Report On Audit

HOUSING AUTHORITY OF THE TOWN OF NEWTON

For the Year Ended December 31, 2023

Housing Authority of the Town of Newton
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GIAMPAOLO
& ASSOCIATES

467 Middletown Lincroft Road
Lincroft, NJ 07738
Tel: 732-842-4550

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Town of Newton
32 Liberty Street
Newton, New Jersey 07860

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, of the Housing Authority of the Town of Newton, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Town of Newton basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Housing Authority of the Town of Newton as of December 31, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the Town of Newton 's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the Town of Newton

- Housing Authority of the Town of Newton's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and OPEB and PERS supplemental information on pages 5 through 17 and pages 44-48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the Town of Newton's basic financial statements. The accompanying supplemental information on pages 49-55 is presented for additional analysis and is not required part of the basic financial statements.

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

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

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

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

In our opinion, the Schedule of Expenditures of Federal Awards, Financial Data Schedule, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2024, in our consideration of the Housing Authority of the Town of Newton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the Town of Newton's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the Town of Newton's internal control over financial reporting and compliance.

Giampaolo & Associates

Lincroft, New Jersey
Date: September 20, 2024

HOUSING AUTHORITY OF THE TOWN OF NEWTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
ON DECEMBER 31, 2023

As Management of the Housing Authority of the Town of Newton (the Authority), present the following discussion and analysis which is supplementary information required by the Governmental Accounting Standards Board (GASB), and is intended to provide an easily readable explanation of the information provided in the attached financial statements. Management Discussion and Analysis is designed to focus on the current year's activities, resulting changes, and current known facts. It is by necessity highly summarized, and in order to gain a thorough understanding of the Authority's financial position, the financial statements and footnotes should be viewed in their entirety beginning on page 18 of this report. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

FINANCIAL HIGHLIGHTS

The assets and deferred outflow of resources of the Authority exceeded its total liabilities and deferred inflow of resources at the close of the most recent fiscal year by $1,214,242, representing an increase in the financial position of $119,189 or 11% as compared to the prior year.

As noted above, the net position of the Authority was positive $1,214,242 as of December 31, 2023. Of this amount, the unrestricted net position is $778,256, representing an increase of $12,301 or 2% percent from the previous year. Additional information on the Authority's unrestricted net positions can be found in Note 15 the financial statements, which is included in this report.

The net investment in capital assets increased $106,888 or 32% percent for an ending balance of $435,986. Additional information on the Authority's net investment in capital assets can be found in Note 14 to the financial statements, which is included in this report.

The Authority's total cash, and cash equivalents on December 31, 2023, is $994,025, representing an increase of $179,866 or 22% percent. Total operating cash is $939,762, representing an increase of $178,653 or 23% percent from the prior fiscal year. Total restricted cash increased $1,213 for an ending balance of $54,263. The full detail of this amount can be found in the Statement of Cash Flows on pages 21-22 of this report.

The Authority's total assets and deferred outflows are $1,508,911 of which deferred outflows are $254, capital assets net book value is $435,986, leaving total current assets at $1,072,671. Total current assets increased from the previous year by $45,293 or 4% percent. Operating cash increased by $178,653, restricted cash increased by $1,213, accounts receivables decreased by $135,748, prepaid expenses increased by $1,175, and unrestricted investments remained the same during the fiscal year.

Capital assets reported an increase in the net book value of the capital assets in the amount of $106,888 or 32% percent. The major factors that contributed to the increase were the acquisition of fixed assets in the amount of $140,546, less the recording of depreciation expense in the amount of $33,658. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

FINANCIAL HIGHLIGHTS - CONTINUED

The Authority reported no change in the deferred outflow for the pension cost for an ending balance of $254. The Authority reported no change in the deferred inflow for the pension, resulting in an ending balance of $134,109. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 9 Deferred Outflows/Inflows of Resources.

The Authority's total liabilities are reported at $160,560, of which current liabilities are stated at $160,560. Total liabilities increased during the year as compared to the prior year in the amount of $32,992 or 26% percent.

As previously mentioned, total current liabilities increased from the previous year by $32,992 or 26% percent. Accounts payable increased by $27,185, tenant security deposit payable increased by $1,213, and unearned revenue increased by $4,594.

Total noncurrent liabilities remained unchanged from the prior fiscal year for an ending balance of $-0-.

The Authority also has accrued pension and OPEB liabilities, which have remained unchanged for an ending balance of $-0-. The Authority has no employees since 2018.

The Authority had total operating revenue of $855,057 as compared to $948,560 from the prior year for a decrease of $93,503 or 10% percent. The Authority reported total operating expenses of $763,619 as compared to $759,044 from the previous year for an increase of $4,575 or 1% percent, resulting in excess revenue from operations in the amount of $91,438 for the current year as compared to excess revenue of $189,516 from the previous year for a decrease in revenue over expenses of $98,078 or 52% percent.

Total capital improvements contributions from HUD were in the amount of $-0-, representing no change from the prior fiscal year.

The Authority had capital outlays in the amount of $140,546 for the 2023 fiscal year.

The Authority's Expenditures of Federal Awards amounted to $354,294 for the fiscal year 2023 as compared to $414,097 for the previous fiscal year 2022 for a decrease of $59,803 or 14% percent.

USING THIS ANNUAL REPORT

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

1. Public and Indian Housing Program
2. Public Housing Capital Fund Program

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

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

This discussion and analysis are intended to serve as an introduction to the Housing Authority's basic financial statements. The basic financial statements are prepared on an entity wide basis and consist of:

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

The Authority's financial statements and notes to financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) applicable to governmental entities in the United States of America for the Enterprise Fund types. The Authority's activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe, and sanitary housing to low income and special needs populations. The financial statements can be found on pages 18 through 22.

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

Statement of Revenue, Expenses and Changes in Net Position – This statement presents information showing how the Authority's net position increased or decreased during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash inflows and cash outflows in the future periods.

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION – CONTINUED

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

Notes to the Financial Statements - Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Housing Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Housing Authority may face. The Notes to Financial Statements can be found in this Report beginning on page 23 through 42.

