

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023



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**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Allentown
Allentown, Pennsylvania

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units, of the Housing Authority of the City of Allentown (the Authority), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Authority, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Cumberland Gardens I Housing Partnership, LP, Cumberland Gardens II Housing Partnership, LP, and Cumberland Gardens III Housing Partnership, LP, which represent 100% of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2023. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the aggregate discretely presented component units were not audited in accordance with Government Auditing Standards.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 to 15 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 GAAS, 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 Authority's basic financial statements. The financial data schedules as identified in the table of contents (the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements. The financial data schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 by us and other auditors. In our opinion, the information 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 March 28, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Baltimore, Maryland
March 28, 2024

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Management's Discussion and Analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, and (c) identify changes in the Authority's financial position for the fiscal year ended June 30, 2023. Please read it in conjunction with the Authority's financial statements.

Overview of the Financial Statements

The Authority's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Authority's accounting records are structured as an enterprise fund with revenues recognized when earned, rather than when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and depreciated over their estimated useful lives. The accounting for enterprise funds is similar to the accounting used by businesses. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

Following the MD&A are the basic financial statements of the Authority together with notes, which are essential to a full understanding of the data contained in the financial statements. The Authority's basic financial statements are designed to provide readers with a broad overview of the Authority's finances.

The statement of net position presents information similar to a balance sheet. The statement of net position reports all financial and capital resources of the Authority. The statement is presented in the format where assets, minus liabilities, equal net position. Assets and liabilities are presented in order of liquidity and are classified as current and noncurrent.

The statement of revenues, expenditures, and changes in net position presents information showing how the Authority's net position changed during the year. This statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, maintenance, and depreciation, and nonoperating revenue and expenses, such as grant revenue, investment income, interest expense, and gains or losses from the sale or disposition of capital assets. The focus of the statement is the change in net position, which is similar to net income or loss for a business entity.

The statement of cash flows reports net cash provided by or used by operating activities, noncapital financing activities, capital and related financing activities and investing activities.

The notes to financial statements provide additional information that is essential to a full understanding of the information included in the financial statements.

In addition to the basic financial statements and accompanying notes, this report includes two types of supplementary information: required supplementary information and other supplementary information. Required supplementary information must be included to conform to accounting principles generally accepted in the United States of America. Management's Discussion and Analysis is the required supplementary information.

Other supplementary information is not required by accounting principles generally accepted in the United States of America, but is presented for additional analysis purposes or to meet other requirements. The financial data schedules are required by the U.S. Department of Housing and Urban Development (HUD). The schedule of expenditures of federal awards is required by the Uniform Guidance.

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Program Information

Low Income Public Housing: The Authority owns 986 units. Under the low-income public housing program, the Authority rents units that it owns to low-income households. The program is operated under an annual contributions contract with HUD, and HUD provides operating subsidies and capital funding to enable the Authority to provide housing at a rent that is based on 30% of household income. The conventional public housing program includes the capital fund program, which is the primary funding source for physical improvements to the Authority's properties.

Section 8 Housing Choice Vouchers: HUD has contracted with the Authority for support for 1,683 Housing Choice Vouchers. Under the Housing Choice Voucher program, the Authority administers contracts with landlords that own rental property. The Authority subsidizes the family's rent through a housing assistance payment made to the landlord. The program is administered under an annual contributions contract with HUD. HUD provides annual contribution funding to enable the Authority to structure a lease that sets the participant's rent at 30% of household income.

HOPE VI Program: On June 6, 2005, the Authority was awarded a \$20 million grant to assist in the revitalization of Hanover Acres and Riverview Terrace (HART). The development's new name is Overlook Park. The Authority worked with key stakeholders, including HART residents, to create a master plan to stimulate private investment and revitalize the east Allentown neighborhood where the development is located. 421 distressed public housing units were demolished and replaced with 322 new units (190 tax credit public housing units, 79 tax credit units, and 53 homeownership units). Additionally, an old train depot was purchased from the city and converted to a new community building, and a large park overlooking the city was created. New infrastructure (water, sewer, electric, and communications) replaced the outmoded systems, and a new road grid was laid to integrate the new development with the surrounding neighborhood.

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Financial Position and Analysis

Table 1 compares the Authority's financial position for the fiscal years ended June 30, 2023 and 2022:

**Table 1
Net Position
As of June 30, 2023 and 2022**

	2023	2022	Increase (Decrease)	Percent Change
Assets:				
Cash and Cash Equivalents	\$ 6,909,676	\$ 7,916,558	\$ (1,006,882)	(12.72)%
Other Current Assets	1,340,983	1,070,669	270,314	25.25 %
Noncurrent Assets	61,435,045	61,717,609	(282,564)	(0.46)%
Total Assets	<u>\$ 69,685,704</u>	<u>\$ 70,704,836</u>	<u>\$ (1,019,132)</u>	(1.44)%
Liabilities:				
Current Liabilities	\$ 1,489,071	\$ 1,755,650	\$ (266,579)	(15.18)%
Noncurrent Liabilities	1,781,819	2,827,206	(1,045,387)	(36.98)%
Total Liabilities	<u>\$ 3,270,890</u>	<u>\$ 4,582,856</u>	<u>\$ (1,311,966)</u>	(28.63)%
Net Position:				
Net Investment in Capital Assets	\$ 19,280,741	\$ 19,454,848	\$ (174,107)	(0.89)%
Restricted Net Position	400,000	124,823	275,177	220.45 %
Unrestricted Net Position	46,734,073	46,542,309	191,764	0.41 %
Total Net Position	<u>\$ 66,414,814</u>	<u>\$ 66,121,980</u>	<u>\$ 292,834</u>	0.44 %

Cash and cash equivalents decreased by \$1,006,882 or 12.72% primarily due to the timing of cash deposits at year end and a reduction in HAP subsidy amounts received compared to prior year.

Other current assets increased by \$270,314 or 25.25% primarily due to a \$530,253 increase in A/R due from Cumberland Gardens phases I, II, and III.

Noncurrent assets decreased by \$282,564 or 0.46% primarily due to current year capital asset additions of \$1,564,238, an increase in accumulated depreciation of \$2,033,437 and net disposals in the amount of \$1,019,893.

Current liabilities decreased by \$266,580 or 15.18% primarily due to a \$216,151 decrease in accrued liabilities for Public Housing from the timing of capital expenditures in comparison to prior year.

Noncurrent liabilities decreased by \$1,045,387 or 36.98% primarily due to scheduled repayments on the Energy Performance contract debt.

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Table 2 focuses on the changes in net position:

**Table 2
Change in Net Position
For the Years Ended June 30, 2023 and 2022**

	2023	2022	Increase (Decrease)	Percent Change
Operating Revenue and Expense:				
Operating Revenue	\$ 27,127,354	\$ 22,704,199	\$ 4,423,155	19.48 %
Operating Expense	27,356,714	25,044,868	2,311,846	9.23
Operating Loss	(229,360)	(2,340,669)	2,111,309	(90.20)
Nonoperating Revenues and Expenses	522,194	1,259,127	(736,933)	(58.53)
Increase in Net Position	292,834	(1,081,542)	1,374,376	(127.08)
Net Position - Beginning of Year	66,121,980	67,203,522	(1,081,542)	(1.61)
Net Position - End of Year	<u>\$ 66,414,814</u>	<u>\$ 66,121,980</u>	<u>\$ 292,834</u>	0.44

Table 3 presents a summary of the Authority's revenue by source:

**Table 3
Revenues by Source
For the Years Ended June 30, 2023 and 2022**

	2023	2022	Increase (Decrease)	Percent Change
Operating Revenue:				
Tenant Revenue	\$ 3,288,105	\$ 2,979,242	\$ 308,863	10.37 %
HUD PHA Operating Subsidy	5,455,087	5,403,337	51,750	0.96
Housing Choice Vouchers	16,238,445	13,788,461	2,449,984	17.77
Other Revenue	2,145,717	533,159	1,612,558	302.45
Total Operating Revenue	27,127,354	22,704,199	4,423,155	19.48
Nonoperating Revenue:				
Capital Fund Grant	1,561,221	1,316,711	244,510	18.57
Mortgage Interest Income	25,695	5,322	20,373	382.81
Investment Income	63,689	36,084	27,605	76.50
Total Nonoperating Revenue	1,650,605	1,358,117	292,488	21.54
Total Revenue	<u>\$ 28,777,959</u>	<u>\$ 24,062,316</u>	<u>\$ 4,715,643</u>	19.60

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

HUD PHA Operating Subsidy increased \$51,750 or 0.96% due primarily to a slight increase in HUD budgeted amounts.

Housing Choice Voucher Program revenue increased \$2,449,984 or 17.77% due to the increase in vouchers leased during 2023.

Other revenue increased by \$1,612,558 or 302.45% primarily due to a state grant in the amount of \$1,125,000 for homeownership. The remainder of the increase was a result of increased activities due to the additional leased vouchers.

Capital Fund Grants increased \$244,510 or 18.57% due to increased capital expenditures in the current fiscal year.

Mortgage Interest Income increased \$20,373 or 382.81% due to a rise in surplus cash payments during fiscal year 2023 from the HOPE VI program.

Table 4 presents a summary of the Authority's expenses:

**Table 4
Expenses by Type
For the Year Ended June 30, 2023 and 2022**

	2023	2022	Increase (Decrease)	Percent Change
Operating Expense:				
Administrative	\$ 4,409,771	\$ 4,471,414	\$ (61,643)	(1.38)%
Tenant Service	156,110	130,075	26,035	20.02
Utilities	1,101,421	958,081	143,340	14.96
Maintenance	3,109,073	3,033,559	75,514	2.49
General Expense	966,610	1,461,809	(495,199)	(33.88)
Housing Assistance Payments	15,580,292	13,043,498	2,536,794	19.45
Depreciation Expense	2,033,437	1,946,432	87,005	4.47
Total Operating Expense	27,356,714	25,044,868	2,311,846	9.23
Nonoperating Expense:				
Loss on Sale of Capital Assets	(1,001,569)	-	(1,001,569)	100.00%
Interest Expense	126,842	98,990	27,852	28.14
Total Nonoperating Expense	(874,727)	98,990	(973,717)	(983.65)
Total Expense	<u>\$ 26,481,987</u>	<u>\$ 25,143,858</u>	<u>\$ 1,338,129</u>	5.32

Administrative expenses decreased \$61,643 or 1.38% due to decreases in legal and consulting services expenses.

