HOUSING AUTHORITY OF THE BOROUGH OF MADISON

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED MARCH 31, 2023

WITH REPORT OF INDEPENDENT AUDITORS

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FOR THE YEAR ENDED MARCH 31, 2023

NOVOGRADAC & COMPANY LLP®

CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners
Housing Authority of the Borough of Madison:

Opinion

We have audited the accompanying financial statements of the Housing Authority of the Borough of Madison (the "Authority") as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Authority, as of March 31, 2023, 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 (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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 GAAS and *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required pension and OPEB information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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.

Other Matters (continued)

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose 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* and is not a required part of the basic financial statements. The accompanying financial data schedule is also not a required part of the basic financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

The schedule of expenditures of federal awards and financial data schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the schedule of federal awards, findings and responses and 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 October 31, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Authority adopted accounting standards changes related to accounting for and disclosing certain leasing arrangements. Our opinion is not modified with respect to this matter.

Novogradac & Company LLP

October 31, 2023
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

As Management of 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 March 31, 2023. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

A- Financial Highlights

1 – The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $3,872,207 (net position) as opposed to $3,214,832 for the prior fiscal year.

2 – As of the close of the current fiscal year, the Authority reported ending unrestricted net position (deficit) of ($344,665).

3 – The Authority's cash and cash equivalent balance (including restricted cash and tenant security deposits) at March 31, 2023 was $2,019,635 representing a decrease of $802,184 from the prior fiscal year, primarily due to the purchase of investments.

4 – The Authority had total operating revenues of $5,067,110 and total operating expenses of $4,709,441 (including depreciation of $419,690) for the year ended March 31, 2023.

5 – The Authority's capital outlays for the fiscal year were $228,889.

6 – The Authority's expenditures of federal awards amounted to $3,750,807 for the fiscal year.

7 – The Authority's net pension liability increased by $159,488 due to the June 30, 2022 actuarial calculations as required by Governmental Accounting Standards Board Opinion No. 68 (GASB 68).

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 statements and Notes to Financial Statements included in this report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for Proprietary Fund types.

B – Using the Annual Report (continued)

2 – Financial Statements

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

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

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

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

The financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The basic financial statements can be found on pages 10 through 14.

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 is presented for purpose of additional analysis as required by the Uniform Guidance. The Schedule of Expenditures of Federal Awards can be found on page 39 of this report.

C – The Authority as a Whole

The Authority's Net Position increased during the fiscal year primarily due to an excess of revenues over expenses of $657,375. The Authority's revenues are primarily subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level.

The Authority's operating revenues of $5,067,110 were more than operating expenses of $4,709,441.

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

Significant financial statement variances from fiscal year 2022 to 2023 are explained below:

HUD operating and other governmental grants increased $185,681, primarily due to increased funding in the Authority's Section 8 Housing Choice Vouchers Program in the amount of $248,360 during the fiscal year, which was partially offset by a decrease in Section 8 Housing Choice Vouchers – CARES Act funding in the amount of $140,919.

Other income decreased $2,163,868, primarily due to the Authority recognizing a smaller pension and OPEB benefit in FY23 than in FY22.

Long-term debt decreased $60,093 as the Authority paid off one year of principal amortization on the RAD program loan payable.

Net pension liability increased $159,488, and the related deferred outflows of resources increased $19,147, and deferred inflows of resources decreased $437,132 from March 31, 2022 to March 31, 2023. The changes were due to changes in assumptions in the State of New Jersey's actuarial valuation report for the State of New Jersey PERS financial statements.

D – Budgetary Highlights

For the year ended March 31, 2023 individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets are required by the State of New Jersey and were primarily used as a management tool. (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. As indicated by the excess of revenues over expense, the Authority's net position increased during the fiscal year.

E – Capital Assets and Debt Administration

1 – Capital Assets

As of March 31, 2023, the Authority's capital assets, net of accumulated depreciation totaled $5,165,611. This investment in capital assets includes land, buildings, and equipment.

Major capital assets purchased during the fiscal year totaled $228,889.

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

The following table summarizes the change in capital assets as of March 31, 2023 and 2022:

	2023	2022	Change
Land	$ 1,059,729	$ 1,059,729	$ 0
Construction in progress	0	415,445	(415,445)
Buildings and improvements	13,182,526	12,548,286	634,240
Furniture and equipment	996,127	986,023	10,104
Total fixed assets	15,238,382	15,009,493	228,889
Less: accumulated depreciation	10,072,771	9,653,081	419,690
Net capital assets	$ 5,165,611	$ 5,356,412	$ (190,801)

2 – Long Term Debt

On September 9, 2015, the Authority entered into a loan agreement with Lakeland Bank in the amount of $1,800,000 in connection with the Authority's RAD Program to provide long-term capital improvement funding for seven (7) low income properties in Madison, New Jersey. The loan term shall be twenty-five (25) years with a variable interest rate. The current interest rate is 2.5% with monthly principal and interest payments totaling $8,108.

Further details can be found in the notes to the financial statements.

F – 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 March 31, 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 need for Congress to fund the war on terrorism and the possible cut-back on HUD subsidies and grants.

3 – The use of the Authority's unrestricted cash reserves to fund any shortfalls rising from a possible economic turndown and reduced subsidies and grants.

G – 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, Housing Authority of the Borough of Madison, 24 Central Avenue, Madison, New Jersey 07940, or call (973) 377-0258.