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

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Audits of States, Local Governments and Non-profit Organizations. The schedule of Expenditures of Federal Awards can be found on pages 50-51 of this report.

1. **Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), federal award is defined as federal financial assistance and federal cost reimbursement contracts that non-federal agencies receive directly or indirectly from federal agencies or pass-through entities. Federal financial assistance is defined as assistance that nonfederal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, direct appropriations, and other assistance.

2. **Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and the Uniform Guidance establish the levels of expenditures or expenses to be used in defining Type A and Type B Federal financial assistance programs. Type A programs for the Housing Authority of the Town of Newton are those which equal or exceeded $750,000 in expenditures for the fiscal year ended December 31, 2023. Type B programs for the Housing Authority of the Town of Newton are those which are less than $750,000 in expenditures for the fiscal year ended December 31, 2023.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

The following summarizes the computation of Net Position between December 31, 2023, and December 31, 2022.

Computation of Net Positions are as follows:

	Year Ended December-23	Year Ended December-22	Increase (Decrease)
Cash	$ 994,025	$ 814,159	$ 179,866
Other Current Assets	78,646	213,219	(134,573)
Capital Assets - Net	435,986	329,098	106,888
Deferred Outflows	254	254	-
Total Assets	1,508,911	1,356,730	152,181
Less: Current Liabilities	(160,560)	(127,568)	(32,992)
Less: Deferred Inflows	(134,109)	(134,109)	-
Total Net Position	$ 1,214,242	$ 1,095,053	$ 119,189
Net Investment in Capital Assets	$ 435,986	$ 329,098	$ 106,888
Unrestricted Net Position	778,256	765,955	12,301
Total Net Position	$ 1,214,242	$ 1,095,053	$ 119,189

Cash increased by $179,866 or 22% percent. Net cash provided by operating activities was $292,661, net cash used by capital and related financing activities was $140,546, and net cash provided by investing activities was $27,751. The full detail of this amount can be found in the Statement of Cash Flows on pages 21-22 of this audit report.

Other current assets are made up of three accounts: accounts receivables, prepaid expenses, and unrestricted investments. Accounts receivable, net of allowances, decreased by $135,748, prepaid expenses increased by $1,175, and unrestricted investments remained unchanged during the fiscal year.

Capital assets reported an increase in the net book value of the capital assets in the amount of $106,888 or 32% percent. The major factors that contributed to the increase was the purchase of fixed assets in the amount of $140,546, less the recording of depreciation expense in the amount of $33,658.

The Authority reported no change in the deferred outflow for the pension cost for an ending balance of $254. The Authority reported no change in the deferred inflow for the pension, resulting in an ending balance of $134,109. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 9 Deferred Outflows/Inflows of Resources.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority's total liabilities are reported at $160,560, of which current liabilities are stated at $160,560. Total liabilities increased during the year as compared to the prior year in the amount of $32,992 or 26% percent.

Total current liabilities increased from the previous year by $32,992 or 26% percent. Accounts payable increased by $27,185, tenant security deposit payable increased by $1,213, and unearned revenue increased by $4,594.

Total noncurrent liabilities remained unchanged with an ending balance of $-0-.

The Authority's reported net position of positive $1,214,242 is made up of two categories. The net investment in capital assets amount was $435,986. The net investment in capital assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending. The schedule below reflects the activity in this account for the current fiscal year:

Balance December 31, 2022	$	329,098
Acquisition of Fixed Assets		140,546
Depreciation Expense		(33,658)
Balance December 31, 2023	$	435,986

The remaining portion of the Authority's net position reflects its unrestricted net position in the amount of $778,256. The Housing Authority of the Town of Newton operating results for December 31, 2023, reported an increase in unrestricted position of $12,301 or 2% percent. A full detail of these accounts can be found in the Notes to the Financial Statements Section Note – 15 Unrestricted Net Position.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The following summarizes the changes in Net Position between December 31, 2023, and December 31, 2022:

Computation of Changes in Net Positions are as follows:

	Year Ended December-23	Year Ended December-22	Increase (Decrease)
Revenues			
Tenant Revenues	$ 465,608	$ 458,329	$ 7,279
HUD Subsidies	354,294	414,097	(59,803)
Other Revenues	35,155	76,134	(40,979)
Total Operating Income	855,057	948,560	(93,503)
Expenses			
Operating Expenses	729,961	740,459	(10,498)
Depreciation Expense	33,658	18,585	15,073
Total Operating Expenses	763,619	759,044	4,575
Operating Gain (Loss) Before Non-Operating Revenues and (Expenses)	91,438	189,516	(98,078)
Interest Income	27,751	8,755	18,996
HUD Capital Grants	-	-	-
Change in Net Position	119,189	198,271	(79,082)
Net Position Prior Year	1,095,053	751,452	343,601
Prior Period Adjustment	-	145,330	(145,330)
Total Net Position	$ 1,214,242	$ 1,095,053	$ 119,189

Approximately 41% percent of the Authority's total operating revenue was provided by HUD operating subsidy, while 54% percent resulted from tenant revenue. Charges for various services and other sources of revenue provided the remaining 5% percent of the total operating income.

The Authority operating expenses cover a variety of expenses. The largest expense was for administrative expenses, representing 36% percent of total operating expenses. Tenant services expense accounted for 1% percent, utility expense accounted for 21% percent, maintenance expense accounted for 26% percent, other operating expenses accounted for 12% percent, and depreciation expense accounted for the remaining 4% percent of the total operating expenses.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority's operating revenue exceeded its operating expenses resulting in excess revenue from operations in the amount of $91,438 as compared to excess revenue over expenses from operations of $189,516 for the previous year. The key elements for the decrease in excess revenue in comparison to the prior year are as follows:

- Tenant Rental Revenue increased $7,279 or 2% percent.
- Operating grants provided by HUD decreased $59,803 or 14% percent.
- Other revenue decreased $40,979 or 54% percent.
- The Authority experienced a decrease in the following expense accounts:
  - Administrative expense decreased $1,847 or 1% percent.
  - Tenant services expense decreased $3,746 or 49% percent.
  - Utilities expense decreased $6,724 or 4% percent.
  - Maintenance expense decreased $6,541 or 3% percent.
- The Authority experienced an increase in the following expense accounts:
  - Other operating expenses increased $8,360 or 10% percent.
  - Depreciation expense increased $15,073 or 81% percent.