Tenant Service expenses increased \$26,035 or 20.02% due to increases in leased vouchers during 2023.

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

General expenses decreased by \$495,199 or 33.88% primarily due to a transfer of funds from the sale of Reid Hotel to cover predevelopment costs related to Public Housing projects in 2022.

Maintenance expenses increased by \$75,514 or 2.49% due to nonemergency maintenance work which was delayed due to COVID-19.

Housing Assistance Payment expenses increased \$2,536,794 due to the increase in the amount of units leased. The program was not fully leased in 2022.

Table 5 below does not include Capital Fund Program grant revenue and expenses.

**Table 5
Low Income Public Housing
Budget vs. Actual
June 30, 2023**

	Budget	Actual	Variance Favorable (Unfavorable)	Percent Variance Favorable (Unfavorable)
Revenue:				
Rental Income	\$ 2,643,700	\$ 3,102,933	\$ 459,233	17.37 %
Operating Subsidy	2,789,307	4,140,452	1,351,145	48.44 %
Capital Grants	-	1,561,221	1,561,221	N/A
Interest Income	679	3,523	2,844	418.85 %
Other Income	98,363	157,164	58,801	59.78 %
Total Revenue	5,532,049	8,965,293	3,433,244	62.06 %
Expense:				
Administrative	2,011,802	2,656,304	(644,502)	(32.04)%
Tenant Services	38,051	32,709	5,342	14.04 %
Utilities	707,460	1,014,888	(307,428)	(43.46)%
Maintenance	1,718,192	2,549,599	(831,407)	(48.39)%
Insurance	241,514	302,393	(60,879)	(25.21)%
General Expense	215,567	2,137,221	(1,921,654)	(891.44)%
Interest	71,436	108,689	(37,253)	(52.15)%
Total Expense	5,004,022	8,801,803	(3,797,781)	(75.89)%
Income Under Expense	\$ 528,027	\$ 163,490	\$ (364,537)	69.04 %

Operating Subsidy was greater than budget by \$1,351,145 or 48.44%. The budget did not include Capital Fund Soft Costs Revenue.

Capital Grants was greater than budget by \$1,561,221. The budget did not include Capital Fund Hard Costs Revenue.

Administrative Expenses were greater than budget by 644,502 or 32.04%. Capital Fund Management Fees were not included in the LIPH budget. Additionally, Yardi Software implementation consultant fees were higher than expected.

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Tenant Services Expenses were less than budget by \$5,342 or 14.04%. The budget did not include Capital Funds used for Resident Services.

Maintenance Expenses were greater than budget by \$831,407 or 48.39% due to deferred maintenance work from the COVID-19 Pandemic and several emergency events that occurred throughout the year.

General Expenses were greater than budget by \$1,921,654 or 891.44%. The budget did not include depreciation expense or developer fee expenses.

**Table 6
Housing Choice Voucher
Budget vs. Actual
June 30, 2023**

	Budget	Actual	Variance Favorable (Unfavorable)	Percent Variance Favorable (Unfavorable)
Revenue:				
Operating Subsidy Admin	\$ 1,270,937	\$ 1,194,283	\$ (76,654)	(6.42)%
Operating Subsidy HAP	13,732,552	15,044,162	1,311,610	8.72 %
Interest Income	3,000	19,850	16,850	84.89 %
Port In's Administered	2,500	238,362	235,862	98.95 %
Other Income	3,304	-	(3,304)	N/A
Total Revenue	15,012,293	16,496,657	1,484,364	9.89 %
Expense:				
Administrative	1,223,924	1,448,360	(224,436)	(18.34)%
Tenant Services	9,000	13,731	(4,731)	(52.57)%
Maintenance	1,752	4,099	(2,347)	(133.96)%
Insurance	16,137	17,322	(1,185)	(7.34)%
General Expense	-	37,065	(37,065)	N/A
Port In Expense	14,400	224,386	(209,986)	(1458.24)%
HAP Expense	13,732,552	14,935,445	(1,202,893)	(8.76)%
Total Expense	14,997,765	16,680,408	(1,682,643)	(11.22)%
Income Over Expense	<u>\$ 14,528</u>	<u>\$ (183,751)</u>	<u>\$ (198,279)</u>	<u>(1364.81)%</u>

Operating Subsidy-Admin Revenue was less than budget by \$76,654 or 6.42% because actual units leased were lower than anticipated.

Operating Subsidy-HAP Revenue was greater than budget by \$1,311,610 or 8.72% because actual unit rates were higher than anticipated.

Port-In's Administered Revenue was greater than budget by \$164,105 or 98.95%. Port-in absorption was halted for several months due to the number of open vouchers.

Other Income was less than budget by \$3,304. Reduced fraud recovery revenue accounted for most of this difference.

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

General Expenses were greater than budget by \$37,065. Compensated Absences, bad debt and depreciation accounted for the variance as these were not included in the budget.

Port-In Expense was greater than budget by \$209,986 or 1,458.24%. The Authority had a small number of vouchers were absorbed in FY 22 leading to a higher port-in expense.

Table 7 summarizes the Authority's investment in capital assets:

**Table 7
Capital Assets
As of June 30, 2023 and 2022**

	2023	2022	Increase (Decrease)	Percent Change
Land	\$ 2,520,315	\$ 2,520,315	\$ -	- %
Buildings, Improvements, and Equipment	72,475,908	74,987,410	(2,511,502)	(3.35)
Total	74,996,223	77,507,725	(2,511,502)	(3.24)
Less: Accumulated Depreciation	54,016,510	55,038,920	(1,022,410)	(1.86)
Capital Assets, Net	<u>\$ 20,979,713</u>	<u>\$ 22,468,805</u>	<u>\$ (1,489,092)</u>	(6.63)

Acquisitions are capitalized at cost and depreciated using the straight-line method of depreciation. Additional information and details can be found in the Notes to the Financial Statements.

Capital funding available for 2023 is as follows:

**Table 8
Capital Funds Available**

	Grant	Total Budget	Expended Through 6/30/23	Budget Remaining at 6/30/23
Capital Fund Program 2019	501-19	\$ 2,369,734	\$ 2,369,734	\$ -
Capital Fund Program 2020	501-20	2,538,381	1,361,023	1,177,358
Capital Fund Program 2021	501-21	2,488,205	182,755	2,305,450
Total		<u>\$ 7,396,320</u>	<u>\$ 3,913,512</u>	<u>\$ 3,482,808</u>

Analysis of Debt Activity

The Authority's long-term debt during fiscal year 2023 consisted of a loan payable from TD Equipment Finance, Inc. in the amount of \$6,122,719 payable over 13.5 years. During fiscal year 2023, the Authority paid \$126,842 of interest expense.

June 30, 2022	\$ 3,146,915
Current Year Debt Paid	<u>(1,376,722)</u>
June 30, 2023	<u>\$ 1,770,193</u>

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Significant economic factors affecting the Authority are as follows:

- HUD has historically been underfunded to meet the subsidy needs of public housing authorities (PHAs). We do not expect this consistent trend to change.
- The change in Cash Management policy for the Housing Choice Voucher Program to recapture the accumulated excess funding of Housing Assistance Payments by providing less funding along with administrative fees in that program being funded at a reduced level from prior years. This will lead to net losses and decreases in cash in that program which is the purpose of the new policy.
- 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. Further, funding for the Departments of Defense and Homeland Security will probably result in reduced appropriations for all other domestic program spending.
- The City of Allentown and surrounding areas has seen a significant impact on affordable housing for the Housing Choice Voucher Program. An increase in leased vouchers occurred during the 2023 fiscal year due vouchers being paid out at a higher payment standard.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's accountability for all those interested. If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Housing Authority of the City of Allentown
Attn: Julio Guridy, Executive Director
1339 Allen Street
Allentown, PA 18102

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS	Total Enterprise Fund	Discretely Presented Component Units	Total Reporting Entity
CURRENT ASSETS			
Cash and Cash Equivalents - Unrestricted	\$ 6,005,164	\$ 24,432	\$ 6,029,596
Cash and Cash Equivalents - Restricted	904,512	2,025,421	2,929,933
Accounts Receivable, Net of Allowance of \$132,651 and \$84,365	1,159,035	35,941	1,194,976
Notes Receivable, Current	2,143	-	2,143
Prepaid Expenses and Other Assets	179,674	117,702	297,376
Inventories, Net of Allowance of \$627,573	131	-	131
Total Current Assets	<u>8,250,659</u>	<u>2,203,496</u>	<u>10,454,155</u>
NONCURRENT ASSETS			
Other Assets	42,731	130,776	173,507
Notes Receivable	40,412,601	-	40,412,601
Capital Assets not being Depreciated	2,520,315	1,937,625	4,457,940
Capital Assets being Depreciated, Net	18,459,398	28,213,021	46,672,419
Total Noncurrent Assets	<u>61,435,045</u>	<u>30,281,422</u>	<u>91,716,467</u>
Total Assets	<u><u>\$ 69,685,704</u></u>	<u><u>\$ 32,484,918</u></u>	<u><u>\$ 102,170,622</u></u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 750,271	\$ 825,573	\$ 1,575,844
Tenant Security Deposits	98,537	37,573	136,110
Accrued Compensated Absences, Current Portion	18,326	-	18,326
Accrued Liabilities	196,643	39,609	236,252
Unearned Revenue	50,117	4,974	55,091
Current Portion of Long-Term Debt - Operating	15,095	-	15,095
Current Portion of Long-Term Debt - Capital	360,082	-	360,082
Total Current Liabilities	<u>1,489,071</u>	<u>907,729</u>	<u>2,396,800</u>
NONCURRENT LIABILITIES			
Accrued Compensated Absences, Less Current Portion	164,927	-	164,927
Loan Liability, Less Current Portion - Operating	56,126	-	56,126
Long-Term Debt, Less Current Portion - Capital	1,338,890	23,733,901	25,072,791
Other Noncurrent Liabilities	221,876	-	221,876
Total Noncurrent Liabilities	<u>1,781,819</u>	<u>23,733,901</u>	<u>25,515,720</u>
Total Liabilities	3,270,890	24,641,630	27,912,520
NET POSITION			
Net Investment in Capital Assets	19,280,741	6,416,745	25,697,486
Restricted	400,000	1,987,848	2,387,848
Unrestricted	46,734,073	(561,305)	46,172,768
Total Net Position	<u>66,414,814</u>	<u>7,843,288</u>	<u>74,258,102</u>
Total Liabilities and Net Position	<u><u>\$ 69,685,704</u></u>	<u><u>\$ 32,484,918</u></u>	<u><u>\$ 102,170,622</u></u>

See accompanying Notes to Financial Statements.