Composition of Net Position is as follows:

	As Of March 31, 2023	As Of March 31, 2022	Variance
Cash and Other Assets	$ 3,756,617	$ 3,298,237	$ 458,380
Capital Assets - Net	5,165,611	5,356,412	(190,801)
Deferred Outflows of Resources	608,148	464,107	144,041
Total Assets and Deferred Outflows	9,530,376	9,118,756	411,620
Less: Total Liabilities and Deferred Inflows of Resources	5,658,169	5,903,924	(245,755)
Net Position	$ 3,872,207	$ 3,214,832	$ 657,375
Net Investment in Capital Assets	$ 3,773,362	$ 3,904,070	$ (130,708)
Restricted Net Position	443,510	431,043	12,467
Unrestricted Net Position	(344,665)	(1,120,281)	775,616
Total Net Position	$ 3,872,207	$ 3,214,832	$ 657,375

Computations of Changes in Net Position are as follows:

	Year Ended March 31, 2023	Year Ended March 31, 2022	Variance
Revenues			
Tenant Revenues	$ 975,016	$ 890,464	$ 84,552
HUD Operating and Other Governmental Grants	4,032,470	3,846,789	185,681
Other Income	59,624	2,223,492	(2,163,868)
Total Operating Revenues	5,067,110	6,960,745	(1,893,635)
Expenses			
Other Operating Expenses	1,567,876	3,081,507	(1,513,631)
Housing Assistance Payments	2,721,875	2,455,941	265,934
Depreciation Expense	419,690	329,611	90,079
Total Operating Expenses	4,709,441	5,867,059	(1,157,618)
Operating Income	627,449	1,093,686	(466,237)
Non-Operating Revenues (Expenses)			
Interest Expense	(42,793)	(41,386)	(1,407)
Interest on Investments	72,719	6,425	66,294
Actuarial Change in Pension and Post Employment Benefits	269,780	0	269,780
Net non-operating revenues (expenses)	299,706	(34,961)	334,667
Excess Revenues	657,375	1,058,725	(401,350)
Net Position - Beginning of Year (original)	3,214,832	2,011,531	1,203,301
Change in accounting principle - GASB 87	0	144,576	(144,576)
Net Position - Beginning of Year (restated)	3,214,832	2,156,107	1,058,725
Net Position - End of Year	$ 3,872,207	$ 3,214,832	$ 657,375

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
STATEMENT OF NET POSITION
AS OF MARCH 31, 2023

ASSETS

Current assets:		
Cash and cash equivalents	$	1,364,714
Tenant security deposits		112,750
Investments		1,200,578
Accounts receivable - tenants, net		20,967
Accounts receivable - other		80,199
Prepaid expenses		54,462
Lease receivable, current		22,446
Total current assets		2,856,116
Non-current assets:		
Restricted cash		542,171
Capital assets, net		5,165,611
Lease receivable, non-current		358,330
Total non-current assets		6,066,112

DEFERRED OUTFLOWS OF RESOURCES

State of New Jersey P.E.R.S.		58,767
State of New Jersey OPEB		549,381
Total deferred outflows of resources		608,148
Total assets and deferred outflow of resources	$	9,530,376

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
STATEMENT OF NET POSITION (continued)
AS OF MARCH 31, 2023

LIABILITIES

Current liabilities:		
Accounts payable	$	127,385
Accounts payable - other government		64,708
Current portion of accrued compensated absences		12,636
Accrued expenses		32,567
Tenant security deposits		112,750
Unearned revenue		78,345
Current portion of long-term debt		63,400
Total current liabilities		491,791
Non-current liabilities:		
Long-term debt, net of current portion		1,328,849
Accrued compensated absences, non-current		113,723
Net pension liability		1,018,623
Net OPEB liability		1,063,935
FSS program escrows		98,661
Total non-current liabilities		3,623,791
Total liabilities		4,115,582

DEFERRED INFLOWS OF RESOURCES

State of New Jersey P.E.R.S.		402,554
State of New Jersey OPEB		902,482
Leases		237,551
Total deferred inflows of resources		1,542,587

NET POSITION

Net position:		
Net investment in capital assets		3,773,362
Restricted		443,510
Unrestricted (deficit)		(344,665)
Total net position		3,872,207
Total liabilities, deferred inflows of resources, and net position	$	9,530,376

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2023

Operating revenues:	
Tenant revenue	$ 975,016
HUD operating grants	3,960,020
Other government grants	72,450
Other revenues	59,624
Total operating revenues	5,067,110
Operating expenses:	
Administrative	713,936
Tenant services	64,751
Utilities	147,754
Ordinary repairs and maintenance	305,813
General	271,134
Insurance	64,488
Housing assistance payments	2,721,875
Depreciation	419,690
Total operating expenses	4,709,441
Operating income	357,669
Non-operating revenues (expenses):	
Interest expense	(42,793)
Investment income	72,719
Actuarial change in pension and post-employment benefits	269,780
Net non-operating revenues	299,706
Change in net position	657,375
Net position, beginning of year (as originally reported)	3,070,256
Change in accounting principle - adoption of GASB 87	144,576
Net position, beginning of year (as restated)	3,214,832
Net position, end of year	$ 3,872,207

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023

Cash Flows from Operating Activities:	
Cash received from tenants and others	$ 1,297,389
Cash received from grantors	3,964,679
Cash paid to employees	(563,588)
Cash paid to suppliers	(4,044,328)
Net cash provided by operating activities	654,152
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(228,889)
Principal paid on capital debt	(60,093)
Interest paid on capital debt	(39,495)
Net cash used in capital and related financing activities	(328,477)
Cash Flows from Investing Activities:	
Interest received on investments	72,719
Purchase of investments	(1,200,578)
Net cash used in investing activities	(1,127,859)
Net decrease in cash, cash equivalents, and restricted cash	(802,184)
Cash, cash equivalents, and restricted cash at beginning of year	2,821,819
Cash, cash equivalents, and restricted cash at end of year	$ 2,019,635

Reconciliation of cash, cash equivalents, and restricted cash to the Statement of Net Position:	
Cash and cash equivalents	$ 1,364,714
Tenant security deposits	112,750
Restricted cash	542,171
Cash, cash equivalents, and restricted cash at end of year	$ 2,019,635

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED MARCH 31, 2023

Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	357,669
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		419,690
Bad debt expense		12,971
Changes in assets, liabilities and deferred inflows and outflows of resources:		
Accounts receivable - tenants, net		(11,197)
Accounts receivable - other		(80,199)
Prepaid expenses		(3,129)
Lease receivables		21,568
Accounts payable		90,374
Accounts payable - other government		4,659
Accrued compensated absences		19,959
Accrued expenses		6,484
Tenant security deposits		4,581
Unearned revenue		(5,637)
Accrued pension liability		275,354
Accrued OPEB liability		12,196
Deferred inflows of resources		(344,651)
Deferred outflows of resources		(144,041)
FSS program escrows		17,501
Net cash provided by operating activities	$	654,152

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Housing Authority of the Borough of Madison (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, et. Seq., the “Housing Authority Act”) for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the Borough of Madison, New Jersey (the "Borough"). The Authority is responsible for operating certain low-rent housing programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

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

B. Basis of Accounting / Financial Statements Presentation

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, 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting / Financial Statements Presentation (continued)

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 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 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.

