

**Report On Audit**

**MILLVILLE**  
**HOUSING AUTHORITY**

**For the Year Ended**  
**September 30, 2022**

**Millville Housing Authority**  
Table of Contents

	<u>Page Number</u>
Independent Auditor's Report	1-4
Management's Discussion and Analysis	5-18
<b>Financial Statements</b>	
Statement of Net Position	19-20
Statement of Revenue, Expenses and Changes in Net Position	21
Statement of Cash Flows	22-23
Notes to Financial Statements	24-63
<b>Required Supplementary Information</b>	
Schedule of Changes in Total OPEB Liabilities and Ratios	64
Schedule of Proportionate Share of the Net Pension Liability Of the Public Employee Retirement System (PERS)	65-68
<b>Supplementary Information</b>	
Schedule of Expenditures of Federal Awards	69-70
Financial Data Schedule	61-77
<b>Other Reports and Comments</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	78-79
Independent Auditors Report on Compliance for each Major Program and on Internal Control over Compliance Required by Uniform Guidance	80-82
Schedule of Findings and Questioned Cost	83
Independent Accountant's Report on Applying Agreed-upon Procedures – REAC	84-85

**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Millville Housing Authority  
122 East Main Street  
Millville, New Jersey 08332

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, and the discretely present component unit of the Millville Housing Authority, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Millville Housing Authority basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the discretely present component unit of the Millville Housing Authority as of September 30, 2022, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Millville Housing 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 opinions.

***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and OPEB and PERS supplemental information on pages 5 through 18 and pages 64-68 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Millville Housing Authority's basic financial statements. The accompanying supplemental information on pages 69-77 is presented for additional analysis and is not required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The electronic filed Financial Data Schedule is presented for additional analysis as required by the U.S. Department of Housing and Urban Development's Real Estate Assessment Center and is also not required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, and the Financial Data Schedule, are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the Schedule of Expenditures of Federal Awards, and the Financial Data Schedule is 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 May 19, 2023, in our consideration of the Millville Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Millville Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Millville Housing Authority's internal control over financial reporting and compliance.

**Giampaolo & Associates**

Lincroft, New Jersey

Date: May 19, 2023

**MILLVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON SEPTEMBER 30, 2022**

As Management of the Millville Housing Authority (the Authority), present the following discussion and analysis which is supplementary information required by the Governmental Accounting Standards Board (GASB), and is intended to provide an easily readable explanation of the information provided in the attached financial statements. Management Discussion and Analysis is designed to focus on the current year's activities, resulting changes, and current known facts. It is by necessity highly summarized, and in order to gain a thorough understanding of the Authority's financial position, the financial statements and footnotes should be viewed in their entirety beginning on page 19 of this report. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

**FINANCIAL HIGHLIGHTS**

The assets of the Authority primary government exceeded its liabilities at the close of the most recent fiscal year by \$7,702,680, representing an increase in the financial position of \$783,347 or 11% percent as compared to the prior year.

As noted above, the net position of the Authority primary government was \$7,702,680 as of September 30, 2022. Of this amount, the primary government unrestricted net position is a negative (\$640,195) representing a decrease in the deficit of \$985,608 or 61% percent from the previous year. Additional information on the Authority's unrestricted net positions can be found in Note 21 the financial statements, which is included in this report.

The primary government net investment in capital assets decreased \$168,408 or 2% percent for an ending balance of \$8,336,600. The primary government restricted net position decreased \$33,853 or 84% percent for an ending balance of \$6,275. Additional information on the Authority's restricted net position can be found in Note 20 to the financial statements, which is included in this report.

The Authority's primary government total cash and cash equivalents on September 30, 2022 is \$2,416,059 representing an increase of \$402,049 or 20% percent from the prior fiscal year. Operating cash increased \$448,561 or 23% percent for an ending balance of \$2,398,691. Total primary government restricted deposits and funded reserves decreased \$46,512 or 73% percent for an ending balance of \$17,368. The full detail of this amount can be found in the Statement of Cash Flows on pages 22-23 of this report.

The Authority's primary government total assets and deferred outflows are \$12,241,633 of which capital assets net book value is \$8,941,601, other assets in the amount of \$373,205, deferred outflows in the amount of \$77,804, leaving total current assets at \$2,849,023.

**MILLVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON SEPTEMBER 30, 2022**

**FINANCIAL HIGHLIGHTS - CONTINUED**

Total Authority's primary government current assets increased from the previous year by \$589,701 or 26% percent. Unrestricted cash and cash equivalents increased by \$448,561, accounts receivables increased by \$156,873, and prepaid expenses increased by \$30,779.

Total restricted deposits and funded reserves decreased \$46,512 for an ending balance of \$17,368.

The Authority primary government capital assets reported a decrease in the net book value of the capital assets in the amount of \$397,633, or 4% percent. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$354,334, less the recording of depreciation expense in the amount of \$751,967. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

Other assets increased \$373,205 or 100% percent. Leases receivable – noncurrent increased by \$373,205 or 100% percent. A full detail of this account can be found in the Notes to the Financial Statements Section Note 9, which is included in this report.

The Authority primary government reported a decrease of \$173,650 or 69% percent in the deferred outflow for the pension for an ending balance of \$77,804. The Authority primary government reported an increase in the deferred inflow for the pension cost in the amount of \$7,837, or 1% percent, for an ending balance of \$1,319,496. The Authority primary government recorded an increase in the deferred inflow of resources for lease revenue in the amount of \$357,926 or 100% percent. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 10 Deferred Outflows/Inflows of Resources.

The Authority's primary government total liabilities are reported at \$2,861,531 of which current liabilities are stated at \$760,992 and noncurrent liabilities are stated at \$2,100,539. Total liabilities decreased during the year as compared to the prior year in the amount of \$757,487 or 21% percent. Total current liabilities increased during the year by \$45,523, leaving non-current liabilities for a decrease of \$803,010 as compared to the previous year.

As previously stated, total primary government current liabilities increased from the previous year by \$45,523 or 6% percent. Accounts payable increased by \$98,591, accrued liabilities decreased by \$11,278, unearned revenue increased by \$27,450 and tenant security deposits payable decreased by \$15. The current portion of the Capital Project Bonds payable decreased \$69,225 from the previous year.



**MILLVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON SEPTEMBER 30, 2022**

**FINANCIAL HIGHLIGHTS - CONTINUED**

The Authority primary government total noncurrent liabilities decreased by \$803,010 or 28% percent. The decrease was comprised of three accounts, long-term note payable which decreased by \$160,000 for an ending balance of \$445,001, accrued compensated absences – long term with no offsetting assets decreased \$7,494 from the prior fiscal year for an ending balance of \$76,180.

Accrued pension and OPEB liabilities decreased \$635,516 or by 29% percent for an ending balance of \$1,579,358. Additional information on the Authority's accrued pension and OPEB liabilities at September 30, 2022 can be found in Notes 17-18 to the financial statements, which is included in this report.

The Authority primary government had total operating revenue of \$6,193,383 as compared to \$6,351,464 from the prior year for a decrease of \$158,081, or 2% percent. The Authority primary government had total operating expenses of \$6,192,123 as compared to \$6,542,844 from the previous year for a decrease of \$350,721 or 5% percent, resulting in a surplus of revenue from operations in the amount of \$1,260 for the current year as compared to a deficiency of revenue from operations in the amount of \$191,380 for an increase in excess revenue of \$192,640 from the previous year.

Total primary government capital improvements contributions from HUD were in the amount of \$415,757 as compared to \$869,296 from the previous year for a decrease of \$453,539 or 52% percent. The Authority primary government had capital outlays in the amount of \$789,047 for the fiscal year. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The Authority's Expenditures of Federal Awards amounted to \$4,399,205 for the fiscal year 2022 as compared to \$4,958,083 for the previous fiscal year 2021 for a decrease of \$558,878 or 11% percent.

**USING THIS ANNUAL REPORT**

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

1. Public and Indian Housing Program
2. Section 8 Housing Choice Vouchers
3. Public Housing Capital Fund Program

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

**MILLVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON SEPTEMBER 30, 2022**

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION**

This discussion and analysis are intended to serve as an introduction to the Housing Authority's primary government financial statements. The financial statements are prepared on an entity wide basis excluding the discretely presented component units and consist of:

- 1) Statement of Net Position
- 2) Statement of Revenue, Expenses, and Changes in Net Position
- 3) Statement of Cash Flows
- 4) Notes to the Financial Statements

The Authority's financial statements and notes to financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) applicable to governmental entities in the United States of America for the Enterprise Fund types. The Authority's 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 financial statements can be found on pages 19 through 23.

Statement of Net Position – This statement presents information on the Authority's total of assets and deferred outflow of resources, and total of liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

Statement of Revenue, Expenses and Changes in Net Position – This statement presents information showing how the Authority's net position increased or decreased during the current 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash inflows and cash outflows in the future periods.

Statement of Cash Flows– This statement presents information showing the total cash receipts and cash disbursements of the Housing Authority during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e. capital additions, debt payments, prior period obligations, etc.). In addition, the statement reflects the receipt of cash that was obligated to the Housing Authority in prior periods and subsequently received during the current fiscal year (i.e. accounts receivable, notes receivable, etc.).

**MILLVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON SEPTEMBER 30, 2022**

**OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED**

Notes to the Financial Statements - Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Housing Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Housing Authority may face. The Notes to Financial Statements can be found in this Report beginning on page 24 through 63.

In addition to the basic financial statements listed above, our report includes supplemental information. This information is to provide more detail on the Housing Authority's various programs and the required information mandated by regulatory bodies that fund the Housing Authority's various programs.

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Audits of States, Local Governments and Non-profit Organizations. The schedule of Expenditures of Federal Awards can be found on pages 69-70 of this report.

- 1. Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), federal award is defined as federal financial assistance and federal cost reimbursement contracts that non-federal agencies receive directly or indirectly from federal agencies or pass-through entities. Federal financial assistance is defined as assistance that nonfederal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, direct appropriations and other assistance.
- 2. Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and the Uniform Guidance establish the levels of expenditures or expenses to be used in defining Type A and Type B Federal financial assistance programs. Type A programs for the Millville Housing Authority are those which equal or exceeded \$750,000 in expenditures for the fiscal year ended September 30, 2022. Type B programs for the Millville Housing Authority are those which are less than \$750,000 in expenditures for the fiscal year ended September 30, 2022.

**MILLVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON SEPTEMBER 30, 2022**

**FINANCIAL ANALYSIS OF THE AUTHORITY (PRIMARY GOVERNMENT)**

The following summarizes the computation of Net Position of the primary government between September 30, 2022, and September 30, 2021:

Computations of Net Position of the primary government are as follows:

	<u>Year Ended</u>		Increase
	<u>September-22</u>	<u>September-21</u>	<u>(Decrease)</u>
Cash	\$ 2,416,059	\$ 2,014,010	\$ 402,049
Other Current Assets	432,964	245,312	187,652
Capital Assets - Net	8,941,601	9,339,234	(397,633)
Other Assets	373,205	-	373,205
Deferred Outflows	77,804	251,454	(173,650)
Total Assets	12,241,633	11,850,010	391,623
Less: Current Liabilities	(760,992)	(715,469)	(45,523)
Less: Non Current Liabilities	(2,100,539)	(2,903,549)	803,010
Less: Deferred Inflows	(1,677,422)	(1,311,659)	(365,763)
Net Position	\$ 7,702,680	\$ 6,919,333	\$ 783,347
Net Investment in Capital Assets	\$ 8,336,600	\$ 8,505,008	\$ (168,408)
Restricted Net Position	6,275	40,128	(33,853)
Unrestricted Net Position	(640,195)	(1,625,803)	985,608
Net Position	\$ 7,702,680	\$ 6,919,333	\$ 783,347

Cash increased by \$402,049 or 20% percent. Net cash provided by operating activities was \$679,776, net cash used by capital and related financing activities was \$278,547 and net cash provided by investing activities was \$820. The full detail of this amount can be found in the Statement of Cash Flows on pages 22-23 of this audit report.

Other current assets decreased by \$196,883 or 45% percent. Accounts receivables, net of allowances, increased by \$156,873, and prepaid expenses increased by \$30,779.

The Authority primary government capital assets reported a decrease in the net book value of the capital assets in the amount of \$397,633, or 4% percent. The major factor that contributed to the decrease was the purchase of fixed assets in the amount of \$354,334, less the recording of depreciation expense in the amount of \$751,967. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

Other non-current assets increased \$373,205 or 100% percent. Non-current leases receivable increased by \$373,205 during the fiscal year. A full detail of the Authority's non-current leases receivable can be found in the Notes to the Financial Statements Section Note – 9 Leases Receivable- Non-Current.

**MILLVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON SEPTEMBER 30, 2022**

**FINANCIAL ANALYSIS OF THE AUTHORITY (PRIMARY GOVERNMENT) - CONTINUED**

The Authority primary government reported a decrease of \$173,650 or 69% percent in the deferred outflow for the pension for an ending balance of \$77,804. The Authority primary government reported an increase in the deferred inflow for the pension cost in the amount of \$7,837, or 1% percent, for an ending balance of \$1,319,496. The Authority primary government recorded an increase in the deferred inflow of resources for lease revenue in the amount of \$357,926 or 100% percent. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 10 Deferred Outflows/Inflows of Resources.

As previously stated, total primary government current liabilities increased from the previous year by \$45,523 or 6% percent. Accounts payable increased by \$98,591, accrued liabilities decreased by \$11,278, unearned revenue increased by \$27,450 and tenant security deposits payable decreased by \$15. The current portion of the Capital Project Bonds payable decreased \$69,225 from the previous year.

