

THE HOUSING AUTHORITY OF THE CITY OF
TRENTON, NEW JERSEY

REPORT ON EXAMINATION
OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

YEAR ENDED DECEMBER 31, 2021

THE HOUSING AUTHORITY OF THE CITY OF
TRENTON, NEW JERSEY

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Reports	1 - 8
Management's Discussion and Analysis (MD&A)	9 - 17
FINANCIAL STATEMENTS:	
Statement of Net Position	18 - 19
Statement of Revenues, Expenses and Changes in Net Position	20
Statement of Cash Flows	21 - 22
Notes to Financial Statements	23 - 40
SUPPLEMENTARY DATA:	
Statement and Certification of Program Costs - CFP	41
Schedule of Expenditures of Federal Awards	42
Financial Data Schedule	43 - 49
REQUIRED SUPPLEMENTRAY INFORMATION:	
Schedule of Proportionate Share of Net Pension Liability	50
Schedule of Employer's Required Contributions (Pension)	51
Schedule of Changes in Benefit Terms and Assumptions Applied (Pension)	52
Schedule of Proportionate Share of Net OPEB Liability	53
Schedule of Employer's Required Contributions (Pension)	53
Schedule of Changes in Benefit Terms and Assumptions Applied (OPEB)	54
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	55 - 58
CORRECTIVE ACTION PLAN	59

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
The Housing Authority of the City of Trenton
Trenton, New Jersey

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of The Housing Authority of the City of Trenton (the Authority) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statement as listed in the table of contents.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2021, and the 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 Qualified Opinion

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

Matter Giving Rise to the Qualified Opinion

Measurement procedures have not been performed on the Authority's Other Post Employment Benefit (OPEB) Plan applicable to the year ended December 31, 2021. Generally accepted accounting principles require that the OPEB Plan liability, and associated deferred outflows of resources, deferred inflows of resources and applicable benefit or expense be measured as of a date no earlier than the end of the employer's prior reporting period. The last measurement performed on the Authority's OPEB Plan was June 30, 2020. We were unable to obtain sufficient appropriate audit evidence about the OPEB Plan liability balance, associated deferred outflows of resources balance, deferred inflows of resources balance or the applicable benefit or expense. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Emphasis-of-Matter, Prior Period Adjustment

As discussed in Note O to the financial statements, the Authority restated its beginning deferred outflows of resources, accrued OPEB liability, deferred inflows of resources and net position balances. Our qualified opinion is not affected by this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 9 through 17, the Schedule of Proportionate Share of Net Pension Liability on page 50, the Schedule of Employer's Required Contributions (Pension) on page 51, the Schedule of Changes in Benefit Terms and Assumptions Applied (Pension) on page 52, the Schedule of Proportionate Share of Net OPEB Liability on page 53, the Schedule of Employer's Required Contributions (OPEB) on page 53 and the Schedule of Changes in Benefit Terms and Assumptions Applied (OPEB) on page 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to 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.

Although our qualified opinion on the basic financial statements is not affected, the following material departures from the prescribed guidelines exist within the Schedule of Proportionate Share of Net OPEB Liability and Schedule of Employer's Required Contributions (OPEB). The Schedules do not present the covered employee payrolls applicable to the periods reported. We do not express an opinion or provide any assurance on the information.

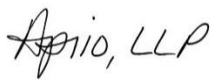
Management has omitted data from the Schedule of Proportionate Share of Net OPEB Liability, the Schedule of Employer's Required Contributions (OPEB) and the Schedule of Changes in Benefit Terms and Assumptions Applied (OPEB) presented on pages 52 and 53 pertaining to the Authority's year ended December 31, 2021 reporting period that accounting principles accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our qualified opinion on the basic financial statements is not affected by this missing information.

Supplemental Information

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Statement and Certification of Program Costs – CFP; 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*, and the Financial Data Schedule are presented for purposes of additional analysis and are not a required part of 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 Statement and Certification of Program Costs – CFP; Schedule of Expenditures of Federal Awards; and the Financial Data Schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2022, on our consideration of the Authority's internal control over financial reporting and 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 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 the Authority's internal control over financial reporting and compliance.



Birmingham, Alabama
September 19, 2022

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
The Housing Authority of the City of Trenton
Trenton, New Jersey

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 Housing Authority of the City of Trenton (the Authority), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 19, 2022.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Authority'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.

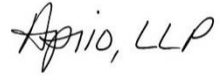
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be *material weaknesses* or *significant deficiencies*. Given these limitations, during our audit we did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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature of Aprio, LLP in black ink.

Birmingham, Alabama
September 19, 2022

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

Board of Commissioners
The Housing Authority of the City of Trenton
Trenton, New Jersey

Report on Compliance for the Major Federal Program

Qualified Opinion on the Major Program

We have audited The Housing Authority of the City of Trenton's (the 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 the Authority's major federal program for the year ended December 31, 2021. The Authority's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion on the Major Federal Program section of our report, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Qualified Opinion on the 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Matter Giving Rise to Qualified Opinion on the Major Federal Program

As described in the accompanying Schedule of Findings and Questioned Costs, the Authority did not comply with requirements regarding the Assistance Listing No. 14.850a Public Housing Program as described in Finding 2021-001 for the Eligibility and Special Tests and Provisions requirements.

Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance finding identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, *material weaknesses* or *significant deficiencies* may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a *material weakness*.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding 2021-001 to be a *material weakness*.

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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance finding identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Aprio, LLP

Birmingham, Alabama
September 19, 2022

**THE HOUSING AUTHORITY OF THE CITY OF TRENTON
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED DECEMBER 31, 2021**

The Housing Authority of the City of Trenton's ("the Authority") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual program issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements.

Financial Highlights

- The Authority's net position remained stable at \$17.2 million during 2021.

- Revenues decreased by \$1.6 million during 2021, and were \$22.6 million and \$21 million for 2020 and 2021, respectively.

- Expenses increased by \$.5 million and were \$20.4 million for 2020 and \$20.9 million for 2021, respectively.

USING THIS ANNUAL REPORT

The Report includes three major sections, the “Management’s Discussion and Analysis (MD&A)”, “Basic Financial Statements”, and “Other Required Supplementary Information”:

MD&A

*~ MANAGEMENT DISCUSSION
AND ANALYSIS ~*

BASIC FINANCIAL STATEMENTS

*~ AUTHORITY-WIDE FINANCIAL STATEMENTS ~
~ NOTES TO FINANCIAL STATEMENTS ~*

OTHER REQUIRED SUPPLEMENTARY INFORMATION

*~ REQUIRED SUPPLEMENTARY INFORMATION ~
(OTHER THAN MD&A)*

Authority-Wide Financial Statements

Statement of Net Position

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format in which assets and deferred outflows of resources, equal liabilities, deferred inflows of resources and “Net Position”, formerly known as net assets. Assets and liabilities are presented in order of liquidity and are classified as “Current” (convertible into cash within one year), and “Non-current”.

The focus of the Statement of Net Position (the “Unrestricted Net Position”) is designed to represent the net available liquid (non-capital) assets and deferred outflows of resources, net of liabilities and deferred inflows of resources, for the entire Authority. Net Position (formerly net assets) is reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that does not meet the definition of “Net Investment in Capital Assets”, or “Restricted Net Position.”

Statement of Revenues, Expenses, and Changes in Net Position

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). This Statement includes operating revenues such as rental income and operating grants; operating expenses such as administrative, utilities, maintenance, and depreciation; and non-operating revenue and expenses such as capital grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Net Position is the “Change in Net Position”, which is similar to Net Income or Loss.

Statement of Cash Flows

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, investing activities and from capital and related financing activities.

THE AUTHORITY'S MAIN PROGRAMS

Significant Programs – The focus of the Authority's Financial Statements should be on the significant programs of the Authority. The following are considered significant programs of the Authority.

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to offer housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Other – In addition to the significant programs above, the Authority also maintains the following reporting units:

- Central Office Cost Center
- Resident Opportunity and Supportive Services Program
- Choice Neighborhood Planning Grant Program

TABLE 1
CONDENSED STATEMENT OF NET POSITION

The following table reflects the Condensed Statement of Net Position compared to the prior year.