Effective April 1, 2022, the Authority adopted GASB 87, *Leases* ("GASB 87"). GASB 87 increases the transparency and comparability among governmental organizations by requiring the recognition of leased assets on the statement of net position by lessees and lessors and the disclosure of key information about leasing arrangements. Necessary adjustments were recognized through a cumulative effect adjustment. As a result of the adoption of GASB 87, on April 1, 2022, a lease receivable in the amount of $402,344 and deferred inflows of resources of $257,768 were recognized.

The cumulative effect adjustment recording the lease receivable and deferred inflows of resources amounted to $144,576, and was recognized as an increase to unrestricted net position at April 1, 2022.

C. Reporting Entity

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB 14 and 34*, the Authority's basic financial statements include those of the Authority and any component units. Component units are legally separate, tax-exempt organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.

2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.

3. The primary government is obligated in some manner for the debt of the organization.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

Based on the application of the above criteria, this report includes all programs and activities operated by the Authority. There were no additional entities required to be included in the reporting entity under these criteria in the current fiscal year. Furthermore, the Authority is not included in any other reporting entity on the basis of such criteria.

D. Description of Programs

The Authority maintains its accounting records by program. A summary of the significant programs operated by the Authority is as follows:

Rental Assistance Demonstration Program (RAD)
The RAD program allows agencies to leverage public and private debt and equity in order to reinvest in their public housing stock. In RAD, units move to a Section 8 platform with a long-term contract under which residents continue to pay 30% of their income towards rent. The Authority converted all of its 134 Public Housing Units to Project Based Vouchers under the RAD Program. The converted units are accounted for in the non-federal business activities fund.

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

Resident Opportunity and Supportive Services - Service Coordinators ("ROSS")
The ROSS program addresses the economic and housing self-sufficiency needs of Authority residents by providing grant-funded service coordinators who link residents to the supportive services they need in order to achieve economic and housing self-sufficiency; and for elderly/disabled residents to continue to age/reside in place and avoid costlier forms of care.

Disaster Grants - Public Assistance (Presidentially Declared Disasters)
To assist state, tribal, territorial, and local governments and eligible private non-profits in responding to and recovering from the devastating effects of disasters by providing assistance for debris removal, emergency protective measures, and the repair, restoration, reconstruction or replacement of public and eligible private non-profit facilities or infrastructure damaged or destroyed as the result of federally declared disasters or emergencies.

E. Use of Management Estimates

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash, Cash Equivalents and Investments

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

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

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment.

HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

For the Statement of Cash Flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at the time of purchase. It is the Authority's policy to maintain collateralization in accordance with state and HUD requirements.

G. Investments

Investments consist of US treasury bills and are valued at their cost which approximates their market value in accordance with GASB 40, *Deposit and Investment Risk Disclosures - An Amendment of GASB No. 3.*

H. Accounts Receivable, Net

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

The Authority recognizes a receivable from HUD and other governmental agencies for amounts billed, but not received and for amounts unbilled, but earned as of year-end. The Authority also recognizes a receivable for amounts billed to affiliates for services rendered.

I. Allowance for Doubtful Accounts

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Prepaid Expenses

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

K. Capital Assets

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

♦	Fixtures and Equipment	5 - 7 Years
♦	Site Improvements	15 Years
♦	Buildings	40 Years

The Authority has established a capitalization threshold of $500.

L. Impairment of Long Lived Assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. There were no impairment losses for the year ended March 31, 2023.

M. Lease Receivable

Lease receivables are recognized at the net present value of the lease payments expected to be received during the lease term at a borrowing rate either explicitly described in the lease agreement or implicitly determined by the Authority.

N. Compensated Absences

Compensated absences represent amounts to which employees are entitled based on accumulated leave earned in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service at the current salary. Employees may be compensated for sick leave at retirement or termination at one half of the earned, accrued and unused sick leave at the current salary to a maximum of 120 days.

O. Inter-Program Receivables and Payables

Inter-program receivables/payables are current, and are the result of the use of the Business Activities fund as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all inter-program balances net zero. In accordance with GASB 34, inter-program receivables and payables are eliminated for financial statement purposes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Taxes

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

Q. Operating Revenues and Expenses

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

R. Regulated Leases

The Authority is a lessor of residential dwelling units under regulated leases as defined by GASB 87 and as such recognizes rental revenue in accordance with the terms of the lease contract. The leases which are twelve months in length are regulated by HUD as to rent, unit size, household composition and tenant income. For the year ended March 31, 2023, rental revenue earned by the Authority under the aforementioned leases totaled $975,016.

S. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until that time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

T. Net Position Classifications

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

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

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

Unrestricted net position - All other resources that do not meet the definition of "restricted" or "net investment in capital assets."

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Use of Restricted Assets

When both restricted and unrestricted resources are available for a particular restricted use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as needed.

V. Budgets and Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its Enterprise Funds receiving federal awards. All budgets are prepared on a HUD basis, which is materially consistent with GAAP. All appropriations lapse at HUD's program year end or at the end of grant periods. Pursuant to N.J.S.A 40A:5A-10 and N.J.A.C. 5:31 each authority is required to submit a budget for each fiscal year to the Director of the Division of Local Government Services 60 days prior to the beginning of the fiscal year.

NOTE 2. CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

As of March 31, 2023, the carrying amount of the Authority's cash and cash equivalents (including restricted cash) was $2,019,635, and the bank balance approximated $2,044,610.

Of the bank balances, $250,219 was covered by federal depository insurance and the remaining $1,794,391 was collateralized by GUDPA as of March 31, 2023.

Cash Account	Amount
Insured:	
FDIC	$ 250,219
Collateralized:	
Collateralized amount held by pledging financial institution	1,794,391
	$ 2,044,610

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of March 31, 2023, the Authority's bank balances were not exposed to custodial credit risk.