The Authority primary government total noncurrent liabilities decreased by \$803,010 or 28% percent. The decrease was comprised of three accounts, long-term note payable which decreased by \$160,000 for an ending balance of \$445,001, accrued compensated absences – long term with no offsetting assets decreased \$7,494 from the prior fiscal year for an ending balance of \$76,180.

Accrued pension and OPEB liabilities decreased \$635,516 or by 29% percent for an ending balance of \$1,579,358. Additional information on the Authority's accrued pension and OPEB liabilities at September 30, 2022 can be found in Notes 17-18 to the financial statements, which is included in this report.

The Authority's primary government reported a net position of \$7,702,680 which is made up of three categories. The net investment in capital assets in the amount of \$8,336,600 represents a majority of the net position of the Authority. The net investment in capital assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending. The schedule below reflects the activity in this account for the current fiscal year:

Balance September 30, 2021	\$ 8,505,008
Fixed Asset Acquisitions	354,334
Payment of Principal on Debt	229,224
Depreciation Expense	(751,966)
Balance September 30, 2022	<u>\$ 8,336,600</u>

**MILLVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON SEPTEMBER 30, 2022**

**FINANCIAL ANALYSIS OF THE AUTHORITY (PRIMARY GOVERNMENT) - CONTINUED**

The primary government restricted net position decreased \$33,853 or 84% percent for an ending balance of \$6,275. Additional information on the Authority's restricted net position can be found in Note 20 to the financial statements, which is included in this report.

The Millville Housing Authority primary government operating results for September 30, 2022, reported an increase in unrestricted net position of \$985,608 or 61% percent for an ending balance of negative (\$640,195). A full detail of this account can be found in the Notes to the Financial Statements Section Note – 21.

The following summarizes the changes in Net Position of the primary government between September 30, 2022, and September 30, 2021:

Computation of Changes in Net Position of the primary government are as follows:

	<u>Year Ending</u>		<u>Increase</u>
	<u>September-22</u>	<u>September-21</u>	<u>(Decrease)</u>
<u>Revenues</u>			
Tenant Revenues	\$ 1,831,871	\$ 1,815,622	\$ 16,249
HUD Subsidies	3,983,448	4,088,787	(105,339)
Other Revenues	378,064	447,055	(68,991)
Total Operating Income	6,193,383	6,351,464	(158,081)
<u>Expenses</u>			
Operating Expenses	5,440,158	5,787,162	(347,004)
Depreciation Expense	751,965	755,682	(3,717)
Total Operating Expenses	6,192,123	6,542,844	(350,721)
Operating Income before Non Operating Income	1,260	(191,380)	192,640
Interest Income	274	820	(546)
HUD Capital Grants	415,757	869,296	(453,539)
Pension Adjustment	287,639	357,462	(69,823)
Change in Net Position	704,930	1,036,198	(331,268)
Net Position Prior Year	6,919,333	5,883,135	1,036,198
Prior Period Adjustment	78,417	-	78,417
Total Net Position	\$ 7,702,680	\$ 6,919,333	\$ 783,347

Approximately 64% percent of the Authority's primary government total operating revenue was provided by HUD operating subsidy, while 30% percent resulted from tenant revenue. Charges for various services and fraud recovery provided 6% percent of the total income.

**MILLVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON SEPTEMBER 30, 2022**

**FINANCIAL ANALYSIS OF THE AUTHORITY (PRIMARY GOVERNMENT) - CONTINUED**

The Millville Housing Authority received from the Capital Fund Program (CFP) \$415,757 in grant money for a decrease of \$453,539, or 52% percent, from the prior fiscal year. The Authority primary government had capital expenditures of \$354,334 during the fiscal year. The current year's additions included the purchase of a maintenance truck, the purchase of two cargo vans, the installation of PTAK units, and an elevator replacement project.

The Authority's primary government operating expenses cover a range of expenses. The largest expense was for housing assistance payments representing 26% percent of total operating expenses. Administrative expenses accounted for 19% percent, tenant services accounted for less than 1% percent, utilities expense accounted for 14% percent, maintenance expense accounted for 21% percent, other operating expenses accounted for 7% percent, and depreciation accounted for the remaining 12% percent of the total operating expenses.

The Authority primary government operating revenue exceeded its operating expenses resulting in a surplus of revenue from operations in the amount of \$1,260 from operations as compared to excess expenses from operations of \$191,380 for the previous year. The key elements for the increase in the surplus in comparison to the prior year are as follows:

- The Authority reported an increase in the tenants dwelling rental revenue in the amount of \$16,249 or 1% percent.
- The Authority primary government reported a decrease in HUD PHA operating grants in the amount of \$105,339 or 3% percent.
- Fraud recovery revenue decreased \$1,066 or 39% percent.
- Other revenue decreased in the amount of \$67,925 or 15% percent.
- The Authority reported an increase in the following expense accounts:
  - Tenant services expenses increased \$9,749 or 356% percent.
  - Utilities expenses increased \$33,451 or 4% percent.
  - Housing Assistance Payments increased \$61,413 or 4% percent.
- The Authority reported a decrease in the following expense accounts:
  - Administrative expenses decreased \$217,526 or 15% percent.
  - Maintenance expenses decreased \$90,031 or 6% percent.
  - Other operating expenses decreased \$144,060 or 25% percent.
  - Depreciation expense decreased \$3,717 or less than 1% percent.

Total net cash provided by operating activities during the year was \$679,776 as compared to cash provided by operating activities in the amount of \$603,597 for the 2021 year.

**MILLVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON SEPTEMBER 30, 2022**

**FINANCIAL ANALYSIS OF THE AUTHORITY (PRIMARY GOVERNMENT) - CONTINUED**

The following are financial highlights of significant items for the primary government for a four-year period of time ending on September 30, 2022:

	September-22	September-21	September-20	September-19
<b>Significant Income</b>				
Total Tenant Revenue	\$ 1,831,871	\$ 1,815,622	\$ 1,708,138	\$ 1,695,542
HUD Operating Grants	3,983,448	4,088,787	3,822,428	3,641,870
HUD Capital Grants	415,757	869,296	360,033	544,229
Investment Income	274	820	7,480	2,358
Other Income	378,064	447,055	450,718	483,450
Total	<u>\$ 6,609,414</u>	<u>\$ 7,221,580</u>	<u>\$ 6,348,797</u>	<u>\$ 6,367,449</u>
<b>Payroll Expense</b>				
Administrative Salaries	\$ 640,314	\$ 626,754	\$ 681,805	\$ 685,367
Maintenance Labor	281,313	253,234	269,173	312,702
Protective Services - Labor	-	-	-	1,495
Employee Benefits Expense	211,974	361,680	364,872	337,331
Total Payroll Expense	<u>\$ 1,133,601</u>	<u>\$ 1,241,668</u>	<u>\$ 1,315,850</u>	<u>\$ 1,336,895</u>
<b>Other Significant Expenses</b>				
Other Administrative Expenses	\$ 460,411	\$ 411,340	\$ 396,672	\$ 416,292
Utilities Expense	877,687	844,236	889,175	877,240
Maintenance Materials Cost	305,148	250,937	256,772	291,444
Maintenance Contract Cost	667,398	703,655	713,188	617,658
Insurance Premiums	260,568	247,915	247,915	244,779
Housing Assistance Payments	1,605,789	1,544,376	1,509,707	1,432,021
Total	<u>\$ 4,177,001</u>	<u>\$ 4,002,459</u>	<u>\$ 4,013,429</u>	<u>\$ 3,879,434</u>
<b>Total Operating Expenses</b>	<u>\$ 6,192,123</u>	<u>\$ 6,542,844</u>	<u>\$ 6,477,971</u>	<u>\$ 6,289,760</u>
<b>Total of Federal Awards</b>	<u>\$ 4,399,205</u>	<u>\$ 4,958,083</u>	<u>\$ 4,182,461</u>	<u>\$ 4,186,099</u>

**THE AUTHORITY AS A WHOLE**

The Authority's primary government revenues consist primarily of rents and 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 unrestricted net position does not appear sufficient to cover any foreseeable shortfall arising from a possible economic turndown and reduced subsidies and grants.



**MILLVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON SEPTEMBER 30, 2022**

**THE AUTHORITY AS A WHOLE -CONTINUED**

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

**MILLVILLE HOUSING AUTHORITY PROGRAMS**

Public and Indian Housing Program:

Under the Public Housing Program, the Authority rents units that it owns to low-income households. This program is operated under an Annual Contributions Contract (ACC) with HUD. HUD's rent subsidy program provides housing assistance to low-income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts: (a) 30% of the family's adjusted monthly income, (b) 10% of the family's monthly income, or (c) the Millville Housing Authority flat rent amount.

Public Housing Capital Fund Program:

The Public Housing Capital Fund was established under the Quality Housing & Work Responsibility Act of 1998 (QHWRA). Substantially all additions to land, structures and equipment are accomplished through these programs (included in the financial statements under PHA Owned Housing). These funds replace or materially upgrade deteriorated portions of existing Authority property. This fund is used for repairs, major replacements, upgrading and other non-routine maintenance work that needs to be done on the Authority's apartments to keep them clean, safe and in good condition.

Housing Choice Voucher Program

Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords to provide housing to Section 8 tenants. The Authority subsidizes the tenant's rent through Housing Assistance Payment made to the landlord. This program is also administered under an Annual Contributions Contract (ACC) with HUD. HUD provides annual contributions funding to enable the Authority to structure a contract that sets the participants' rent at approximately 30% of household income subject to certain restrictions.

Housing Choice Voucher CARES Act Program

The CARES Act requires that recipients use of CARES grants be tied to preventing, preparing for, and responding to COVID-19, including maintaining normal operations and funding eligible affordable housing activities under NAHASDA during the period the program is impacted by COVID-19. These funds may also be used to maintain normal operations and fund eligible activities during the period that a recipient's program is impacted by COVID-19. HUD expects and encourages recipients to expend funds expeditiously given the ongoing COVID-19 National Emergency.

**MILLVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON SEPTEMBER 30, 2022**

**BUDGETARY HIGHLIGHTS**

For the year ended September 30, 2022, individual program or grant budgets were prepared by the Authority. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

1 – Capital Assets

The Authority's primary government net investment in capital assets as of September 30, 2022, was \$8,941,601 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and construction in progress. The total decrease during the year in the Authority's investment in capital assets was \$397,633 or 4% percent. Major capital expenditures of \$354,334 were made during the year. The major capital assets events during the fiscal year included the following:

- Maintenance Truck
- 2 Maintenance Vans
- Elevator Replacement Project
- PTAC Units

	September-22	September-21	Increase (Decrease)
Land	\$ 517,188	\$ 517,188	\$ -
Building	30,840,041	30,840,042	(1)
Furniture, Equipment - Dwelling	2,732,464	3,309,704	(577,240)
Furniture, Equipment - Administration	3,446,642	2,664,954	781,688
Leasehold Improvements	2,310,730	2,426,601	(115,871)
Construction in Process	1,800,333	1,534,575	265,758
Total Capital Assets	41,647,398	41,293,064	354,334
Less: Accumulated Depreciation	(32,705,797)	(31,953,830)	(751,967)
Net Book Value	\$ 8,941,601	\$ 9,339,234	\$ (397,633)

**MILLVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON SEPTEMBER 30, 2022**

**CAPITAL ASSETS AND DEBT ADMINISTRATION -CONTINUED**

Additional information on the Authority's capital assets can be found in Note 8 to the financial statements, which is included in this report.

**2 - Debt Administration**

The Authority primary government has one (1) primary government loan payable outstanding at September 30, 2022.

	Short Term	Long Term	Total
CFFP Leveraging	\$ 160,000	\$ 445,001	\$ 605,001
Total Notes Payable	\$ 160,000	\$ 445,001	\$ 605,001

A full disclosure of loans payable at September 30, 2022 can be found in Note-16.

**NEW INITIATIVES**

For the fiscal year 2022 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 67% percent of its revenue from the Department of Housing and Urban Development, (2021 was 69% percent), the Authority is constantly monitoring for any appropriation changes, especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy.

The current administration of the Authority is determined to improve the financial results of the Authority's operations. The Authority is exploring the process of converting the Public and Indian Housing Program rental units into RAD subsidy units.

The Authority has made steady progress in various phases of the operations, all the while increasing the occupancy percentage in the public housing units and a high utilization rate in Housing Assistance Programs. Interactions with the residents are a constant reminder of the need of the services.

Regardless of the constraints (financial or regulatory) placed on this Housing Authority, the Authority will continuously look for ways to better provide or expand housing and housing assistance to qualified residents of the City of Millville all the while being mindful of their responsibility to be good stewards of the public's tax dollars.

**MILLVILLE HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
ON SEPTEMBER 30, 2022**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Millville Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs. We do not expect this consistent trend to change.

The capital budgets for the 2023 fiscal year have already been submitted to HUD for approval and no major changes were made. The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing property including administrative fees involved in the modernization.

The following factors were considered in preparing the Authority's budget for the fiscal year ending September 30, 2023.

- State of New Jersey economy including the impact on tenant income. Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income. Tenant rental payments are based on tenant income.
- Continued increases in health care insurance are expected to impact employee benefits cost over the next several years.
- Converting Low Income Housing Program rental units into RAD subsidy units.
- Inflationary pressure on utility rates, supplies and other cost.
- Trends in the housing market which affect rental housing available for the Section 8 tenants, along with the amount of the rents charged by the private landlords, are expected to have a continued impact on Section 8 HAP payments.
- Even if HUD was fully funded for both the Operating and Capital Funds, it is unlikely that Congress would appropriate adequate funding. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs.

**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 Mrs. Samantha Silvers, Executive Director, Millville Housing Authority, 122 East Main Street, Millville, NJ 08332 or call (856) 825-8860.