Total net cash provided by operating activities during the year was $292,661 as compared to cash provided by operating activities in the amount of $100,259 in the prior fiscal year. A full detail of this amount can be found on the Statement of Cash Flows on pages 21-22 of this report.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The following are financial highlights of significant items for a four-year period of time ending on December 31, 2023:

	December-23	December-22	December-21	December-20
Significant Income				
Total Tenant Revenue	$ 465,608	$ 458,329	$ 444,066	$ 455,067
HUD Operating Grants	354,294	414,097	192,342	211,845
HUD Capital Grants	-	-	246,825	27,611
Investment Income	27,751	8,755	1,175	1,350
Other Income	35,155	76,134	46,769	45,966
Total	$ 882,808	$ 957,315	$ 931,177	$ 741,839
Other Significant Expenses				
Other Administrative Expenses	$ 276,385	$ 278,232	$ 195,754	$ 236,002
Utilities Expense	157,958	164,682	94,331	95,911
Maintenance Materials Cost	26,767	30,062	7,799	11,850
Maintenance Contract Cost	175,195	178,441	138,346	72,123
Insurance Premiums	58,657	46,236	44,914	44,077
Total	$ 694,962	$ 697,653	$ 481,144	$ 459,963
Total Operating Expenses	$ 763,619	$ 759,044	$ 530,591	$ 443,193
Total of Federal Awards	$ 354,294	$ 414,097	$ 439,167	$ 239,456

THE AUTHORITY AS A WHOLE

The Authority's revenues consist primarily of rents and subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's revenues were sufficient to cover all operating expenses. The Authority's unrestricted net position appears sufficient to cover any foreseeable shortfall arising from a possible economic turndown and reduced subsidies and grants.

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

THE HOUSING AUTHORITY OF THE TOWN OF NEWTON PROGRAMS

Public and Indian Housing Program:

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

Public Housing Capital Fund Program:

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

BUDGETARY HIGHLIGHTS

For the year ended December 31, 2023, individual program or grant budgets were prepared by the Authority and adopted by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

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

NEW INITIATIVES

For the fiscal year 2023, the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 40% percent of its revenue from the Department of Housing and Urban Development, (2022 was 43% percent), the Authority are constantly monitoring for any appropriation changes especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy.

The current administration of the Authority is determined to improve the financial results of the Authority's operations. In the prior fiscal year 2022, the Authority began exploring the possibility for a Rental Assistance Application (RAD), which would involve converting current public housing units to a Section 8 platform. While this process takes time, the Authority has remained diligent in maintaining the condition of their buildings.

The Authority has made steady progress in various phases of our operations, all the while maintaining a strong occupancy percentage in the public housing units. Interactions with the residents are a constant reminder of the need of the services. Regardless of the constraints (financial or regulatory) placed on this Housing Authority, the Authority will continuously look for ways to better provide or expand housing to qualified residents of the Town of Newton all the while being mindful of their responsibility to be good stewards of the public's tax dollars.

CAPITAL ASSETS AND DEBT ADMINISTRATION

1 – Capital Assets

The Authority's net investment in capital assets as of December 31, 2023, was $435,986 (net of accumulated depreciation). This net investment in capital assets includes land, buildings, vehicles, equipment, and construction in progress. The total increase during the year in the Authority's investment in capital assets was $106,888 or 32% percent. The Authority had major capital expenditures in the amount of $140,546 during the fiscal year.

This year's capital improvements includes the following major items:

- A & E Fees
- Unit Turnover & Renovations
- Laundry Room Equipment
- New Generator

	December-23	December-22	Change
Land	$ 95,000	$ 95,000	$ -
Building	3,923,586	3,783,040	140,546
Furniture, Equipment - Dwelling	34,106	34,106	-
Furniture, Equipment - Administration	67,600	67,600	-
Construction in Progress	27,611	27,611	-
Total Fixed Assets	4,147,903	4,007,357	140,546
Accumulated Depreciation	(3,711,917)	(3,678,259)	(33,658)
Net Book Value	$ 435,986	$ 329,098	$ 106,888

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

2 – Debt Administration

The Authority as of December 31, 2023, had no outstanding debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The capital budgets for the 2024 fiscal year have already been submitted to HUD for approval and no major changes are expected. The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing property including administrative fees involved in the modernization.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES - CONTINUED

The following factors were considered in preparing the Authority's budget for the fiscal year ending December 31, 2024.

- State of New Jersey economy including the impact on tenant income. Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income. Tenant rental payments are based on tenant income.
- Converting Public and Indian Housing Program rental units into RAD subsidy units.
- Continued increases in health care insurance are expected to impact employee benefits cost over the next several years.
- Inflationary pressure on utility rates, supplies and other costs.
- Even if HUD was fully funded for both the Operating and Capital Funds, it is unlikely that Congress would appropriate adequate funding. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to William Snyder, Executive Director, Housing Authority of the Town of Newton, 32 Liberty Street, Newton, New Jersey 07860, or call (973) 383-1181.