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Assets and Deferred Outflows of Resources:			
Current Assets and Restricted Assets	\$ 5,906,664	\$ 6,806,644	\$ (899,980)
Capital Assets	63,419,566	66,079,767	(2,660,201)
Deferred Outflows of Resources	<u>4,254,081</u>	<u>4,848,890</u>	<u>(594,809)</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 73,580,311</u>	<u>\$ 77,735,301</u>	<u>\$ (4,154,990)</u>
Liabilities and Deferred Inflows of Resources:			
Current Liabilities	\$ 5,283,630	\$ 5,038,684	\$ 244,946
Non-Current Liabilities	39,079,815	43,543,328	(4,463,513)
Deferred Inflows of Resources	<u>11,982,984</u>	<u>11,927,733</u>	<u>55,251</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 56,346,429</u>	<u>\$ 60,509,745</u>	<u>\$ (4,163,316)</u>
Net Position:			
Net Investment in Capital Assets	\$ 43,599,424	\$ 44,009,574	\$ (410,150)
Restricted Net Position	-	60,445	(60,445)
Unrestricted Net Position	<u>(26,365,542)</u>	<u>(26,844,463)</u>	<u>478,921</u>
Total Net Position	<u>\$ 17,233,882</u>	<u>\$ 17,225,556</u>	<u>\$ 8,326</u>

Major Factors Affecting the Condensed Statement of Net Position

During 2021 there was a \$.9 million decrease of current and restricted assets due primarily to a reduction of grant receivables due from HUD. Capital assets decreased due to depreciation exceeding capital expenditures on improvements to the Public Housing properties. For more detail see 'Capital Assets' in Table 4 (below). Deferred outflows of resources decreased due primarily to differences between projected and actual earnings on pension plan investments and changes of assumptions applied in the applicable pension plan actuarial valuations.

Current liabilities increased due mainly to increases of current portions of capital debt payable. Non-current liabilities decreased due to capital debt retirements and a reduction of the accrued pension liability.

Table 2 presents details on the change in Unrestricted Net Position

TABLE 2

CHANGE OF UNRESTRICTED NET POSITION

Unrestricted Net Position, January 1, 2021	\$ (26,844,463)
Results of Operations	(605,546)
Capital Asset Expenditures from Operating Reserves	(317,335)
Principal and Interest Expended on Capital Debt from Operations	(2,144,607)
Interest Income	441
Proceeds Received on Asset Dispositions	379,472
Depreciation Expense	<u>3,166,496</u>
Unrestricted Net Position, December 31, 2021	<u><u>\$ (26,365,542)</u></u>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer change in financial well-being.

TABLE 3

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The following Schedule compares the revenues and expenses for the current and previous years.

	<u>2021</u>	<u>2020</u>	<u>Variance</u>
Revenues:			
Tenant Rental Revenue	\$ 5,950,649	\$ 5,710,065	\$ 240,584
Operating Grants	12,493,302	13,177,890	(684,588)
Capital Contributions	925,915	2,440,877	(1,514,962)
Interest Income	441	197	244
Gain on Disposal of Assets	362,072	-	362,072
Other Revenue	1,213,517	1,256,886	(43,369)
Total Revenues	\$ 20,945,896	\$ 22,585,915	\$ (1,640,019)
Expenses:			
Administrative Expenses	\$ 4,009,196	\$ 3,261,949	\$ 747,247
Tenant Services	449,342	620,240	(170,898)
Utilities	3,161,004	2,885,468	275,536
Maintenance and Operations	5,837,432	5,509,409	328,023
Protective Services	1,303,001	1,205,296	97,705
General Expense	2,336,543	2,397,759	(61,216)
RAD Conversion Costs	-	641,515	(641,515)
Interest Expense	674,556	748,931	(74,375)
Depreciation	3,166,496	3,104,751	61,745
Total Expenses	\$ 20,937,570	\$ 20,375,318	\$ 562,252
Excess of Revenues Over Expenses	\$ 8,326	\$ 2,210,597	\$ (2,202,271)

Major Factors Affecting the Schedule of Revenues, Expenses and Changes in Net Position

Overall, total revenues decreased \$1.6 million during 2021. Tenant rental revenues increased slightly, due mainly to an increase of tenant income. Operating grants decreased due to operating subsidies recognized under the Public Housing CARES Act Funding Program during 2020. Capital contributions decreased due to a reduction of modernization activity on the Authority's Public Housing properties. The 2020 gain on disposal of capital assets resulted from the sale of a warehouse during the year.

Administrative expenses increased due primarily to increases of employee benefits, legal costs, administrative contracts and other miscellaneous expenses. Tenant services expenses decreased due to a reduction of COVID-19 related costs incurred. Maintenance expenses increased slightly due to increases of supplies and materials, and externally contracted costs incurred. RAD Conversion Costs incurred during 2020 consisted of preliminary costs of the Authority's participation in the Department of Housing and Urban Development's Rental Assistance Demonstration (RAD) Program in which the Authority converted its Page Homes dwelling property into a Section 8-assisted property known as Turner Pointe Apartments.

Capital Assets

As of year-end, the Authority had \$63.4 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$2.7 million from the end of last year.

TABLE 4

**CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)**

	<u>2021</u>	<u>2020</u>	<u>Variance</u>	<u>% Change</u>
Land	\$ 1,976,466	\$ 1,993,866	\$ (17,400)	-1%
Buildings and Improvements	161,574,568	160,311,431	1,263,137	1%
Furniture and Equipment	6,228,152	6,203,935	24,217	0%
Construction in Process	3,335,940	4,255,599	(919,659)	-22%
Accumulated Depreciation	<u>(109,695,560)</u>	<u>(106,685,064)</u>	<u>(3,010,496)</u>	<u>3%</u>
Net Capital Assets	<u>\$ 63,419,566</u>	<u>\$ 66,079,767</u>	<u>\$ (2,660,201)</u>	<u>-4%</u>

TABLE 5

CHANGE IN CAPITAL ASSETS

The following reconciliation summarizes the change in Capital Assets.

Beginning Balance, January 1, 2021	\$ 66,079,767
Additions:	
Construction in Process	490,887
Building Improvements	8,591
Equipment Purchases	24,217
Disposals, Net of Accumulated Depreciation	(17,400)
Depreciation Expense	<u>(3,166,496)</u>
Ending Balance, December 31, 2021	<u>\$ 63,419,566</u>

DEBT OUTSTANDING

As of year-end, the Authority had \$19.8 million in capital debt outstanding.

TABLE 6

OUTSTANDING DEBT, AT YEAR-END

	December 31, <u>2021</u>	December 31, <u>2020</u>
Capital Fund Revenue Bonds	\$ 3,515,000	\$ 4,295,000
Energy Performance Contract - Capital Debt	<u>16,305,142</u>	<u>17,775,193</u>
Total	<u>\$ 19,820,142</u>	<u>\$ 22,070,193</u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs

FINANCIAL CONTACT

The individual to be contacted regarding this report is the Authority's Executive Director. Specific requests may be submitted to The Housing Authority of the City of Trenton, 875 New Willow Street, Trenton, New Jersey 08638.

THE HOUSING AUTHORITY OF THE CITY OF TRENTON
STATEMENT OF NET POSITION
DECEMBER 31, 2021

ASSETS AND DEFERRED
OUTFLOWS OF RESOURCES

	Enterprise Fund
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 5,237,674
Accounts Receivable	205,619
Prepaid Costs	314,005
Inventory	149,366
Total Current Assets	<u>5,906,664</u>
<u>Capital Assets</u>	
Land	1,976,466
Buildings and Improvements	161,574,568
Furniture and Equipment	6,228,152
Construction in Process	3,335,940
	<u>173,115,126</u>
(Less): Accumulated Depreciation	<u>(109,695,560)</u>
Net Capital Assets	<u>63,419,566</u>
Total Assets	<u>69,326,230</u>
<u>Deferred Outflows of Resources</u>	
Deferred Outflows of Resources - Pension	353,394
Deferred Outflows of Resources - OPEB	3,900,687
Total Deferred Outflows of Resources	<u>4,254,081</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 73,580,311</u>

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF TRENTON
STATEMENT OF NET POSITION
DECEMBER 31, 2021

**LIABILITIES, DEFERRED INFLOWS OF
RESOURCES AND NET POSITION**

	Enterprise Fund
<u>Current Liabilities</u>	
Accounts Payable	\$ 1,855,106
Accrued Wages and Payroll Taxes	121,741
Accrued Compensated Absences	86,692
Accrued Interest Payable	68,362
Tenant Security Deposits	385,968
Unearned Revenue	438,110
Current Portion of Capital Debt	2,327,651
Total Current Liabilities	<u>5,283,630</u>
<u>Long Term Liabilities</u>	
Long Term Capital Debt	17,492,491
Accrued Compensated Absences	145,747
Accrued Pension Liability	5,024,976
Accrued OPEB Liability	16,362,106
Other Non-current Liabilities	54,495
Total Long Term Liabilities	<u>39,079,815</u>
Total Liabilities	<u>44,363,445</u>
<u>Deferred Inflows of Resources</u>	
Deferred Inflows of Resources - Pension	3,377,977
Deferred Inflows of Resources - OPEB	8,605,007
Total Deferred Inflows of Resources	<u>11,982,984</u>
Total Liabilities and Deferred Inflows of Resources	<u>56,346,429</u>
<u>Net Position</u>	
Net Investment in Capital Assets	43,599,424
Unrestricted Net Position	(26,365,542)
Total Net Position	<u>17,233,882</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 73,580,311</u>

See the accompanying notes to financial statements.

