$0	\$61,952	\$360,339		\$360,339
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue								
352 Long-term Debt, Net of Current - Operating Borrowings								
353 Non-current Liabilities - Other								
354 Accrued Compensated Absences - Non Current	\$74,227		\$9,924		\$8,480	\$92,631		\$92,631
355 Loan Liability - Non Current								
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities	\$2,204,802		\$202,638		\$848,760	\$3,256,200		\$3,256,200
350 Total Non-Current Liabilities	\$2,279,029	\$0	\$212,562	\$0	\$857,240	\$3,348,831		\$3,348,831
300 Total Liabilities	\$2,576,313	\$0	\$213,665	\$0	\$919,192	\$3,709,170		\$3,709,170
400 Deferred Inflow of Resources	\$1,073,136		\$622,011		\$602,573	\$2,297,720		\$2,297,720
508.4 Net Investment in Capital Assets	\$3,693,220	\$0	\$0	\$0	\$23,805	\$3,717,025		\$3,717,025
511.4 Restricted Net Position	\$0	\$0	\$16,114	\$0	\$0	\$16,114		\$16,114
512.4 Unrestricted Net Position	-\$2,339,372	\$0	-\$454,830	\$0	-\$1,049,765	-\$3,843,967		-\$3,843,967
513 Total Equity - Net Assets / Position	\$1,353,848	\$0	-\$438,716	\$0	-\$1,025,960	-\$110,828		-\$110,828
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$5,003,297	\$0	\$396,960	\$0	\$495,805	\$5,896,062		\$5,896,062

Rahway Housing Authority (NJ032)
Rahway, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,342,339					\$1,342,339		\$1,342,339
70400 Tenant Revenue - Other	\$41,933					\$41,933		\$41,933
70500 Total Tenant Revenue	\$1,384,272	\$0	\$0	\$0	\$0	\$1,384,272	\$0	\$1,384,272
70600 HUD PHA Operating Grants	\$1,769,854		\$2,631,083	\$85,427	\$162,503	\$4,648,867		\$4,648,867
70610 Capital Grants	\$133,927	\$81,043				\$214,970		\$214,970
70710 Management Fee					\$199,286	\$199,286	-\$199,286	\$0
70720 Asset Management Fee								
70730 Book Keeping Fee					\$37,169	\$37,169	-\$37,169	\$0
70740 Front Line Service Fee								
70750 Other Fees								
70700 Total Fee Revenue					\$236,455	\$236,455	-\$236,455	\$0
70800 Other Government Grants								
71100 Investment Income - Unrestricted	\$18		\$5,772		\$8,121	\$13,911		\$13,911
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery			\$184			\$184		\$184
71500 Other Revenue	\$12,247		\$18,919		\$4,489	\$35,655		\$35,655
71600 Gain or Loss on Sale of Capital Assets								
72000 Investment Income - Restricted								
70000 Total Revenue	\$3,300,318	\$81,043	\$2,655,958	\$85,427	\$411,568	\$6,534,314	-\$236,455	\$6,297,859
91100 Administrative Salaries	\$176,530		\$95,342		\$89,086	\$360,958		\$360,958
91200 Auditing Fees	\$12,000		\$2,000			\$14,000		\$14,000
91300 Management Fee	\$170,609		\$28,677			\$199,286	-\$199,286	\$0
91310 Book-keeping Fee	\$19,319		\$17,850			\$37,169	-\$37,169	\$0
91400 Advertising and Marketing								
91500 Employee Benefit contributions - Administrative	\$73,040		\$33,486		\$21,270	\$127,796		\$127,796
91600 Office Expenses	\$77,325		\$34,121		\$16,181	\$127,627		\$127,627
91700 Legal Expense	\$27,924				\$18,975	\$46,899		\$46,899
91800 Travel	\$3,343		\$2,065		\$43,368	\$48,776		\$48,776
91810 Allocated Overhead								
91900 Other	\$28,101		\$850		\$154,380	\$183,331		\$183,331
91000 Total Operating - Administrative	\$588,191	\$0	\$214,391	\$0	\$343,260	\$1,145,842	-\$236,455	\$909,387
92000 Asset Management Fee								
92100 Tenant Services - Salaries	\$50,239			\$55,584		\$105,823		\$105,823
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services	\$19,376			\$14,415		\$33,791		\$33,791
92400 Tenant Services - Other	\$42,288			\$15,428		\$57,716		\$57,716
92500 Total Tenant Services	\$111,903	\$0	\$0	\$85,427	\$0	\$197,330	\$0	\$197,330
93100 Water	\$125,566					\$125,566		\$125,566
93200 Electricity	\$133,944				\$600	\$134,544		\$134,544
93300 Gas	\$128,518					\$128,518		\$128,518
93400 Fuel								
93500 Labor	\$53,270					\$53,270		\$53,270
93600 Sewer	\$52,930					\$52,930		\$52,930
93700 Employee Benefit Contributions - Utilities	\$36,026					\$36,026		\$36,026
93800 Other Utilities Expense								
93000 Total Utilities	\$530,254	\$0	\$0	\$0	\$600	\$530,854	\$0	\$530,854
94100 Ordinary Maintenance and Operations - Labor	\$547,469				\$15,490	\$562,959		\$562,959
94200 Ordinary Maintenance and Operations - Materials and Other	\$168,360				\$462	\$168,822		\$168,822
94300 Ordinary Maintenance and Operations Contracts	\$236,207				\$970	\$237,177		\$237,177
94500 Employee Benefit Contributions - Ordinary Maintenance	\$208,816				\$3,798	\$212,614		\$212,614
94000 Total Maintenance	\$1,160,852	\$0	\$0	\$0	\$20,720	\$1,181,572	\$0	\$1,181,572
95100 Protective Services - Labor								
95200 Protective Services - Other Contract Costs	\$46,778					\$46,778		\$46,778
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services								
95000 Total Protective Services	\$46,778	\$0	\$0	\$0	\$0	\$46,778	\$0	\$46,778