HOUSING AUTHORITY OF THE TOWN OF NEWTON
STATEMENT OF NET POSITION - 1
AS DECEMBER 31, 2023

	2023
Assets	
Current Assets:	
Cash and Cash Equivalents- Unrestricted	
Operating	$ 939,762
Restricted	54,263
Total cash and equivalents	994,025
Accounts Receivables, Net of Allowances	2,137
Prepaid Expenses	12,048
Investments - Unrestricted	64,461
Total Current Assets	1,072,671
Noncurrent Assets	
Capital Assets	
Land	95,000
Building	3,923,586
Furniture, Equipment - Dwelling	34,106
Furniture, Equipment - Administration	67,600
Construction in Process	27,611
Total Capital Assets	4,147,903
Less: Accumulated Depreciation	(3,711,917)
Net Book Value	435,986
Total Assets	1,508,657
Deferred Outflow of Resources	
Total Deferred Outflows of Resources	254
Total Assets and Deferred Outflow of Resources	$ 1,508,911

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF NEWTON
STATEMENT OF NET POSITION - 2
AS DECEMBER 31, 2023

	2023
Liabilities	
Current Liabilities:	
Accounts Payable	$ 99,233
Tenant Security Deposit Payable	54,263
Unearned Revenue	7,064
Total Current Liabilities	160,560
Total Liabilities	160,560
Deferred Inflow of Resources	
Total Deferred Inflow of Resources	134,109
Net Position:	
Net Investment in Capital Assets	435,986
Unrestricted	778,256
Total Net Position	1,214,242
Total Liabilities, Deferred Inflow of Resources, and Net Position	$ 1,508,911

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF NEWTON
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023

	2023
Revenue:	
Tenant Rental Revenue	$ 465,608
HUD PHA Operating Grants	354,294
Other Revenue	35,155
Total Revenue	855,057
Operating Expenses:	
Administrative Expense	276,385
Tenant Services	3,969
Utilities Expense	157,958
Maintenance Expense	201,962
Other Operating Expenses	89,687
Depreciation Expense	33,658
Total Operating Expenses	763,619
Excess Expenses Over Revenue From Operations	91,438
Non Operating Income and (Expenses):	
Capital Grants	-
Investment Income - Unrestricted	27,751
Total Non Operating Income	27,751
Change in Net Position	119,189
Beginning Net Position	1,095,053
Ending Net Position	$ 1,214,242

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS - 1
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023

	2023
Cash Flow From Operating Activities	
Receipts from Tenants	$ 465,276
Receipts from Federal Grants	490,374
Receipts from Misc. Sources	35,155
Payments to Vendors and Suppliers	(308,460)
Payment of Management Fees	(231,726)
Payments for Utilities	(157,958)
Net Cash Provided by Operating Activities	292,661
Cash Flow From Capital and Related Financing Activities	
Acquisitions and Construction of Capital Assets	(140,546)
Net Cash (Used) by Capital and Related Financing Activities	(140,546)
Cash Flow From Investing Activities	
Interest Income	27,751
Net Cash Provided by Investing Activities	27,751
Net Increase in Cash and Cash Equivalents	179,866
Beginning Cash	814,159
Ending Cash	$ 994,025
Reconciliation of Cash Balances:	
Cash and Cash Equivalents - Unrestricted	$ 939,762
Tenant Security Deposit	54,263
Total Ending Cash	$ 994,025

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF NEWTON
STATEMENT OF CASH FLOWS - 2
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023

	2023
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities	
Excess Revenue from Operations	$ 91,438
Adjustments to reconcile excess revenue	
to net cash provided by operating activities:	
Depreciation Expense	33,658
(Increase) Decrease in:	
Accounts Receivables	135,748
Prepaid Expenses	(1,175)
Increase (Decrease) in:	
Accounts Payable	27,185
Unearned Revenue	4,594
Tenant Security Deposits	1,213
Net Cash Provided By Operating Activities	$ 292,661

See accompanying notes to the financial statements.

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

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

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

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

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

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

Based on the following criteria, the Authority has not identified any entities which should be subject to evaluation for inclusion in the Authority's reporting entity.

Significant Accounting Policies

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

The Authority has adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The Statement establishes accounting and financial reporting standards for non-exchange transactions including financial or capital resources. The Authority's primary source of non-exchange revenue relates to grants and subsidies. Grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

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

Basis of Accounting

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

Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This requires the Housing Authority to account for operations in a manner 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.

Basis of Accounting – Continued

Revenue Recognition

The major sources of revenue are HUD operating subsidy, and other revenue. Other revenue composed primarily of miscellaneous fees from the tenant, cell phone tower and laundry income. The Authority recognizes short-term rental income from tenants who have signed a lease agreement for less than one year, in accordance with HUD guidelines. The Authority considers both rental income and subsidies to be exempt from compliance with ASC 606 as they are covered under current and future lease standards. Additionally, the Authority also generates revenue from tenant charges and fees, laundry machine income all of which are considered integral to the primary operations and are recognized as revenue at the time they are received.

Non-operating revenue and expenses consist of revenues and expenses that are related to financing and investing activities and result from non-exchange transactions or ancillary activities. Tenants dwelling rental charges are determined and billed monthly and are recognized as revenue when assessed because they are measurable and are collectible within the current period. The amounts not received by December 31, are accounts receivable and any amounts received for subsequent period are recorded as deferred revenue.

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

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

HUD operating, capital grants which finance capital and current operations are susceptible to accrual and recognized during the year earned in accordance with applicable HUD program guidelines. The Capital Fund Grant program contributions are expenditure driven grants with the revenue from the grant classified based on the expenditure. If the funds were expended for capital activities, the revenue is reported as capital contribution; if the funds are expended for other than capital, the revenue is reported as operating revenue.

Report Presentation

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

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

Other accounting policies are as follows:

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

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

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

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

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

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

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

Other accounting policies - Continued

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

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

10- Advertising cost is charged to expense when incurred.

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

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

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

Other accounting policies - Continued

14 - Taxes

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

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

15 - Net Position

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

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

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

Unrestricted Net Position - This component of net position consists of net position that do not meet the definitions of "restricted" or "net investment in capital assets."

Other accounting policies - Continued

16 - Operating and non-operating revenues and expenses

The major sources of revenue for the Authority are various subsidies from the U.S. Department of Housing and Urban Development, tenants dwelling rents and various charges to tenants and cell laundry income.

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

Non-Operating Revenue and Expenses

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

17-Impairment Losses

The Authority reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. No impairment losses were recognized in 2023.

18- Recent Accounting Pronouncements

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

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

1. The ability of the Board to exercise supervision of a component unit's financial independence.

2. The Board's governing authority extends to financial decision making authority and is held primarily accountable for decisions.