**THE HOUSING AUTHORITY OF THE CITY OF TRENTON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Enterprise Fund
<u>Operating Revenues</u>	
Dwelling Rent	\$ 5,950,649
Operating Grants	12,493,302
Other Revenue	1,213,517
Total Operating Revenues	<u>19,657,468</u>
<u>Operating Expenses</u>	
Administrative	4,009,196
Tenant Services	449,342
Utilities	3,161,004
Maintenance and Operations	5,837,432
Protective Services	1,303,001
General Expense	2,336,543
Depreciation	3,166,496
Total Operating Expenses	<u>20,263,014</u>
Operating Income (Loss)	<u>(605,546)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Interest Income	441
Gain on the Disposition of Capital Assets	362,072
Interest Expense	(674,556)
Total Non-Operating Revenues (Expenses)	<u>(312,043)</u>
Increase (decrease) before Capital Contributions	<u>(917,589)</u>
Capital Contributions	<u>925,915</u>
Increase (Decrease) in Net Position	8,326
Net Position, Beginning	16,857,905
Prior Period Adjustment (Note O)	367,651
Net Position, Ending	<u>\$ 17,233,882</u>

See the accompanying notes to financial statements.

**THE HOUSING AUTHORITY OF THE CITY OF TRENTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Enterprise Fund
<u>Cash flows from operating activities:</u>	
Cash Received from Dwelling Rent	\$ 5,574,244
Cash Received from Operating Grants	12,529,742
Cash Received from Other Sources	1,279,989
Cash Payments for Salaries and Benefits	(8,466,202)
Cash Payments to Vendors and Landlords	(9,020,116)
Net cash provided (used) by operating activities	<u>1,897,657</u>
<u>Cash flows from capital and related financing activities:</u>	
Capital Grants Received	1,507,925
Capital Outlay	(1,041,718)
Principal and Interest Paid on Capital Debt	(2,932,066)
Proceeds Received on Dispositions	379,472
Net cash provided (used) by capital and related financing activities	<u>(2,086,387)</u>
<u>Cash flows from investing activities:</u>	
Interest earned from cash and cash equivalents	<u>441</u>
Net cash provided (used) by investing activities	<u>441</u>
Net decrease in cash and cash equivalents	(188,289)
Total cash, restricted cash and cash equivalents beginning of year	<u>5,425,963</u>
Total cash and cash equivalents, end of year	<u>\$ 5,237,674</u>

Continued on next page

THE HOUSING AUTHORITY OF THE CITY OF TRENTON
 STATEMENT OF CASH FLOWS - CONTINUED
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Enterprise Fund
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</u>	
Operating Income (Loss)	\$ (605,546)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	3,166,496
Bad Debt Expense (Tenants)	439,593
Change in Accounts Receivable (Tenants)	(415,141)
Change in Accounts Receivable (Grants)	27,670
Change in Prepaid Costs and Inventory	80,923
Change in Accounts Payable - Operating	541,527
Change in Accrued and Deferred Personnel Expenses	(1,451,843)
Change in Unearned Revenue (Tenants)	38,736
Change in Unearned Revenue (Grants)	8,770
Change in Security Deposits Held	11,977
Change in Other Liabilities	54,495
Net cash provided (used) by operating activities	<u>\$ 1,897,657</u>

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF
TRENTON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principles (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. The Authority is a Special Purpose Government engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund, in accordance with GASB Statement 34 paragraph 138 and GASB Statement 63.

The Authority has multiple programs which are accounted for in one enterprise fund, which is presented as the "Enterprise Fund" in the basic financial statements as follows:

Enterprise Fund – In accordance with the Enterprise Fund Method, activity is recorded using the accrual basis of accounting and the measurement focus is on the flow of economic resources. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded when are incurred. This required the Housing Authority to account for operations in a manner similar to 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.

Governmental Accounting Standards – The Housing Authority has applied all applicable Governmental Accounting Standards Board pronouncements as well as applicable pronouncements issued by the Financial Accounting Standards Board.

Cash

The Housing Authority considers cash on hand and cash in checking to be cash equivalents. Cash on hand is not included in calculation of collateral required.

Accounts Receivable

Tenant accounts receivable total \$991,568 and are reported net of an allowance for doubtful accounts of \$821,938, at a net realizable value of \$169,630. Other receivables consisted of grant receivables due from HUD of \$35,989.

Prepaid Items and Inventory

Prepaid items and inventory consist of payments made to vendors for services and materials that will benefit future periods.

Unearned Revenue

The Authority recognizes revenues as earned. Funds received before the Authority is eligible to apply them are recorded as a liability under unearned revenue and consisted of \$52,612 of prepaid tenant rents and \$385,498 of unexpended grant proceeds.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE A - SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

Revenue Accounting Policies

Dwelling rent income, HUD Grants received for operations, other operating fund grants and operating miscellaneous income are shown as operating income. HUD grants received for capital assets and all other revenue is shown as non-operating revenue. These financial statements do not contain material inter-program revenues and expenses for internal activity. The policy is to eliminate any material inter-program revenues and expenses for these financial statements.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The costs of maintenance and repairs are expensed, while significant renewals and betterments are capitalized. Small dollar value minor equipment items are expensed. Depreciation on assets has been expensed in the statement of income and expenses. Estimated useful lives are as follows:

Buildings	30 years
Improvements	10 - 15 years
Furniture and equipment	5 - 10 years

Authority management has assessed the carrying values of capital asset balances as of December 31, 2021, and as of September 19, 2022. No significant capital asset value impairments exist as of the noted dates.

PILOT Agreement

The Authority has entered into a Payment-in-Lieu of Taxes (PILOT) Agreement with the City of Trenton, whereby the Partnership agrees to pay a negotiated sum in lieu of local real property taxes. The Authority incurred PILOT expense of \$229,657 during 2021 and owed the City \$515,606 as of December 31, 2021, which is reported in accounts payable on the Statement of Net Position.

Deferred Outflows and Inflows of Resources

A Deferred Outflow of Resources is a consumption of assets by the Authority that is applicable to a future reporting period. Conversely, a Deferred Inflow of Resources is an acquisition of assets by the Authority that is applicable to a future reporting period.

Indirect Costs Recovery

Direct costs are charged to the Authority's applicable programs. The Authority charges indirect costs to its Central Office Cost Center and charges the programs management fees based on fee rates provided by the Department of Housing and Urban Development.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE B - REPORTING ENTITY DEFINITION

The Housing Authority is a separate non-profit corporation with a Board of Directors. The applicable jurisdictions appoint the Board of Directors. However, the Housing Authority has complete legislative and administrative authority, and it recruits and employs personnel. The Authority adopts a budget that is approved by the Board of Directors and submitted to the New Jersey Division of Local Government Services (DLGS). The Authority's budget is not funded by DLGS, but rather the U.S. Department of Housing and Urban Development (HUD) based upon performance funding and program and capital grants. Subsidies for operations are received primarily from HUD. The Authority has substantial legal authority to control its affairs without local government approval; therefore, all operations of the Authority are a separate reporting entity as reflected in this report.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in *Section 2100 and 2600 of the Codification of Governmental Accounting and Financial Reporting Standards, Statement No. 14 (amended), of the Governmental Accounting Standards Board: The Financial Reporting Entity, Statement No. 39: Determining Whether Certain Organizations are Component Units, and Statement No. 61: The Financial Reporting Entity: Omnibus*. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the reporting entity includes the following blended component units:

Trenton City Housing and Redevelopment Corporation (TCHRC) is a related not-for-profit New Jersey corporation, which was created to serve as an instrumentality of the Authority in facilitating low-moderate income housing opportunities in the Trenton community. TCHRC's Board of Directors is substantively the same as the Authority's board and the Authority maintains operational responsibility of TCHRC. TCHRC's year end is December 31. However, TCHRC did not have any financial activity during 2021 or financial balances as of December 31, 2021.

Page Homes Redevelopment, LLC (PHR, LLC) is a related limited liability company. TCHRC is the sole member of PHR, LLC. PHR, LLC was created to serve as an instrumentality of the Authority, to facilitate the Page Homes Redevelopment Project through the Authority's participation in HUD's Rental Assistance Demonstration (RAD) Program. PHR, LLC's year end is December 31. However, PHR, LLC did not have any financial activity during 2021 or financial balances as of December 31, 2021.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE C - CASH DEPOSITS

Custodial Credit Risk - The Authority's policy is to limit credit risk by adherence to the list of HUD-permitted investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

Interest Rate Risk - The Authority's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate volatility.

The U.S. Department of HUD requires housing authorities to invest excess funds in obligations of the U.S., certificates of deposit or any other federally-insured investments.