Rahway Housing Authority (NJ032)
Rahway, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
96110 Property Insurance								
96120 Liability Insurance								
96130 Workmen's Compensation								
96140 All Other Insurance	\$174,234		\$9,167		\$15,828	\$199,229		\$199,229
96100 Total Insurance Premiums	\$174,234	\$0	\$9,167	\$0	\$15,828	\$199,229	\$0	\$199,229
96200 Other General Expenses			\$12,463			\$12,463		\$12,463
96210 Compensated Absences								
96300 Payments In Lieu of Taxes	\$66,358					\$66,358		\$66,358
96400 Bad debt - Tenant Rents	\$16,917					\$16,917		\$16,917
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense								
96000 Total Other General Expenses	\$83,275	\$0	\$12,463	\$0	\$0	\$95,738	\$0	\$95,738
96710 Interest of Mortgage (or Bonds) Payable								
96720 Interest on Notes Payable (Short and Long Term)	\$476					\$476		\$476
96730 Amortization of Bond Issue Costs								
96700 Total Interest Expense and Amortization Cost	\$476	\$0	\$0	\$0	\$0	\$476	\$0	\$476
96900 Total Operating Expenses	\$2,695,963	\$0	\$236,021	\$85,427	\$380,408	\$3,397,819	-\$236,455	\$3,161,364
97000 Excess of Operating Revenue over Operating Expenses	\$604,355	\$81,043	\$2,419,937	\$0	\$31,160	\$3,136,495	\$0	\$3,136,495
97100 Extraordinary Maintenance								
97200 Casually Losses - Non-capitalized								
97300 Housing Assistance Payments			\$2,367,580			\$2,367,580		\$2,367,580
97350 HAP Portability-In								
97400 Depreciation Expense	\$527,295				\$23,815	\$551,110		\$551,110
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	\$3,223,258	\$0	\$2,603,601	\$85,427	\$404,223	\$6,316,509	-\$236,455	\$6,080,054
10010 Operating Transfer In	\$313,880					\$313,880		\$313,880
10020 Operating transfer Out	-\$313,880					-\$313,880		-\$313,880
10030 Operating Transfers from/to Primary Government								
10040 Operating Transfers from/to Component Unit								
10050 Proceeds from Notes, Loans and Bonds								
10060 Proceeds from Property Sales								
10070 Extraordinary Items, Net Gain/Loss								
10080 Special Items (Net Gain/Loss)								
10091 Inter Project Excess Cash Transfer In								
10092 Inter Project Excess Cash Transfer Out								
10093 Transfers between Program and Project - In								
10094 Transfers between Project and Program - Out								
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$77,060	\$81,043	\$52,357	\$0	\$7,345	\$217,805	\$0	\$217,805
11020 Required Annual Debt Principal Payments	\$27,949	\$0	\$0	\$0	\$0	\$27,949		\$27,949
11030 Beginning Equity	\$1,065,145	\$12,957	-\$505,561	\$0	-\$1,049,195	-\$476,654		-\$476,654
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$211,643	-\$94,000	\$14,488		\$15,890	\$148,021		\$148,021
11050 Changes In Compensated Absence Balance								
11060 Changes in Contingent Liability Balance								
11070 Changes in Unrecognized Pension Transition Liability								
11080 Changes In Special Term/Severance Benefits Liability								
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents								
11100 Changes in Allowance for Doubtful Accounts - Other								
11170 Administrative Fee Equity			-\$454,830			-\$454,830		-\$454,830
11180 Housing Assistance Payments Equity			\$16,114			\$16,114		\$16,114
11190 Unit Months Available	2904		2484		0	5388		5388