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2023

	Cumberland Gardens I Housing Partnership, LP (October 31, 2022)	Cumberland Gardens II Housing Partnership, LP (October 31, 2022)	Cumberland Gardens III Housing Partnership, LP (December 31, 2022)	Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents - Unrestricted	\$ 3,544	\$ 13,811	\$ 7,077	\$ 24,432
Cash and Cash Equivalents - Restricted:				
Reserves/Escrows	671,983	727,634	588,231	1,987,848
Tenant Security Deposits	7,655	23,818	6,100	37,573
Total Cash and Cash Equivalents - Restricted	679,638	751,452	594,331	2,025,421
Accounts Receivable, Net of Allowance of \$84,365	18,322	8,578	9,041	35,941
Prepaid Expenses and Other Assets	44,310	49,969	23,423	117,702
Total Current Assets	745,814	823,810	633,872	2,203,496
NONCURRENT ASSETS				
Other Assets	30,836	54,657	45,283	130,776
Capital Assets, Net	9,616,355	10,784,898	9,749,393	30,150,646
Total Noncurrent Assets	9,647,191	10,839,555	9,794,676	30,281,422
 Total Assets	 \$ 10,393,005	 \$ 11,663,365	 \$ 10,428,548	 \$ 32,484,918
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 234,894	\$ 89,968	\$ 484,240	\$ 809,102
Accounts Payable Other Government	32,766	19,486	3,828	56,080
Tenants' Security Deposits Liability	7,655	23,818	6,100	37,573
Unearned Revenue	2,913	133	1,928	4,974
Total Current Liabilities	278,228	133,405	496,096	907,729
NONCURRENT LIABILITIES				
Long-Term Debt	10,755,195	6,079,409	6,899,297	23,733,901
Total Noncurrent Liabilities	10,755,195	6,079,409	6,899,297	23,733,901
 Total Liabilities	 11,033,423	 6,212,814	 7,395,393	 24,641,630
NET POSITION				
Net Investment in Capital Assets	(1,128,548)	4,695,198	2,850,095	6,416,745
Restricted	671,983	727,634	588,231	1,987,848
Unrestricted	(183,853)	27,719	(405,171)	(561,305)
Total Net Position	(640,418)	5,450,551	3,033,155	7,843,288
 Total Liabilities and Net Position	 \$ 10,393,005	 \$ 11,663,365	 \$ 10,428,548	 \$ 32,484,918

See accompanying Notes to Financial Statements.

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

	Total Enterprise Fund	Discretely Presented Component Units	Total Reporting Entity
OPERATING REVENUES			
Tenant Revenue	\$ 3,288,105	\$ 1,447,349	\$ 4,735,454
HUD Subsidies	21,693,532	-	21,693,532
Other Revenues	2,145,717	361,124	2,506,841
Total Operating Revenues	<u>27,127,354</u>	<u>1,808,473</u>	<u>28,935,827</u>
OPERATING EXPENSES			
Administrative	4,409,771	649,817	5,059,588
Tenant Services	156,110	11,883	167,993
Utilities	1,101,421	364,248	1,465,669
Maintenance	3,079,646	694,193	3,773,839
General Expenses	996,037	244,522	1,240,559
Housing Assistance Payments	15,580,292	-	15,580,292
Depreciation	2,033,437	1,090,123	3,123,560
Total Operating Expenses	<u>27,356,714</u>	<u>3,054,786</u>	<u>30,411,500</u>
OPERATING LOSS	(229,360)	(1,246,313)	(1,475,673)
NONOPERATING REVENUES (EXPENSES)			
Loss on Sale of Capital Assets	(1,001,569)	-	(1,001,569)
Investment Income	63,689	6,423	70,112
Interest Income	25,695	-	25,695
Interest Expense	(126,842)	(138,824)	(265,666)
Total Nonoperating Revenues (Expenses)	<u>(1,039,027)</u>	<u>(132,401)</u>	<u>(1,171,428)</u>
LOSS BEFORE CAPITAL GRANTS	(1,268,387)	(1,378,714)	(2,647,101)
Capital Grants	<u>1,561,221</u>	<u>-</u>	<u>1,561,221</u>
CHANGE IN NET POSITION	292,834	(1,378,714)	(1,085,880)
Net Position - Beginning of Year	<u>66,121,980</u>	<u>9,222,002</u>	<u>75,343,982</u>
NET POSITION - END OF YEAR	<u>\$ 66,414,814</u>	<u>\$ 7,843,288</u>	<u>\$ 74,258,102</u>

See accompanying Notes to Financial Statements.

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED JUNE 30, 2023

	Cumberland Gardens I Housing Partnership, LP (October 31, 2022)	Cumberland Gardens II Housing Partnership, LP (October 31, 2022)	Cumberland Gardens III Housing Partnership, LP (December 31, 2022)	Total
OPERATING REVENUE				
Rental Income	\$ 671,074	\$ 309,776	\$ 454,173	\$ 1,435,023
Other Tenant Income	-	7,518	-	7,518
Vacancies and Concessions	(7,368)	7,518	4,658	4,808
Net Tenant Revenue	663,706	324,812	458,831	1,447,349
HUD Subsidies	-	327,002	-	327,002
Other Operating Income	26,741	256	7,125	34,122
Total Operating Revenue	690,447	652,070	465,956	1,808,473
OPERATING EXPENSES				
Administrative	241,375	233,330	175,112	649,817
Tenant Services	3,931	3,566	4,386	11,883
Utilities	106,902	116,409	140,937	364,248
Maintenance	292,045	276,295	121,092	689,432
General Expenses	93,737	101,308	49,477	244,522
Housing Assistance Payments	-	4,761	-	4,761
Depreciation	375,244	428,462	317,793	1,121,499
Total Operating Expenses	1,113,234	1,164,131	808,797	3,086,162
NET OPERATING LOSS	(422,787)	(512,061)	(342,841)	(1,277,689)
NONOPERATING REVENUES				
(EXPENSES)				
Interest Income	2,595	2,429	1,399	6,423
Interest Expense	(11,258)	-	(96,190)	(107,448)
Total Nonoperating Revenue				
(Expenses)	(8,663)	2,429	(94,791)	(101,025)
CHANGE IN NET POSITION	(431,450)	(509,632)	(437,632)	(1,378,714)
Net Position - Beginning of Year	(208,968)	5,960,183	3,470,787	9,222,002
NET POSITION - END OF YEAR	<u>\$ (640,418)</u>	<u>\$ 5,450,551</u>	<u>\$ 3,033,155</u>	<u>\$ 7,843,288</u>

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
STATEMENT OF CASH FLOWS - BUSINESS-TYPE ACTIVITIES
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 3,391,846
Cash Received from Grants	21,973,641
Cash Received from Others	1,505,011
Payments to Employees for Salaries and Benefits	(3,821,883)
Payments to Suppliers and Service Providers	(5,911,144)
Payments to Landlords for Customer Rent	(15,580,292)
Net Cash Provided by Operating Activities	<u>1,557,179</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of Fixed Assets	(1,564,238)
Proceeds from Disposition of Fixed Assets	18,324
Capital Contributions	1,561,221
Payments on Financed Purchase Payable	(1,376,722)
Interest Expense	(126,842)
Net Cash Used by Capital and Related Financing Activities	<u>(1,488,257)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Collection of Notes Receivable	409,812
Issuance of Notes Receivable	(1,575,000)
Proceeds from the Sale of Investments	1,383,199
Interest Received on Investments	89,384
Net Cash Provided by Investing Activities	<u>307,395</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

376,317

Cash and Cash Equivalents - Beginning of Year

6,533,359

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 6,909,676

**RECONCILIATION OF OPERATING LOSS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Loss	\$ (229,360)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	2,033,437
Provision for Bad Debt Expense	120,810
Effects of Changes in Operating Assets and Liabilities:	
Accounts Receivable	(639,008)
Accounts Receivable - Tenants	(50,714)
Accounts Receivable - HUD	280,109
Prepaid Expenses	20,011
Inventory	(131)
Other Assets	(42,731)
Accounts Payable and Accrued Expenses	26,737
Tenant Security Deposits	(1,698)
Accrued Compensated Absences	(6,178)
Other Accrued Liabilities	12,250
Unearned Revenue	33,645
Net Cash Provided by Operating Activities	<u><u>\$ 1,557,179</u></u>

See accompanying Notes to Financial Statements.

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

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Authority

The Housing Authority of the City of Allentown (the Authority) is a public body and a body corporate and politic organized under the laws of the Commonwealth of Pennsylvania by the City of Allentown for the purpose of providing adequate housing for qualified low-income individuals. To accomplish this purpose, the City appoints a Governing Board, but the Board designates its own management. Additionally, the Authority has entered into annual contribution contracts with the U.S. Department of Housing and Urban Development (HUD) to be the administrator of the housing and housing related programs described herein. The Authority is not subject to federal or state income taxes and is not required to file federal or state income tax returns.

Financial Reporting Entity

In determining how to define the reporting entity, management has considered all potential component units by applying the criteria set forth by the Governmental Accounting Standards Board (GASB). These criteria include manifestation of oversight responsibility including financial accountability, imposition of will, financial benefit to or burden on a primary government, and financial accountability as a result of fiscal dependency.

Financial Accountability - The Authority is responsible for its debts, does not impose a financial burden on the City of Allentown, and is entitled to all surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority.

Appointment of a Voting Majority - The Authority is governed by a Board of Commissioners appointed by the Mayor of the City of Allentown and has governance responsibilities over all activities related to all housing activities within the City of Allentown. The Board of Commissioners has decision-making authority and the power to designate management. The members do not serve at the discretion of the City, i.e., they can be removed only for cause. The Authority's Board elects its own chairperson.

Imposition of Will - The City has no influence over the management, budget, or policies of the Authority. The Authority's Board of Commissioners has the responsibility to significantly influence the Authority's operations. This includes, but is not limited to, adoption of the budget, personnel management, signing contracts, issuing bonds, and deciding which programs are to be provided.