**MILLVILLE HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION**  
**AS OF SEPTEMBER 30, 2022**

	September 30, 2022		
	Primary Government	Component Unit (Sept 2022)	Total (Memorandum)
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents			
Operating	\$ 2,398,691	\$ 39,609	\$ 2,438,300
Restricted	17,368	-	17,368
Total cash and equivalents	\$ 2,416,059	\$ 39,609	\$ 2,455,668
Accounts Receivables, Net of Allowances	334,313	16,971	351,284
Prepaid Expenses	98,651	5,476	104,127
Total Current Assets	2,849,023	62,056	2,911,079
<b>Capital Assets</b>			
Land	517,188	-	517,188
Building	30,840,041	438,476	31,278,517
Furniture, Equipment - Dwelling	2,732,464	-	2,732,464
Furniture, Equipment - Administration	3,446,642	117,467	3,564,109
Leasehold Improvements	2,310,730	13,333	2,324,063
Construction in Process	1,800,333	-	1,800,333
Total Capital Assets	41,647,398	569,276	42,216,674
Less: Accumulated Depreciation	(32,705,797)	(243,824)	(32,949,621)
Net Book Value	8,941,601	325,452	9,267,053
<b>Other Assets</b>			
Leases Receivable -Non Current	373,205	-	373,205
Total Other Assets	373,205	-	373,205
 Total Assets	 12,163,829	 387,508	 12,551,337
<b>Deferred Outflow of Resources</b>			
Total Deferred Outflows of Resources	77,804	-	77,804
 Total Assets and Deferred Outflow of Resources	 \$ 12,241,633	 \$ 387,508	 \$ 12,629,141

See accompanying notes to the financial statements.

**MILLVILLE HOUSING AUTHORITY  
STATEMENT OF NET POSITION  
AS OF SEPTEMBER 30, 2022**

	September 30, 2022		
	Primary Government	Component Unit (Sept 2022)	Total (Memorandum)
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ 496,979	\$ 7,403	\$ 504,382
Accrued Liabilities	37,954	160,310	198,264
Unearned Revenue	55,031	4,643	59,674
Tenant Security Deposits	11,028	-	11,028
Long Term Debt - Current	160,000	-	160,000
Total Current Liabilities	<u>760,992</u>	<u>172,356</u>	<u>933,348</u>
<b>Noncurrent Liabilities</b>			
Long Term Debt - Non Current	445,001	-	445,001
Accrued Compensated Absences - Long-Term	76,180	13,276	89,456
Accrued Other Post-Employment Benefits Liabilities	1,579,358	-	1,579,358
Total Noncurrent Liabilities	<u>2,100,539</u>	<u>13,276</u>	<u>2,113,815</u>
 Total Liabilities	 <u>2,861,531</u>	 <u>185,632</u>	 <u>3,047,163</u>
<b>Deferred Inflow of Resources</b>			
State of New Jersey P.E.R.S. and OPEB	1,319,496		1,319,496
Lease Revenue	357,926	-	357,926
Total Deferred Inflow of Resources	<u>1,677,422</u>	<u>-</u>	<u>1,677,422</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	8,336,600	325,452	8,662,052
Restricted	6,275	-	6,275
Unrestricted	(640,195)	(123,576)	(763,771)
Total Net Position	<u>7,702,680</u>	<u>201,876</u>	<u>7,904,556</u>
 Total Liabilities, Deferred Inflow of Resources, and Net Position	 <u>\$ 12,241,633</u>	 <u>\$ 387,508</u>	 <u>\$ 12,629,141</u>

See accompanying notes to the financial statements.

**MILLVILLE HOUSING AUTHORITY**  
**STATEMENT OF REVENUE, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2022**

	September 30, 2022		
	Primary Government	Component Unit (Sept 2022)	Total (Memorandum)
<b>Revenue:</b>			
Tenant Rental Revenue	\$ 1,831,871	\$ -	\$ 1,831,871
HUD PHA Operating Grants	3,983,448	-	3,983,448
Fraud Recovery	1,642	-	1,642
Other Revenue	376,422	584,155	960,577
Total Revenue	6,193,383	584,155	6,777,538
<b>Operating Expenses:</b>			
Administrative Expense	1,205,271	92,038	1,297,309
Tenant Services	12,488	350,971	363,459
Utilities Expense	877,687	60,544	938,231
Maintenance Expense	1,308,648	65,495	1,374,143
Other Operating Expenses	430,275	24,130	454,405
Housing Assistance Payments	1,605,789	-	1,605,789
Depreciations Expense	751,965	42,962	794,927
Total Operating Expenses	6,192,123	636,140	6,828,263
Excess Expenses Over Revenue From Operations	1,260	(51,985)	(50,725)
<b>Non Operating Income and (Expenses):</b>			
Investment Income	274	22	296
Capital Grants	415,757	-	415,757
Pension Adjustment	287,639	-	287,639
Total Non Operating (Expenses) and Income	703,670	.22	703,692
<b>Change in Net Position</b>	704,930	(51,963)	652,967
Beginning Net Position	6,919,333	253,839	7,173,172
Prior Period Adjustments	78,417	-	78,417
Beginning Net Position, Restated	6,997,750	253,839	7,251,589
Ending Net Position	\$ 7,702,680	\$ 201,876	\$ 7,904,556

See accompanying notes to the financial statements.

**MILLVILLE HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2022**

	September 30, 2022		
	Primary Government	Component Unit (Sept 2022)	Total (Memorandum)
<b>Cash Flow From Operating Activities</b>			
Receipts from Tenants	\$ 1,846,073	\$ -	\$ 1,846,073
Receipts from Federal Grants	3,913,575	-	3,913,575
Receipts from Misc. Sources	282,805	573,476	856,281
Payments to Vendors and Suppliers	(1,715,930)	(142,694)	(1,858,624)
Payments for Housing Assistance Payments	(1,605,789)		(1,605,789)
Payments to Employees	(950,751)	(372,105)	(1,322,856)
Payment of Employee Benefits	(211,974)	(35,635)	(247,609)
Payment of Utilities Expenses	(877,687)	(60,544)	(938,231)
Net Cash Provided (Used) by Operating Activities	680,322	(37,502)	642,820
<b>Cash Flow From Capital and Related Financing Activities</b>			
Receipts from Capital Grants	415,757	-	415,757
Acquisitions and Construction of Capital Assets	(354,334)	-	(354,334)
(Decrease) in Long Term Compensated Absences	(7,494)	1,608	(5,886)
Principal Payment on Debt	(229,224)	(5,583)	(234,807)
Lease Receivable - Non Current	(373,205)	-	(373,205)
Deferred Inflow - Lease	357,926	-	357,926
Pension Adjustment	287,639	-	287,639
Increase (Decrease) in Pension and OPEB Liabilities	(635,516)	-	(635,516)
Net Effect of Deferred Inflows and Outflows	181,487	-	181,487
Prior Period Adjustment	78,417	-	78,417
Net Cash (Used) by Capital and Related Financing Activities	(278,547)	(3,975)	(282,522)
<b>Cash Flow From Investing Activities</b>			
Interest Income	274	22	296
Net Cash Provided by Investing Activities	274	22	296
Net Increase (Decrease) in Cash and Cash Equivalents	402,049	(41,455)	360,594
<b>Beginning Cash, Cash Equivalents and Restricted Cash</b>	2,014,010	81,064	2,095,074
<b>Ending Cash, Cash Equivalents and Restricted Cash</b>	\$ 2,416,059	\$ 39,609	\$ 2,455,668
Reconciliation of Cash Balances:			
Cash and Cash Equivalents - Unrestricted	\$ 2,398,691	\$ 39,609	\$ 2,438,300
Restricted Cash	17,368	-	17,368
Total Ending Cash	\$ 2,416,059	\$ 39,609	\$ 2,455,668

See accompanying notes to the financial statements.



**MILLVILLE HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2022**

	September 30, 2022		
	Primary Government	Component Unit (Sept 2022)	Total (Memorandum)
Provided (Used) by Operating Activities	\$ 1,260	\$ (51,985)	\$ (50,725)
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:			
Depreciation Expense	751,965	42,962	794,927
(Increase) Decrease in:			
Accounts Receivables	(156,872)	(10,679)	(167,551)
Prepaid Expenses	(30,779)	(2,873)	(33,652)
Increase (Decrease) in:			
Accounts Payable	98,591	(2,332)	96,259
Accrued Liabilities	(11,278)	(10,814)	(22,092)
Unearned Revenues	27,450	(1,781)	25,669
Tenant Security Deposits	(15)	-	(15)
Net Cash Provided (Used) by Operating Activities	<u>\$ 680,322</u>	<u>\$ (37,502)</u>	<u>\$ 642,820</u>
Interest Expense Paid During the Year	<u>33,722</u>	<u>185</u>	<u>33,907</u>

See accompanying notes to the financial statements.

# MILLVILLE HOUSING AUTHORITY

## Notes to Financial Statements

September 30, 2022

### **NOTE 1 - SUMMARY OF ORGANIZATION, ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**1. Organization** - The Authority is a governmental, public corporation which was organized under the laws public corporation created under federal and state housing laws as defined by State statute (N.J., S.A. 40A:12A-1 et al the Housing Authority Act) for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the City of Millville in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD).

The Authority is governed by a Board of Commissioners which is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An Executive Director is appointed by the Housing Authority's Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance, and management of public housing for low and moderate income families residing in City of Millville. Operating and modernization subsidies are provided to the Authority by the federal government.

The financial statements include all the accounts of the Authority. The Authority is the lowest level of government over which the Authority's Board of Commissioners and Executive Director exercise oversight responsibility. The Authority is not included in any governmental "reporting entity" since its board members; while they are appointed primarily by the Mayor of Millville and City Council, the Board of Commissioners have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary responsibility for accounting and fiscal matters. The Authority has also concluded that it is excluded from the City of Millville reporting entity.

The Authority's financial statements include the accounts of all the Authority's operations. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

# MILLVILLE HOUSING AUTHORITY

## Notes to Financial Statements

September 30, 2022

### **Organization – continued**

Based on the following criteria, the Authority has identified one (1) entity which should be subject to evaluation for inclusion in the Authority's reporting entity. The Authority manages the financial affairs of Holly City Family Center.

### **2. Significant Accounting Policies**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. The Authority has determined that the applicable measurement focus (flow of economic resources) and accounting basis (accrual) is similar to that of a commercial enterprise. As such, the use of proprietary funds best reflects the activities of the Authority.

The Authority has adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The Statement establishes accounting and financial reporting standards for non-exchange transactions including financial or capital resources. The Authority's primary source of non-exchange revenue relates to grants and subsidies. 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.

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. It is a cost sharing, multiple employers defined benefit pension plan. PERS was established in January 1955 under the provision of NJ SA 43:15A to provide coverage, including post-retirement health care, for substantially all full-time employees of the state, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system.

The Authority adopted in October 2021, GASB Statement No. 87, *Accounting for Leases*. This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease receivables and liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **Basis of Accounting –**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This requires the Housing Authority to account for operations in a manner like private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

#### Revenue Recognition

The major sources of income for the Authority are HUD operating subsidies, rental payments from tenants, and other sources such as miscellaneous fees, laundry income, small grant income, office rental space, cell phone towers rental income, management fees, tenant late charges, and HAP portability payments. The Authority recognizes short-term rental income from tenants who have signed a lease agreement for less than one year, in accordance with HUD guidelines. The Authority considers both rental income and subsidies to be exempt from compliance with ASC 606 as they are covered under current and future lease standards. However, tenant reimbursements for costs like utilities, which are based on consumption, are subject to ASC 606 and recognized as revenue when incurred. Additionally, the Authority also generates revenue from miscellaneous fees, portability payments, small grant income, office rental space, cell phone towers rental income, management fees, tenant late charges all of which are considered integral to the primary operations and are recognized as revenue at the time they are received.

The Authority provides housing assistance payments to participating owners on behalf of eligible tenants. The Authority also provides provide decent, safe, and sanitary housing for extremely low and very low-income families. The revenue is recorded as earned since it is measurable and available.

Non-operating revenue and expenses consist of revenues and expenses that are related to financing and investing activities and result from non-exchange transactions or ancillary activities. Tenants dwelling rental charges are determined and billed monthly and are recognized as revenue when assessed because they are measurable and are collectible within the current period. The amounts not received by September 30, are accounts receivable and any amounts received for subsequent period are recorded as deferred revenue.

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **Basis of Accounting – Continued**

Holly City Family Center -component unit, consist of membership fees and dues generated from the fitness center.

HUD's rent subsidy program provides housing to low-income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts:

- (a) 30% of the family's adjusted monthly income,
- (b) 10% of the family's monthly income, or
- (c) Millville Housing Authority's flat rent amount.

#### Component Unit – Discretely Presented

Holly City Family Center is organized as a not-for-profit corporation. In accordance with GASB Statement No. 61, due to the Authority manages the financial affair of this nonprofit corporation; this entity is being reported as a discretely presented component unit. Therefore, the activity of this nonprofit corporation is presented as component unit on the Authority's electronically filed financial data schedule. The method of accounting for the component unit is in accordance with accounting principles generally accepted in the United States of America. The accounting year end for the Holly City Family Center is September 30.

#### **Report Presentation –**

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In accordance with GASB Statement No. 34 (as amended), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("Statement"). The Statement 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 a Statement of Cash Flows. The Statement also requires the Authority to include Management's Discussion and Analysis as part of Required Supplementary Information.

The federally funded programs administered by the Authority are detailed in the Financial Data Schedule and the Schedule of Expenditures of Federal Awards; both are which are included as Supplemental information.