NOTE 3. INVESTMENTS

Investments are stated at fair value, which approximate their cost and consisted of the following as of March 31, 2023:

Investment Type	Fair Value	Maturity
US Treasury Bills:		
Lakeland Financial Services	$ 395,043	July 13, 2023
Lakeland Financial Services	805,535	August 3, 2023
Total investments	$ 1,200,578	

NOTE 3. INVESTMENTS (continued)

Credit Risk
All investments are in financial instruments in accordance with HUD regulations. The Authority places no limit on the amount that can be invested with one issuer.

NOTE 4. ACCOUNTS RECEIVABLE - TENANTS, NET

Accounts receivable - tenants, net are shown net of an allowance for doubtful accounts of $19,265 as of March 31, 2023.

NOTE 5. ACCOUNTS RECEIVABLE - OTHER

Accounts receivable - other consists of amounts owed to the Authority from HQM Properties ("HQM") for administrative fees related to a housing assistance payments contract, which HQM is the contract administrator as stipulated in the Authority's RAD conversion. As of March 31, 2023, the Authority is owed $80,199 in administrative fees from HQM. The Authority considers these amounts fully collectible and accordingly, has made no allowance for doubtful accounts.

NOTE 6. RESTRICTED DEPOSITS

As of March 31, 2023, restricted deposits consisted of the following:

Cash Category	Amount
Tenant security deposits	$ 112,750
Housing Assistance Payment reserves	150,743
Family Self Sufficiency program escrows	98,661
RAD Capital Reserve Escrow	292,767
	$ 654,921

Tenant security deposits represent amounts held by the Authority on behalf of tenants participating in the RAD Program. Upon termination from the program, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for tenant rents.

Family Self Sufficiency ("FSS") program escrows are restricted for use in the Section 8 Housing Choice Vouchers Program by FSS program participants.

RAD capital reserve escrow funds are restricted for capital improvements related to properties specified in the Authority's RAD Use Agreement with HUD.

NOTE 7. CAPITAL ASSETS, NET

A summary of the changes in capital assets for the year ended March 31, 2023 is as follows:

Description	March 31, 2022	Additions	Disposals	Transfers	March 31, 2023
Non-depreciable:					
Land	$ 1,059,729	$ -	$ -	$ -	$ 1,059,729
Construction in progress	415,445	-	-	(415,445)	-
Total	1,475,174	-	-	(415,445)	1,059,729
Depreciable:					
Buildings and improvements	12,548,296	223,877	-	410,353	13,182,526
Furniture and equipment	986,023	5,012	-	5,092	996,127
Total	13,534,319	228,889	-	415,445	14,178,653
Less: accumulated depreciation	9,653,081	419,690	-	-	10,072,771
Net capital assets	$ 5,356,412	$ (190,801)	$ -	$ -	$ 5,165,611

Depreciation expense for the year ended March 31, 2023 totaled $419,690.

NOTE 8. LEASE RECEIVABLE

On December 1, 2004, the Authority entered into a lease agreement as a lessor with LIN Cellular Communications Corp (NY) d/b/a AT&T Wireless for the lease of the rooftop at 15 Chateau Thierry Avenue to install, maintain and operate communications equipment. The term of the lease was for five years from January 1, 2005 with a renewal option for five periods of five years each. An initial lease receivable was recorded in the amount of $606,511. As of March 31, 2023, the value of the lease receivable was $380,776. Beginning on the commencement of the lease term, monthly rent shall be paid to the Authority in the amount of $2,500, increasing by 7.50% on each renewal option date. For the year ended March 31, 2023, the Authority received payments of $37,269 on the lease, of which $21,568 reduced the principal amount owed and $15,701 was interest income. The implicit interest rate on the lease was 4.00%. The value of the deferred inflows of resources as of December 31, 2022 was $237,551. For the year ended March 31, 2023, the Authority recognized lease revenue in the amount of $20,217.

NOTE 9. PAYMENTS IN LIEU OF TAXES

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for Authority owned units in accordance with the provisions of its Cooperation Agreement with the Borough. Under the Cooperation Agreement, the Authority must pay the Borough the lesser of 10% of its net shelter rent or the approximate full real property taxes. For the year ended March 31, 2023, the Authority incurred PILOT expense in the amount of $64,708, which is recorded in general expenses on the Statement of Revenues, Expenses and Changes in Net Position.

NOTE 10. LONG TERM DEBT

Description		Amount
On November 24, 2015, the Authority entered into a loan agreement with Lakeland Bank in the amount of $1,800,000 in connection with the Authority's RAD Program to provide long-term capital improvement funding for seven (7) low income properties in Madison, New Jersey. The loan matures on September 8, 2040 with interest being calculated on the daily outstanding principal balance of the loan. During the first five (5) years of the term, the interest rate is fixed at a rate equal to the tax exempt equivalent of the 5/25 Federal Home Loan Bank Amortizing Advance Rate plus 2% per annum. Subsequently, every five (5) years the rate will change equal to an annual rate of two (2%) per annum in excess of the tax exempt equivalent of the then prevailing five (5) year Federal Home Loan Bank Amortizing Annual Rate. The current interest rate is 2.75% with monthly principal and interest payments totaling $8,108. The loan is secured by the underlying land and property.	$	1,392,249
Less: current portion		63,400
Long-term debt, net of current portion	$	1,328,849

Maturities of long-term debt over the next five years and in five year increments thereafter consist of the following:

Year		Principal		Interest		Total
2024	$	63,400	$	33,900	$	97,300
2025		65,004		32,296		97,300
2026		66,647		30,653		97,300
2027		68,333		28,967		97,300
2028		70,061		27,239		97,300
2029 - 2033		377,794		108,706		486,500
2034 - 2038		428,041		58,459		486,500
2039 - 2040		252,969		8,348		261,317
	$	1,392,249	$	328,568	$	1,720,817

Interest expense for the year ended March 31, 2023 totaled $42,793.

NOTE 11. LONG TERM LIABILITIES

Activity for long-term liabilities for the year ended March 31, 2023 consisted of the following:

Description	March 31, 2022	Additions	Payments/ Retirements	March 31, 2023	Amount due currently
Long term debt	$ 1,452,342	$ -	$ (60,093)	$ 1,392,249	$ 63,400
FSS program escrows	81,160	17,501	-	98,661	-
Net pension liability	859,135	159,488	-	1,018,623	-
Net OPEB liability	1,205,653	-	(141,718)	1,063,935	-
Accumulated compensated absences	106,400	19,959	-	126,359	12,636
Total	$ 3,704,690	$ 196,948	$ (201,811)	$ 3,699,827	$ 76,036

NOTE 12. ACCRUED COMPENSATED ABSENCES

The Authority uses the vesting method for the recording of compensated absences whereas benefits are accrued at the statement of net position date for which payment is probable. As of March 31, 2023, the Authority had accrued $126,359 in compensated absences, of which $12,636, is estimated to be currently due.