On the basis of the application of these criteria, the Authority is a legally separate entity that is fiscally independent of other governments. There are no other entities that are to be reported as component units of the Authority, except as noted below, nor is the Authority to be included in the City of Allentown financial reports; therefore, the Authority reports independently.

The Authority is the sole owner of AHA CG GP1 LLC, AHA CG GP2 LLC, and AHA CG GP3 LLC which were created to have ownership interest in Cumberland Gardens I Housing Partnership, LP, Cumberland Gardens II Housing Partnership, LP, and Cumberland Gardens III Housing Partnership, LP, respectively. Activity for these LLCs are not recorded on the books of AHA, as there is no operating activity at these entities.

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

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Discretely Presented Component Units

Cumberland Gardens I Housing Partnership, LP, (the Partnership) was formed on January 13, 2010, as a limited partnership under the laws of the state of Pennsylvania for the purpose of developing and operating a newly constructed affordable housing project consisting of 74 rental units. The Authority is the sole owner of AHA CG GP1 LLC, which in turn is a 0.0045% co-general partner in the Partnership. The Partnership operates on an October 31 fiscal year-end.

Cumberland Gardens II Housing Partnership, LP, (the Partnership) was formed on October 4, 2012, as a limited partnership under the laws of the state of Pennsylvania for the purpose of rehabilitating and operating an affordable housing project consisting of 70 rental units. The Authority is the sole owner of AHA CG GP2 LLC, which in turn is a 0.0045% co-general partner in the Partnership. The Partnership operates on an October 31 fiscal year-end.

Cumberland Gardens III Housing Partnership, LP, (the Partnership) was formed on September 23, 2013, as a limited partnership under the laws of the state of Pennsylvania to develop and operate a newly constructed affordable housing project consisting of 56 rental units. The Authority is the sole owner of AHA CG GP3 LLC, which in turn is a 0.0045% co-general partner in the Partnership. The Partnership operates on a December 31 fiscal year-end.

The Partnership activities are governed by the operating agreement and Internal Revenue Code (IRC) (Section 42). Each building of each project has qualified for and been allocated low-income housing tax credits pursuant to Section 42, which regulates the use of the project as to occupant eligibility and unit gross rent, among other requirements. Items of the Partnership income or loss are generally allocated 99.99% to the limited partner, 0.001% to the special limited partner, and 0.009% to the general partner. The Authority has certain rights and responsibilities, which enables it to impose its will on the Partnerships. In addition, the Authority is financially accountable for the Partnerships as the Authority is legally obligated to fund operating deficits in accordance with the terms of the partnership agreements. In accordance with GASB, the Partnerships are included as a discretely presented component unit in the June 30, 2023 financial statements. The amounts included for each partnership are as of their fiscal year ended which falls in the June 30, 2023 fiscal year of the Authority.

Basis of Presentation

The basic financial statements (i.e., the statement of net position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows) report information on all activities of the Authority. The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States (U.S. GAAP) as applied to local governmental units.

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

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Description of Funds

A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of its assets, deferred outflow of resources, liabilities, deferred inflow of resources, net position, revenues, and expenses. The Authority's operating activities are maintained in accordance with the principles of enterprise fund accounting to ensure the observance of limitations and restrictions on the resources available. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, was issued to incorporate GASB and AICPA guidance into GASB authoritative literature.

Within the Enterprise Fund, the Authority maintains a number of individual programs funded by HUD or other sources as described below.

Low-Income Public Housing – Funding for the projects was acquired through advances from HUD. The objective of the program is to provide decent, safe, and sanitary housing and related facilities for eligible low-income families and the elderly.

Capital Fund Program – The objective of this program is to improve the physical condition of the Low-Income Public Housing units and upgrade the management of the program.

Housing Choice Voucher, Moderate Rehabilitation, and Section 8 New Construction Programs – The objective of these programs is to provide housing for eligible low-income families through housing assistance payments to private landlords.

HOPE VI Program – The objective of this program is to provide assistance to public housing agencies to revitalize severely distressed public housing projects through demolition, substantial rehabilitation, reconfiguration, or replacement of units.

Business Activities – This fund accounts predominately for the Cafeteria, Laundry, and Section 8 Management Fund. The cafeteria fund receives federal funding from the Lehigh County Agency on Aging to assist with the operation of the congregate meals program. Income from the Cafeteria is used for the operation of the cafeteria, and income from the Laundry is used for laundry operations. Income from the Section 8 Management Fund is used to pay retiree benefits.

Basis of Accounting and Measurement Focus

The basis of accounting for the funds used by the Authority is determined by measurement focus. The flow of economic resources, measurement focus, and the accrual basis of accounting are used to account for the Authority's funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities associated with the operation of these funds are included on the statement of net position.

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

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Budgets

The Authority adopts budgets on the basis of accounting consistent with that of the fund to which the budget applies. The Authority prepares annual operating budgets, which are formally adopted by its governing Board of Commissioners. The budgets for programs funded by HUD form the basis of the Federal Financial Assistance received through HUD.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all cash on hand, demand deposits, and short-term investments with an original maturity of three months or less when purchased to be cash equivalents. All investments are in certificates of deposit and money market funds, which are not subject to the fair value measurement requirements. The Authority classifies investments as current or noncurrent based on the maturity dates. Current investments mature within one year.

Accounts Receivable

Accounts receivable consists of payments due from HUD and related affiliates, rent payments due from tenants, and other miscellaneous receivables arising from the normal course of operations. A reserve for uncollectible accounts is established based on management's estimates.

Inventories

Inventories are entered at cost. The Authority uses the first-in first-out (FIFO) method of costing inventory. Inventories are charged to expense when consumed.

Notes Receivable

A significant portion of notes receivable represent loans to related party owner-entities and developers for the construction costs related to the HOPE VI Program. Management determined that accrued interest related to these loans was not reasonably collectible and the Authority does not accrue the interest in the statements.

Capital Assets and Depreciation

Capital assets include site acquisition and improvement, structures, and equipment that cost \$2,500 or more and have an estimated useful life of at least one year. Capital assets are stated at historical cost. Donated capital assets are stated at their acquisition value on the date donated. All infrastructure assets were capitalized at the conclusion of development then dedicated to the Authority for maintenance and repairs. Depreciation of exhaustible capital assets utilizes the straight-line method and is charged as an expense against operations, and accumulated depreciation is normally reported on the statement of net position.

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

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Capital Assets and Depreciation (Continued)

The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings	40 Years
Building Improvements	10 Years
Site Improvements	10 Years
Furniture, Fixtures, and Equipment	5 to 10 Years
Non-dwelling Structures	30 Years

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, requires certain note disclosures. During the fiscal year ended June 30, 2023, the Authority had no material casualty losses or impairments to be reported.

Compensated Absences

Compensated absences are absences for which employees will be paid, i.e., sick leave, vacation, and other approved leave. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Authority accrues the liability for those absences as the employee earns the rights to the benefits. Accrued amounts are based on the current salary rates.

Full-time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Employees also earn annual sick leave at established rates. Vacation and sick pay are recorded as an expense and related liability in the year earned by employees.

Net Position

Net position is displayed in three components:

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

Restricted Net Position – This component of net position consists of restricted resources when constraints are placed on the resource by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

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

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

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Net Position (Continued)

Certain assets including cash and investments may be classified as restricted on the statement of net position because their use is restricted for specific purposes. It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Revenue Recognition

Revenues and expenses are recognized in essentially the same manner as used in commercial accounting. Revenues relating to the Authority's operating activities including rental-related income, interest income, and other sources of revenues are recognized in the accounting period in which they are earned. Other major sources of revenues include funding received from HUD in the form of operating subsidies. The Authority also receives funding for capital improvements in the form of grants from HUD. Grants of these types are designated as capital grants.

Dwelling rent income, HUD grants received for operations, other operating fund grants, and operating miscellaneous income are shown as operating income. HUD grants received for capital assets and all other revenue is shown as nonoperating revenue.

HUD Subsidies

Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to nonoperating revenue.

Capital Contributions

Capital contributions are grants awarded by HUD under various capital development and improvement programs including Capital Fund Projects. Grants under these programs are based on budgeted capital project costs.

Insurance

The primary technique used for risk financing is the purchase of insurance policies from commercial insurers that include a large deductible amount. The use of a large deductible clause reduces the cost of insurance, but should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the Authority. The Authority secures required insurance coverage through the competitive bid process. There has been no significant reductions in coverage since the prior year and no settlements in excess of coverage amounts for the last three years.

Income Taxes

The Authority is a quasi-governmental entity. The Authority is not subject to federal or state income taxes.

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

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Cash Equivalents

Cash and cash equivalents of the Authority are either insured or collateralized by using the Dedicated Method whereby all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in these units' names. At June 30, 2023, the Authority's cash deposits had a carrying amount of \$6,909,676 and bank balances of \$7,132,111.

Cash and cash equivalents at June 30, 2023, are as follows:

Checking and Savings Accounts	\$ 4,782,443
Money Market Accounts	2,127,133
Petty Cash	100
Total	<u><u>\$ 6,909,676</u></u>

Restricted cash at June 30, 2023, is as follows:

	Primary Government	Discrete Comp Units
Tenant Security Deposits	\$ 98,537	\$ 37,573
Replacement Reserves and Escrows	-	1,987,848
Housing Choice Voucher Reserves	555,621	-
Restricted for Payment of Current Liabilities	375,177	-
Total	<u><u>\$ 1,029,335</u></u>	<u><u>\$ 2,025,421</u></u>

Investments

At June 30, 2023, investments were in two certificates of deposits which mature between July 2023 and September 2023. The carrying values of those investments at June 30, 2023, were \$1,391,066.

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority typically limits its investment portfolio to FDIC insured accounts.

Credit Risk – The Authority has no policy regarding credit risk.

Custodial Credit Risk – For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All cash balances are deposits of banks and are collateralized, and pledged securities are held by the counterparty. At June 30, 2023 the Authority was fully collateralized. The Authority has no policy on custodial credit risk.

Concentration of Credit Risk – The Authority places no limit on the amount that it may invest in certificates of deposit. The Authority has no policy regarding concentration of credit risk.