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **Financial Reporting Entity**

The financial reporting entity includes organizations, functions, and activities over which appointed officials exercise oversight responsibility. Oversight responsibility is determined based on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

All governmental activities and functions performed for the Authority are its direct responsibility. The financial reporting entity consists of:

- (a) the primary government which is the Authority,
- (b) organizations for which the primary government is financially accountable, and
- (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 61.

The decision to include a potential unit in the Authority's reporting entity is based on several criteria set forth in GASB Statement No. 61, including legal standing, fiscal dependency, and financial accountability. The Authority has identified one (1) entity which should be subject to evaluation for inclusion in the Authority's reporting entity.

The Authority manages the financial affairs of Holly City Family Center.

#### **Other accounting policies are as follows:**

1 – Cash and cash equivalents are stated at cost, which approximates market. The Authority considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts.

3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight line basis.

4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.

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

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

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **Other accounting policies - Continued**

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

8 – The Authority does not have any infrastructure assets for its Enterprise Fund.

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

10- Advertising cost is charged to expense when incurred.

11- Costs related to environmental remediation are charged to expense. Other environmental costs are also charged to expense unless they increase the value of the property and/or provide future economic benefits, in which event they are capitalized. Liabilities are recognized when the expenditures are considered probable and can be reasonably estimated. Measurement of liabilities is based on currently enacted laws and regulations, existing technology, and undiscounted site-specific costs. Generally, such recognition coincides with the Authority's commitment to a formal plan of action.

12- When expenses are incurred where both restricted and unrestricted net positions are available the Authority will first use the restricted funds until they are exhausted and then the unrestricted net position will be used.

#### **13 - Taxes**

The Authority operates as defined by the Internal Revenue Code Section 115 and is exempt from income taxes under Section 115.

Under federal, state, and local law, the Authority's program is exempt from income, property and excise taxes. However, the Authority is required to make payments in lieu of taxes (PILOT) for the low-income housing program in accordance with the provision of a Cooperation Agreement. Under the Cooperation Agreement, the Authority pay the municipality a 10% of its net shelter rent.

#### **14 - Net Position**

In accordance with the provisions of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board *"Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments"*, the Authority has classified its net position into three components - net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **Other accounting policies - Continued**

##### **14 - Net Position -continued**

*Net Investment in Capital Assets* - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather that portion of the debt is included in the same net position component as the unspent proceeds.

*Restricted* - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), granters, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

15- Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Authority, but which will only be resolved when one or more future events occur or fail to occur. The Authority's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Authority or unasserted claims that may result in such proceedings, the Authority's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Authority's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.



## **MILLVILLE HOUSING AUTHORITY**

### Notes to Financial Statements

September 30, 2022

#### **Other accounting policies - Continued**

##### **16 - Operating and non-operating revenues and expenses**

The major sources of income for the Authority are HUD operating subsidies, rental payments from tenants, and other sources such as miscellaneous fees, laundry income, small grant income, office rental space, cell phone towers rental income, management fees, tenant late charges, and HAP portability payments. The major sources of revenue for Holly City Family Center consist of membership fees and dues generated from the fitness center.

Operating expenses include wages, utilities, maintenance, depreciation of capital assets, administrative expenses and all other expenses relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities.

##### **Non-Operating Revenue and Expenses**

Authority's nonoperating revenues relate primarily to capital grants provided by HUD and interest income. For reporting purposes, capital grant revenue is recognized when expenditures are incurred, and advance receipts are initially recorded as unearned revenue. Nonoperating expenses are expenditures derived from transactions other than those associated with the Authority's primary housing operations and are reported as incurred.

##### **17-Impairment Losses**

The Authority reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. No impairment losses were recognized in 2022.

##### **18- Recent Accounting Pronouncements**

The Authority has implemented all new accounting pronouncements that are in effect and that may impact its financial statements. The Authority does not believe that there are any new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **Budgetary and Policy Control –**

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

**Activities** - The programs activities administered by the Authority were:

Program	CFDA #	Project #	Units Authorized
<u>Public Housing</u>			
Public and Indian Housing	14.850	NJ-61	497
Capital Fund	14.872		
<u>Section 8 Housing</u>			
Housing Choice Vouchers	14.871	NJ-39V0-61	170
HCV CARES Act	14.HCC		

#### **Public and Indian Housing Program:**

Under the Public and Indian Housing Program, the Authority rents units that it owns to low-income households. This program is operated under an Annual Contributions Contract (ACC) with HUD. HUD's rent subsidy program provides housing assistance to low income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts: (a) 30% of the family's adjusted monthly income, (b) 10% of the family's monthly income, or (c) the Millville Housing Authority flat rent amount.

#### **Public Housing Capital Fund Program:**

The Public Housing Capital Fund was established under the Quality Housing & Work Responsibility Act of 1998 (QHWRA). Substantially all additions to land, structures and equipment are accomplished through these programs (included in the financial statements under PHA Owned Housing). These funds replace or materially upgrade deteriorated portions of existing Authority property. This fund is used for repairs, major replacements, upgrading and other non-routine maintenance work that needs to be done on the Authority's apartments to keep them clean, safe and in good condition.

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **Activities - Continued**

##### Section 8 Housing Choice Voucher Program

Under the Section 8 Housing Choice Voucher Program, the Authority administers contracts with independent landlords to provide housing to Section 8 tenants. The Authority subsidizes the tenant's rent through Housing Assistance Payment made to the landlord. This program is also administered under an Annual Contributions Contract (ACC) with HUD. HUD provides annual contributions funding to enable the Authority to structure a contract that sets the participants' rent at approximately 30% of household income subject to certain restrictions.

##### Housing Choice Voucher CARES Act Program

The CARES Act requires that recipients use of CARES grants be tied to preventing, preparing for, and responding to COVID-19, including maintaining normal operations and funding eligible affordable housing activities under NAHASDA during the period the program is impacted by COVID-19. These funds may also be used to maintain normal operations and fund eligible activities during the period that a recipient's program is impacted by COVID-19. HUD expects and encourages recipients to expend funds expeditiously given the ongoing COVID-19 National Emergency.

#### **Component Unit**

Holly City Family Center is organized as a not-for-profit corporation. In accordance with GASB Statement No. 61, since the Authority manages the financial affairs of this nonprofit corporation; this entity is being reported as a discretely presented component unit. Therefore, the activity of this nonprofit corporation is presented as a component unit on the Authority's electronically filed financial data schedule. The method of accounting for the component unit is in accordance with accounting principles generally accepted in the United States of America. The accounting year end for the Holly City Family Center is September 30.

## **MILLVILLE HOUSING AUTHORITY**

### Notes to Financial Statements

September 30, 2022

**Board of Commissioners** - The criteria used in determining the scope of the entity for financial reporting purposes are as follows:

1. The ability of the Board to exercise supervision of a component unit's financial independence.
2. The Board's governing authority extends to financial decision making authority and is held primarily accountable for decisions.
3. The Board appoints management of the Authority who is responsible for the day-to-day operations and management is directly accountable to the Board.
4. The ability of the Board to significantly influence operations through budgetary approvals, signing and authorizing contracts, exercising control over facilities, and approving the hiring or retention of key managerial personnel.
5. The ability of the Board to have absolute authority over all funds of the Authority and have accountability in fiscal matters.

#### **Revenue from Rental Contracts**

The Authority recognizes rental revenue from tenant(s) who entered into a lease agreement (contract) for a unit in the development. The lease agreement allows the tenant use of the unit until the expiration of the lease term or cancellation by the tenant or landlord due to cause. Lease terms are for one year, unless mutually agreed to by the landlord and the tenant(s) prior to move in. Tenant(s) have to be income qualified in accordance with income limitations before allowed to occupy unit.

All lease agreements have similar terms, therefore all lease contract revenue has been aggregated in the caption rental income in the statement of revenue, expenses and changes in net position. The lease contract revenue is recognized at the end of each month when the performance obligation of providing a unit is complete. The performance obligation each month also includes applicable maintenance services provided to maintain the tenant's unit and the buildings. Since the performance of these services are completed simultaneously each month, they are treated as performance obligation.

Tenant's lease payments are due the first day of each month of the lease term. The monthly unit rental charge is determined based on HUD calculation. Any tenant's rental payment not received by the fifth day of each month will be considered late. Any rental payment received in advance of the first day of the month are recognized as deferred revenue since the conditions for recognizing revenue will not occur until the end of the following month.

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **NOTE 2 – ESTIMATES**

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectibility of accounts receivable, the use, and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates, particularly given that the COVID-19 pandemic continues to create financial uncertainty throughout the economy. The most significant estimates included in the preparation of the financial statements are allowance for doubtful accounts and estimated fixed asset lives.

#### **NOTE 3 - PENSION PLAN**

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. It is a cost sharing, multiple-employer defined benefit pension plan. PERS was established in January 1955 under the provision of NJ SA 43:15A to provide coverage, including post-retirement health care, for substantially all full time employees of the state, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system.

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employer's contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 7.50% of base wages.

The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, and the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2022 amounted to \$137,704.

#### Post Employment Retirement Benefits

The Authority provides post employment health care benefits and life insurance for its eligible retirees. Eligibility requires that employees be 55 years or older with various years of service.

Further information on the Pension Plan and its effects of GASB #68 can be found in Note 18– Accrued Pension Liability.

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **NOTE 4 – CASH, CASH EQUIVALENTS**

The Authority's cash, and cash equivalents are stated at cost, which approximates market. Cash, and cash equivalents includes cash in banks, petty cash money market checking account and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. For the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase.

#### **Concentration of Credit Risk**

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/FSLIC 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. These funds at various banks are collateral pledge under the New Jersey Government Code of the Banking Law.

#### **Risk Disclosures**

##### Collateral for Deposits

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.

##### Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. On September 30, 2022, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED**

##### Credit Risk

This is risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities. The Authority's checking accounts and investments are categorized to give indication of the level of credit risk assumed by the Authority. Custodial credit risk is the risk in the event of a bank failure, the Authority's deposits may not be returned to it. The custodial credit risk categories are described below.

	Bank Balances	
	Primary Government	Component Unit
<u>Depository Accounts</u>		
Insured	\$ 628,121	\$ 39,609
Collateralized held by pledging bank's trust department in the Authority's name	1,787,938	-
Total Cash, Cash Equivalents	<u>\$ 2,416,059</u>	<u>\$ 39,609</u>

The Holly City Family Center maintains its cash in financial institutions insured by Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. Holly City Family has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalent.

##### **Restricted Deposits**

The Authority has total restricted deposits on September 30, 2022, in the amount of \$11,093. The tenant security deposit restricted deposits on September 30, 2022, was in the amount of \$11,093. This amount is held as security deposits for the tenants of the Public and Indian Housing Program in an interest-bearing accounts.

The amount of \$2,027 for 2022 is held in trust at the Bank of New York with investments consisting of Morgan Stanley Prime Installment Investments. These funds at Bank of New York are controlled by the New Jersey Housing Mortgage Finance Agency (NJHMFA) for the capital leveraging project.

The restricted cash in the amount of \$4,248 was reported under the Housing Choice Voucher Program as a HAP reserve for future use. In accordance with HUD's PIH Notice 2007-03, the reserve fund balance may only be used to assist additional families up to the number of units under contract.

# MILLVILLE HOUSING AUTHORITY

## Notes to Financial Statements

September 30, 2022

### **NOTE 4 – CASH, CASH EQUIVALENTS – CONTINUED**

The Authority's investments on September 30, 2022, included the following:

Investment	Maturity	Interest Rate	Fair Value
Money Market Account	Upon Demand	Various	\$ 255,944
Money Market Account	Upon Demand	Various	124,618
Total Investments			<u>\$ 380,562</u>

### **NOTE 5 - ACCOUNTS RECEIVABLE**

Accounts Receivable on September 30, 2022, consist of the following:

	Primary Government	Component Unit
Tenants Accounts Receivable - Present	\$ 54,133	\$ -
Less: Allowance for Doubtful Accounts - Tenants	(43,926)	-
Net Tenants Accounts Receivable	<u>10,207</u>	<u>-</u>
Accounts Receivable - HUD	69,873	-
Accounts Receivable - Lease Receivable Current	62,381	-
Accounts Receivable - Due From Other Entities	191,852	-
Accounts Receivable - Dues and Fees	-	16,971
Less: Allowance for Doubtful Accounts - Other	-	-
Net Other Receivables	<u>324,106</u>	<u>16,971</u>
Net Accounts Receivables Total	<u>\$ 334,313</u>	<u>\$ 16,971</u>

Tenant rents are due on the first day of each month. If a rent payment is not received by the 5th day of the month, it is considered past due and late fees are applied. The Authority records its accounts receivable at cost minus an allowance for doubtful accounts, which is established as needed based on factors such as historical collection experience, the current state of accounts receivable, economic conditions, and other considerations. This process involves assessing the creditworthiness of individual tenants and the portfolio as a whole. The determination of the collectability of amounts due requires the Authority to make judgments about future events and trends. The increase in the allowance for doubtful accounts is mainly due to the economic impact of COVID-19, as reflected in bad debt expenses. Management continually monitors tenant payment patterns, investigates past-due accounts, and stays informed of industry and economic trends to estimate the necessary allowances.



## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **NOTE 6 – INTERFUND ACTIVITY**

Interfund activity is reported as short term loans, services provided during the course of operations, reimbursements, or transfers. Short term loans are reported as interfund short term receivables and payable as appropriate. The amounts between the various programs administered by the Authority at September 30, 2022 are detailed on the Financial Data Schedule of this report. Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

#### **NOTE 7 – PREPAID EXPENSES**

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. All purchases of insurance premiums are written off on a monthly basis. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed. Prepaid expenses on September 30, 2022, consisted of the following:

	Primary Government	Component Unit
Prepaid Insurance	\$ 66,258	\$ 5,476
Prepaid Maintenance Contracts	32,393	-
Total Prepaid Expenses	<u>\$ 98,651</u>	<u>\$ 5,476</u>

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **NOTE 8 - FIXED ASSETS**

Fixed assets consist primarily of expenditures to acquire, construct, place in operations, and improve the facilities of the Authority and are stated at cost.