3. The Board appoints the management of the Authority who is responsible for the day-to-day operations and this management are directly accountable to the Board.

4. The ability of the Board to significantly influence operations through budgetary approvals, signing and authorizing contracts, exercising control over facilities, and approving the hiring or retention of key managerial personnel.

5. The ability of the Board to have absolute authority over all funds of the Authority and have accountability in fiscal matters.

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

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

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

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

Activities - The programs administered by the Authority were:

Program	CFDA #	Units Authorized
Public Housing		
Public and Indian Housing Program	14.850	80
Public Housing Capital Fund Program	14.872	N/A

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

Activities - Continued

Public Housing Capital Fund Program:

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

NOTE 2 - ESTIMATES

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

NOTE 3 - PENSION PLAN

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

Membership is mandatory for such employees. Contributions to the plan are made by both the employee and the Authority. Required employee contributions to the system are based on a flat rate determined by the New Jersey Division of Pensions for active plan members. Benefits paid to retired employees are based on length of service, latest earnings, and veteran status. Authority contributions to the system are determined by PERS and are billed annually to the Authority.

NOTE 3 - PENSION PLAN - CONTINUED

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0925.

On the web: http://www.nj.gov/treasury/pensions/documents/financial/gasb/gasb68-pers18.pdf

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employer's contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 7.20% of base wages. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, and the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2022 amounted to $-0-.

Post Employment Retirement Benefits

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

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

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

Concentration of Credit Risk

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment. HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority. These funds at various banks are collateral pledge under the New Jersey Government Code of the Banking Law.

NOTE 4 - CASH, CASH EQUIVALENTS - CONTINUED
Risk Disclosures

Collateral for Deposits

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

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. On December 31, 2022, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

Credit Risk

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

Depository Accounts	December-23
Insured	$ 314,836
Collateralized held by pledging bank's trust department in the Authority's name	679,189
Total Cash, Cash Equivalents	$ 994,025

NOTE 4 - CASH, CASH EQUIVALENTS - CONTINUED

Restricted Deposits

The Authority has total restricted cash on December 31, 2023, in the amount of $54,263 which consists of tenant security deposits. These amounts are held as security deposits for the tenants of the Public and Indian Housing Program in an interest-bearing accounts.

The Authority investments on December 31, 2023, included the following:

Investments	Maturities	Fair Value
St of NJ Management Fund	Upon Demand	$ 64,461

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts Receivable on December 31, 2023, and consisted of the following:

	December-23	December-22
Accounts Receivable - Tenants	$ 5,341	$ 4,514
Less: Allowance for Doubtful Accounts	(3,204)	(2,709)
Net Tenants Accounts Receivable	2,137	1,805
Accounts Receivable HUD	-	136,080
Net Accounts Receivable	$ 2,137	$ 137,885

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

NOTE 6 - PREPAID EXPENSES

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. All purchases of insurance premiums are written off on a monthly basis. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed. Prepaid expenses on December 31, 2023, and 2022 consisted of prepaid insurance premiums.

NOTE 7 - INTERFUND ACTIVITY

Interfund activity is reported as short-term loans, services provided during the course of operations, reimbursements, or transfers. Short term loans are reported as interfund short term receivables and payable as appropriate. The amounts between the various programs administered by the Authority on December 31, 2023, are detailed on the Financial Data Schedule of this report. Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

NOTE 8 - FIXED ASSETS

Fixed assets consist primarily of expenditures to acquire, construct, place in operations, and improve the facilities of the Authority and are stated by an appraised value. Expenditures for repairs, maintenance and minor renewals are charged against income in the year they are incurred. Major renewals and betterment are capitalized. Expenditures are capitalized when they meet the Capitalization Policy requirements. Under the policy, assets purchased or constructed at a cost not exceeding $5,000 are expensed when incurred. Donated fixed assets are stated at their fair value on the date donated.

Depreciation Expense

Depreciation expense on December 31, 2023, was $33,658. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

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

The Housing Authority of the Town of Newton reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery's reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred.

NOTE 8 - FIXED ASSETS – CONTINUED

The amount of impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended December 31, 2023.

Below is a schedule of changes in fixed assets for the twelve months ending December 31, 2023:

	December-22	Additions	December-23
Land	$ 95,000	$ -	$ 95,000
Building	3,783,040	140,546	3,923,586
Furniture, Equipment - Dwelling	34,106	-	34,106
Furniture, Equipment - Administration	67,600	-	67,600
Construction In Process	27,611	-	27,611
Total Fixed Assets	4,007,357	140,546	4,147,903
Accumulated Depreciation	(3,678,259)	(33,658)	(3,711,917)
Net Book Value	$ 329,098	$ 106,888	$ 435,986

Below is a schedule of the net book value of the fixed assets for the Authority as of December 31, 2023:

Net Book Value	December-23
Land	$ 95,000
Building	313,375
Furniture, Equipment - Dwelling	-
Furniture, Equipment - Administration	-
Construction In Process	27,611
Net Book Value	$ 435,986

NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

NOTE 9 - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED

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

Deferred Outflows of Resources	Pension
Differences Between Expected and Actual Experiences	$ -
Changes in Assumptions	-
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	254
Total	$ 254

Deferred Inflows of Resources	Pension
Differences Between Expected and Actual Experiences	$ -
Changes in Assumptions	-
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	134,109
Total	$ 134,109

Difference in Expected and Actual Experience

The difference between expected and actual experience with regard to economic and demographic factors is amortized over a five-year closed period reflecting the average remaining service life of the plan members (active and inactive), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is $-0- and $-0-.

NOTE 9 - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED

Changes in Assumptions

The change in assumptions about future economic or demographic factors or other inputs is amortized over a five-year closed period, reflecting the average remaining service life of the plan members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is $-0- and $-0-.

Net Difference between Projected and Actual Investments Earnings on Pension Plan Investments

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

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

The change in employer proportionate share is the amount of difference between the employer proportionate shares of net pension liability in the prior year compared to the current year. The difference between employer contributions and proportionate share of contributions is the difference between the total amount of employer contributions and the amount of the proportionate share of employer contributions. The change in proportionate share and the difference between employer contributions and proportionate share of contributions is amortized over a six-year closed period for PERS, reflecting the average remaining service life of PERS members (active and inactive members), respectively. The changes in proportion and differences between employer contributions and proportionate share of contributions for the fiscal year are $254 and $134,109.