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

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investments (Continued)

Fair Value Measurement – The Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. As of June 30, 2023, all investments were in certificate of deposits and money market funds which are not subject to the fair value measurement requirements.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable including applicable allowances for uncollectible accounts at June 30, 2023, consisted of the following:

Tenants	\$ 48,349
Accounts Receivable - HUD	413,277
Accounts Receivable - Cumberland Gardens I, II, III LP.	651,144
Miscellaneous	178,916
Total Receivables	<u>1,291,686</u>
Allowance for Doubtful Accounts - Tenants	(23,454)
Allowance for Doubtful Accounts - Other	(109,197)
Total Receivables, Net of Allowance	<u><u>\$ 1,159,035</u></u>

NOTE 4 NOTES RECEIVABLE

As of June 30, 2023, notes receivable consisted of the following:

Description	Originated	Interest Rate	Final Maturity	Amount
HART I Housing Partnership, LP	9/21/2006	5.360%	10/1/2061	\$ 5,314,073
HART I Housing Partnership, LP	9/21/2006	0.000%	10/1/2061	1,735,883
HART II Housing Partnership, LP	11/10/2006	0.000%	12/1/2046	824,506
HART III Housing Partnership, LP	12/9/2007	Various	1/1/2058	5,046,375
HART III Housing Partnership, LP	12/9/2007	0.000%	1/1/2058	300,000
HART IV Housing Partnership, LP	3/13/2009	4.500%	4/1/2049	2,466,887
FHLB Loan - HART IV Housing Partnership, LP	3/13/2006	0.000%	4/1/2049	250,000
County Trust Fund Loan	2/25/2009	0.000%	2/24/2049	500,000
Cumberland Gardens I Housing, LP	12/22/2011	0.000%	1/22/2051	10,347,651
Cumberland Gardens II Housing, LP	12/20/2013	0.000%	1/20/2053	5,782,902
Cumberland Gardens III Housing, LP	12/30/2014	0.000%	1/30/2054	3,546,467
Cumberland Gardens III Housing, LP	12/30/2014	2.740%	1/30/2054	2,725,000
Little Lehigh Phase I	9/7/2022	0.000%	10/7/1962	1,575,000
Total Notes Receivable				<u><u>\$ 40,414,744</u></u>

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

NOTE 4 NOTES RECEIVABLE (CONTINUED)

The notes receivable above have been condensed by borrower. Notes receivable consist of amounts advanced to mixed finance entities for the construction costs of low-income housing.

Each note is subject to certain cash flows being available before principal and interest is due. In fiscal year 2012, management determined that accrued interest receivable was not reasonably collectible. All accrued interest receivable was written off during fiscal year 2012 and no further interest will be accrued. During fiscal year 2023, the Authority issued Little Lehigh Phase I note receivable in the amount of \$1,575,000 and collections of \$411,203 were received.

NOTE 5 CAPITAL ASSETS

The Authority's capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Nondepreciable:				
Land	\$ 2,520,315	\$ 24,003	\$ (24,003)	\$ 2,520,315
Depreciable:				
Buildings and Improvements	73,189,776	1,424,373	(4,046,030)	70,568,119
Equipment - Dwelling	823,301	4,367	(5,707)	821,961
Equipment - Administrative	974,333	111,495	-	1,085,828
Total Depreciable	<u>74,987,410</u>	<u>1,540,235</u>	<u>(4,051,737)</u>	<u>72,475,908</u>
Total Capital Assets	77,507,725	1,564,238	(4,075,740)	74,996,223
Less: Accumulated Depreciation:				
Buildings and Improvements	(53,716,221)	(1,958,369)	3,055,847	(52,618,743)
Equipment	<u>(1,322,699)</u>	<u>(75,068)</u>	<u>-</u>	<u>(1,397,767)</u>
Total Accumulated Depreciation	<u>(55,038,920)</u>	<u>(2,033,437)</u>	<u>3,055,847</u>	<u>(54,016,510)</u>
Capital Assets, Net	<u>\$ 22,468,805</u>	<u>\$ (469,199)</u>	<u>\$ (1,019,893)</u>	<u>\$ 20,979,713</u>

Capital assets by program was as follows:

	FY 2022	Change	FY 2023
Low Rent Public Housing Program	\$ 18,367,401	\$ (1,314,419)	\$ 17,052,982
Central Office Cost Center	37,852	63,590	101,442
Housing Choice Voucher Program	707	9,950	10,657
Business Activities	3,169,397	(127,593)	3,041,804
New Construction (NSA)	<u>893,448</u>	<u>(120,620)</u>	<u>772,828</u>
Total	<u>\$ 22,468,805</u>	<u>\$ (1,489,092)</u>	<u>\$ 20,979,713</u>

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

NOTE 6 CAPITAL ASSETS – DISCRETELY PRESENTED COMPONENT UNITS

Capital asset activity for the discretely presented component units for the years ended October 31, 2022 and December 31, 2022, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Nondepreciable:				
Land	\$ 1,952,138	\$ -	\$ (14,513)	\$ 1,937,625
Total Nondepreciable	1,952,138	-	(14,513)	1,937,625
Depreciable:				
Buildings and Improvements	37,279,597	47,357	-	37,326,954
Equipment - Dwelling	884,501	51,041	-	935,542
Total Depreciable	38,164,098	98,398	-	38,262,496
Total Capital Assets	40,116,236	98,398	(14,513)	40,200,121
Less: Accumulated Depreciation	(8,965,258)	(1,084,217)	-	(10,049,475)
Capital Assets, Net	<u>\$ 31,150,978</u>	<u>\$ (985,819)</u>	<u>\$ (14,513)</u>	<u>\$ 30,150,646</u>

NOTE 7 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2023, consisted of the following:

Vendors and Contractors Payable	\$ 482,771
Accrued Wages and Payroll Taxes Payable	47,839
Accrued Interest Payable	13,092
Accounts Payable – City of Allentown (PILOT)	206,569
Total	<u>\$ 750,271</u>

NOTE 8 NONCURRENT LIABILITIES

Noncurrent liabilities at June 30, 2023, consisted of the following:

	Payable at July 1, 2022	Additions	Reductions	Payable at June 30, 2023	Due Within One Year
EPC Financed Purchase	\$ 3,146,915	\$ -	\$ (1,376,722)	\$ 1,770,193	\$ 375,177
Accrued Compensated Absences	189,431	(6,178)	-	183,253	18,326
Total Noncurrent Liabilities	<u>\$ 3,336,346</u>	<u>\$ (6,178)</u>	<u>\$ (1,376,722)</u>	<u>\$ 1,953,446</u>	<u>\$ 393,503</u>

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

NOTE 9 EPC FINANCED PURCHASE

The Authority's loan liability during fiscal year 2023, is as follows:

The loan liability to TD Equipment Finance, Inc. is dated March 24, 2014, in the amount of \$6,122,719. Loan payments are payable over 13 years in quarterly installments with 2.98% interest. This debt was approved by HUD in conjunction with its approval of the award of the related contracts to make Energy Performance Contracting Improvements at the Authority's developments. HUD's approval included a commitment by HUD to provide additional operating subsidy to offset the corresponding debt requirements for the term of the debt obligation. The total balance due at June 30, 2023, was \$1,770,193 of which \$375,176 was the current principal payable.

The following is a summary of the Authority's future debt service requirements as of June 30, 2023:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2024	\$ 375,176	\$ 46,420	\$ 421,596
2025	391,400	30,196	421,596
2026	397,960	23,636	421,596
2027	409,865	11,731	421,596
2028	195,792	1,288	197,080
Total	<u>\$ 1,770,193</u>	<u>\$ 113,271</u>	<u>\$ 1,883,464</u>

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

NOTE 10 LONG-TERM DEBT – DISCRETELY PRESENTED COMPONENT UNITS

	Beginning Balance	Additions	Reductions	Ending Balance
Cumberland Gardens I:				
NSA Funds Authority Loan Note	\$ 545,036	\$ -	\$ -	\$ 545,036
Program Income Authority Note	4,300,472	-	(340,313)	3,960,159
PH Funds Authority Loan Note	4,000,000	-	-	4,000,000
Redevelopment Assist. Capital Program	1,500,000	-	-	1,500,000
HOME Loan	750,000	-	-	750,000
Total Cumberland Gardens I Debt	11,095,508	-	(340,313)	10,755,195
Cumberland Gardens II:				
NSA Funds Authority Loan Note	1,192,715	-	-	1,192,715
Restricted Funds Loan	3,280,000	-	(90,242)	3,189,758
Capital Note	1,296,936	-	-	1,296,936
HOME Loan	400,000	-	-	400,000
Total Cumberland Gardens II Debt	6,169,651	-	(90,242)	6,079,409
Cumberland Gardens III:				
NF Funds Authority Loan Note	2,155,609	-	(118,228)	2,037,381
RHF Authority Note	176,273	-	-	176,273
CFP Funds Authority Loan Note	1,214,585	-	-	1,214,585
Proceeds Funds Authority Note	3,378,486	92,571	-	3,471,057
Total Cumberland Gardens III Debt	6,924,954	92,571	(118,228)	6,899,297
Total Long-Term Debt, Net of Debt Issuance Cost	<u>\$ 24,190,113</u>	<u>\$ 92,571</u>	<u>\$ (548,783)</u>	<u>\$ 23,733,901</u>

Cumberland Gardens I

The Authority loaned Cumberland Gardens I Housing Partnership, LP \$570,837 (the NSA Funds Authority Loan Note). The loan bears no interest and matures October 31, 2052. Annual principal payments from surplus cash, as defined in the agreement, are required to be made to the extent available. The balance as of October 31, 2022, was \$545,036.

The Authority loaned Cumberland Gardens I Housing Partnership, LP \$4,300,477 (the Program Income Authority Note). The loan bears no interest and has a term of 40 years, maturing October 31, 2052. Annual principal payments from surplus cash, as defined in the agreement, are required to be made to the extent available after having paid in full the NSA Funds Authority Loan Note. As of October 31, 2022, the principal balance was \$4,300,472 and unamortized debt issuance costs were \$340,313.

The Authority loaned Cumberland Gardens I Housing Partnership, LP \$4,000,000 (the PH Funds Authority Loan Note). The loan bears no interest and has a term of 40 years, maturing October 31, 2052. Annual principal payments from surplus cash, as defined in the agreement, are required to be made to the extent available after having paid in full the NSA Funds Authority Note and the Program Income Authority Note. As of October 31, 2022, the balance was \$4,000,000.