Expenditures for repairs, maintenance and minor renewals are charged against income in the year they are incurred. Major renewals and betterment are capitalized.

Expenditures are capitalized when they meet the Capitalization Policy requirements. Under the policy, assets purchased or constructed at a cost not exceeding \$5,000 are expensed when incurred. Donated fixed assets are stated at their fair value on the date donated.

#### Depreciation Expense

Depreciation expense for the primary government on September 30, 2022, was \$751,967. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

1. Building and Structure	40 years
2. Office Improvements	7 years
3. Site Improvements	15 years
4. Building Components	15 years
5. Office Equipment	5 years

#### Component Unit

Property and equipment valued at \$1,000 or more is capitalized at cost if purchased and at fair market value if donated. Improvements are also capitalized at cost. Routine repairs and maintenance are expensed as incurred.

#### Depreciation -Component Unit

Depreciation expense for 2022 was \$42,962. Depreciation of capital assets is provided using the straight-line basis over the useful lives of the respective assets. Buildings are depreciated over 15-40 years and furniture, equipment, and machinery are being depreciated over 3-7 years.

The Millville Housing Authority reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery's reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended September 30, 2022.

# MILLVILLE HOUSING AUTHORITY

## Notes to Financial Statements September 30, 2022

Below is a schedule of changes in fixed assets for the twelve months ending September 30, 2022

<b>Primary Government</b>	September-21	Additions	Transfer	September-22
Land	\$ 517,188	\$ -	-	\$ 517,188
Building	30,840,042	-	(1)	30,840,041
Furniture, Equipment - Dwelling	3,309,704	-	(577,240)	2,732,464
Furniture, Equipment - Administration	2,664,954	88,576	693,112	3,446,642
Leasehold Improvements	2,426,601	-	(115,871)	2,310,730
Construction in Process	1,534,575	265,758	-	1,800,333
Total Fixed Assets	41,293,064	354,334	-	41,647,398
Accumulated Depreciation	(31,953,830)	(751,967)	-	(32,705,797)
Net Book Value	\$ 9,339,234	\$ (397,633)	-	\$ 8,941,601

  

<b>Component Unit</b>	September-21	Additions	Transfer	September-22
Building	\$ 438,476	\$ -	-	\$ 438,476
Furniture, Equipment	117,467	-	-	117,467
Leasehold Improvements	13,333	-	-	13,333
Total Fixed Assets	569,276	-	-	569,276
Accumulated Depreciation	(200,862)	(42,962)	-	(243,824)
Net Book Value	\$ 368,414	\$ (42,962)	-	\$ 325,452

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **NOTE 8 - FIXED ASSETS - CONTINUED**

Below is a schedule of the net book value of the fixed assets for the Millville Housing Authority as of September 30, 2022:

	Primary Government	Component Unit
Net Book Value of Fixed Assets		
Land	\$ 517,188	\$ -
Building	4,234,931	267,393
Furniture, Equipment - Dwelling	303,911	-
Furniture, Equipment - Administration	1,996,152	55,523
Leasehold Improvements	89,086	2,536
Construction in Process	1,800,333	-
Net Book Value	<u>\$ 8,941,601</u>	<u>\$ 325,452</u>

#### **NOTE 9 - LEASE RECEIVABLE**

The Authority entered 2 leases (2) leases to rent roof top space for cell phone tower for 240 and 60 months and one (1) back office for 60 months. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at various discount rates. The Authority recognized \$98,937 of lease revenue.

Future minimum lease receivable under operating leases as of September 30, 2022, are as follows

September-23	\$ 62,381
September-24	29,504
September-25	31,297
September-26	26,854
September-27	25,330
Subtotal	175,366
Therafter	260,220
Total Lease Receivable	<u>\$ 435,586</u>

Deferred inflow, \$357,926 of lease receivable payments refers to the recognition of lease payments that have not been received and not earned. The amount is recorded as deferred revenue and is recognized as revenue over the life of the lease. The deferred revenue is amortized over a straight-line method with an equal portion of revenue being recognized in each year.

# MILLVILLE HOUSING AUTHORITY

## Notes to Financial Statements

September 30, 2022

### NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A deferred outflow is an outflow of resources, which is a consumption of net assets by the government that is applicable to the reporting period. A deferred inflow is an inflow of resources, which is an acquisition of net assets by the government that is applicable to the reporting period.

The OPEB and Pension Liability discussed in Note 17 and 18 resulted in the Authority incurring deferred outflows and inflows. The difference between expected and actual experience with regard to economic and demographic factors, when the actuary calculated the net pension liability, is amortized over a five-year closed period for PERS and OPEB, reflecting the average remaining service life of members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources.

The Authority's deferred outflows and inflows are as follows:

<b>Deferred Outflows of Resources</b>	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ -	\$ 21,969	\$ 21,969
Changes in Assumptions	-	7,254	7,254
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	-	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	48,581	48,581
<b>Total</b>	<b>\$ -</b>	<b>\$ 77,804</b>	<b>\$ 77,804</b>
<b>Deferred Inflows of Resources</b>	OPEB	Pension	Total
Differences Between Expected and Actual Experiences	\$ -	\$ 9,972	\$ 9,972
Changes in Assumptions	64,017	495,900	559,917
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	366,941	366,941
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	-	382,666	382,666
<b>Total</b>	<b>\$ 64,017</b>	<b>\$ 1,255,479</b>	<b>\$ 1,319,496</b>

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES -CONTINUED**

##### Difference in Expected and Actual Experience

The difference between expected and actual experience with regard to economic and demographic factors is amortized over a five-year closed period reflecting the average remaining service life of the plan members (active and inactive), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$21,969 and \$9,972.

##### Changes in Assumptions

The change in assumptions about future economic or demographic factors or other inputs is amortized over a five-year closed period, reflecting the average remaining service life of the plan members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$7,254 and \$559,917.

##### Net Difference between Projected and Actual Investment Earning on Pension Plan Investments

The difference between the System's expected rate of return of and the actual investment earnings on pension plan investments is amortized over a five-year closed period in accordance with GASB #68 and #75. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$-0- and \$366,941.

##### Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions

The change in employer proportionate share is the amount of difference between the employer proportionate shares of net pension liability in the prior year compared to the current year. The difference between employer contributions and proportionate share of contributions is the difference between the total amount of employer contributions and the amount of the proportionate share of employer contributions. The change in proportionate share and the difference between employer contributions and proportionate share of contributions is amortized over a six-year closed period for PERS and OPEB, reflecting the average remaining service life of PERS and OPEB members (active and inactive members), respectively. The changes in proportion and differences between employer contributions and proportionate share of contributions for the fiscal year are \$48,581 and \$382,666.

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **NOTE 11 – ACCOUNTS PAYABLE**

Accounts payable is a liability account that represents the amount owed by the Authority to its creditors for goods or services received but not yet paid for. When the Authority receives goods or services on credit, it incurs a liability to pay the vendor or supplier in the future. This liability is recorded as an accounts payable on the Authority's financial statements, specifically on the Statement of Net Position under the category of current liabilities. Accounts payable is an important aspect of a company's financial management, as it represents its short-term obligations to its vendors and suppliers. Accounts payable on September 30, 2022, consist of the following:

	Primary Government	Component Unit
Accounts Payable Vendors	\$ 304,419	\$ 7,403
Accounts Payable - Other Government	192,560	-
Total Accounts Payable	<u>\$ 496,979</u>	<u>\$ 7,403</u>

#### **NOTE 12 – ACCOUNTS PAYABLE – OTHER GOVERNMENT (PILOT PAYABLE)**

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the City of Millville. Under the Cooperation Agreements, the Authority must pay the municipality 10% of its net shelter rent for real property taxes. During the fiscal year ended September 30, 2022, PILOT expense of \$95,460 was accrued.

#### **NOTE 13 – ACCRUED EXPENSES**

Accrued expenses are Authority expenses that have been incurred but not yet paid. These expenses are recognized in the financial statements before payment has actually been made, and typically refer to items such as salaries, interest, and taxes. Accrued expenses on September 30, 2022, consisted of the following:

	Primary Government	Component Unit
Compensated Absences - Current Portion	\$ 8,466	\$ 5,113
Accrued Expenses - Wages and Payroll Taxes	17,639	6,802
Accrued Interest Payable	11,849	-
Accrued Operating Expenses	-	148,395
Total Accrued Liabilities	<u>\$ 37,954</u>	<u>\$ 160,310</u>

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **NOTE 14 – ACCRUED COMPENSATED ABSENCES**

Compensated absences are those for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the Authority will be accounted for in the period in which such services were rendered.

Unused sick leave may be carried to future periods and used in the event of extended illness. In the event of retirement from service, an employee will receive 50% of his-her accumulated sick leave provided however that such payment will not exceed \$15,000 under the Authority's current personnel policy. Generally, only six (6) unused vacation days may be carried over for a one-year period. In the event of separation from the Authority, the employee is eligible for compensation of for any unused vacations time earned though the last day of employment.

The Authority has determined that the potential liability for accumulated vacation and sick time on September 30, 2022, as follows:

	Primary Government	Component Unit
Accumulated Sick Time	\$ 64,202	\$ 17,378
Accumulated Vacation Time	20,444	1,011
Total	84,646	18,389
Compensated Absences - Current Portion	(8,466)	(5,113)
Total Compensated Absences - Noncurrent	\$ 76,180	\$ 13,276



## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **NOTE 15 – UNEARNED REVENUE**

Unearned revenues arise when resources are received by the Authority before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. Subject to ASC 606, rental payments with acceptance provisions and future delivery commitments, wherein the Authority has not completed its obligations under the lease, are also offset against the associated accounts receivable since the requirements for revenue recognition have not been met. In subsequent periods, when the Authority has a legal claim to the resources, the liability for unearned revenue is removed from the Statement of Net Position and the revenue is recognized. The Authority primary government unearned revenue for September 30, 2022, consisted of the following:

	Primary Government	Component Unit
October Prepaid Tenant Rents	\$ 14,091	\$ -
Prepaid Membership Fees	-	4,643
Insurance Proceeds	40,940	-
Total Unearned Revenue	<u>\$ 55,031</u>	<u>\$ 4,643</u>

#### **NOTE 16 – LONG TERM DEBT**

The Authority had the following notes payable as of September 30, 2022:

	Short Term	Long Term	Total
CFFP Leveraging	\$ 160,000	\$ 445,001	\$ 605,001

Below is the change in long-term debt as of September 30, 2022:

	September-21	Payments	September-22
CFFP Leveraging	\$ 755,001	\$ (150,000)	\$ 605,001
Old National Bank - Energy	79,225	(79,225)	-
Locker Room Upgrade #1	5,583	(5,583)	-
Total	<u>\$ 839,809</u>	<u>\$ (234,808)</u>	<u>\$ 605,001</u>

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **NOTE 16 – LONG TERM DEBT -CONTINUED**

##### CFFP Leveraging Note

The Authority participated on December 23, 2004 with other New Jersey Housing Authorities in the issuance of \$79,860,000 in Series 2004 HMFA Bonds. The Authority portion of the Series 2004 HMFA Bonds is \$2,875,000. The purpose of the Bonds is restricted. The proceeds from the Bonds must be used in the renovations and capital improvements to the Authority assets in the Low Income Housing Program. The Bonds are fully registered in denominations of \$5,000. The term of the Bonds is twenty (20) years expiring on November 1, 2026.

The faith and credit of the Millville Housing Authority was not pledged for payment of principal and interest on the Bonds. Additionally, the Bonds are not an obligation of the State of New Jersey, The United States, or the Housing and Urban Development (HUD). The Bonds are not secured directly or indirectly by any collateral in the Authority Low Income Housing Program.

Interest on the Bonds is payable on May 1 and November 1 commencing on May 1, 2005. The interest is calculated on a basis of three hundred sixty (360) day year of twelve (12) thirty (30) day month.

The Bonds are payable by the Authority Capital Fund Program (CFP), which is subject to the availability of appropriations, and paid to the Authority by HUD.

Under the Bond Agreement, the Authority is required to maintain a Debt Service Reserve Fund located at the Bank of New York, an amount equal to the debt service reserve fund requirement. If at any time, the amount on deposit in the debt service reserve fund is insufficient to pay the principal and interest when due, the Trustee is authorized to withdraw the amount due from the reserve fund.

The interest payable for November 1, 2022, is \$14,452. These amounts were not accrued since the payment would be made from the Authority Capital Fund Program (CFP) and would be considered grant revenue in the year ended September 30, 2023.

The debt requirements as to principal reduction of the mortgages for long term debt until exhausted are as follows:

September 30, 2023	\$	160,000
September 30, 2024		170,000
September 30, 2025		180,000
September 30, 2026		95,001
Total Capital Project Bonds	\$	<u>605,001</u>

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **NOTE 16 – LONG TERM DEBT -CONTINUED**

##### Old National Bank – Energy Note

November 2006 the Authority entered into a lease purchase agreement with Old National Bank for \$863,937. The purpose of the loan is to finance the cost of energy improvements. The lease commenced November 1, 2006 with a fixed annual interest rate of 4.990% and ended on November 1, 2021.

#### **Component Unit**

##### Capital Lease – Equipment Loan

The Center borrowed \$21,658 from Micro Lease Corporation to purchase fitness equipment for the Holly City Family Center. Fully amortized principal and interest payments are due monthly beginning September 1, 2019 with a monthly lease payment of \$528 for forty-eight (48) months ending August 2022.