The Housing Authority's cash and cash equivalents consisted of funds held in interest and non-interest-bearing checking accounts totaling a reconciled balance of \$5,237,174. The remaining \$500 is held in the form of petty cash or a change fund. Deposits balances held with financial institutions were secured as follows:

	Bank Deposits
Insured by FDIC	\$ 641,623
Collateralized with specific securities pledged to the Authority and held by a third party financial institution	4,653,994
	<u>\$ 5,295,617</u>

The Authority had no realized gains or losses on the sale of investments.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE D - PENSION PLAN

Public Employees' Retirement System

Plan Description – The Authority is a participating employer in the State of New Jersey Public Employees' Retirement System (PERS), a cost sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pension and Benefits. Benefits under PERS include retirement, death and disability benefits, and have been established and may be amended by action of the State legislature. For additional information about PERS, please refer to the 'Schedule of Employer Allocations and Schedule of Pension Amounts by Employer' and the 'Sixty-Second Annual Report of the Actuary' which can be found at www.state.nj.us/treasury/financial-reports.shtml.

Benefits Provided – PERS provides retirement benefits as well as death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who enroll prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to Nov. 2, 2008
3	Members who were eligible to enroll on or after Nov. 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 2 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions – The actuarial valuation as of July 1, 2020 reflects Chapter 78, P.L. 2011, which increased the member (employee) contribution rate from 5.5% to 6.5% of compensation effective October 2011. Further, in July 2012, the member contribution rate increased by 1/7th of 1% each July through July of 2018 when a 7.50%-member contribution rate was reached. Contribution rates for employers are determined by an actuarial valuation. During the year ended December 31, 2021, employees were required to contribute 7.50% of their annual salary and the Authority contributed an additional 14.39% of the employees' compensation.

During the years ended December 31, 2021, 2020 and 2019, the Authority's contributions to PERS required and made were \$472,322, \$408,294, and \$418,314, respectively.

Refund of Contributions – Eligible upon service termination prior to age 60 (age 62 for Tier 3 and Tier 4 members and age 65 for Tier 5 members) and prior to 10 years of service. Benefit equals refund of accumulated deductions plus, if the member has completed three years of service, interest allowed thereon.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE D – PENSION PLAN - CONTINUED

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

As of December 31, 2021, the Authority reported a liability of \$5,024,976 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the pension liability was determined by an actuarial valuation as of July 1, 2020 rolled forward to the measurement date of June 30, 2021. The Authority’s proportion of the net pension liability was based on the Authority’s share of contributions to the pension plan relative to the contributions of all employers participating in PERS for the year ended June 30, 2021. As of June 30, 2021, the Authority’s proportion was .0424173954%, which was a reduction of .0007584526% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Authority recognized a pension benefit of \$893,493. As of December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 79,250	\$ 35,973
Changes of assumptions	26,170	1,788,924
Net difference between projected and actual earnings on plan investments	-	1,323,711
Changes in proportion and differences between employer contributions and proportionate share of contributions	247,974	229,369
Total	\$ 353,394	\$ 3,377,977

Deferred outflows and inflows of resources related to changes in proportion are excluded from the amounts below. These amounts will be recognized (amortized) by each employer over the average remaining service lives of all Plan members, which is 5.13 years. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense (benefit) as follows:

<u>Year Ended June 30:</u>	
2022	\$ (1,185,676)
2023	(846,570)
2024	(577,216)
2025	(433,557)
2026	(169)
Total	\$ (3,043,188)

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE D – PENSION PLAN - CONTINUED

Actuarial Assumptions – The collective total pension liability as of the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

Inflation	2.75%
Salary increases (through 2026)	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% 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 Employee Mortality Table with an 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. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements. Best estimates of arithmetic rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Risk Migration Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
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%
Total	<u>100.00%</u>	

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE D – PENSION PLAN – CONTINUED

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 will be based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan’s fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the Authority’s proportionate share of the net pension liability to changes in the discount rate - The following table presents the Authority’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's Net Pension Liability	6,915,945	5,024,976	3,519,246

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE E – RETIRED EMPLOYEES HEALTH BENEFIT PLAN

Plan Description – The Authority is a participating employer in the State of New Jersey Local Government Retired Employees Health Benefit Plan (the Plan), a cost-sharing multiple employer defined benefit other post-employment benefit (OPEB) plan, which is administered as a trust. It covers employees of local government employers that have adopted a resolution to participate in the Plan. All of the Authority's eligible retirees receive health insurance benefits through the Plan. Obligations and benefits of the Plan are established and may be amended by State statute. Under the Plan; benefits risks and liabilities are pooled (shared) and Plan assets received from participating employers are legally used to pay benefits to participating retirees. All risks, rewards, and costs, including benefit costs, are shared and are not attributed individually to the various employers. Required contributions are actuarially determined. A single actuarial valuation covers all Plan members, and the same contribution rate applies for each employer. Plan financial statements and required supplementary information are reported with the State's PERS financial statements and can be found at www.state.nj.us/treasury/pensions/financial-reports.shtml. The Plan's net OPEB liability, deferred outflows of resources, deferred inflows of resources and fiduciary net position are accounted for and reported using the accrual basis under U.S. Generally Accepted Accounting Principles.

Benefits Provided – The Plan provides medical and prescription drugs to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 48, P.L. 1999, the employer may assume the cost of post-retirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer-paid obligations for retiree coverage may be determined by means of a Collective Negotiations Agreement.

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

Contributions – The funding policy for the Plan is pay-as-you-go; therefore, there is no pre-funding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the Plan are collected from participating local employers and retired members. Local employers and retired members remit contributions on a monthly basis.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE E – RETIRED EMPLOYEES HEALTH BENEFIT PLAN - CONTINUED

Investment of Plan Assets – The OPEB Plan only invests in the State of New Jersey Cash Management Fund. The long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 2.21%.

Components of Net OPEB Liability – GASB Statement No. 75 (GASBS No. 75) requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB benefit. The Plan's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB benefit are allocated to the Authority based on the ratio of the Plan members of the Authority to the total members of the Plan during the measurement period of July 1, 2019 through June 30, 2020.

The components of the Authority's net OPEB liability of the Plan as of June 30, 2020 are as follows:

<u>Components of Net OPEB Liability</u>	
Total OPEB Liability	\$ 16,512,413
Plan Fiduciary Net Position	150,307
Total	<u>\$ 16,362,106</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%

The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to the June 30, 2020 measurement date using standardized update procedures based on the assumptions applied to the June 30, 2019 actuarial valuation, identified below.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE E – RETIRED EMPLOYEES HEALTH BENEFIT PLAN - CONTINUED

Actuarial Assumptions – This actuarial valuation used the following actuarial assumptions:

Inflation	2.50%
Salary increases (through 2026)	2.00 – 6.00% based on age
Thereafter	3.00 – 7.00% based on age

The actuarial assumptions with respect to inflation and salary increases have not changed since the June 30, 2019 measurement date.

Mortality rates were based on the Pub-2010 General Headcount-Weighted Mortality Table with fully generational mortality improvement projections from the central year using the MP-2020 Scale.

Certain actuarial assumptions used in the June 30, 2019 valuation were based on the results of the State of New Jersey Public Employees’ Retirement System’s (PERS) experience studies, which were prepared for the periods July 1, 2013 through June 30, 2018 and July 1, 2014 through June 30, 2018, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Healthcare Trend Assumptions - For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription benefits, the initial trend rate is 7.00% and decreases to a 4.5% long-term trend rate after seven years.

Sensitivity of the Authority’s proportionate share of the net OPEB liability to changes in the healthcare trend rate - The following table presents the Authority’s proportionate share of the net OPEB liability calculated using the healthcare trend rate as disclosed above, as well as what the Authority’s proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Authority's Net OPEB Liability (Asset)	13,539,660	16,362,106	20,058,139

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE E – RETIRED EMPLOYEES HEALTH BENEFIT PLAN - CONTINUED

Discount rate – The discount rate used to measure the net OPEB liability was 2.21% as of June 30, 2020. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate. The discount rate decreased 1.29% from the discount rate as of the June 30, 2019 measurement date of 3.50%.

Sensitivity of the Authority's proportionate share of the net OPEB liability to changes in the discount rate - The following table presents the Authority's proportionate share of the net OPEB liability calculated using the discount rate of 2.21%, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Authority's Net OPEB Liability (Asset)	19,343,467	16,362,106	14,002,089

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE E – RETIRED EMPLOYEES HEALTH BENEFIT PLAN - CONTINUED

OPEB Benefit, Deferred Outflows of Resources and Deferred Inflows of Resources

The Authority's proportion of the net OPEB liability was based on the ratio of the Authority's Plan members relative to the total number of members to the Plan during the measurement period of July 1, 2019 through June 30, 2020. As of June 30, 2020, the Authority's proportion was .091171%, which was an increase of .00443% from its proportion measured as of June 30, 2019 of .086738%.