NOTE 13. PENSION PLAN

A. Plan Description

The PERS is a cost-sharing multiple employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about PERS, please refer to the Division's Comprehensive Annual Financial Report, which can be found at https://www.state.nj.us/treasury/pensions/annual-reports.shtml.

B. Benefits

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:

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

Service retirement benefits of $1/55^{th}$ 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 retirement benefits of $1/60^{th}$ of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65.

NOTE 13. PENSION PLAN (continued)

B. Benefits (continued)

Early retirement benefits are available to tiers one and two before reaching age 60, tiers 3 and 4 before age 62 with 25 years or more 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 a member retires prior to the age at which a member can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

C. Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by all active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2023, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on the 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 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 the assets.

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

At March 31, 2023, the Authority reported a liability of $1,018,623 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2021, and rolled forward to June 30, 2022.

For the year ended March 31, 2023, the Authority recorded a pension expense in the amount of $85,117. At March 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 3,156	$ 152,528
Changes in Proportion	6,099	243,543
Differences between expected and actual experience	7,352	6,483
Net difference between projected and actual investment earnings on pension plan investments	42,160	-
Total	$ 58,767	$ 402,554

NOTE 13. PENSION PLAN (continued)

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

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

Year ending March 31:		Amount
2024	$	(282,470)
2025		(143,909)
2026		(70,182)
2027		153,110
2028		(336)
	$	(343,787)

E. Actuarial Assumptions

The collective total pension liability at the 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 assumptions.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary increases:	2.75 - 6.55%
Through 2026	based on years of service
Investment rate of return	7.00%

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

The actuarial adjustments 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.

NOTE 13. PENSION PLAN (continued)

F. Long-Term Expected Rate of Return

In accordance with the State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined by using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

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

G. Discount Rate

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

NOTE 13. PENSION PLAN (continued)

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6 percent) or 1 percentage point higher (8 percent) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	$ 1,324,988	$ 1,018,623	$ 781,460

NOTE 14. OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The State Health Benefit Local Government Retired Employees Plan ("SHBP") is a cost-sharing multiple-employer defined 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, which can be found at https://www.state.nj.us/treasury/pensions/financial-reports.shtml.

B. Benefits

SHBP provides medical and prescription drug to retirees and their covered dependents of the employers. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of services credit in a State of 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.

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

NOTE 14. OTHER POST-RETIREMENT BENEFITS (continued)

C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At March 31, 2023, the Authority reported a liability of $1,063,935, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2021, and rolled forward to June 30, 2022.

For the year ended March 31, 2023, the Authority recognized an OPEB benefit of $153,914. At March 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	$ 141,987	$ 363,101
Changes in Proportion	230,223	342,173
Differences between expected and actual experience	54,943	197,208
Net differences between projected and actual investment earnings on OPEB plan investments	280	-
Contributions paid subsequent to the measurement date	121,948	-
Total	$ 549,381	$ 902,482

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

Year ending March 31:	Amount
2024	$ (126,131)
2025	(126,243)
2026	(99,692)
2027	(44,523)
2028	(9,982)
Thereafter	(68,478)
	$ (475,049)

D. Actuarial Assumptions

The total OPEB liability for the 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 assumptions:

Salary increases:	
Rate for all future years	2.75 to 6.55% based on years of service

Mortality rates were based on the Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using the MP-2019 scale.

NOTE 14. OTHER POST-RETIREMENT BENEFITS (continued)

D. Actuarial Assumptions (continued)

Certain actuarial assumptions used in the July 1, 2021 valuation were based on the results of the pension plans' experience studies prepared for July 1, 2018 to June 30, 2021. 100% of active members are considered to participate in the Plan upon retirement.

E. Discount Rate

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

F. Sensitivity of the Authority's Proportionate Share of the 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 3.54%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54%) or 1 percentage point higher (4.54%) than the current rate.

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Authority's proportionate share of the net OPEB liability	$ 1,233,315	$ 1,063,935	$ 927,653

G. Sensitivity of the Authority's Proportionate Share of the 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 proportionate share of the net pension liability would be if it were calculated using a healthcare trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Authority's proportionate share of the net OPEB liability	$ 902,568	$ 1,063,935	$ 1,270,601

NOTE 15. RESTRICTED NET POSITION

Restricted net position consists of the following at March 31, 2023:

Net Position Category		Amount
Housing assistance payment reserves	$	150,743
RAD capital reserves		292,767
Total restricted net position	$	443,510

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for tenant rents.

RAD capital reserve escrow funds are restricted for capital improvements related to properties specified in the mortgage agreement with Lakeland Bank.

NOTE 16. ECONOMIC DEPENDENCY

The Section 8 Housing Choice Vouchers program is economically dependent on receiving annual grants from HUD.

NOTE 17. COMMITMENTS AND CONTINGENCIES

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

As of March 31, 2023, the Authority estimates that no material liabilities will result from such audits.

NOTE 18. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is a member of the New Jersey Public Housing Authorities Joint Insurance Fund ("JIF"). The joint insurance pool is both an insured and self-administered group of housing authorities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The JIF will be self-sustaining through member premiums. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage except for deductibles for the previous three years.

NOTE 19. SUBSEQUENT EVENTS

Events that occur after the financial statement 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 financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through October 31, 2023 (the date 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 statements.

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

To the Board of Commissioners
Housing Authority of the Borough of Madison:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Housing Authority of the Borough of Madison (the "Authority") as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 31, 2023.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Novogradac & Company LLP

October 31, 2023
Toms River, New Jersey

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND STATE OF NEW JERSEY OMB CIRCULAR 15-08

To the Board of Commissioners
Housing Authority of the Borough of Madison:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Housing Authority of the Borough of Madison's (the "Authority") compliance with the types of compliance requirements described in the OMB Compliance Supplement and the State of New Jersey OMB Circular 15-08 that could have a direct and material effect on each of the Authority's major federal programs for the year ended March 31, 2023. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 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), and the State of New Jersey OMB Circular 15-08. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, and the State of New Jersey OMB Circular 15-08, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, and the State of New Jersey OMB Circular 15-08, 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 the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

__Report on Internal Control over Compliance (continued)__

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.