#### **NOTE 17 – ACCRUED PENSION AND OPEB LIABILITIES**

The Authority as of September 30, 2022, reported accrued pension and OPEB liability amounts as follows:

	<u>September-22</u>
Accrued OPEB Liability	\$ 186,405
Accrued Pension Liability	<u>1,392,953</u>
Total OPEB and Pension Liability	<u>\$ 1,579,358</u>

These amounts arose due to adoption of GASB #75 in 2018 year as well as GASB #68 which was adopted in 2015 year. This note will discuss the liability associated with GASB #75, which is accrued other postemployment benefits. Note - 18 will discuss the effect of GASB #68 and the liability which arose from that.

#### **OPEB Liability – Plan Description and Benefits Provided**

Plan Description: The Authority administers a single-employer defined-benefit post-employment healthcare plan. Spouses are eligible for coverage under the plan and benefits may continue to the surviving spouses.

##### OPEB Liability

The Authority as of September 30, 2022, reported a net OPEB liability in the amount of \$186,405 due to GASB #75. The component of the current year net OPEB liability of the Authority as of September 30, 2022, the last evaluation date, is as follows:

Employer OPEB Liability	\$ 186,405
Plan Net Position	<u>-</u>
Employer Net OPEB Liability	<u>\$ 186,405</u>

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **NOTE 17 – ACCRUED OPEB LIABILITIES – CONTINUED**

##### OPEB Liability - Continued

The Authority's net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. This liability reflects the roll forward calculation for the fiscal year October 1, 2021 to September 30, 2022.

Benefits Provided: Retirees, that are vested, are eligible for post-employment medical benefits, including prescription drug benefits, as part of the medical plan on a fully insured basis through New Jersey State Health Benefits Program. Employee will pay Medicare Part B premium and reimbursed by Authority. Dental coverage and vision coverage are also provided to retirees. All coverages are 100% subsidized by the Authority.

Employees covered by benefits terms: On September 30, 2022 (the census date), the following employees were covered by the benefits terms:

Active Employees	18
Total Employees	<u>18</u>

Assets: The Authority has not accumulated plan assets in an irrevocable trust designated for plan participants.

##### **Net OPEB Liability**

The Authority's net OPEB liability was measured as of September 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **NOTE 17 – ACCRUED OPEB LIABILITIES – CONTINUED**

Actuarial Assumptions: The total OPEB Liability in the September 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement, unless otherwise specified:

Discount Rate:	4.59%, net of OPEB plan investment expense, including inflation.
Assets	Not valued since benefit is unfunded
Information for Valuation	All information provided by Authority
Covered Benefits	Employees that retire are eligible for subsidized postemployment medical, including prescription drug coverage. Benefits are provided for dental, vision, and Medicare Part B premium reimbursements.
Insurance Coverage and Funding Basis	Medical, including prescription drugs, are fully insured through the NJ State Health Benefits Program for Local Government Employer Groups.
Actuarial Cost Method	Entry Age Normal as Percentage of Payroll
Retirement System	Valuation is based on NJ Public Employees' Retirement System (PERS). Decrement tables used in this valuation are from the July 1, 2018 Annual Report of the Actuary.
Mortality	MP 2019 Healthy Male and Femal Tables are base on the Combined Healthy Table for both pre & post reitirement projected with mortality improvements using Projection Scale AA for 2 years plus 7 years for generational improvement.

Change in Assumptions: Effective September 30, 2022.

# MILLVILLE HOUSING AUTHORITY

## Notes to Financial Statements

September 30, 2022

### NOTE 17 – ACCRUED OPEB LIABILITIES – CONTINUED

#### Changes in Net OPEB Liability:

<u>Total OPEB Liability</u>	<u>2022</u>
Service Cost	\$ 16,751
Interest on Total OPEB liability	9,348
Expected Investment Return	-
Administrative Expenses	-
Changes in Benefits Term	-
Inflows/Outflows of Resources	-
Changes in Assumptions or Other Inputs	-
Net Difference Between Projected and Actual Investments Earning on OPEB Plan Investments	(43,230)
Benefit Payments	(264)
Change in Plan	-
Net Change in Total OPEB Liability	(17,395)
Total OPEB Liability, Beginning	203,800
Total OPEB Liability, Ending	\$ 186,405

Sensitivity of the OPEB Liability to changes in the discount rate: The following presents the total OPEB liability of the Authority, as well as what the Authority's OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.59%) or one percentage point higher (5.59%) than the current discount rate:

	<u>Discount Rate Sensitivity</u>		
	1% Decrease 3.59%	Current Rate 4.59%	1% Increase 5.59%
Total OPEB Liability	\$ 205,431	\$ 186,405	\$ 168,638

Sensitivity of the OPEB Liability to changes in healthcare cost trend rates: The following presents the total OPEB liability of the Authority, as well as what the Authority's OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates than the current healthcare cost trend rates:

	<u>Healthcare Cost Inflation Rate Sensitivity</u>		
	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 170,787	\$ 186,405	\$ 205,062

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **NOTE 17 – ACCRUED OPEB LIABILITIES – CONTINUED**

##### **OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended September 30, 2022, the Authority recognized an OPEB expense of \$26,099 before contribution in the amount of \$-0-, which netted to \$26,099. As of September 30, 2022, the Authority reported a deferred outflows of resources and deferred inflows of resources in relation to OPEB.

#### **NOTE 18 – ACCRUED PENSION LIABILITY**

##### Net Pension Liability Information

The Authority as of September 30, 2022, reported a net pension liability in the amount of \$1,392,953 due to GASB #68. The component of the current year net pension liability of the Authority as of June 30, 2021, the last evaluation date, is as follows:

	PERS
Employer Total Pension Liability	\$ 4,745,621
Plan Net Position	(3,352,668)
Employer Net Pension Liability	<u>\$ 1,392,953</u>

The Authority allocation percentage is 0.01175835% as of June 30, 2021.

##### Plan Description

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. The State of New Jersey, Public Employees' Retirement System (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 Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.gov/treasury/pensions/financial-reports.shtml](http://www.state.nj.gov/treasury/pensions/financial-reports.shtml).

##### Net Pension Liability Information

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 Authority participates in the State of New Jersey, Public Employees' Retirement System (PERS).

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **NOTE 18 – ACCRUED PENSION LIABILITY - CONTINUED**

##### Net Pension Liability Information - Continued

The following represents the membership tiers for PERS:

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

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012, and will be adjusted by the rate of return on the actuarial value of assets.

##### Allocation Percentage Methodology

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of June 30, 2021, are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2021.



## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements September 30, 2022

#### **NOTE 18 – ACCRUED PENSION LIABILITY - CONTINUED**

##### Allocation Percentage Methodology

The contribution for PERS is set by NJSA 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which include 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 2021 the State's pension contribution was less than the actuarial determined amount.

##### Actuarial Assumptions

The total pension liability for June 30, 2021, measurement dates were determined by using an actuarial valuation as of July 1, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. The actuarial valuations used the following actuarial assumptions:

Inflation	2.75%
Salary Increases:	
Through 2026	2.00-6.00%, based on age
Thereafter	3.00-7.00%, based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% 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 assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **NOTE 18 – ACCRUED PENSION LIABILITY - CONTINUED**

##### Actuarial Assumptions – Continued

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021, as summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

##### Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **NOTE 18 – ACCRUED PENSION LIABILITY - CONTINUED**

##### Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the current-period net pension liability of the employers calculated using the current-period discount rate assumption of 7.0% percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.0% percent) or 1 percentage-point higher (8.0% percent) than the current assumption (in thousands). Sensitivity of the Authority's proportionate share of the Net Pension Liability due to change in the Discount Rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,917,141	\$ 1,392,953	\$ 975,556

##### Collective Deferred Outflows of Resources and Deferred Inflows of Resources

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

Year Ending June 30, 2022	\$ (28,676)
Year Ending June 30, 2023	(234,674)
Year Ending June 30, 2024	(160,008)
Year Ending June 30, 2025	(120,278)
Year Ending June 30, 2026	47
Total	<u>\$ (543,589)</u>

##### Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.13, 5.16, 5.21, 5.63, 5.48 and 5.57 years for the 2021, 2020, 2019, 2018, 2017, and 2016 amounts, respectively.

# MILLVILLE HOUSING AUTHORITY

## Notes to Financial Statements

September 30, 2022

### **NOTE 18 – ACCRUED PENSION LIABILITY – CONTINUED**

#### Pension Expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the plan fiscal year ending June 30, 2021, are as follows:

Service Cost	\$	81,465
Interest on the Total Pension Liability		267,223
Benefits Changes		-
Member Contributions		(66,279)
Administrative Expenses		1,159
Expected Investment Return Net of Investment Expenses		(174,653)
Pension Expense Related to Specific Liabilities of Individual Employers		(816)
Current Period Recognition (Amortization) of Deferred Outflows and Inflows of Resources:		
Difference Between Expected and Actual Experience		8,970
Changes of Assumptions		(243,005)
Differences Between Projected and Actual Investment Earnings on Pension Plan Investments		(115,888)
Total	\$	<u>(241,824)</u>

### **NOTE 19 – NET INVESTMENT IN CAPITAL ASSETS**

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

	Primary Government	Component Unit
Balance September 30, 2021	\$ 8,505,008	\$ 362,831
Depreciation Expenses	(751,966)	(42,962)
Purchase of Fixed Assets	354,334	-
Payment of Debt	229,224	5,583
Balance September 30, 2022	<u>\$ 8,336,600</u>	<u>\$ 325,452</u>

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **NOTE 20 – RESTRICTED NET POSITION**

The Authority restricted net position for the Authority primary government account balance on September 30, 2022, consist of the following:

	Primary Government
Section 8 HAP Reserve	\$ 4,248
CFFP Leveraging Funds	2,027
Total Restricted Net Position	<u>\$ 6,275</u>

The restricted cash in the amount of \$4,248 was reported under the Housing Choice Voucher Program as a HAP reserve for future use. In accordance with HUD's PIH Notice 2007-03, the reserve fund balance may only be used to assist additional families up to the number of units under contract.

The amount of \$2,027 for 2022 is held in trust at the Bank of New York with investments consisting of Morgan Stanley Prime Installment Investments. These funds at Bank of New York are controlled by the New Jersey Housing Mortgage Finance Agency (NJHMFA) for the capital leveraging project.

#### Housing Choice Voucher Program HUD Held Reserves Funds

Effective January 1, 2012, HUD was required to control the disbursement of funds in such a way that the Authority does not receive funds before they are needed, resulting in the re-establishment of HUD held program reserves to comply with the Treasury requirements. HUD held reserve is a holding account at the HUD level that maintains the excess of HAP funds that have been obligated (ABA) but undisbursed to the Authority. The excess HAP funds will remain obligated but not disbursed to the Authority. HUD will hold these funds until needed by the Authority. The amount of HUD held reserves for the Authority at September 30, 2022 was \$273,402.

# MILLVILLE HOUSING AUTHORITY

## Notes to Financial Statements

September 30, 2022

### **NOTE 21 – UNRESTRICTED NET POSITION**

The Authority's primary government unrestricted net position account balance at September 30, 2022 is a negative (\$640,195) and the component unit net position with a balance of a negative (\$123,576) changes in unrestricted net position is as follows:

<b>Primary Government</b>	<b>PIH Program Reserves</b>	<b>HCV Reserve</b>	<b>COCC Center</b>	<b>Total</b>
Balance September 30, 2021	\$ (510,094)	\$ (109,112)	\$ (1,006,597)	\$(1,625,803)
Increase During the Year	405,132	26,930	553,546	985,608
Decrease During the Year	-	-	-	-
Balance September 30, 2022	\$ (104,962)	\$ (82,182)	\$ (453,051)	\$(640,195)

	<b>Component Unit</b>
Balance September 30, 2021	\$ (108,992)
Decrease During the Year	(14,584)
Balance September 30, 2022	\$ (123,576)

### **NOTE 22 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES**

HUD contributes operating subsidy for the Public and Indian program approved in the operating budget under the Annual Contribution Contract. The operating subsidy contributions for the year ended September 30, 2022, were \$1,844,035.

Annual Contributions Contracts for the Section 8 Housing Choice Voucher Program to provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low-income families. The program provides for such payment with respect to existing housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by the participating family and related administrative expense. HUD contributions for the Housing Choice Voucher Program for September 30, 2022, was in the amount of \$1,750,866.

## **MILLVILLE HOUSING AUTHORITY**

### Notes to Financial Statements

September 30, 2022

#### **NOTE 23 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

The Authority operations are concentrated in the low-income housing real estate market. In addition, the Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules, and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Total financial support by HUD was \$4,399,205 to the Authority which represents approximately 67% percent of the Authority's total revenue for the fiscal year September 30, 2022.

#### **NOTE 24 - CONTINGENCIES AND COMMITMENTS**

Litigation – On September 30, 2022, the Authority was not involved in any threatened litigation.

##### Contingencies

The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years. There were no such examinations for the years ended September 30, 2022.

##### Other Insurance

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters; etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

##### Construction Commitments

On September 30, 2022, the Authority outstanding construction commitments pertaining to its capital fund were not material. The cost pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **NOTE 25 – RELATED PARTY TRANSACTION**

The Millville Housing Authority manages the Holly City Family Center. The property management agreements provide the details for the Authority to provide Holly City Family Center direct cost for administrative salaries, and operating cost expense related to the direct operations and administration of Holly City Family Center. As of September 30, 2022, Millville Housing Authority provided the following cost:

Administrative Salaries	\$	46,185
Maintenance Salaries		24,440
Payroll Taxes		7,115
IT Support		180
Total Charges	\$	<u>77,920</u>

#### **NOTE 26 – PRIOR PERIOD ADJUSTMENT**

For year ending September 30, 2022

As of September 30, 2022, the Authority had one (1) prior period adjustment in the amount of \$78,417. The prior period adjustment was for the implementation of GASB #87 Leases receivable and lease revenue in the amount of \$78,417 for the opening balance of September 30, 2021.