The Authority reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 430,965	\$ 3,046,929
Changes of assumptions	2,447,256	3,638,680
Net difference between projected and actual earnings on plan investments	10,391	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	862,821	1,919,398
Authority's contributions made from July 1, 2020 through December 31, 2020	149,254	-
Total	<u>\$ 3,900,687</u>	<u>\$ 8,605,007</u>

The amounts below do not include deferred outflows of resources related to the Authority's contributions subsequent to the measurement date. These amounts will be recognized as a reduction to the collective net OPEB liability. Additionally, deferred outflows and inflows of resources related to changes in proportion are excluded from the amounts below. These amounts will be recognized (amortized) by each employer over the average remaining service lives of all Plan members, which is 7.87 years. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in OPEB expense (benefit) as follows:

Year Ended June 30:

2021	\$ (879,545)
2022	(880,342)
2023	(881,631)
2024	(882,809)
2025	(601,964)
Thereafter	<u>329,294</u>
Total	<u>\$ (3,796,997)</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE F – COMPENSATED ABSENCES

The Authority’s policy allows employees to accumulate and carry-over up to one year of earned vacation. This policy also allows for full payment of earned leave upon termination.

The sick leave policy, which is in accordance with state laws, allows employees to accumulate unused sick leave. Upon normal retirement under the Public Employees Retirement System, employees shall be entitled to receive a lump sum payment as supplemental compensation for each full day of earned and unused accumulated sick leave of one-half (1/2) of the eligible employee’s daily rate of pay. No lump sum payment shall exceed \$15,000. Leave accrued but not yet paid as of December 31, 2021, is reported as a liability allocated between current and noncurrent.

NOTE G – LONG TERM LIABILITIES

The Housing Authority pledged a portion of its annual Capital Fund Grant from HUD to secure the Authority’s allocable portion of bonds issued jointly by the Authority and other participating New Jersey housing authorities. The Authority’s allocable share of the net proceeds, \$12,453,954 was used to acquire, construct, equip, renovate and improve public housing developments owned and operated by the Authority for rental to, and occupancy by qualified tenants under the applicable HUD rules and regulations. The bonds are designated “Capital Fund Program Revenue Bonds, 2004 Series A.” The bonds bear interest at a rate not to exceed 4.7%, are paid semi-annually and mature in 2025. Interest expense incurred during the year was \$159,329. The principal balance as of December 31, 2021, was \$3,515,000. The bonds are payable as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Principal Balance Due</u>
2022	\$ 815,000	\$ 155,805	\$ 2,700,000
2023	860,000	116,913	1,840,000
2024	900,000	76,022	940,000
2025	940,000	33,135	-
	<u>\$ 3,515,000</u>	<u>\$ 381,875</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE G – LONG TERM LIABILITIES - CONTINUED

In March of 2009, the Authority obtained financing, under a lease purchase agreement, from TD Bank to fund the installation & maintenance of energy efficient equipment and fixtures in the Authority’s public housing units. In July of 2015, the Authority refinanced the principal balance of \$18,990,959 with a \$23,590,959 lease purchase agreement with TD Bank. The agreement bears interest at a rate of 2.86%. Monthly principal and interest payments are payable through 2029. The agreement is secured by the equipment and fixtures. Interest expense incurred during the year was \$515,227. The principal balance as of December 31, 2021, was \$16,305,142. Debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Principal Balance Due</u>
2022	\$ 1,512,651	\$ 446,601	\$ 14,792,491
2023	1,625,965	401,861	13,166,526
2024	1,744,993	353,807	11,421,533
2025	1,869,988	302,270	9,551,545
2026	2,001,210	247,078	7,550,335
2027 - 2029	7,550,335	370,740	-
	<u>\$ 16,305,142</u>	<u>\$ 2,122,357</u>	<u>\$ -</u>

A summary of long-term liabilities is as follows as of December 31, 2021:

	<u>January 1, 2021 Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31, 2021 Balance</u>	<u>Due Within One Year</u>
Bonds Payable	\$ 4,295,000	\$ -	\$ 780,000	\$ 3,515,000	\$ 815,000
EPC Lease Purchase Agreement	17,775,193	-	1,470,051	16,305,142	1,512,651
Compensated Absences	362,197	286,936	416,694	232,439	86,692
Accrued Pension Liability	7,040,852	-	2,015,876	5,024,976	-
Accrued OPEB Liability	11,749,591	4,612,515	-	16,362,106	-
Other Non-current Liabilities	-	54,495	-	54,495	-
Less: Current portion	<u>(2,292,020)</u>			<u>(2,414,343)</u>	
Long Term Liabilities	<u>\$ 38,930,813</u>	<u>\$ 4,953,946</u>	<u>\$ 4,682,621</u>	<u>\$ 39,079,815</u>	<u>\$ 2,414,343</u>

NOTE H – COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE I – HOPE VI PROJECT LOAN AGREEMENTS

In April of 2010, the Authority entered into a 90-year land lease in which the Authority leased land, with a book value of \$510,000, to Carl Miller Associates, LLC for a one-time rental payment of \$10. Through the end of 2015 the Authority loaned \$13,489,173 to Carl Miller Associates, LLC to fund development costs of the Miller Homes Site Revitalization Project under three non-interest-bearing Loan Agreements in the amounts of \$739,216, \$11,989,957, and \$760,000; dated in December of 2012. The Loan Agreements do not bear interest and are secured with subordinate leasehold mortgages against the applicable property. Upon expiration of the 90-year land lease, ownership of any remaining structures and improvements will transfer to the Authority. Due to uncertainties regarding collectability, the advances have been fully reserved. Any assets received as reimbursement of these loans will be recognized as revenue upon receipt. No funds were loaned, and no reimbursements were received during 2021.

NOTE J – LONG-TERM CONTRACTUAL COMMITMENTS

The Authority had the following outstanding contractual commitments of as of December 31, 2021:

<u>Type of Commitment:</u>	
Renovations/ Modernizations	\$ 1,673,147
Professional Services	293,978
Maintenance and Operations	<u>469,751</u>
Total Outstanding Contractual Commitments	<u><u>\$ 2,436,876</u></u>

NOTE K – SIGNIFICANT ESTIMATES

These financial statements are prepared in accordance with generally accepted accounting principles. The financial statements include some amounts that are based on management's best estimates and judgments. The most significant estimates relate to depreciation and useful lives; and the net pension and OPEB liabilities, deferred outflows and inflows of resources and related benefit or expenses. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE L – CAPITAL ASSETS

A summary of capital asset balances and activity as of, and for the year ended December 31, 2021, is as follows:

	January 1, 2021		Transfers &	December 31, 2021
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Land	\$ 1,993,866	\$ -	\$ (17,400)	\$ 1,976,466
Construction in Process	4,255,599	490,887	(1,410,546)	3,335,940
Total Assets not being depreciated	6,249,465	490,887	(1,427,946)	5,312,406
Buildings and Improvements	160,311,431	8,591	1,254,546	161,574,568
Furniture and Equipment	6,203,935	24,217	-	6,228,152
Total Capital Assets	172,764,831	523,695	(173,400)	173,115,126
Less Accumulated Depreciation				
Buildings and Improvements	(100,509,465)	(3,137,210)	156,000	(103,490,675)
Furniture and Equipment	(6,175,599)	(29,286)	-	(6,204,885)
Net Book Value	<u>\$ 66,079,767</u>	<u>\$ (2,642,801)</u>	<u>\$ (17,400)</u>	<u>\$ 63,419,566</u>

NOTE M – CONCENTRATION OF RISK

The Housing Authority receives most of its funding from HUD. These funds and grants are subject to modification by HUD depending on the availability of funding.

NOTE N – RISK MANAGEMENT

The Housing Authority is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Housing Authority carries commercial insurance for all risks of loss, including workman's compensation and employee health and accident insurance. The Housing Authority has not had any significant reductions in insurance coverage.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE O – PRIOR PERIOD ADJUSTMENT (OPEB)

In its 2020 financial statements, the Authority reported its applicable OPEB balances using a measurement date of June 30, 2019, instead of balances using a measurement date of June 30, 2020 as required under generally accepted accounting principles. Therefore, the Authority has adjusted its beginning OPEB balances and increased its beginning net position by \$367,651, from \$16,857,905 to \$17,225,556. A summary of the prior period adjustment transaction on the beginning OPEB balances and net position is as follows:

	Adjusted Balances as of <u>12/31/2020</u>	Previously Reported as of <u>12/31/2020</u>	Prior Period <u>Adjustment</u>
Deferred Outflows of Resources	\$ 3,900,687	\$ 178,934	\$ 3,721,753
Accrued OPEB Liability	(16,362,106)	(11,749,591)	(4,612,515)
Deferred Inflows of Resources	<u>(8,605,007)</u>	<u>(9,863,420)</u>	<u>1,258,413</u>
OPEB Net Position Surplus (Deficit)	<u><u>\$ (21,066,426)</u></u>	<u><u>\$ (21,434,077)</u></u>	<u><u>\$ 367,651</u></u>

NOTE P – SUBSEQUENT EVENTS

In preparing the financial statements, management evaluated subsequent events through September 19, 2022, the date the financial statements were available to be issued and determined that no significant subsequent events have occurred.