__Purpose of this Report__

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.

Novogradac & Company LLP

October 31, 2023
Toms River, New Jersey

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2023

Federal Grantor/Program Title	ALN Number	State Pass-through Number	Grant Period From	Grant Period To	Grant Award	Fiscal Year Federal Expenditures	Cumulative Federal Expenditures
U.S. Department of Housing and Urban Development - Direct Awards							
Housing Voucher Cluster							
Section 8 Housing Choice Vouchers	14.871	N/A	4/1/22	3/31/23	$ 3,896,630	$ 3,687,417	$ 3,687,417
Total Housing Voucher Cluster					3,896,630	3,687,417	3,687,417
Resident Opportunity and Self Sufficiency - service coordinators	14.870	N/A	4/1/22	3/31/23	79,200	63,390	79,200
Passed through the Borough of Madison: Housing Trust Fund	14.275	N/A	3/25/20	3/23/24	-	-	-
Subtotal United States Department of Housing and Urban Development - Direct Awards					3,975,830	3,750,807	3,766,617
Passed through the State of New Jersey - Department of Treasury Department of Homeland Security - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA4614PW472FEMA	4/1/22	3/31/23	72,450	72,450	72,450
Total Expenditures of Federal Awards					$ 4,048,280	$ 3,823,257	$ 3,839,067

See accompanying notes to the Schedule of Expenditures of Federal Awards

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended March 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey OMB Circular 15-08. Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in the Uniform Guidance and the State of New Jersey OMB Circular 15-08, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3. INDIRECT COST RATE

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

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2023

I. Summary of Auditors' Results

Financial Statement Section

1.	Type of auditors' report issued:	Unmodified
2.	Internal control over financial reporting	
	a. Material weakness(es) identified?	No
	b. Significant deficiency(ies) identified?	None reported
3.	Noncompliance material to the financial statements?	No

Federal Awards Section

1.	Internal control over compliance:	
	a. Material weakness(es) identified?	No
	b. Significant deficiency(ies) identified?	None reported
2.	Type of auditors' report on compliance for major programs:	Unmodified
3.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
4.	Identification of major programs:	

ALN Number	Name of Federal Program
14.871	Section 8 Housing Choice Vouchers

5.	Dollar threshold used to distinguish between Type A and Type B Programs:	$750,000
6.	Auditee qualified as low-risk Auditee?	No

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

III. Federal Award Findings and Questioned Costs

There were no findings or questioned costs relating to federal awards.

IV. Schedule of Prior Year Federal Audit Findings

There were no findings or questioned costs in the prior year.

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
REQUIRED PENSION INFORMATION
FOR THE YEAR ENDED MARCH 31, 2023

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

	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
Contractually required contribution	$ 80,064	$ 80,249	$ 85,866	$ 94,807	$ 102,431	$ 70,587	$ 79,906	$ 84,932	$ 85,117
Contributions in relation to the contractually required contribution	75,091	80,064	80,249	94,807	102,431	70,587	79,906	84,932	85,117
(Over) / under funded	$ 4,973	$ 185	$ 5,617	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 745,934	$ 738,408	$ 684,055	$ 658,812	$ 413,761	$ 432,554	$ 531,990	$ 495,815	$ 590,948
Contributions as a percentage of covered-employee payroll	10.07 %	10.84 %	11.73 %	14.39 %	24.76 %	16.32 %	15.02 %	17.13 %	14.40 %

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

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
REQUIRED PENSION INFORMATION (continued)
FOR THE YEAR ENDED MARCH 31, 2023

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

	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
Authority's proportion of the net pension liability	0.0097 %	0.0093 %	0.0097 %	0.0102 %	0.0103 %	0.0063 %	0.0073 %	0.0073 %	0.0068 %
Authority's proportionate share of the net pension liability	$ 1,818,345	$ 2,095,339	$ 2,862,613	$ 2,382,310	$ 2,027,608	$ 1,307,560	$ 1,191,150	$ 859,135	$ 1,018,623
Authority's covered-employee payroll	$ 745,934	$ 738,408	$ 684,055	$ 658,512	$ 413,761	$ 432,554	$ 531,990	$ 495,815	$ 590,948
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	243.77 %	283.76 %	418.48 %	361.77 %	490.04 %	302.29 %	223.90 %	173.28 %	172.37 %
Plan fiduciary net position as a percentage of the total pension liability	52.08 %	47.93 %	43.35 %	48.10 %	53.60 %	56.30 %	58.32 %	42.18 %	62.91 %

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

See accompanying notes to financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF MADISON
REQUIRED OPEB INFORMATION
FOR THE YEAR ENDED MARCH 31, 2023

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

	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
Statutorily required contribution	$ 177,242	$ 166,887	$ 180,998	$ 164,620	$ 138,278	$ 160,660
Contributions in relation to the statutorily required contribution	177,242	166,887	180,998	164,620	138,278	160,660
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered-employee payroll	$ 658,812	$ 413,761	$ 432,554	$ 531,990	$ 495,815	$ 590,948
Contributions as a percentage of covered-employee payroll	26.90 %	40.33 %	41.84 %	30.94 %	27.89 %	27.19 %

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

See accompanying notes to financial statements.

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

	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
Authority's proportion of the net OPEB liability	0.0076 %	0.0068 %	0.0073 %	0.0067 %	0.0057 %	0.0066 %
Authority's proportionate share of the net OPEB liability	$ 1,556,704	$ 1,058,907	$ 847,849	$ 1,205,653	$ 1,205,653	$ 1,063,935
Authority's covered-employee payroll	$ 658,812	$ 413,761	$ 432,554	$ 531,990	$ 495,815	$ 590,948
Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	236.29 %	255.92 %	196.01 %	226.63 %	243.17 %	180.04 %
Plan fiduciary net position as a percentage of the total OPEB liability	1.03 %	1.97 %	1.98 %	0.92 %	0.28 %	(0.36)%

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

See accompanying notes to financial statements.