## MILLVILLE HOUSING AUTHORITY

### Notes to Financial Statements

September 30, 2022

#### **NOTE 27 – SUBSEQUENT EVENTS**

##### Coronavirus Pandemic:

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic.

The severity of the impact of COVID-19 on the Authority operations will depend on several factors, including, but limited to, the duration and severity of the pandemic and the extent and severity of the impact on the Authority's tenants, employees and vendors, all of which are uncertain and cannot be predicted. The Authority's future results could be adversely impacted by delays in rent collections. Management is unable to predict with absolute certainty the impact of COVID-19 on its financial conditions, results of operations or cash flows.

Events that occur after the statement of net assets date but before the financial statements were available to be issued, must be evaluated for recognition or disclosed. The effects of subsequent events provide evidence about conditions that existed after the statement of net assets date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority thru May 19, 2023, the date which the financial statements were available for issue 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.

# MILLVILLE HOUSING AUTHORITY

## Required Supplementary Information September 30, 2022

### SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS

GASB #75 requires supplementary information which includes changes in the Authority's total OPEB liability along with related ratios as listed below.

<u>Total OPEB Liability</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 16,751	\$ 17,254	\$ 16,831	\$ 6,984	\$ 6,984
Interest on Total OPEB liability	9,348	4,192	4,383	5,890	5,892
Expected Investment Return	-	-	-	-	-
Administrative Expenses	-	-	-	-	-
Changes in Benefits Term	-	-	(265)	-	-
Inflows/Outflows of Resources	-	(553)	-	-	-
Changes in Assumptions or Other Inputs	-	-	-	-	-
Net Difference Between Projected and					
Actual Investments Earning on OPEB	(43,230)	-	(31,825)	-	-
Plan Investments					
Benefit Payments	(264)	(303)	-	-	-
Change in Plan	-	-	-	-	-
Net Change in Total OPEB Liability	(17,395)	20,590	(10,876)	12,874	12,876
Total OPEB Liability, Beginning	203,800	183,210	194,086	181,212	168,336
Total OPEB Liability, Ending	\$ 186,405	\$ 203,800	\$ 183,210	\$ 194,086	\$ 181,212
Covered, Employee Payroll	\$ 921,627	\$ 983,777	\$ 863,719	\$ 878,099	\$ 789,904
Total OPEB Liability as a percentage of covered employee payroll	20.23%	20.72%	21.21%	22.10%	22.94%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

# MILLVILLE HOUSING AUTHORITY

## Required Supplementary Information September 30, 2022

### SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM

GASB #68 requires supplementary information which includes the Authority's share of the net pension liability along with related ratios as listed below. The schedule below displays the Authority's proportionate share of Net Pension Liability.

	2022	2021	2020	2019
Housing Authority's proportion of the net pension liability	0.01175835%	0.01233229%	0.01204928%	0.01204928%
Housing Authority's proportionate share of the net pension liability	\$ 1,392,953	\$ 2,011,074	\$ 2,171,099	\$ 2,171,097
Housing Authority's covered employee payroll	\$ 921,627	\$ 983,777	\$ 863,719	\$ 878,099
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	151.14%	204.42%	251.37%	247.25%
Plan fiduciary net position as a percentage of the total pension liability	70.65%	75.91%	43.42%	43.42%

*\*The amounts determined for each fiscal year were determined as of June 30.*

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

# MILLVILLE HOUSING AUTHORITY

## Required Supplementary Information September 30, 2022

### **SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM**

GASB #68 requires supplementary information which includes the Authority's share of the net pension liability along with related ratios as listed below. The schedule below displays the Authority's proportionate share of Net Pension Liability.

	2018	2017	2016	2015
Housing Authority's proportion of the net pension liability	0.01332332%	0.01576555%	0.01526477%	0.01655000%
Housing Authority's proportionate share of the net pension liability	\$ 2,623,296	\$ 3,669,968	\$ 4,520,986	\$ 3,429,949
Housing Authority's covered employee payroll	\$ 1,088,794	\$ 1,091,357	\$ 1,121,636	\$ 1,171,548
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	240.94%	336.28%	403.07%	292.77%
Plan fiduciary net position as a percentage of the total pension liability	53.60%	48.01%	59.86%	52.07%

*\*The amounts determined for each fiscal year were determined as of June 30.*

# MILLVILLE HOUSING AUTHORITY

## Required Supplementary Information September 30, 2022

### SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM

The schedule below displays the Authority's contractually required contributions along with related ratios.

	2022	2021	2020	2019
Contractually required contribution	\$ 137,704	\$ 143,886	\$ 117,204	\$ 117,204
Contribution in relation to the contractually required contribution	(137,704)	(143,886)	(117,204)	(117,204)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 921,627	\$ 983,777	\$ 863,719	\$ 878,099
Contribution as a percentage of covered employee payroll	14.94%	14.63%	13.57%	13.35%

*\*The amounts determined for each fiscal year were determined as of June 30.*

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

# MILLVILLE HOUSING AUTHORITY

## Required Supplementary Information September 30, 2022

### **SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM**

The schedule below displays the Authority's contractually required contributions along with related ratios.

	2018	2017	2016	2015
Contractually required contribution	\$ 132,524	\$ 146,051	\$ 135,160	\$ 145,047
Contribution in relation to the contractually required contribution	(132,524)	(146,051)	(135,160)	(145,047)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 1,088,794	\$ 1,091,357	\$ 1,121,636	\$ 1,171,548
Contribution as a percentage of covered employee payroll	12.17%	13.38%	12.05%	12.38%

*\*The amounts determined for each fiscal year were determined as of June 30.*

**MILLVILLE HOUSING AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2022**

Programs funded by:

U.S. Department of Housing and Urban Development

	<u>CFDA #'s</u>	<u>Beginning Balance</u>	<u>Revenue Recognized</u>	<u>Fiscal Year Expenditures</u>	<u>Ending Balance</u>
<u>Public and Indian Housing Program</u>					
NJ061	14.850	\$ -	\$ 1,844,035	\$ 1,844,035	\$ -
Grant Total 14.850		-	1,844,035	1,844,035	-
<u>Section 8 Housing Choice Voucher Program</u>					
NJ39P061	14.871	-	1,750,866	1,750,866	-
<u>HCV CARES Act Funding 14.HCC</u>					
Grant Total 14.871		-	12,709	12,709	-
		-	1,763,575	1,763,575	-
<u>Public Housing Capital Fund Program</u>					
NJ39P061	14.872	-	791,595	791,595	-
Grant Total 14.872		-	791,595	791,595	-
Total Expenditures of Federal Awards		\$ -	\$ 4,399,205	\$ 4,399,205	\$ -

**MILLVILLE HOUSING AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2022**

**Note 1. Presentation:**

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Millville Housing Authority is under programs of the federal government for the year ended September 30, 2022. 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). Because the Schedule presents only a selected portion of the operations of the Millville Housing Authority, it is not intended to and does not present the financial position, change in net position, or cash flows of the Millville Housing Authority.

**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 cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3. Indirect Cost Rate**

The Millville Housing Authority has not elected to use the 10 percent de minimis indirect cost rate as allowable under the Uniform Guidance.

**Note 4. Loans Outstanding:**

Millville Housing Authority has notes payable in the amount of \$605,001 outstanding on September 30, 2022. See Note 16 on pages 47-49 of this report for full detail.

**Note 5. Non- Cash Federal Assistance:**

The Authority did not receive any non-cash Federal assistance for the year ended September 30, 2022.

**Note 6. Sub recipients:**

Of the federal expenditures presented in the schedule above, the Millville Housing Authority did not provide federal awards to any sub recipients.



Millville Housing Authority (NJ061)  
MILLVILLE, NJ  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 09/30/2022

	Project Total	14.PHC Public Housing CARES Act	6.1 Component Unit - Discretely	14.H71 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,565,630		\$39,609	\$128,815		\$704,246	\$2,438,300		\$2,438,300
112 Cash - Restricted - Modernization and Development	\$2,027						\$2,027		\$2,027
113 Cash - Other Restricted				\$4,248			\$4,248		\$4,248
114 Cash - Tenant Security Deposits	\$11,093						\$11,093		\$11,093
115 Cash - Restricted for Payment of Current Liabilities									
100 Total Cash	\$1,578,750	\$0	\$39,609	\$133,063	\$0	\$704,246	\$2,455,668		\$2,455,668
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects									
124 Accounts Receivable - Other Government	\$69,873						\$69,873		\$69,873
125 Accounts Receivable - Miscellaneous	\$70,553		\$16,971			\$183,680	\$271,204		\$271,204
126 Accounts Receivable - Tenants	\$54,133						\$54,133		\$54,133
126.1 Allowance for Doubtful Accounts - Tenants	-\$43,926						-\$43,926		-\$43,926
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0			\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current									
128 Fraud Recovery									
128.1 Allowance for Doubtful Accounts - Fraud									
129 Accrued Interest Receivable									
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$150,633	\$0	\$16,971	\$0	\$0	\$183,680	\$351,284		\$351,284
131 Investments - Unrestricted									
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current									
142 Prepaid Expenses and Other Assets	\$94,636		\$5,476	\$2,543		\$1,472	\$104,127		\$104,127
143 Inventories									
143.1 Allowance for Obsolete Inventories									
144 Inter Program Due From									
145 Assets Held for Sale									
150 Total Current Assets	\$1,824,019	\$0	\$62,056	\$135,606	\$0	\$889,398	\$2,911,079		\$2,911,079
161 Land	\$517,188						\$517,188		\$517,188
162 Buildings	\$30,818,529		\$438,476			\$21,512	\$31,278,517		\$31,278,517
163 Furniture, Equipment & Machinery - Dwellings	\$2,732,464						\$2,732,464		\$2,732,464
164 Furniture, Equipment & Machinery - Administration	\$3,315,136		\$117,467	\$13,733		\$117,773	\$3,564,109		\$3,564,109
165 Leasehold Improvements	\$2,310,730		\$13,333				\$2,324,063		\$2,324,063
166 Accumulated Depreciation	-\$32,567,760		-\$243,824	-\$9,191		-\$128,846	-\$32,949,621		-\$32,949,621
167 Construction in Progress	\$1,800,333						\$1,800,333		\$1,800,333
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$8,926,620	\$0	\$325,452	\$4,542	\$0	\$10,439	\$9,267,053		\$9,267,053
171 Notes, Loans and Mortgages Receivable - Non-Current									

Millville Housing Authority (NJ061)  
MILLVILLE, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2022

	Project Total	14.PHC Public Housing CARES Act	6.1 Component Unit - Discretely	14.HCC Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due									
173 Grants Receivable - Non Current									
174 Other Assets	\$373,205						\$373,205		\$373,205
176 Investments in Joint Ventures									
180 Total Non-Current Assets	\$9,299,825	\$0	\$325,452	\$4,542	\$0	\$10,439	\$9,640,258		\$9,640,258
200 Deferred Outflow of Resources	\$39,290			\$4,651		\$33,863	\$77,804		\$77,804
290 Total Assets and Deferred Outflow of Resources	\$11,163,134	\$0	\$387,508	\$144,799	\$0	\$933,700	\$12,629,141		\$12,629,141
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	\$256,281		\$7,403	\$29,201		\$18,937	\$311,822		\$311,822
321 Accrued Wage/Payroll Taxes Payable	\$12,109		\$6,802	\$2,010		\$3,520	\$24,441		\$24,441
322 Accrued Compensated Absences - Current Portion	\$1,556		\$5,113	\$1,885		\$5,025	\$13,579		\$13,579
324 Accrued Contingency Liability									
325 Accrued Interest Payable	\$11,849						\$11,849		\$11,849
331 Accounts Payable - HUD PHA Programs									
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government	\$192,560						\$192,560		\$192,560
341 Tenant Security Deposits	\$11,028						\$11,028		\$11,028
342 Unearned Revenue	\$55,031		\$4,643				\$59,674		\$59,674
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$160,000						\$160,000		\$160,000
344 Current Portion of Long-term Debt - Operating Borrowings									
345 Other Current Liabilities			\$148,395				\$148,395		\$148,395
346 Accrued Liabilities - Other									
347 Inter Program - Due To									
348 Loan Liability - Current									
310 Total Current Liabilities	\$700,414	\$0	\$172,356	\$33,096	\$0	\$27,482	\$933,348		\$933,348
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$445,001						\$445,001		\$445,001
352 Long-term Debt, Net of Current - Operating Borrowings									
353 Non-current Liabilities - Other									
354 Accrued Compensated Absences - Non Current	\$13,995		\$13,276	\$16,963		\$45,222	\$89,456		\$89,456
355 Loan Liability - Non Current									
356 FASB 5 Liabilities									
357 Accrued Pension and OPEB Liabilities	\$770,186								
350 Total Non-Current Liabilities	\$1,229,182	\$0	\$13,276	\$107,533	\$0	\$718,602	\$1,579,358		\$1,579,358
300 Total Liabilities	\$1,929,596	\$0	\$185,632	\$140,629	\$0	\$791,306	\$3,047,163		\$3,047,163

Millville Housing Authority (NJ061)  
MILLVILLE, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2022