**THE HOUSING AUTHORITY OF THE CITY OF TRENTON
 STATEMENT AND CERTIFICATION OF PROGRAM COSTS - CAPITAL FUND PROGRAM
 FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>NJ39E005501-19</u>
Funds Approved	\$ 90,466
Funds Expended	90,466
Excess of Funds Approved	<u>\$ -</u>
Funds Advanced	\$ 90,466
Funds Expended	90,466
Excess of Funds Advanced	<u>\$ -</u>

1. The distribution of costs as shown on the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the Housing Authority's records.
2. All Modernization costs have been paid and all related liabilities have been discharged through payment.

THE HOUSING AUTHORITY OF THE CITY OF
TRENTON, NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2021

EXPENDITURES

Public Housing Program	
Assistance Listing Number 14.850a	<u>\$ 9,307,017</u>
Resident Opportunity and Supportive Services Program	
Assistance Listing Number 14.870	<u>79,375</u>
Capital Fund Program	
Assistance Listing Number 14.872	<u>3,880,621</u>
Choice Neighborhood Planning Grant	
Assistance Listing Number 14.892	<u>152,204</u>
TOTAL HUD EXPENDITURES	<u>13,419,217</u>
TOTAL FEDERAL EXPENDITURES	<u><u>\$ 13,419,217</u></u>

NOTE 1 – BASIS OF PRESENTATION

The above Schedule of Expenditures of Federal Awards includes the federal award activity of the Authority under programs of the federal government for the year ended December 31, 2021. The information on this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the financial net position, changes in net position, or cash flows of the 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 allowed or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The Authority has elected not to use the 10% *De Minimus Indirect Cost Rate* allowed under the Uniform Guidance.

The Housing Authority of the City of Trenton (NJ005)

TRENTON, NJ

Entity Wide Balance Sheet Summary

Fiscal Year

End: 12/31/2021

	Project Total	14.870 Resident Opportunity and Supportive Services	14.892 Choice Neighborhoods Planning Grants	COCC	ELIM	Total Enterprise Fund
111 Cash - Unrestricted	\$ 4,361,690	\$ -	\$ 25,622	\$ 407,018	\$ -	\$ 4,794,330
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-
113 Cash - Other Restricted	-	-	-	-	-	-
114 Cash - Tenant Security Deposits	385,968	-	-	-	-	385,968
115 Cash - Restricted for Payment of Current Liabilities	57,376	-	-	-	-	57,376
100 Total Cash	\$ 4,805,034	\$ -	\$ 25,622	\$ 407,018	\$ -	\$ 5,237,674
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	35,989	-	-	-	-	35,989
124 Accounts Receivable - Other Government	-	-	-	-	-	-
125 Accounts Receivable - Miscellaneous	-	-	-	-	-	-
126 Accounts Receivable - Tenants	959,871	-	-	-	-	959,871
126.1 Allowance for Doubtful Accounts -Tenants	(821,938)	-	-	-	-	(821,938)
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	31,697	-	-	-	-	31,697
128 Fraud Recovery	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-
129 Accrued Interest Receivable	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$ 205,619	\$ -	\$ -	\$ -	\$ -	\$ 205,619
131 Investments - Unrestricted	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	-	-	-	314,005	-	314,005
143 Inventories	157,228	-	-	-	-	157,228
143.1 Allowance for Obsolete Inventories	(7,862)	-	-	-	-	(7,862)
144 Inter Program Due From	-	-	-	1,620,000	(1,620,000)	-
145 Assets Held for Sale	-	-	-	-	-	-
150 Total Current Assets	\$ 5,160,019	\$ -	\$ 25,622	\$ 2,341,023	\$ (1,620,000)	\$ 5,906,664
161 Land	1,976,466	-	-	-	-	1,976,466

The Housing Authority of the City of Trenton (NJ005)
TRENTON, NJ

Entity Wide Balance Sheet Summary

Fiscal Year

End: 12/31/2021

	Project Total	14.870 Resident Opportunity and Supportive Services	14.892 Choice Neighborhoods Planning Grants	COCC	ELIM	Total Enterprise Fund
162 Buildings	161,344,156	-	-	230,412	-	161,574,568
163 Furniture, Equipment & Machinery - Dwellings	3,007,336	-	-	-	-	3,007,336
164 Furniture, Equipment & Machinery - Administration	1,050,542	-	-	2,170,274	-	3,220,816
165 Leasehold Improvements	-	-	-	-	-	-
166 Accumulated Depreciation	(107,427,592)	-	-	(2,267,968)	-	(109,695,560)
167 Construction in Progress	3,335,940	-	-	-	-	3,335,940
168 Infrastructure	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	\$ 63,286,848	\$ -	\$ -	\$ 132,718	\$ -	\$ 63,419,566
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-
176 Investments in Joint Ventures	-	-	-	-	-	-
180 Total Non-Current Assets	\$ 63,286,848	\$ -	\$ -	\$ 132,718	\$ -	\$ 63,419,566
200 Deferred Outflow of Resources	\$ 3,188,076	\$ -	\$ -	\$ 1,066,005	\$ -	\$ 4,254,081
290 Total Assets and Deferred Outflow of Resources	\$ 71,634,943	\$ -	\$ 25,622	\$ 3,539,746	\$ (1,620,000)	\$ 73,580,311
311 Bank Overdraft	-	-	-	-	-	-
312 Accounts Payable <= 90 Days	399,590	-	-	163,303	-	562,893
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	74,694	-	-	47,047	-	121,741
322 Accrued Compensated Absences - Current Portion	22,212	-	-	64,480	-	86,692
324 Accrued Contingency Liability	-	-	-	-	-	-
325 Accrued Interest Payable	68,362	-	-	-	-	68,362
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-
333 Accounts Payable - Other Government	515,606	-	-	-	-	515,606
341 Tenant Security Deposits	385,968	-	-	-	-	385,968

The Housing Authority of the City of Trenton (NJ005)
TRENTON, NJ

Entity Wide Balance Sheet Summary

Fiscal Year

End: 12/31/2021

	Project Total	14.870 Resident Opportunity and Supportive Services	14.892 Choice Neighborhoods Planning Grants	COCC	ELIM	Total Enterprise Fund
342 Unearned Revenue	412,488	-	25,622	-	-	438,110
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	2,327,651	-	-	-	-	2,327,651
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-
345 Other Current Liabilities	55,416	-	-	-	-	55,416
346 Accrued Liabilities - Other	717,862	-	-	3,329	-	721,191
347 Inter Program - Due To	1,620,000	-	-	-	(1,620,000)	-
348 Loan Liability - Current	-	-	-	-	-	-
310 Total Current Liabilities	\$ 6,599,849	\$ -	\$ 25,622	\$ 278,159	\$ (1,620,000)	\$ 5,283,630
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	17,492,491	-	-	-	-	17,492,491
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-
353 Non-current Liabilities - Other	54,495	-	-	-	-	54,495
354 Accrued Compensated Absences - Non Current	145,423	-	-	324	-	145,747
355 Loan Liability - Non Current	-	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	16,554,299	-	-	4,832,783	-	21,387,082
350 Total Non-Current Liabilities	\$ 34,246,708	\$ -	\$ -	\$ 4,833,107	\$ -	\$ 39,079,815
300 Total Liabilities	\$ 40,846,557	\$ -	\$ 25,622	\$ 5,111,266	\$ (1,620,000)	\$ 44,363,445
400 Deferred Inflow of Resources	\$ 9,833,499	\$ -	\$ -	\$ 2,149,485	\$ -	\$ 11,982,984
508.4 Net Investment in Capital Assets	43,466,706	-	-	132,718	-	43,599,424
511.4 Restricted Net Position	-	-	-	-	-	-
512.4 Unrestricted Net Position	(22,511,819)	-	-	(3,853,723)	-	(26,365,542)
513 Total Equity - Net Assets / Position	\$ 20,954,887	\$ -	\$ -	\$ (3,721,005)	\$ -	\$ 17,233,882
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 71,634,943	\$ -	\$ 25,622	\$ 3,539,746	\$ (1,620,000)	\$ 73,580,311