Madison Housing Authority
NJ105
Financial Data Schedule (FDS)

March 31, 2023

Line Item #	Account Description	Business Activities - RAD	Resident Opportunity and Self Sufficiency	Section 8 Housing Choice Vouchers	Elimination	TOTAL
	ASSETS:					
	CURRENT ASSETS:					
	Cash:					
111	Cash - unrestricted	$ 832,254	$ 72,365	$ 460,095	$ -	$ 1,364,714
112	Cash - restricted - modernization and development	-	-	-	-	-
113	Cash - other restricted	292,767	-	249,404	-	542,171
114	Cash - tenant security deposits	112,750	-	-	-	112,750
115	Cash - restricted for payment of current liabilities	-	-	-	-	-
100	Total cash	1,237,771	72,365	709,499	-	2,019,635
	Accounts and notes receivables:					
121	Accounts receivable - PHA projects	-	-	-	-	-
122	Accounts receivable - HUD other projects	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	80,199	-	-	-	80,199
126	Accounts receivable- tenants	36,519	-	-	-	36,519
126.1	Allowance for doubtful accounts - tenants	(19,265)	-	-	-	(19,265)
126.2	Allowance for doubtful accounts - other	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-
128	Fraud recovery	3,713	-	-	-	3,713
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances for doubtful accounts	101,166	-	-	-	101,166
	Current investments					
131	Investments - unrestricted	1,200,578	-	-	-	1,200,578
132	Investments - restricted	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-
142	Prepaid expenses and other assets	70,373	-	6,535	-	76,908
143	Inventories	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	-
145	Assets held for sale	-	-	-	-	-
150	TOTAL CURRENT ASSETS	2,609,888	72,365	716,034	-	3,398,287
	NONCURRENT ASSETS:					
	Fixed assets:					
161	Land	1,059,729	-	-	-	1,059,729
162	Buildings	13,182,526	-	-	-	13,182,526
163	Furniture, equipment & machinery - dwellings	778,930	-	-	-	778,930
164	Furniture, equipment & machinery - administration	217,197	-	-	-	217,197
165	Leasehold improvements	-	-	-	-	-
166	Accumulated depreciation	(10,072,771)	-	-	-	(10,072,771)
167	Construction in Progress	-	-	-	-	-
168	Infrastructure	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	5,165,611	-	-	-	5,165,611
	Other non-current assets:					
171	Notes and mortgages receivable - non-current	-	-	-	-	-
172	Notes and mortgages receivable-non-current - past due	-	-	-	-	-
174	Other assets	358,330	-	-	-	358,330
175	Undistributed debits	-	-	-	-	-
176	Investment in joint ventures	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	5,523,941	-	-	-	5,523,941
200	Deferred Outflow of Resources	418,528	-	189,620	-	608,148
290	**TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOUCES**	$ 8,552,357	$ 72,365	$ 905,654	$ -	$ 9,530,376

Madison Housing Authority
NJ105
Financial Data Schedule (FDS)

March 31, 2023

Line Item #	Account Description	Business Activities - RAD	Resident Opportunity and Self Sufficiency	Section 8 Housing Choice Vouchers	Elimination	TOTAL
	LIABILITIES AND EQUITY:					
	Liabilities:					
	Current Liabilities:					
311	Bank overdraft	$ -	$ -	$ -	$ -	$ -
312	Accounts payable ≤ 90 days	38,481	-	81,362	-	119,843
313	Accounts payable > 90 days past due	-	-	-	-	-
321	Accrued wage/payroll taxes payable	7,527	-	5,129	-	12,656
322	Accrued compensated absences - current portion	8,585	-	4,051	-	12,636
324	Accrued contingency liability	-	-	-	-	-
325	Accrued interest payable	3,298	-	-	-	3,298
331	Accounts payable - HUD PHA programs	-	-	7,542	-	7,542
332	Accounts payable - PHA projects	-	-	-	-	-
333	Accounts payable - other government	64,708	-	-	-	64,708
341	Tenant security deposits	112,750	-	-	-	112,750
342	Deferred revenue	5,980	72,365	-	-	78,345
343	Current portion of L-T debt - capital projects	63,400	-	-	-	63,400
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-
346	Accrued liabilities - other	16,613	-	-	-	16,613
347	Interprogram - due to	-	-	-	-	-
310	TOTAL CURRENT LIABILITIES	321,342	72,365	98,084	-	491,791
	NONCURRENT LIABILITIES:					
351	Long-term debt, net of current - capital projects	1,328,849	-	-	-	1,328,849
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-
353	Non-current liabilities- other	-	-	98,661	-	98,661
354	Accrued compensated absences - noncurrent	77,267	-	36,456	-	113,723
355	Loan Liability - Non Current	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-
357	Accrued pension and OPEB liabilities	1,509,456	-	573,102	-	2,082,558
350	TOTAL NONCURRENT LIABILITIES	2,915,572	-	708,219	-	3,623,791
300	**TOTAL LIABILITIES**	3,236,914	72,365	806,303	-	4,115,582
400	Deferred Inflow of Resources	1,320,170	-	222,417	-	1,542,587
	EQUITY:					
508.1	Invested in Capital Assets, Net of Related Debt	3,773,362	-	-	-	3,773,362
511.1	Restricted Net Position	292,767	-	150,743	-	443,510
512.1	Unrestricted Net Position	(70,856)	-	(273,809)	-	(344,665)
513	**TOTAL EQUITY**	3,995,273	-	(123,066)	-	3,872,207
600	**TOTAL LIABILITIES, DEFERRED INFLOWS AND EQUITY**	$ 8,552,357	$ 72,365	$ 905,654	$ -	$ 9,530,376
	Proof of concept	-	-	-	-	-

Madison Housing Authority

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Financial Data Schedule (FDS)