	Project Total	14.PHC Public Housing CARES Act	6.1 Component Unit - Discretely	14.HCC Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
400 Deferred Inflow of Resources	\$1,014,854			\$77,562		\$585,006	\$1,677,422		\$1,677,422
508.4 Net Investment in Capital Assets	\$8,321,619	\$0	\$325,452	\$4,542	\$0	\$10,439	\$8,662,052		\$8,662,052
511.4 Restricted Net Position	\$2,027	\$0		\$4,248	\$0	\$0	\$6,275		\$6,275
512.4 Unrestricted Net Position	-\$104,962	\$0	-\$123,576	-\$82,182	\$0	-\$453,051	-\$763,771		-\$763,771
513 Total Equity - Net Assets / Position	\$8,218,684	\$0	\$201,876	-\$73,392	\$0	-\$442,612	\$7,904,556		\$7,904,556
800 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$11,163,134	\$0	\$387,508	\$144,799	\$0	\$933,700	\$12,629,141		\$12,629,141

Millville Housing Authority (NJ061)  
MILLVILLE, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2022

	Project Total	14.PHC Public Housing CARES Act	6.1 Component Unit - Discretely	14.H71 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,793,483						\$1,793,483		\$1,793,483
70400 Tenant Revenue - Other	\$38,388						\$38,388		\$38,388
70500 Total Tenant Revenue	\$1,831,871	\$0	\$0	\$0	\$0	\$0	\$1,831,871	\$0	\$1,831,871
70600 HUD PHA Operating Grants	\$2,219,873			\$1,750,866	\$12,709		\$3,983,448		\$3,983,448
70610 Capital Grants	\$415,757						\$415,757		\$415,757
70710 Management Fee						\$551,469	\$551,469	-\$551,469	\$0
70720 Asset Management Fee						\$53,760	\$53,760	-\$53,760	\$0
70730 Book Keeping Fee						\$56,923	\$56,923	-\$56,923	\$0
70740 Front Line Service Fee						\$17,004	\$17,004	-\$17,004	\$0
70750 Other Fees						\$120,571	\$120,571		\$120,571
70700 Total Fee Revenue						\$799,727	\$799,727	-\$679,156	\$120,571
70800 Other Government Grants			\$32,182				\$32,182		\$32,182
71100 Investment Income - Unrestricted	\$173			\$23		\$78	\$274		\$274
71200 Mortgage Interest Income			\$22				\$22		\$22
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery				\$1,642			\$1,642		\$1,642
71500 Other Revenue	\$225,547		\$551,973	\$30,304			\$807,824		\$807,824
71600 Gain or Loss on Sale of Capital Assets									
72000 Investment Income - Restricted									
70000 Total Revenue	\$4,693,221	\$0	\$584,177	\$1,782,835	\$12,709	\$799,805	\$7,872,747	-\$679,156	\$7,193,591
91100 Administrative Salaries	\$349,340		\$46,185	\$80,196	\$10,167	\$190,611	\$686,499		\$686,499
91200 Auditing Fees	\$7,672		\$4,515	\$4,475		\$639	\$17,301		\$17,301
91300 Management Fee	\$514,953			\$36,516			\$551,469	-\$551,469	\$0
91310 Book-keeping Fee	\$41,445			\$15,478			\$56,923	-\$56,923	\$0
91400 Advertising and Marketing			\$2,849				\$2,849		\$2,849
91500 Employee Benefit Contributions - Administrative	\$69,534		\$4,653	\$2,425	\$2,542	\$47,049	\$126,203		\$126,203
91600 Office Expenses	\$137,874		\$23,512	\$15,488		\$71,144	\$248,018		\$248,018
91700 Legal Expense	\$27,043		\$908	\$930		\$27,148	\$56,029		\$56,029
91800 Travel	\$796			\$1,351		\$2,994	\$5,141		\$5,141
91810 Allocated Overhead									
91900 Other	\$58,027		\$9,416	\$10,853		\$93,977	\$172,273	-\$17,004	\$155,269
91000 Total Operating - Administrative	\$1,206,684	\$0	\$92,038	\$177,712	\$12,709	\$433,562	\$1,922,705	-\$625,396	\$1,297,309
92000 Asset Management Fee	\$53,760						\$53,760	-\$53,760	\$0
92100 Tenant Services - Salaries			\$283,095				\$283,095		\$283,095
92200 Relocation Costs	\$808						\$808		\$808
92300 Employee Benefit Contributions - Tenant Services			\$28,520				\$28,520		\$28,520
92400 Tenant Services - Other	\$11,680		\$39,356				\$51,036		\$51,036

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2022

	Project Total	14.PHC Public Housing CARES Act	6.1 Component Unit - Discretely	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
92500 Total Tenant Services	\$12,488	\$0	\$350,971	\$0	\$0	\$0	\$363,459	\$0	\$363,459
93100 Water	\$298,769						\$298,769		\$298,769
93200 Electricity	\$341,263		\$58,816				\$400,079		\$400,079
93300 Gas	\$237,655		\$1,728				\$239,383		\$239,383
93400 Fuel									
93500 Labor									
93600 Sewer									
93700 Employee Benefit Contributions - Utilities									
93800 Other Utilities Expense									
93000 Total Utilities	\$877,687	\$0	\$60,544	\$0	\$0	\$0	\$938,231	\$0	\$938,231
94100 Ordinary Maintenance and Operations - Labor	\$281,313		\$24,440				\$305,753		\$305,753
94200 Ordinary Maintenance and Operations - Materials and Other	\$302,218		\$32,709	\$678		\$2,252	\$337,857		\$337,857
94300 Ordinary Maintenance and Operations Contracts	\$667,398		\$5,884				\$673,282		\$673,282
94500 Employee Benefit Contributions - Ordinary Maintenance	\$54,789		\$2,462				\$57,251		\$57,251
94000 Total Maintenance	\$1,305,718	\$0	\$65,495	\$678	\$0	\$2,252	\$1,374,143	\$0	\$1,374,143
95100 Protective Services - Labor									
95200 Protective Services - Other Contract Costs									
95300 Protective Services - Other									
95500 Employee Benefit Contributions - Protective Services									
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance									
96120 Liability Insurance									
96130 Workmen's Compensation									
96140 All Other Insurance	\$250,146		\$22,177	\$5,211		\$5,211	\$282,745		\$282,745
96100 Total Insurance Premiums	\$250,146	\$0	\$22,177	\$5,211	\$0	\$5,211	\$282,745	\$0	\$282,745
96200 Other General Expenses	\$1,925						\$1,925		\$1,925
96210 Compensated Absences	\$2,730		\$1,768	\$263		\$1,500	\$6,261		\$6,261
96300 Payments in Lieu of Taxes	\$95,460						\$95,460		\$95,460
96400 Bad debt - Tenant Rents	\$36,715						\$36,715		\$36,715
96500 Bad debt - Mortgages									
96600 Bad debt - Other									
96800 Severance Expense									
96000 Total Other General Expenses	\$136,830	\$0	\$1,768	\$263	\$0	\$1,500	\$140,361	\$0	\$140,361
96710 Interest of Mortgage (or Bonds) Payable									
96720 Interest on Notes Payable (Short and Long Term)	\$31,114		\$185				\$31,299		\$31,299

Millville Housing Authority (NJ061)

MILLVILLE, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2022

	Project Total	14.PHC Public Housing CARES Act	6.1 Component Unit - Discretely	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	\$31,114	\$0	\$185	\$0	\$0	\$0	\$31,299	\$0	\$31,299
96900 Total Operating Expenses	\$3,874,427	\$0	\$593,178	\$183,864	\$12,709	\$442,525	\$5,106,703	-\$679,156	\$4,427,547
97000 Excess of Operating Revenue over Operating Expenses	\$818,794	\$0	-\$9,001	\$1,598,971	\$0	\$357,280	\$2,766,044	\$0	\$2,766,044
97100 Extraordinary Maintenance									
97200 Casualty Losses - Non-capitalized									
97300 Housing Assistance Payments									
97350 HAP Portability-In				\$1,602,857			\$1,602,857		\$1,602,857
97400 Depreciation Expense	\$748,543		\$42,962	\$2,932		\$2,513	\$794,927		\$2,932
97500 Fraud Losses				\$909					\$794,927
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	\$4,622,970	\$0	\$636,140	\$1,790,562	\$12,709	\$445,038	\$7,507,419	-\$679,156	\$6,828,263
10010 Operating Transfer In	\$246,200						\$246,200		\$246,200
10020 Operating Transfer Out	-\$246,200						-\$246,200		-\$246,200
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)	\$91,373					\$196,266	\$287,639		\$287,639
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	\$91,373	\$0	\$0	\$0	\$0	\$196,266	\$287,639	\$0	\$287,639
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$161,624	\$0	-\$51,963	-\$7,727	\$0	\$551,033	\$652,967	\$0	\$652,967
11020 Required Annual Debt Principal Payments	\$229,223						\$229,223		\$229,223
11030 Beginning Equity	\$7,978,643	\$0	\$0	\$0	\$0	\$0	\$7,978,643		\$7,978,643
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$78,417						\$78,417		\$78,417
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition									

Millville Housing Authority (NJ061)  
MILLVILLE, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2022

	Project Total	14.PHC Public Housing CARES Act	6.1 Component Unit - Discretely	14.HCI Housing Choice Vouchers	14.HCC HCV CARES Act Funding	COCC	Subtotal	ELIM	Total
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity				- \$77,640			- \$77,640		- \$77,640
11180 Housing Assistance Payments Equity				\$4,248			\$4,248		\$4,248
11190 Unit Months Available	5850	0		2282	0	0	8132		8132
11210 Number of Unit Months Leased	5520	0		2165	0	0	7685		7685
11270 Excess Cash	\$714,829						\$714,829		\$714,829
11610 Land Purchases	\$0					\$0	\$0		\$0
11620 Building Purchases	\$0					\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0					\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0					\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$265,757					\$0	\$265,757		\$265,757
11660 Infrastructure Purchases	\$0					\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$150,000					\$0	\$150,000		\$150,000
13901 Replacement Housing Factor Funds	\$0					\$0	\$0		\$0

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

Board of Commissioners  
Millville Housing Authority  
122 East Main Street  
Millville, New Jersey 08332

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, the financial statements of the governmental activities, and the discretely present component unit of Millville Housing Authority, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Millville Housing Authority's basic financial statements, and have issued our report thereon dated May 19, 2023.

**Report on Internal Control over Financial Reporting**

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

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Millville Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **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.

**Giampaolo & Associates**

Lincroft, New Jersey

Date: May 19, 2023

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

Board of Commissioners  
Millville Housing Authority  
122 East Main Street  
Millville, New Jersey 08332

**Report on Compliance for Each Major Federal Program  
*Opinion on Each Major Federal Program***

We have audited the Millville Housing Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Millville Housing Authority's major federal programs for the year ended September 30, 2022. Millville Housing Authority's major federal program are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Millville Housing 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 September 30, 2022.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of the Millville Housing 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 Millville Housing 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 Millville Housing Authority's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Millville Housing 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 Millville Housing 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 Millville Housing 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.

### ***Opinion on Each Major Federal Program***

In our opinion, the Millville Housing 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 program for the year ended September 30, 2022.

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

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

**Giampaolo & Associates**

Lincroft, New Jersey

Date: May 19, 2023

**MILLVILLE HOUSING AUTHORITY**  
Schedule of Findings, Questioned Costs, and Recommendations  
Year Ended September 30, 2022

**Prior Audit Findings**

None reported

**Summary of Auditor's Results**

**Financial Statements**

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

Material Weakness (es) Identified?

\_\_\_\_\_ yes    X no

Significant Deficiency(ies) identified that are  
considered to be material weakness(es)?

\_\_\_\_\_ yes    X none reported

Noncompliance Material to Financial Statements Noted?

\_\_\_\_\_ yes    X no

**Federal Awards**

Internal Control over Major Programs:

Material Weakness (es) Identified?

\_\_\_\_\_ yes    X no

Significant Deficiency(ies) identified that are  
considered to be material weakness(es)?

\_\_\_\_\_ yes    X none reported

Type of audit report issued on compliance for  
major programs:

Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with section Title 2 U.S. Code of Federal Regulation  
Part 200, Uniform Administrative Requirements,

\_\_\_\_\_ yes    X no

**Identification of Major Programs**

CFDA#	Name of Federal Program	Amount
14.871	Section 8 Housing Choice Voucher Program	\$ 1,763,575
14.872	Public Housing Capital Fund Program	\$ 791,595

Dollar threshold used to Distinguish between Type A and Type B Programs    \$ 750,000

Auditee qualified as a low-risk auditee

X yes    \_\_\_\_\_ no

**FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAM  
AUDIT**

None reported

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None reported

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

Board of Commissioners  
Millville Housing Authority  
122 East Main Street  
Millville, New Jersey 08332

We have performed the procedures enumerated below on whether the electronic submission of certain information agrees with the hard copy documents within the reporting package for the year ended September 30, 2022. The U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC) is responsible for the Uniform Financial Reporting Standards (UFRS) procedures.

Millville Housing Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with the REAC's UFRS requirements for the submission of the PHA financial data for the year ended September 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

Procedure	UFRS Rule Information	Hardcopy Documents	Agrees	Does Not Agree
1	Balance Sheet and Revenue and Expense (Data lines 111 to 13901)	Financial Data Schedule of all CFDA's, If Applicable	Yes	
2	Footnotes (data element G5000-010)	Footnotes to the audited basic financial statements	Yes	
3	Type of Opinion on FDS (data element G3100-040)	Auditors Report on Supplemental Data	Yes	
4	Audit findings narrative (data element G5200-010)	Schedule of Findings and Questioned Costs	Yes	

Procedure	UFRS Rule Information	Hardcopy Documents	Agrees	Does Not Agree
5	General Information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form	Yes	
6	Financial Statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	Yes	
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	Yes	
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form	Yes	
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Yes	

We were engaged by Millville Housing Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on UFRS Rule Information. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of REAC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Millville Housing Authority and REAC, and is not intended to be, and should not be, used by anyone other than these specified parties.

**Giampaolo & Associates**

Lincroft, New Jersey

May 19, 2023