NOTE 10 – ACCOUNTS PAYABLE

The Authority reported accounts payable on its Statement of Net Position as of December 31, 2023. Accounts payable vendors are amount owing to creditors or generally on open accounts, because of delivered goods and completed services. Accounts payable at December 31, 2023 consist of the following:

	December-23	December-22
Accounts Payable Vendors	$ 68,203	$ 43,732
Accounts Payable - Other Government	31,030	28,316
Total Accounts Payable	$ 99,233	$ 72,048

NOTE 11 – ACCOUNTS PAYABLE – OTHER GOVERNMENT (PILOT PAYABLE)

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the Town of Newton. Under the Cooperation Agreements, the Authority must pay the municipality 10% of its net shelter rent. The total amount of PILOT payable on December 31, 2023, is $33,610, as shown in the below schedule:

	December-23
Balance Beginning of Year	$ 28,316
P.I.L.O.T. Accrued	31,030
Less: Payments Made	(28,316)
Total P.I.L.O.T. Payable	$ 31,030

NOTE 12 – ACCRUED COMPENSATED ABSENCES

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

An employee may accumulate vacation leave but need to be used before the end of the following calendar year. Employee may accumulate sick leave without limit and the employee be compensated for accumulated sick leave at a rate of 100% to a maximum of $15,000 beginning with the change incorporated in 2008.

The Authority, at year end, had no employees and all the past employees were paid for their compensated absences during the 2018 year.

NOTE 13 – PENSION AND OPEB LIABILITY

The Authority as of December 31, 2023, reported accrued pension and OPEB liability amounts as follows:

	December-23
Accrued OPEB Liability	$ -
Accrued Pension Liability	-
Total OPEB and Pension Liability	$ -

These amounts arose due to adoption of GASB #75 (OPEB) in 2018 year as well as GASB #68 (Pension) which was adopted in 2014 year. The Authority has no employees since the 2018 year and the State of New Jersey Pension for June 2022 and OPEB liability adjusted the liability for June 30, 2021, audit reports, to reflect the current liability for the Authority.

NOTE 14 – NET INVESTMENT IN CAPITAL ASSETS

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

Balance December 31, 2022	$	329,098
Fixed Asset Acquistions		140,546
Depreciation Expense		(33,658)
Balance December 31, 2023	$	435,986

NOTE 15 – UNRESTRICTED

The Authority's Unrestricted Net Position account balance on December 31, 2023, is $778,256. The detail of the account balance is as follows:

	PIH Program Reserves
Balance December 31, 2022	$ 765,955
Increase During The Year	12,301
Balance December 31, 2023	$ 778,256

NOTE 16 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

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

Total financial support by HUD was $354,294 to the Authority which represents approximately 40% percent of the Authority's total revenue for the year December 31, 2023.

NOTE 17 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES

HUD contributes operating subsidy for the Public and Indian program approved in the operating budget under the Annual Contribution Contract. The operating subsidy contributions for the year ended December 31, 2023, were $216,796.

NOTE 18 – CONTINGENCIES AND COMMITMENTS

Litigation – On December 31, 2023, the Authority was not involved in any threatened litigation.

Contingencies

The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years. There were no such examinations for the years ended December 31, 2023.

Other Insurance

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

Construction Commitments

On December 31, 2023, the Authority outstanding construction commitments pertaining to its capital fund were not material. The cost pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

NOTE 19 – SUBSEQUENT EVENTS

Events that occur after the statement of net assets date but before the financial statements were available to be issued, must be evaluated for recognition or disclosed. The effects of subsequent events provide evidence about conditions that existed after the statement of net assets date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority thru September 20, 2024, the date which the financial statements were available for issue and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HOUSING AUTHORITY OF THE TOWN OF NEWTON

Required Supplementary Information
December 30, 2023

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

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

Total OPEB Liability	**2020**	**2019**	**2018**
Service Cost	$ -	$ -	$ -
Interest	-	-	-
Changes in Benefit Terms	-	-	-
Difference Between Expected and Actual Experiences	-	-	-
Changes in Assumptions or Other Inputs	-	-	-
Benefit Payments	-	-	-
Net Change in Total OPEB Liability	-	-	-
Total OPEB Liability, Beginning	-	-	-
Total OPEB Liability, Ending	$ -	$ -	$ -
Covered, Employee Payroll	$ -	$ -	$ -
Total OPEB Liability as a percentage of covered employee payroll	0.00%	0.00%	0.00%

HOUSING AUTHORITY OF THE TOWN OF NEWTON

Required Supplementary Information
December 30, 2023

Schedule is intended to show information for ten years.

Additional years will be displayed as they become available.

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

GASB #68 requires supplementary information which includes the Authority's share of the net pension liability along with related ratios as listed below.

The schedule below displays the Authority's proportionate share of Net Pension Liability.

HOUSING AUTHORITY OF THE TOWN OF NEWTON

Required Supplementary Information
December 30, 2023

	2022	2021	2020	2019
Housing Authority's proportion of the net pension liability	0.00000000%	0.00000000%	0.00000000%	0.00116089%
Housing Authority's proportionate share of the net pension liability	$ -	$ -	$ -	$ 209,174
Housing Authority's covered employee payroll	$ -	$ -	$ -	$ -
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	100.00%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	43.42%

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

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

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

GASB #68 requires supplementary information which includes the Authority's share of the net pension liability along with related ratios as listed below.