The Housing Authority of the City of Trenton (NJ005)
TRENTON, NJ

Entity Wide Revenue and Expense Summary

Fiscal Year

End: 12/31/2021

	Project Total	14.870 Resident Opportunity and Supportive Services	14.892 Choice Neighborhoods Planning Grants	COCC	ELIM	Total Enterprise Fund
70300 Net Tenant Rental Revenue	\$ 5,687,718	\$ -	\$ -	\$ -	\$ -	\$ 5,687,718
70400 Tenant Revenue - Other	262,931	-	-	-	-	262,931
70500 Total Tenant Revenue	\$ 5,950,649	\$ -	\$ -	\$ -	\$ -	\$ 5,950,649
70600 HUD PHA Operating Grants	12,261,723	79,375	152,204	-	-	12,493,302
70610 Capital Grants	925,915	-	-	-	-	925,915
70710 Management Fee	-	-	-	2,139,403	(2,139,403)	-
70720 Asset Management Fee	-	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	116,372	(116,372)	-
70740 Front Line Service Fee	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-
70700 Total Fee Revenue	\$ 13,187,638	\$ 79,375	\$ 152,204	\$ 2,255,775	\$ (2,255,775)	\$ 13,419,217
70800 Other Government Grants	-	-	-	-	-	-
71100 Investment Income - Unrestricted	441	-	-	-	-	441
71200 Mortgage Interest Income	-	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-
71400 Fraud Recovery	-	-	-	-	-	-
71500 Other Revenue	898,969	-	-	314,548	-	1,213,517
71600 Gain or Loss on Sale of Capital Assets	362,072	-	-	-	-	362,072
72000 Investment Income - Restricted	-	-	-	-	-	-
70000 Total Revenue	\$ 20,399,769	\$ 79,375	\$ 152,204	\$ 2,570,323	\$ (2,255,775)	\$ 20,945,896
91100 Administrative Salaries	1,221,743	-	7,726	498,928	-	1,728,397
91200 Auditing Fees	19,612	-	-	-	-	19,612
91300 Management Fee	2,139,403	-	-	-	(2,139,403)	-
91310 Book-keeping Fee	116,372	-	-	-	(116,372)	-
91400 Advertising and Marketing	19,007	-	-	744	-	19,751
91500 Employee Benefit contributions - Administrative	620,923	-	15,899	246,828	-	883,650

The Housing Authority of the City of Trenton (NJ005)
TRENTON, NJ

Entity Wide Revenue and Expense Summary

Fiscal Year

End: 12/31/2021

	Project Total	14.870 Resident Opportunity and Supportive Services	14.892 Choice Neighborhoods Planning Grants	COCC	ELIM	Total Enterprise Fund
91600 Office Expenses	171,536	-	-	33,124	-	204,660
91700 Legal Expense	156,625	-	-	96,611	-	253,236
91800 Travel	2,287	-	-	2,876	-	5,163
91810 Allocated Overhead	-	-	-	-	-	-
91900 Other	643,780	-	128,579	122,368	-	894,727
91000 Total Operating - Administrative	\$ 5,111,288	\$ -	\$ 152,204	\$ 1,001,479	\$ (2,255,775)	\$ 4,009,196
92000 Asset Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
92100 Tenant Services - Salaries	241,752	51,594	-	-	-	293,346
92200 Relocation Costs	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	108,140	27,781	-	-	-	135,921
92400 Tenant Services - Other	20,075	-	-	-	-	20,075
92500 Total Tenant Services	\$ 369,967	\$ 79,375	\$ -	\$ -	\$ -	\$ 449,342
93100 Water	636,639	-	-	2,638	-	639,277
93200 Electricity	1,285,092	-	-	25,474	-	1,310,566
93300 Gas	892,493	-	-	4,741	-	897,234
93400 Fuel	-	-	-	-	-	-
93500 Labor	-	-	-	-	-	-
93600 Sewer	313,496	-	-	431	-	313,927
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-
93800 Other Utilities Expense	-	-	-	-	-	-
93000 Total Utilities	\$ 3,127,720	\$ -	\$ -	\$ 33,284	\$ -	\$ 3,161,004
94100 Ordinary Maintenance and Operations - Labor	1,649,357	-	-	-	-	1,649,357
94200 Ordinary Maintenance and Operations - Materials and Other	1,378,865	-	-	74,584	-	1,453,449
94300 Ordinary Maintenance and Operations Contracts	1,980,260	-	-	7,127	-	1,987,387
94500 Employee Benefit Contributions - Ordinary Maintenance	733,751	-	-	-	-	733,751
94000 Total Maintenance	\$ 5,742,233	\$ -	\$ -	\$ 81,711	\$ -	\$ 5,823,944

The Housing Authority of the City of Trenton (NJ005)
TRENTON, NJ

Entity Wide Revenue and Expense Summary

Fiscal Year

End: 12/31/2021

	Project Total	14.870 Resident Opportunity and Supportive Services	14.892 Choice Neighborhoods Planning Grants	COCC	ELIM	Total Enterprise Fund
95100 Protective Services - Labor	898,980	-	-	-	-	898,980
95200 Protective Services - Other Contract Costs	-	-	-	-	-	-
95300 Protective Services - Other	-	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	404,021	-	-	-	-	404,021
95000 Total Protective Services	\$ 1,303,001	\$ -	\$ -	\$ -	\$ -	\$ 1,303,001
96110 Property Insurance	383,750	-	-	-	-	383,750
96120 Liability Insurance	303,822	-	-	-	-	303,822
96130 Workmen's Compensation	276,691	-	-	113,463	-	390,154
96140 All Other Insurance	42,733	-	-	4,322	-	47,055
96100 Total insurance Premiums	\$ 1,006,996	\$ -	\$ -	\$ 117,785	\$ -	\$ 1,124,781
96200 Other General Expenses	226,779	-	-	28,797	-	255,576
96210 Compensated Absences	222,132	-	-	64,804	-	286,936
96300 Payments in Lieu of Taxes	229,657	-	-	-	-	229,657
96400 Bad debt - Tenant Rents	439,593	-	-	-	-	439,593
96500 Bad debt - Mortgages	-	-	-	-	-	-
96600 Bad debt - Other	-	-	-	-	-	-
96800 Severance Expense	-	-	-	-	-	-
96000 Total Other General Expenses	\$ 1,118,161	\$ -	\$ -	\$ 93,601	\$ -	\$ 1,211,762
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-
96720 Interest on Notes Payable (Short and Long Term)	674,556	-	-	-	-	674,556
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	\$ 674,556	\$ -	\$ -	\$ -	\$ -	\$ 674,556
96900 Total Operating Expenses	\$ 18,453,922	\$ 79,375	\$ 152,204	\$ 1,327,860	\$ (2,255,775)	\$ 17,757,586
97000 Excess of Operating Revenue over Operating Expenses	\$ 1,945,847	\$ -	\$ -	\$ 1,242,463	\$ -	\$ 3,188,310

The Housing Authority of the City of Trenton (NJ005)
TRENTON, NJ

Entity Wide Revenue and Expense Summary

Fiscal Year

End: 12/31/2021

	Project Total	14.870 Resident Opportunity and Supportive Services	14.892 Choice Neighborhoods Planning Grants	COCC	ELIM	Total Enterprise Fund
97100 Extraordinary Maintenance	13,488	-	-	-	-	13,488
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-
97300 Housing Assistance Payments	-	-	-	-	-	-
97350 HAP Portability-In	-	-	-	-	-	-
97400 Depreciation Expense	3,165,157	-	-	1,339	-	3,166,496
97500 Fraud Losses	-	-	-	-	-	-
90000 Total Expenses	\$ 21,632,567	\$ 79,375	\$ 152,204	\$ 1,329,199	\$ (2,255,775)	\$ 20,937,570
10010 Operating Transfer In	1,359,867	-	-	-	(1,359,867)	-
10020 Operating transfer Out	(1,359,867)	-	-	-	1,359,867	-
10100 Total Other financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (1,232,798)	\$ -	\$ -	\$ 1,241,124	\$ -	\$ 8,326
11020 Required Annual Debt Principal Payments	\$ 2,250,052	\$ -	\$ -	\$ -	\$ -	\$ 2,250,052
11030 Beginning Equity	\$ 21,886,209	\$ -	\$ -	\$ (5,028,304)	\$ -	\$ 16,857,905
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	301,476	-	-	66,175	-	367,651
11170 Administrative Fee Equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11180 Housing Assistance Payments Equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11190 Unit Months Available	16,704	-	-	-	-	16,704
11210 Number of Unit Months Leased	15,504	-	-	-	-	15,504
11610 Land Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11620 Building Purchases	145,915	-	-	-	-	145,915
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-
13510 CFFP Debt Service Payments	939,329	-	-	-	-	939,329
13901 Replacement Housing Factor Funds	-	-	-	-	-	-

THE HOUSING AUTHORITY OF THE CITY OF TRENTON
 REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLAN
 FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule of Proportionate Share of Net Pension Liability

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2021
Authority's proportion of the net pension liability (%)	0.0486602913%	0.0454267772%	0.0407932614%	0.0420553641%	0.0419750918%	0.0431758480%	0.0424173954%
Authority's proportionate share of the net pension liability (\$)	\$ 10,923,260	\$ 13,454,108	\$ 9,496,019	\$ 8,280,492	\$ 7,563,275	\$ 7,040,852	\$ 5,024,976
Authority's covered payroll*	\$ 3,779,059	\$ 3,536,331	\$ 3,281,016	\$ 2,970,959	\$ 3,094,038	\$ 3,143,141	\$ 3,282,978
Authority's proportionate share of the net pension liability as a percentage of its covered payroll*	289.05%	380.45%	289.42%	278.71%	244.45%	224.01%	153.06%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	40.14%	48.09%	46.40%	56.27%	58.32%	70.33%

* Covered Payroll is defined in GASBS No. 82, Paragraph 5 (an Amendment to GASBS No. 68) as the payroll on which contributions to the plan are based.