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

NOTE 10 LONG-TERM DEBT – DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Cumberland Gardens I (Continued)

The Authority loaned Cumberland Gardens I Housing Partnership, LP \$1,500,000 through the Redevelopment Assistance Capital Program. The loan bears no interest and has a term of 40 years, maturing October 31, 2052. Annual principal payments from surplus cash, as defined in the agreement, are required to be made to the extent available after having paid in full the NSA Funds Authority Loan Note, the Program Income Authority Loan Note, and the PH Funds Authority Loan Note. As of October 31, 2022, the balance was \$1,500,000.

The City of Allentown loaned Cumberland Gardens I Housing Partnership, LP \$750,000 (the HOME Loan). The loan bears no interest and has a term of 42 years, maturing on October 31, 2054. As of October 31, 2022, the principal balance was \$750,000.

Cumberland Gardens II

The Authority loaned Cumberland Gardens II Housing Partnership, LP \$1,220,000 (the NSA Funds Authority Loan Note). The loan bears no interest and matures November 2054. Annual principal payments equal to 50% of remaining net cash flow, as defined in the agreement, are required to be made to the extent available. The balance as of October 31, 2022, was \$1,192,715.

The Authority loaned Cumberland Gardens II Housing Partnership, LP \$3,280,000 (the Restricted Funds Loan). The loan bears no interest and has a term of 40 years, maturing November 2054. Annual principal payments of 50% of remaining net cash flow, as defined in the agreement, are required to be made to the extent available after having paid in full the NSA Funds Authority Loan Note. As of October 31, 2022, the principal balance was \$3,280,000 and unamortized debt issuance costs were \$90,242.

The Authority loaned Cumberland Gardens II Housing Partnership, LP \$1,296,936 (the Capital Funds Note). The loan bears no interest and has a term of 40 years, maturing November 2054. Annual principal payments of 50% of remaining net cash flow, as defined in the agreement, are required to be made to the extent available after having paid in full the NSA Funds Authority Note and the Restricted Funds Loan. As of October 31, 2022, the balance was \$1,296,936.

The City of Allentown loaned Cumberland Gardens II Housing Partnership, LP an amount up to \$400,000 (the HOME loan). The loan is noninterest bearing with the principal balance of the loan due and payable on the thirtieth (30th) anniversary of the date of completion of construction of the Project, November 2044. The loan is secured by a second lien priority mortgage on the Project. As of October 31, 2022, the outstanding balance was \$400,000.

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

NOTE 10 LONG-TERM DEBT – DISCRETELY PRESENTED COMPONENT UNITS (CONTINUED)

Cumberland Gardens III

The Authority loaned Cumberland Gardens III Housing Partnership, LP \$2,155,609 (the NF Funds Authority Loan Note). The loan bears no interest and has a term of 40 years, maturing September 1, 2055. Annual principal payments from surplus cash, as defined in the agreement, are required to be made to the extent available. The principal balance as of December 31, 2022, was \$2,155,609 and unamortized debt issuance costs were \$118,228.

The Authority loaned Cumberland Gardens III Housing Partnership, LP \$176,273 (the RHF Authority Note). The loan bears no interest and has a term of 40 years, maturing September 1, 2055. Annual principal payments from surplus cash, as defined in the agreement, are required to be made to the extent available after having paid in full the NF Funds Authority Loan Note. As of December 31, 2022, the balance was \$176,273.

The Authority loaned Cumberland Gardens III Housing Partnership, LP \$1,214,585 (the CFP Funds Authority Loan Note). The loan bears no interest and has a term of 40 years, maturing September 1, 2055. Annual principal payments from surplus cash, as defined in the agreement, are required to be made to the extent available after having paid in full the NF Funds Authority Note and the RHF Authority Note. As of December 31, 2022, the balance was \$1,214,585.

The Authority loaned Cumberland Gardens III Housing Partnership, LP \$2,800,000 (the Proceeds Funds Authority Note). The loan bears interest at a rate of 2.74% compounded annually and has a term of 40 years, maturing September 1, 2055. Annual payments of principal and interest from surplus cash, as defined in the agreement, are required to be made to the extent available after having paid in full the NSF Funds Authority Loan Note, the RHF Authority Loan Note, and the CFP Funds Authority Loan Note. For the year ended December 31, 2022, interest incurred under the loan was \$90,101. As of December 31, 2021, the principal and accrued interest balances were \$2,800,000 and \$671,058, respectively.

The above loans are collateralized by all the buildings and equipment of the Partnerships.

A schedule of future principal maturities is as follows:

<u>Year Ending October 31 or December 31,</u>	<u>Principal</u>
2024	\$ -
2025	-
2026	-
2027	-
2028	-
Thereafter	23,733,901
Total	<u><u>\$ 23,733,901</u></u>

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

NOTE 11 PENSION PLAN

The Authority contributes to the Empower Money Purchase Plan MP-1, which is a defined contribution pension plan.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. As established by the Authority's personnel policy, all full-time employees of the Authority must participate in the pension plan upon completion of the "entrance date requirement" as set forth in the policy. Contributions made by an employee vest immediately and contributions made by the Authority vest at a rate of 20% per year during the first five years of plan participation. An employee who leaves the employment of the Authority is entitled to his or her contributions and the Authority's contributions to the extent vested and the earnings on these amounts. All employees shall be retired from service automatically at the end of the month in which they reach the age of 70 years. As determined by the plan provisions, each month the Authority is required to contribute an amount equal to 10.5% of the employee's base annual salary.

During the years ended June 30, 2021, 2022, and 2023, the Authority's required and actual contributions were as follows:

	Required Contributions	Actual Contributions	Covered Payroll	Percent of Covered Payroll
FY 2021	\$ 272,277	\$ 272,277	\$ 2,593,111	10.50%
FY 2022	279,689	279,689	2,663,701	10.50%
FY 2023	266,131	266,131	2,534,577	10.50%

No pension plan provision changes occurred during the year that affected the required contributions to be made by the Authority or its employees. Empower held no securities of the Authority or of other related parties during the year or as of the close of the fiscal year ended June 30, 2023. Additional information regarding the plan may be obtained by contacting: Brian Kohute, CPA CA, Managing Partner, HJ Wealth Management Group, 100 Germantown Pike, Suite H-1, Plymouth Meeting, Pennsylvania 19462.

NOTE 12 ECONOMIC DEPENDENCY

Both the PHA Owned Housing Program and the Section 8 Program are economically dependent on annual contributions and grants from HUD. Both programs operate at a loss prior to receiving the contributions and grants.

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

NOTE 13 RELATED PARTY TRANSACTIONS

The Authority is a partner, owner, or interest holder either solely or severally with multiple organizations as part of various housing projects, development and construction projects, and for financing purposes. These separate legal entities are established to advance the mission of the Authority related to development and management of various forms of public housing. Activity of these entities is reflected in the Authority's financial statements as applicable, to the extent of their ownership interest and level of activity. This activity includes payment of operating expenses such as rent, taxes, and utilities.

The following table reflects these entities, their purpose, and AHA's interest.

AHA Affiliate	Date Formed	Authority Interest	Percentage Ownership
HART III Housing Partnership, LP	10/31/2005	Administrative LP	0.001
HART IV Housing Partnership, LP	3/13/2009	Class B SLP	0.00001
HART Homeownership Housing Partnership, Inc.	3/22/2007	Shareholder	0.01
Cumberland Gardens I Housing, LP	12/1/2011	Nonmanaging Co-General Partner	0.0045
Cumberland Gardens II Housing, LP	12/1/2013	Nonmanaging Co-General Partner	0.0045
Cumberland Gardens III Housing, LP	12/19/2014	Nonmanaging Co-General Partner	0.01

Management Fees

The Authority contracted with Cumberland Gardens I Housing Partnership, LP to provide day-to-day operational management services of the property for a fee equal to \$52.36 per unit per month. For the year ended June 30, 2023, \$46,496 was earned under the contract.

The Authority contracted with Cumberland Gardens II Housing Partnership, LP to provide day-to-day operational management services of the property for a fee equal to \$62.78 per unit per month and increasing to \$64.66 per unit per month beginning November 1, 2021. The rate escalates at 3% per annum each November 1. For the year ended June 30, 2023, \$54,314 was earned under the contract.

The Authority contracted with Cumberland Gardens III Housing Partnership, LP to provide day-to-day operational management services of the property for a fee equal to \$59.59 per unit per month and increasing to \$61.38 per unit per month beginning January 1, 2021. The rate escalates at 3% per annum each January 1. For the year ended June 30, 2023, \$41,254 was earned under the contract.

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

NOTE 13 RELATED PARTY TRANSACTIONS (CONTINUED)

Operating Advances

The Authority advances funds to Cumberland Gardens I Housing Partnership, LP, Cumberland Gardens II Housing Partnership, LP, and Cumberland Gardens III Housing Partnership, LP for payments of operating expenses which are then reimbursed by each property's operating account.

As of June 30, 2023, operating advances were owed to the Authority from Cumberland Gardens I Housing Partnership, LP in the amount of \$186,851, Cumberland Gardens II Housing Partnership, LP in the amount of \$58,087, and Cumberland Gardens III Housing Partnership, LP in the amount of \$461,099.

Ground Lease

The Authority entered into a ground lease with Cumberland Gardens I Housing Partnership, LP. The term of the lease is 85 years from the commencement date, through December 23, 2096, with an annual base rent of \$1 per annum. The lease includes the provision for the payment of supplemental rent in an amount equal to the fair market rent for the property at such time as determined by an appraiser selected by the parties. Cumberland Gardens I Housing Partnership, LP recognized \$1,233,632 as the value of the land and is amortizing the value over the life of the lease.

The Authority entered into a ground lease with Cumberland Gardens II Housing Partnership, LP. The term of the lease is 85 years with an annual base rent of \$1 per annum. Cumberland Gardens II Housing Partnership, LP recognized \$3,200,000 as the value of the land and is amortizing the value over the life of the lease.

The Authority entered into a ground lease with Cumberland Gardens III Housing Partnership, LP. The term of the lease is 85 years with an annual base rent of \$1 per annum. Cumberland Gardens III Housing Partnership, LP recognized \$2,800,000 as the value of the land and is amortizing the value over the life of the lease.