HOUSING AUTHORITY OF THE TOWN OF NEWTON

Required Supplementary Information
December 30, 2023

	2018	2017	2016	2015	2014
Housing Authority's proportion of the net pension liability	0.16304800%	0.00162037%	0.00229472%	0.00177869%	0.00261795%
Housing Authority's proportionate share of the net pension liability	$ 321,033	$ 377,196	$ 485,937	$ 399,281	$ 490,152
Housing Authority's covered employee payroll	$ 42,174	$ 174,440	$ 168,135	$ 202,092	$ 231,474
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	761.21%	216.23%	289.02%	197.57%	211.75%
Plan fiduciary net position as a percentage of the total pension liability	53.60%	48.01%	59.86%	52.07%	52.08%

HOUSING AUTHORITY OF THE TOWN OF NEWTON

Required Supplementary Information
December 30, 2023

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

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

	2022	2021	2020	2019
Contractually required contribution	$ -	$ -	$ -	$ 11,292
Contribution in relation to the contractually required contribution	-	-	-	(11,292)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Authority's covered payroll	$ -	$ -	$ -	$ -
Contribution as a percentage of covered employee payroll	0.00%	0.00%	0.00%	100.00%

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

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

HOUSING AUTHORITY OF THE TOWN OF NEWTON

Required Supplementary Information
December 30, 2023

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

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

	2018	2017	2016	2015	2014
Contractually required contribution	$ 16,218	$ 15,011	$ 14,576	$ 15,292	$ 21,582
Contribution in relation to the contractually required contribution	(16,218)	(15,011)	(14,576)	(15,292)	(21,582)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 42,174	$ 174,440	$ 168,135	$ 202,092	$ 231,474
Contribution as a percentage of covered employee payroll	38.45%	8.61%	8.67%	7.57%	9.32%

HOUSING AUTHORITY OF THE TOWN OF NEWTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023

Programs funded by:
U.S. Department of Housing and Urban Development

	CFDA #'s	Beginning Balance	Revenue Recognized	Fiscal Year Expenditures	Ending Balance
Public and Indian Housing Program					
NJ076	14.850	$ -	$ 216,796	$ 216,796	$ -
Grant Total 14.850		-	216,796	216,796	-
Public Housing Capital Fund Program					
NJ39P076	14.872	-	137,498	137,498	-
Grant Total 14.872		-	137,498	137,498	-
Total Expenditures of Federal Awards		$ -	$ 354,294	$ 354,294	$ -

HOUSING AUTHORITY OF THE TOWN OF NEWTON
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023

Note 1. Presentation:
The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Housing Authority of the Town of Newton is under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Housing Authority of the Town of Newton, it is not intended to and does not present the financial position, change in net position, or cash flows of the Housing Authority of the Town of Newton.

Note 2. Summary of Significant Accounting Policies:
Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate
The Housing Authority of the Town of Newton has not elected to use the 10 percent de minimis indirect cost rate as allowable under the Uniform Guidance.

Note 4. Loans Outstanding:
The Housing Authority of the Town of Newton had $-0- as a loan balance outstanding on December 31, 2023.

Note 5. Non- Cash Federal Assistance:
The Authority did not receive any non-cash Federal assistance for the year ended December 31, 2023.

Note 6. Sub recipients:
Of the federal expenditures presented in the schedule above, the Housing Authority of the Town of Newton did not provide federal awards to any sub recipients.

Newton Housing Authority (NJ076)
NEWTON, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 12/31/2023

	Project Total	Subtotal	Total
111 Cash - Unrestricted	$939,762	$939,762	$939,762
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	$54,263	$54,263	$54,263
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	$994,025	$994,025	$994,025
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects			
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants	$5,341	$5,341	$5,341
126.1 Allowance for Doubtful Accounts -Tenants	-$3,204	-$3,204	-$3,204
126.2 Allowance for Doubtful Accounts - Other			
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery	$1,574	$1,574	$1,574
128.1 Allowance for Doubtful Accounts - Fraud	-$1,574	-$1,574	-$1,574
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	$2,137	$2,137	$2,137
131 Investments - Unrestricted	$64,461	$64,461	$64,461
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	$12,048	$12,048	$12,048
143 Inventories			
143.1 Allowance for Obsolete Inventories			
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	$1,072,671	$1,072,671	$1,072,671
161 Land	$95,000	$95,000	$95,000
162 Buildings	$3,923,586	$3,923,586	$3,923,586
163 Furniture, Equipment & Machinery - Dwellings	$34,106	$34,106	$34,106
164 Furniture, Equipment & Machinery - Administration	$67,600	$67,600	$67,600
165 Leasehold Improvements			
166 Accumulated Depreciation	-$3,711,917	-$3,711,917	-$3,711,917
167 Construction in Progress	$27,611	$27,611	$27,611
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	$435,986	$435,986	$435,986
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	$435,986	$435,986	$435,986
200 Deferred Outflow of Resources	$254	$254	$254
290 Total Assets and Deferred Outflow of Resources	$1,508,911	$1,508,911	$1,508,911
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	$68,203	$68,203	$68,203

Newton Housing Authority (NJ076)
NEWTON, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 12/31/2023

	Project Total	Subtotal	Total
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable			
322 Accrued Compensated Absences - Current Portion			
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government	$31,030	$31,030	$31,030
341 Tenant Security Deposits	$54,263	$54,263	$54,263
342 Unearned Revenue	$7,064	$7,064	$7,064
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities			
346 Accrued Liabilities - Other			
347 Inter Program - Due To			
348 Loan Liability - Current			
310 Total Current Liabilities	$160,560	$160,560	$160,560
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			
352 Long-term Debt, Net of Current - Operating Borrowings			
353 Non-current Liabilities - Other			
354 Accrued Compensated Absences - Non Current			
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities			
350 Total Non-Current Liabilities	$0	$0	$0
300 Total Liabilities	$160,560	$160,560	$160,560
400 Deferred Inflow of Resources	$134,109	$134,109	$134,109
508.4 Net Investment in Capital Assets	$435,986	$435,986	$435,986
511.4 Restricted Net Position	$0	$0	$0
512.4 Unrestricted Net Position	$778,256	$778,256	$778,256
513 Total Equity - Net Assets / Position	$1,214,242	$1,214,242	$1,214,242
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$1,508,911	$1,508,911	$1,508,911

Newton Housing Authority (NJ076)
NEWTON, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 12/31/2023