Note: GASBS No. 68 was implemented as of the year ended 2015. The schedule is being built prospectively. Ultimately, ten years of data will be shown.

THE HOUSING AUTHORITY OF THE CITY OF TRENTON
 REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLAN
 FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule of Employer’s Required Contributions

	<u>Year Ended December 31, 2015</u>	<u>Year Ended December 31, 2016</u>	<u>Year Ended December 31, 2017</u>	<u>Year Ended December 31, 2018</u>	<u>Year Ended December 31, 2019</u>	<u>Year Ended December 31, 2020</u>	<u>Year Ended December 31, 2021</u>
Contractually required contribution	\$ 421,743	\$ 418,348	\$ 403,565	\$ 377,906	\$ 418,314	\$ 408,294	\$ 472,322
Contributions in relation to the contractually required contribution	<u>421,743</u>	<u>418,348</u>	<u>403,565</u>	<u>377,906</u>	<u>418,314</u>	<u>408,294</u>	<u>472,322</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll*	\$ 3,779,059	\$ 3,536,331	\$ 3,281,016	\$ 2,970,959	\$ 3,094,038	\$ 3,143,141	\$ 3,282,293
Contributions as a percentage of covered-payroll*	11.16%	11.83%	12.30%	12.72%	13.52%	12.99%	14.39%

THE HOUSING AUTHORITY OF THE CITY OF TRENTON
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLAN
 FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule of Changes in Benefit Terms and Assumptions Applied

	Actuarial Valuation as of July 1, 2014	Actuarial Valuation as of July 1, 2015	Actuarial Valuation as of July 1, 2016	Actuarial Valuation as of July 1, 2017	Actuarial Valuation as of July 1, 2018	Actuarial Valuation as of July 1, 2019	Actuarial Valuation as of July 1, 2020
Change in Benefit Terms	None	None	None	None	None	None	None
Change in Assumptions							
Inflation Rate	3.04%	3.08%	2.25%	2.25%	2.75%	2.75%	2.75%
<u>Salary Increases</u>							
Through 2026	2.15 - 4.40%	1.65 - 4.15%	1.65 - 4.15%	1.65 - 4.15%	2.00 - 6.00%	2.00 - 6.00%	2.00 - 6.00%
Thereafter	3.15 - 5.40%	2.65 - 5.15%	2.65 - 5.15%	2.65 - 5.15%	3.00 - 7.00%	3.00 - 7.00%	3.00 - 7.00%
Investment Rate of Return	7.90%	7.65%	7.00%	7.00%	7.00%	7.00%	7.00%

THE HOUSING AUTHORITY OF THE CITY OF TRENTON
 REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLAN
 FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule of Proportionate Share of Net OPEB Liability

	Fiscal Year Ended <u>June 30, 2018</u>	Fiscal Year Ended <u>June 30, 2019</u>	Fiscal Year Ended <u>June 30, 2020</u>
Authority's proportion of the net OPEB liability (%)	0.094628%	0.086738%	0.091171%
Authority's proportionate share of the net OPEB liability (\$)	\$ 14,825,007	\$ 11,749,591	\$ 16,362,106
Plan fiduciary net position as a percentage of the total OPEB liability	1.97%	1.98%	0.91%

Schedule of Employer's Required Contributions

	Year Ended <u>December 31, 2018</u>	Year Ended <u>December 31, 2019</u>	Year Ended <u>December 31, 2020</u>
Contractually required contribution	\$ 449,241	\$ 283,146	\$ 278,506
Contributions in relation to the contractually required contribution	<u>449,241</u>	<u>283,146</u>	<u>278,506</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: GASBS No. 75 was implemented as of the year ended 2018. These schedules are being built prospectively. Ultimately, ten years of data will be shown.

THE HOUSING AUTHORITY OF THE CITY OF TRENTON
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLAN
 FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule of Changes in Benefit Terms and Assumptions Applied

	Actuarial Valuation as of <u>June 30, 2017</u>	Actuarial Valuation as of <u>June 30, 2018</u>	Actuarial Valuation as of <u>June 30, 2019</u>
Change in Benefit Terms	None	None	None
Change in Assumptions			
Inflation Rate	2.50%	2.50%	2.50%
<u>Salary Increases</u>			
Through 2026	1.65 - 8.98%	2.00 - 6.00%	2.00 - 6.00%
Thereafter	2.65 - 9.98%	3.00 - 7.00%	3.00 - 7.00%

THE HOUSING AUTHORITY OF THE CITY OF TRENTON
TRENTON, NEW JERSEY

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

DECEMBER 31, 2021

Section I: Summary of Auditor's Results:

FINANCIAL STATEMENTS

Type of auditor's report issued: Qualified

Internal Control over financial reporting:

Are material weaknesses identified? Yes No

Are significant deficiencies that are not considered to be material weaknesses identified? Yes None Reported

Is noncompliance that could have a material effect on the financial statements identified? Yes No

FEDERAL AWARDS

Internal control over the major program:

Are material weaknesses identified? Yes No

Are significant deficiencies that are not considered to be material weaknesses identified? Yes None Reported

Type of report issued on compliance with requirements applicable to each major program: Qualified

Are there any audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance? Yes No

Identification of the major program:

<u>Name of Federal Program</u>	<u>Assistance Listing No.</u>
Public Housing Program	14.850a

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Is the auditee identified as a low-risk auditee? Yes No

THE HOUSING AUTHORITY OF THE CITY OF TRENTON
TRENTON, NEW JERSEY

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

DECEMBER 31, 2021

Section II: Financial Statement Findings:

Summary Schedule of Prior Year Findings:

None

Current Year Findings and Questioned Costs:

None

THE HOUSING AUTHORITY OF THE CITY OF TRENTON
TRENTON, NEW JERSEY

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

DECEMBER 31, 2021

Section III: Federal Award Findings and Questioned Costs:

Summary Schedule of Prior Year Findings:

None

Current Year Findings and Questioned Costs:

Finding 2021-001 – Tenant Eligibility, Reexaminations and Physical Inspections of Units (Material Weakness, Material Noncompliance)

Public Housing Program – Assistance Listing No. 14.850a; Grant period – year ended December 31, 2021

Criteria

The Public Housing Occupancy Guidebook and other HUD PIH Notices and Handbooks provide requirements and guidance for which the Public Housing Program is to be administered and operated under with respect to tenant eligibility and reexaminations. Specifically, the Authority must A) conduct annual reexaminations for all persons and families assisted under the Program, and B) conduct physical inspections of units annually.

Condition and Perspective

During audit fieldwork, forty Public Housing Program tenant files were requested for review for compliance with Program eligibility and reexamination requirements. The following omissions were noted from the files:

- 1) 2 files were missing Lead-Based Paint Disclosure Forms
- 2) 10 files were missing Physical Inspection Reports
- 3) 3 files were missing a third-party verification of income
- 4) 2 files were missing a birth certificate or ID card
- 5) 1 file was missing a social security card
- 6) 1 file contained an incorrect income calculation on the HUD Form 50058

Cause

Failure to execute controls over annual tenant reexaminations and tenant file maintenance requirements.

Effect

Non-compliance with the HUD's reexamination and physical inspection requirements.

Questioned Costs – None noted.

THE HOUSING AUTHORITY OF THE CITY OF TRENTON
TRENTON, NEW JERSEY

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

DECEMBER 31, 2021

Section III: Federal Award Findings and Questioned Costs - Continued:

Current Year Findings and Questioned Costs - Continued:

Finding 2021-001 – Tenant Eligibility, Reexaminations and Physical Inspections of Units (Material Weakness, Material Noncompliance) - Continued

Recommendation

We recommend that the Authority implement and execute strengthened controls over the annual tenant reexaminations, tenant file maintenance and unit inspection processes.

Reply

The Authority will implement and execute strengthened controls over the annual tenant reexaminations, tenant file maintenance and unit inspection processes. Jelani Garrett, Executive Director, has assumed the responsibility of implementing and executing strengthened controls over the annual tenant reexaminations, tenant file maintenance and unit inspection processes and expects the deficiencies which led to this Finding to be resolved by December 31, 2022.

THE HOUSING AUTHORITY OF THE CITY OF TRENTON
TRENTON, NEW JERSEY

CORRECTIVE ACTION PLAN

DECEMBER 31, 2021

Finding 2021-001 – Tenant Eligibility, Reexaminations and Physical Inspections of Units

The Authority will implement and execute strengthened controls over the annual tenant reexaminations, tenant file maintenance and unit inspection processes. Jelani Garrett, Executive Director, has assumed the responsibility of implementing and executing strengthened controls over the annual tenant reexaminations, tenant file maintenance and unit inspection processes and expects the deficiencies which led to this Finding to be resolved by December 31, 2022.