Operating Subsidies

The Authority contracted with Cumberland Gardens I Housing Partnership, LP, Cumberland Gardens II Housing Partnership, LP, and Cumberland Gardens III Housing Partnership, LP to make subsidy payments on behalf of the qualified tenants subject to eligibility criteria specified in the regulatory agreement. The subsidy is in effect for a period of 40 years from the date of first occupancy (20 years for Cumberland Gardens II Housing Partnership, LP).

For the year ended October 31, 2022, Cumberland Gardens I Housing Partnership, LP earned \$178,375 and Cumberland Gardens II Housing Partnership, LP earned \$327,002. For the year ended December 31, 2022, Cumberland Gardens III Housing Partnership, LP earned \$154,346 under the contract.

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

NOTE 14 CONTINGENCIES AND OTHER MATTERS

Grants

The Authority is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws, and regulations governing grants given to the Authority in the current and prior years. These examinations may result in required refunds by the Authority to federal grantors and/or program beneficiaries.

Litigation

Certain claims, suits, and complaints arising in the ordinary course of business have been filed and are pending against the Authority. In the opinion of the Authority's management, all such matters are adequately covered by insurance or if not so covered, are without merit.

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
ENTITY-WIDE BALANCE SHEET SUMMARY
JUNE 30, 2023

Line Item No.	Account Description	Project Totals	Public Housing CARES Act	Business Activities	NSA	HCVP CARES Act	Housing Choice Vouchers	Section 8 Moderate Rehabilitation	Emergency Housing Vouchers
CURRENT ASSETS									
111	Cash - Unrestricted	\$ 1,199,264	\$ -	\$ -	\$ 3,675,385	\$ -	\$ 1,079,993	\$ -	\$ 50,522
113	Cash - Other Restricted	-	-	-	-	-	-	-	30,798
114	Cash - Tenant Security Deposits	80,249	-	-	18,288	-	-	-	-
115	Cash - Restricted for Current Liability	375,177	-	-	-	-	-	-	-
100	Total Cash	1,654,690	-	-	3,693,673	-	1,079,993	-	81,320
121	Accounts Receivable - PHA Projects	-	-	-	-	-	20,092	-	-
122	Accounts Receivable - HUD Other Projects	355,905	-	-	-	-	40,594	-	12,378
125	Accounts Receivable - Miscellaneous	3,603	-	47,006	1,533	-	93,471	-	156
126	Accounts Receivable - Tenants	24,570	-	-	23,779	-	-	-	-
126.1	Allowance for Doubtful Accounts - Tenants	(6,253)	-	-	(17,201)	-	-	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	(109,197)	-	-
127	Notes and Mortgages Receivable - Current	2,143	-	-	-	-	-	-	-
128	Fraud Recovery	-	-	-	-	-	-	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-	-
129	Accrued Interest Receivable	-	-	-	9,662	-	-	-	-
120	Total Receivables, Net of Allowances	379,968	-	47,006	17,773	-	44,960	-	12,534
142	Prepaid and Other Assets	108,058	-	3,242	19,754	-	11,266	-	-
143	Inventories	459,169	-	-	45,783	-	-	-	-
143.1	Allowance for Obsolete Inventories	(459,039)	-	-	(45,783)	-	-	-	-
144	Inter Program - Due From	-	-	794,913	3,743,665	-	-	-	-
150	Total Current Assets	2,142,846	-	845,161	7,474,865	-	1,136,219	-	93,854
NONCURRENT ASSETS									
161	Land	1,720,844	-	395,704	403,767	-	-	-	-
162	Buildings	56,150,155	-	4,156,359	2,691,557	-	-	-	-
163	Furniture, Equipment, and Machinery - Dwellings	409,560	-	-	412,401	-	-	-	-
164	Furniture, Equipment, and Machinery - Admin	590,368	-	6,829	31,659	-	61,350	-	-
165	Leasehold Improvements	7,570,049	-	-	-	-	-	-	-
166	Accumulated Depreciation	(49,387,994)	-	(1,517,088)	(2,766,556)	-	(50,693)	-	-
160	Total Fixed Assets, Net of Acc. Depreciation	17,052,982	-	3,041,804	772,828	-	10,657	-	-
171	Notes, Loans, and Mortgages Receivable - Noncurrent	16,616,975	-	7,357,902	-	-	-	-	-
174	Other Assets	30,632	-	-	3,555	-	4,273	-	-
180	Total Noncurrent Assets	33,700,589	-	10,399,706	776,383	-	14,930	-	-
190	Total Assets	\$ 35,843,435	\$ -	\$ 11,244,867	\$ 8,251,248	\$ -	\$ 1,151,149	\$ -	\$ 93,854

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
ENTITY-WIDE BALANCE SHEET SUMMARY (CONTINUED)
JUNE 30, 2023

Line Item No.	Account Description	HOPE VI	ROSS	COCC CARES Act	COCC	State and Local	Elimination	Total Enterprise Fund	Discrete Component Units	Total Reporting Entity
CURRENT ASSETS										
111	Cash - Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,005,164	\$ 24,432	\$ 6,029,596
113	Cash - Other Restricted	-	-	-	-	400,000	-	430,798	1,987,848	2,418,646
114	Cash - Tenant Security Deposits	-	-	-	-	-	-	98,537	37,573	136,110
115	Cash - Restricted for Current Liability	-	-	-	-	-	-	375,177	-	375,177
100	Total Cash	-	-	-	-	400,000	-	6,909,676	2,049,853	8,959,529
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-	20,092	1,699	21,791
122	Accounts Receivable - HUD Other Projects	-	4,400	-	-	-	-	413,277	-	413,277
125	Accounts Receivable - Miscellaneous	-	-	-	651,144	-	-	796,913	-	796,913
126	Accounts Receivable - Tenants	-	-	-	-	-	-	48,349	118,607	166,956
126.1	Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	-	(23,454)	(84,365)	(107,819)
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	(109,197)	-	(109,197)
127	Notes and Mortgages Receivable - Current	-	-	-	-	-	-	2,143	-	2,143
128	Fraud Recovery	-	-	-	-	-	-	-	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-	-	-
129	Accrued Interest Receivable	-	-	-	3,393	-	-	13,055	-	13,055
120	Total Receivables, Net of Allowances	-	4,400	-	654,537	-	-	1,161,178	35,941	1,197,119
142	Prepaid and Other Assets	-	-	-	37,354	-	-	179,674	117,702	297,376
143	Inventories	-	-	-	122,752	-	-	627,704	-	627,704
143.1	Allowance for Obsolete Inventories	-	-	-	(122,751)	-	-	(627,573)	-	(627,573)
144	Inter Program - Due From	-	-	-	1	-	(4,538,579)	-	-	-
150	Total Current Assets	-	4,400	-	691,893	400,000	(4,538,579)	8,250,659	2,203,496	10,454,155
NONCURRENT ASSETS										
161	Land	-	-	-	-	-	-	2,520,315	1,937,625	4,457,940
162	Buildings	-	-	-	-	-	-	62,998,071	31,075,075	94,073,146
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	821,961	925,188	1,747,149
164	Furniture, Equipment & Machinery - Admin	-	-	-	395,622	-	-	1,085,828	10,354	1,096,182
165	Leasehold Improvements	-	-	-	-	-	-	7,570,049	6,251,879	13,821,928
166	Accumulated Depreciation	-	-	-	(294,180)	-	-	(54,016,511)	(10,049,475)	(64,065,986)
160	Total Fixed Assets, Net of Acc. Depreciation	-	-	-	101,442	-	-	20,979,713	30,150,646	51,130,359
171										
174	Notes, Loans, & Mortgages									
180	Receivable - Noncurrent	16,437,724	-	-	-	-	-	40,412,601	-	40,412,601
	Other Assets	-	-	-	4,271	-	-	42,731	130,776	173,507
190	Total Noncurrent Assets	16,437,724	-	-	105,713	-	-	61,435,045	30,281,422	91,716,467
	Total Assets	<u>\$ 16,437,724</u>	<u>\$ 4,400</u>	<u>\$ -</u>	<u>\$ 797,606</u>	<u>\$ 400,000</u>	<u>\$ (4,538,579)</u>	<u>\$ 69,685,704</u>	<u>\$ 32,484,918</u>	<u>\$ 102,170,622</u>

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
ENTITY-WIDE BALANCE SHEET SUMMARY (CONTINUED)
JUNE 30, 2023

Line Item No.	Account Description	Project Totals	Public Housing CARES Act	Business Activities	NSA	HCVP CARES Act	Housing Choice Vouchers	Section 8 Moderate Rehabilitation	Emergency Housing Vouchers
CURRENT LIABILITIES									
312	Accounts Payable <= 90 Days	\$ 432,636	\$ -	\$ 5,204	\$ 10,292	\$ -	\$ 7,050	\$ -	\$ 23
321	Accrued Wages and Payroll Taxes Payable	20,590	-	-	3,251	-	9,576	-	-
322	Accrued Compensated Absences - Current Portion	10,267	-	-	1,172	-	3,264	-	-
325	Accrued Interest Payable	13,092	-	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	206,569	-	-	-	-	-	-	-
341	Tenant Security Deposits	80,249	-	-	18,288	-	-	-	-
342	Unearned Revenues	7,412	-	-	2,055	-	9,852	-	30,798
343	Current Portion of Long-Term Debt - Capital Projects	360,082	-	-	-	-	-	-	-
344	Current Portion of Long-Term Debt - Operating	15,095	-	-	-	-	-	-	-
345	Other Current Liabilities	-	-	-	-	-	-	-	-
346	Accrued Liabilities - Other	143,346	-	880	11,594	-	26,111	-	199
347	Inter Program - Due to	2,573,706	-	1,335,660	-	-	-	-	-
310	Total Current Liabilities	3,863,044	-	1,341,744	46,652	-	55,853	-	31,020
NONCURRENT LIABILITIES									
351	Capital Projects/Mortgage Revenue Bonds	1,338,890	-	-	-	-	-	-	-
352	Long-Term Debt, Net of Current - Operating	56,126	-	-	-	-	-	-	-
353	Non-Current Liabilities - Other	-	-	218,467	-	-	3,409	-	-
354	Accrued Compensated Absences - Noncurrent	92,395	-	-	10,549	-	29,372	-	-
350	Total Noncurrent Liabilities	1,487,411	-	218,467	10,549	-	32,781	-	-
300	Total Liabilities	5,350,455	-	1,560,211	57,201	-	88,634	-	31,020
NET POSITION									
508.4	Net Investment in Capital Assets	15,354,010	-	3,041,804	772,828	-	10,657	-	-
511.4	Restricted Net Position	-	-	-	-	-	-	-	-
512.4	Unrestricted Net Position	15,138,970	-	6,642,852	7,421,219	-	1,051,858	-	62,834
513	Total Net Position	30,492,980	-	9,684,656	8,194,047	-	1,062,515	-	62,834
600	Total Liabilities and Net Position	\$ 35,843,435	\$ -	\$ 11,244,867	\$ 8,251,248	\$ -	\$ 1,151,149	\$ -	\$ 93,854