Rahway Housing Authority (NJ032)
Rahway, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2023

	Project Total	14.218 Community Development Block Grants/Entitlement Grants	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
11210 Number of Unit Months Leased	2576		2380		0	4956		4956
11270 Excess Cash	\$431,199					\$431,199		\$431,199
11610 Land Purchases	\$0				\$0	\$0		\$0
11620 Building Purchases	\$263,940				\$0	\$263,940		\$263,940
11630 Furniture & Equipment - Dwelling Purchases	\$0				\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0				\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0				\$0	\$0		\$0
11660 Infrastructure Purchases	\$0				\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0				\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0				\$0	\$0		\$0

HOUSING AUTHORITY OF THE CITY OF RAHWAY
REQUIRED PENSION SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE OF AUTHORITY CONTRIBUTIONS FOR THE LAST TEN FISCAL YEARS***

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution	\$ 98,677	\$ 109,234	\$ 116,095	\$ 114,628	\$ 122,569	\$ 125,134	\$ 116,913	\$ 139,253	\$ 131,876	\$ 147,995
Contributions in relation to the contractually required contribution	<u>98,677</u>	<u>109,234</u>	<u>116,095</u>	<u>114,628</u>	<u>122,569</u>	<u>125,134</u>	<u>116,913</u>	<u>139,253</u>	<u>131,876</u>	<u>147,995</u>
(Over)/under funded	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ccovered-employee payroll	<u>\$ 961,601</u>	<u>\$ 976,193</u>	<u>\$ 995,456</u>	<u>\$ 957,654</u>	<u>\$ 918,031</u>	<u>\$ 959,888</u>	<u>\$ 1,003,227</u>	<u>\$ 1,025,171</u>	<u>\$ 1,162,903</u>	<u>\$ 1,083,010</u>
Contributions as a percentage of covered-employee payroll	<u>10.26%</u>	<u>11.19%</u>	<u>11.66%</u>	<u>11.97%</u>	<u>13.35%</u>	<u>13.04%</u>	<u>11.65%</u>	<u>13.58%</u>	<u>11.34%</u>	<u>13.67%</u>

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THEIR NET PENSION LIABILITY FOR THE LAST TEN FISCAL YEARS***

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Authority's proportion of the net pension liability	<u>0.0131%</u>	<u>0.0133%</u>	<u>0.0135%</u>	<u>0.0129%</u>	<u>0.0132%</u>	<u>0.0001%</u>	<u>0.0152%</u>	<u>0.0127%</u>	<u>0.0113%</u>	<u>0.0113%</u>
Authority's proportionate share of the net pension liability	<u>\$ 2,502,939</u>	<u>\$ 2,480,828</u>	<u>\$ 3,031,294</u>	<u>\$ 3,821,485</u>	<u>\$ 3,079,913</u>	<u>\$ 2,477,011</u>	<u>\$ 2,165,688</u>	<u>\$ 2,075,829</u>	<u>\$ 1,334,000</u>	<u>\$ 1,771,108</u>
Authority's covered-employee payroll	<u>\$ 961,601</u>	<u>\$ 976,193</u>	<u>\$ 995,456</u>	<u>\$ 957,654</u>	<u>\$ 918,031</u>	<u>\$ 959,888</u>	<u>\$ 1,003,227</u>	<u>\$ 1,025,171</u>	<u>\$ 1,162,903</u>	<u>\$ 1,083,010</u>
Authority's proportionate share of the net pension liability as a percentage of its covered employee payroll	<u>260.29%</u>	<u>254.13%</u>	<u>304.51%</u>	<u>399.05%</u>	<u>335.49%</u>	<u>258.05%</u>	<u>215.87%</u>	<u>202.49%</u>	<u>114.71%</u>	<u>163.54%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>48.72%</u>	<u>52.08%</u>	<u>47.93%</u>	<u>43.35%</u>	<u>48.10%</u>	<u>53.60%</u>	<u>53.60%</u>	<u>58.32%</u>	<u>70.33%</u>	<u>70.33%</u>