	Project Total	Subtotal	Total
70300 Net Tenant Rental Revenue	$458,260	$458,260	$458,260
70400 Tenant Revenue - Other	$7,348	$7,348	$7,348
70500 Total Tenant Revenue	$465,608	$465,608	$465,608
70600 HUD PHA Operating Grants	$354,294	$354,294	$354,294
70610 Capital Grants			
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	$27,751	$27,751	$27,751
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	$35,155	$35,155	$35,155
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	$882,808	$882,808	$882,808
91100 Administrative Salaries			
91200 Auditing Fees	$7,200	$7,200	$7,200
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative			
91600 Office Expenses	$6,555	$6,555	$6,555
91700 Legal Expense			
91800 Travel			
91810 Allocated Overhead			
91900 Other	$262,630	$262,630	$262,630
91000 Total Operating - Administrative	$276,385	$276,385	$276,385
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other	$3,969	$3,969	$3,969
92500 Total Tenant Services	$3,969	$3,969	$3,969
93100 Water	$56,215	$56,215	$56,215
93200 Electricity	$60,644	$60,644	$60,644
93300 Gas	$41,099	$41,099	$41,099
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	$157,958	$157,958	$157,958

Newton Housing Authority (NJ076)
NEWTON, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 12/31/2023

	Project Total	Subtotal	Total
94100 Ordinary Maintenance and Operations - Labor			
94200 Ordinary Maintenance and Operations - Materials and Other	$26,767	$26,767	$26,767
94300 Ordinary Maintenance and Operations Contracts	$175,195	$175,195	$175,195
94500 Employee Benefit Contributions - Ordinary Maintenance			
94000 Total Maintenance	$201,962	$201,962	$201,962
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	$0	$0	$0
96110 Property Insurance			
96120 Liability Insurance			
96130 Workmen's Compensation			
96140 All Other Insurance	$58,657	$58,657	$58,657
96100 Total insurance Premiums	$58,657	$58,657	$58,657
96200 Other General Expenses			
96210 Compensated Absences			
96300 Payments in Lieu of Taxes	$31,030	$31,030	$31,030
96400 Bad debt - Tenant Rents			
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	$31,030	$31,030	$31,030
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	$0	$0	$0
96900 Total Operating Expenses	$729,961	$729,961	$729,961
97000 Excess of Operating Revenue over Operating Expenses	$152,847	$152,847	$152,847
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	$33,658	$33,658	$33,658
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	$763,619	$763,619	$763,619
10010 Operating Transfer In	$137,498	$137,498	$137,498
10020 Operating transfer Out	-$137,498	-$137,498	-$137,498
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			

Newton Housing Authority (NJ076)
NEWTON, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 12/31/2023

	Project Total	Subtotal	Total
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$119,189	$119,189	$119,189
11020 Required Annual Debt Principal Payments	$0	$0	$0
11030 Beginning Equity	$1,095,053	$1,095,053	$1,095,053
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$0	$0	$0
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	960	960	960
11210 Number of Unit Months Leased	927	927	927
11270 Excess Cash	$839,233	$839,233	$839,233
11610 Land Purchases	$0	$0	$0
11620 Building Purchases	$0	$0	$0
11630 Furniture & Equipment - Dwelling Purchases	$0	$0	$0
11640 Furniture & Equipment - Administrative Purchases	$0	$0	$0
11650 Leasehold Improvements Purchases	$0	$0	$0
11660 Infrastructure Purchases	$0	$0	$0
13510 CFFP Debt Service Payments	$0	$0	$0
13901 Replacement Housing Factor Funds	$0	$0	$0

GIAMPAOLO
& ASSOCIATES

467 Middletown Lincroft Road
Lincroft, NJ 07738
Tel: 732-842-4550

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
Housing Authority of the Town of Newton
32 Liberty Street
Newton, New Jersey 07860

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Housing Authority of the Town of Newton, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Housing Authority of the Town of Newton's basic financial statements, and have issued our report thereon dated September 20, 2024.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Giampaolo & Associates

Lincroft, New Jersey
Date: September 20, 2024

HOUSING AUTHORITY OF THE TOWN OF NEWTON
Schedule of Findings and Questioned Cost
Year Ended December 31, 2023

Prior Audit Findings
None reported

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statement of the Housing Authority of the Town of Newton.

2. No significant deficiencies relating to the audit of the financial statements are reported in the 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.*

3. No instances of noncompliance material to the financial statements of the Housing Authority of the Town of Newton were disclosed during the audit.

4. The threshold used for distinguishing between Type A and B programs was $750,000.

5. Housing Authority of the Town of Newton qualified as a low risk Auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT
None reported

GIAMPAOLO
& ASSOCIATES

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Housing Authority of the Town of Newton
32 Liberty Street
Newton, New Jersey 07860

We have performed the procedure described in the second paragraph of this report, which was agreed to by Housing Authority of the Town of Newton (the PHA) and the U.S. Department of Housing and Urban Development, Public Indian Housing - Real Estate Assessment Center (PIH-REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the OMB Uniform Guidance reporting package. The PHA is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in the Government Auditing Standards issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

We were engaged to perform an audit in accordance with the audit requirements of Title 2 U.S. Code of the Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), by The PHA as of and for the year ended December 31, 2023, and have issued our report thereon dated September 20, 2024. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated September 20, 2024, was expressed in relation to the basic financial statements of the PHA taken as a whole.

A copy of the reporting package required by Uniform Guidance, which includes the auditor's reports, is available in its entirety from the PHA. We have not performed any additional procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, PIH-REAC.

This report is intended solely for the information and use of the PHA and the U.S. Department of Housing and Urban Development, PIH-REAC, and is not intended to be and should not be used by anyone other than these specified parties.

Grampaolo Associates

Lincroft, New Jersey
September 20, 2024

Procedure	UFRS Rule Information	Hard Copy Document(s)	Findings
1	Balance Sheet and Revenue Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDAs, if applicable	Agrees
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	Agrees
3	Type of opinion on FDS (data element G3100-040)	Auditor's Supplemental report on FDS	Agrees
4	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Agrees