March 31, 2023

Line Item #	Account Description	Business Activities - RAD	Resident Opportunity and Self Sufficiency	Section 8 Housing Choice Vouchers	Elimination	TOTAL
	REVENUE:					
70300	Net tenant rental revenue	$ 1,443,176	$ -	$ -	$ (468,160)	$ 975,016
70400	Tenant revenue - other	-	-	-	-	-
70500	Total tenant revenue	1,443,176	-	-	(468,160)	975,016
70600	HUD PHA grants	-	63,390	3,896,630	-	3,960,020
70610	Capital grants	-	-	-	-	-
70800	Other government grants	72,450	-	-	-	72,450
71100	Investment income - unrestricted	65,271	-	2,450	-	67,721
71200	Mortgage interest income	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-
71301	Cost of sale of assets	-	-	-	-	-
71400	Fraud recovery	-	-	1,533	-	1,533
71500	Other revenue	272,548	-	55,323	-	327,871
71600	Gain or loss on sale of fixed assets	-	-	-	-	-
72000	Investment income - restricted	4,998	-	-	-	4,998
70000	**TOTAL REVENUE**	1,858,443	63,390	3,955,936	(468,160)	5,409,609
	EXPENSES:					
	Administrative					
91100	Administrative salaries	207,629	-	219,723	-	427,352
91200	Auditing fees	5,600	-	5,600	-	11,200
91300	Outside management fees	-	-	-	-	-
91310	Book-keeping fee	-	-	-	-	-
91400	Advertising and marketing	-	-	-	-	-
91500	Employee benefit contributions- administrative	61,033	-	29,215	-	90,248
91600	Office expenses	102,001	-	60,944	-	162,945
91700	Legal expenses	12,472	-	8,272	-	20,744
91800	Travel	724	-	723	-	1,447
91810	Allocated overhead	-	-	-	-	-
91900	Other	-	-	-	-	-
	Total Administrative	389,459	-	324,477	-	713,936
92000	Asset Management Fee	-	-	-	-	-
	Tenant services					
92100	Tenant services - salaries	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-
92300	Employee benefit contributions- tenant services	-	-	-	-	-
92400	Tenant services - other	1,361	63,390	-	-	64,751
	Total tenant services	1,361	63,390	-	-	64,751

Madison Housing Authority
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Financial Data Schedule (FDS)

March 31, 2023

Line Item #	Account Description	Business Activities - RAD	Resident Opportunity and Self Sufficiency	Section 8 Housing Choice Vouchers	Elimination	TOTAL
	Utilities					
93100	Water	2,802	-	-	-	2,802
93200	Electricity	53,727	-	-	-	53,727
93300	Gas	65,346	-	-	-	65,346
93400	Fuel	-	-	-	-	-
93500	Labor	20,000	-	-	-	20,000
93600	Sewer	-	-	-	-	-
93700	Employee benefit contributions- utilities	5,879	-	-	-	5,879
93800	Other utilities expense	-	-	-	-	-
	Total utilities	147,754	-	-	-	147,754
	Ordinary maintenance & operation					
94100	Ordinary maintenance and operations - labor	116,236	-	-	-	116,236
94200	Ordinary maintenance and operations - materials & o	41,546	-	-	-	41,546
94300	Ordinary maintenance and operations - contract costs	113,863	-	-	-	113,863
94500	Employee benefit contributions- ordinary maintenanc	34,168	-	-	-	34,168
	Total ordinary maintenance & operation	305,813	-	-	-	305,813
	Protective services					
95100	Protective services - labor	-	-	-	-	-
95200	Protective services- other contract costs	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-
95500	Employee benefit contributions- protective services	-	-	-	-	-
	Total protective services	-	-	-	-	-
	General expenses					
96110	Property insurance	28,632	-	-	-	28,632
96120	Liability Insurance	14,316	-	-	-	14,316
96130	Workmen's Comp	14,316	-	7,224	-	21,540
96200	Other general expenses	-	-	165,681	-	165,681
96210	Compensated absences	27,774	-	-	-	27,774
96300	Payments in lieu of taxes	64,708	-	-	-	64,708
96400	Bad debt - tenant rents	12,971	-	-	-	12,971
96500	Bad debt- mortgages	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-
96700	Interest expense	-	-	-	-	-
96710	Interest of Mortgage (or Bonds) Payable	42,793	-	-	-	42,793
96800	Severance expense	-	-	-	-	-
	Total general expenses	205,510	-	172,905	-	378,415
96900	**TOTAL OPERATING EXPENSES**	1,049,897	63,390	497,382	-	1,610,669
97000	**EXCESS OPERATING REVENUE OVER OPERATING EXPENSES**	808,546	-	3,458,554	(468,160)	3,798,940
97100	Extraordinary maintenance	-	-	-	-	-
97200	Casualty losses - non capitalized	-	-	-	-	-
97300	Housing assistance payments	-	-	3,190,035	(468,160)	2,721,875
97350	HAP Portability - in	-	-	-	-	-
97400	Depreciation expense	419,690	-	-	-	419,690
97500	Fraud losses	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-
						-
90000	**TOTAL EXPENSES**	1,469,587	63,390	3,687,417	(468,160)	4,752,234

Madison Housing Authority
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Financial Data Schedule (FDS)

March 31, 2023

Line Item #	Account Description	Business Activities - RAD	Resident Opportunity and Self Sufficiency	Section 8 Housing Choice Vouchers	Elimination	TOTAL
	OTHER FINANCING SOURCES (USES)					
10010	Operating transfers in	-	-	-	-	-
10020	Operating transfers out	-	-	-	-	-
10030	Operating transfers from/to primary government	-	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-
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 program and project out	-	-	-	-	-
10100	**TOTAL OTHER FINANCING SOURCES (USES)**	-	-	-	-	-
						-
10000	**EXCESS (DEFICIENCY) OF REVENUE OVER EXI**	388,856	-	268,519	-	657,375
MEMO ACCOUNT INFORMATION:						
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning equity	3,461,841	-	(391,585)	-	3,070,256
11040	Prior period adjustments and equity transfers	144,576	-	-	-	144,576
11170	Administrative fee equity	-	-	-	-	-
11180	Housing assistance payments equity	-	-	-	-	-
11190	Unit months available	1,608	-	5,868	-	7,476
11210	Number of unit months leased	1,556	-	5,854	-	7,410
	Equity Roll Forward Test:					
	Calculation from R/E Statement	$ 3,995,273	$ -	$ (123,066)	$ -	$ 3,872,207
	B/S Line 513	$ 3,995,273	$ -	$ (123,066)	$ -	$ 3,872,207
		$ -	$ -	$ -	$ -	$ -