***=Until a full 10 year trend is compiled the Authority is presenting information for those years that are available.

HOUSING AUTHORITY OF THE CITY OF RAHWAY
REQUIRED OTHER POST EMPLOYMENT BENEFITS INFORMATION
YEAR ENDED JUNE 30, 2023

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THEIR NET OPEB LIABILITY
FOR THE LAST TEN FISCAL YEARS***

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Authority's proportion of the net OPEB Liability	0.02%	0.02%	0.02%	0.02%	0.01%	0.01%
Authority's proportionate share of the net OPEB liability	\$3,307,972	\$2,420,366	\$2,059,138	\$ 1,900,569	\$ 1,485,092	\$ 1,485,092
Authority's covered-employee payroll	\$918,031	\$959,888	\$1,003,227	\$ 1,025,171	\$ 1,162,903	\$ 1,083,010
Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	360.33%	252.15%	205.25%	185.39%	127.71%	137.13%
Plan fiduciary net position as a percentage of the total OPEB liability	1.03%	1.97%	1.03%	0.91%	-0.36%	-0.36%

***Until a full 10 year trend is compiled, the Authority is presenting information for those years that are available.

SCHEDULE OF AUTHORITY CONTRIBUTIONS FOR THE LAST TEN FISCAL YEARS***

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Statutorily required contribution	\$ 32,395	\$ 24,927	\$ 3,186	\$ 73,603	\$ 56,195	\$ 56,195
Contributions in relation to the statutorily required contribution	32,395	24,927	3,186	73,603	56,195	56,195
Contribution deficiency (excess)	-	-	-	-	-	-
Authority's covered-employee payroll	\$918,031	\$959,888	\$1,003,227	\$ 1,025,171	\$ 1,162,903	\$ 1,083,010
Contributions as a percentage of covered-employee payroll	3.53%	2.60%	0.32%	7.18%	4.83%	5.19%

***Until a full 10 year trend is compiled, the Authority is presenting information for those years that are available.



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

Board of Directors
Housing Authority of the City of Rahway
Rahway, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Housing Authority of the City of Rahway ("the Authority") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Rahway's basic financial statements and have issued our report thereon dated March 19, 2024.

Internal Control over Financial Reporting

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

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

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

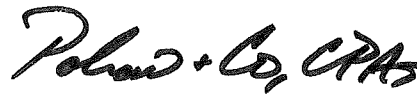
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Housing Authority of the City of Rahway's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. The 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.



POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
March 19, 2024



Polcari & Co.

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors
Housing Authority of the City of Rahway
Rahway, New Jersey

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Housing Authority of the City of Rahway's (the "Authority") compliance with the types of compliance requirements described 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 June 30, 2023. The Housing Authority of the City of Rahway's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Housing Authority of the City of Rahway 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 June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute

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

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 and *Government Auditing Standards*, and the Uniform Guidance we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of 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 internal control over compliance. Accordingly, no such opinion is expressed.


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

Report on Internal Control over Compliance

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

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

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


POLCARI & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

Wayne, New Jersey
March 19, 2024

HOUSING AUTHORITY OF THE CITY OF RAHWAY
Rahway, New Jersey
June 30, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION 1 - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

Material Weakness(es) Identified?

_____ yes X no

Significant Deficiencies identified that are
not considered to be material weakness(es)?

_____ yes X none reported

Noncompliance Material to Financial Statements Noted?

_____ yes X no

Federal Awards

Internal Control over Major Programs:

Material Weakness(es) Identified?

_____ yes X no

Significant Deficiencies identified that are
not considered to be material weakness(es)?

_____ yes X none reported

Type of audit report issued on compliance for
major programs:

Unmodified

Any audit findings disclosed that are required to be
reported in accordance with section 2 CFR 200.516(a)

_____ yes X no

Identification of Major Programs

CFDA

Number Name of Federal Program or Cluster

14.871 Housing Choice Vouchers

Dollar Threshold used to distinguish between type A
and type B Programs

\$750,000

Auditee qualified as low-risk?

X yes _____ no

SECTION 2 – FINANCIAL STATEMENT FINDINGS

None.

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.