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
ENTITY-WIDE BALANCE SHEET SUMMARY (CONTINUED)
JUNE 30, 2023

Line Item No.	Account Description	HOPE VI	ROSS	COCC CARES Act	COCC	State and Local	Elimination	Total Enterprise Fund	Discrete Component Units	Total Reporting Entity
CURRENT LIABILITIES										
312	Accounts Payable <= 90 Days	\$ -	\$ -	\$ -	\$ 27,568	\$ -	\$ -	\$ 482,773	\$ 769,493	\$ 1,252,266
321	Accrued Wages and Payroll Taxes Payable	-	-	-	14,422	-	-	47,839	-	47,839
322	Accrued Compensated Absences - Current Portion	-	-	-	3,623	-	-	18,326	-	18,326
325	Accrued Interest Payable	-	-	-	-	-	-	13,092	-	13,092
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	206,569	56,080	262,649
341	Tenant Security Deposits	-	-	-	-	-	-	98,537	37,573	136,110
342	Unearned Revenues	-	-	-	-	-	-	50,117	4,974	55,091
343	Current Portion of Long-Term Debt - Capital Projects	-	-	-	-	-	-	360,082	-	360,082
344	Current Portion of Long-Term Debt - Operating	-	-	-	-	-	-	15,095	-	15,095
345	Other Current Liabilities	-	-	-	-	-	-	-	-	-
346	Accrued Liabilities - Other	-	-	-	14,513	-	-	196,643	39,609	236,252
347	Inter Program - Due to	-	4,400	-	624,811	-	(4,538,579)	(2)	-	(2)
310	Total Current Liabilities	-	4,400	-	684,937	-	(4,538,579)	1,489,071	907,729	2,396,800
NONCURRENT LIABILITIES										
351	Capital Projects/Mortgage Revenue Bonds	-	-	-	-	-	-	1,338,890	23,733,901	25,072,791
352	Long-Term Debt, Net of Current - Operating	-	-	-	-	-	-	56,126	-	56,126
353	Non-Current Liabilities - Other	-	-	-	-	-	-	221,876	-	221,876
354	Accrued Compensated Absences - Noncurrent	-	-	-	32,611	-	-	164,927	-	164,927
350	Total Noncurrent Liabilities	-	-	-	32,611	-	-	1,781,819	23,733,901	25,515,720
300	Total Liabilities	-	4,400	-	717,548	-	(4,538,579)	3,270,890	24,641,630	27,912,520
NET POSITION										
508.4	Net Investment in Capital Assets	-	-	-	101,442	-	-	19,280,741	6,416,745	25,697,486
511.4	Restricted Net Position	-	-	-	-	400,000	-	400,000	1,987,848	2,387,848
512.4	Unrestricted Net Position	16,437,724	-	-	(21,384)	-	-	46,734,073	(561,305)	46,172,768
513	Total Net Position	16,437,724	-	-	80,058	400,000	-	66,414,814	7,843,288	74,258,102
600	Total Liabilities and Net Position	\$ 16,437,724	\$ 4,400	\$ -	\$ 797,606	\$ 400,000	\$ (4,538,579)	\$ 69,685,704	\$ 32,484,918	\$ 102,170,622

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY
YEAR ENDED JUNE 30, 2023**

Line Item No.	Account Description	Project Totals	Public Housing CARES Act	Business Activities	NSA	HCVP CARES Act	Housing Choice Vouchers	Section 8 Moderate Rehabilitation	Emergency Housing Vouchers
REVENUES									
70300	Net Tenant Rental Revenue	\$ 3,025,337	\$ -	\$ -	\$ 179,086	\$ -	\$ -	\$ -	\$ -
70400	Tenant Revenue - Other	77,596	-	-	6,086	-	-	-	-
70500	Total Tenant Revenue	3,102,933	-	-	185,172	-	-	-	-
70600	HUD PHA Operating Grants	4,140,452	-	-	791,362	-	16,238,445	-	466,195
70610	Capital Grants	1,561,221	-	-	-	-	-	-	-
70710	Management Fee	-	-	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-	-
70730	Bookkeeping Fee	-	-	-	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-	-	-	-
71100	Investment Income - Unrestricted	3,523	-	2,826	28,666	-	19,850	-	-
71200	Mortgage Interest Income	-	-	-	-	-	-	-	-
71400	Fraud Recovery	-	-	-	-	-	-	-	-
71500	Other Revenue	157,164	-	428,927	21,431	-	238,362	-	-
71600	Gain or Loss on Sale of Capital Assets	-	-	(1,001,569)	-	-	-	-	-
70000	Total Revenues	8,965,293	-	(569,816)	1,026,631	-	16,496,657	-	466,195
EXPENSES									
Administrative:									
91100	Administrative Salaries	369,563	-	-	50,104	-	530,025	-	-
91200	Auditing Fees	15,132	-	-	3,804	-	18,696	-	-
91300	Management Fee	817,437	-	-	44,506	-	285,564	-	5,592
91310	Bookkeeping Fee	74,166	-	-	6,375	-	140,768	-	3,495
91400	Advertising Expenses	14,067	-	-	-	-	-	-	-
91500	Employee Benefit Contributions - Administrative	207,854	-	-	20,401	-	287,464	-	-
91600	Other Operating - Administrative	741,001	-	342	45,032	-	165,940	-	922
91700	Legal Expense	64,539	-	8,011	90	-	594	-	-
91800	Travel Expense	1,565	-	-	565	-	1,387	-	-
91900	Other	310,743	-	46,736	8,821	-	17,922	-	-
	Total Administrative	2,616,067	-	55,089	179,698	-	1,448,360	-	10,009
92000	Asset Management Fee	40,237	-	-	-	-	-	-	-
Tenant Services:									
92200	Tenant Services - Relocation Costs	3,885	-	-	-	-	-	-	-
92400	Tenant Services - Other	28,824	-	-	2,890	-	13,731	-	49,157
	Total Tenant Services	32,709	-	-	2,890	-	13,731	-	49,157
Utilities:									
93100	Water	253,172	-	5,419	27,868	-	-	-	-
93200	Electricity	518,908	-	10,547	17,832	-	-	-	-
93300	Gas	202,687	-	4,706	13,696	-	-	-	-
93400	Fuel	19,621	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-	-
93600	Sewer	20,500	-	1,640	1,180	-	-	-	-
	Total Utilities	1,014,888	-	22,312	60,576	-	-	-	-

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED JUNE 30, 2023

Line Item No.	Account Description	HOPE VI	ROSS	COCOC CARES Act	COCOC	State and Local	Elimination	Total Enterprise Fund	Discrete Component Units	Total Reporting Entity
REVENUES										
70300	Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,204,423	\$ 1,411,953	\$ 4,616,376
70400	Tenant Revenue - Other	-	-	-	-	-	-	83,682	35,396	119,078
70500	Total Tenant Revenue	-	-	-	-	-	-	3,288,105	1,447,349	4,735,454
70600	HUD PHA Operating Grants	-	57,078	-	-	-	-	21,693,532	-	21,693,532
70610	Capital Grants	-	-	-	-	-	-	1,561,221	-	1,561,221
70710	Management Fee	-	-	-	1,153,099	-	(1,153,099)	-	-	-
70720	Asset Management Fee	-	-	-	40,237	-	(40,237)	-	-	-
70730	Bookkeeping Fee	-	-	-	224,804	-	(224,804)	-	-	-
70800	Other Government Grants	-	-	-	-	1,125,000	-	1,125,000	327,002	1,452,002
71100	Investment Income - Unrestricted	-	-	-	8,824	-	-	63,689	6,423	70,112
71200	Mortgage Interest Income	25,695	-	-	-	-	-	25,695	-	25,695
71400	Fraud Recovery	-	-	-	-	-	-	-	-	-
71500	Other Revenue	-	-	-	174,833	-	-	1,020,717	34,122	1,054,839
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	(1,001,569)	-	(1,001,569)
70000	Total Revenues	25,695	57,078	-	1,601,797	1,125,000	(1,418,140)	27,776,390	1,814,896	29,591,286
EXPENSES										
Administrative:										
91100	Administrative Salaries	-	-	-	663,363	-	-	1,613,055	159,188	1,772,243
91200	Auditing Fees	-	-	-	13,578	-	-	51,210	32,000	83,210
91300	Management Fee	-	-	-	-	-	(1,153,099)	-	-	-
91310	Bookkeeping Fee	-	-	-	-	-	(224,804)	-	-	-
91400	Advertising Expenses	-	-	-	24,941	-	-	39,008	-	39,008
91500	Employee Benefit Contributions - Administrative	-	-	-	278,908	-	-	794,627	137,594	932,221
91600	Other Operating - Administrative	-	-	-	182,471	-	-	1,135,708	313,748	1,449,456
91700	Legal Expense	-	-	-	93,832	-	-	167,066	6,351	173,417
91800	Travel Expense	-	19	-	6,903	-	-	10,439	135	10,574
91900	Other	-	-	-	214,436	-	-	598,658	801	599,459
	Total Administrative	-	19	-	1,478,432	-	(1,377,903)	4,409,771	649,817	5,059,588
92000	Asset Management Fee	-	-	-	-	-	(40,237)	-	-	-
Tenant Services:										
92100	Tenant Services - Salaries	-	3,041	-	-	-	-	3,041	-	3,041
92200	Tenant Services - Relocation Costs	-	-	-	-	-	-	3,885	-	3,885
92300	Employee Benefit Contributions - Tenant Services	-	652	-	-	-	-	652	-	652
92400	Tenant Services - Other	-	53,366	-	564	-	-	148,532	11,883	160,415
	Total Tenant Services	-	54,018	-	564	-	-	156,110	11,883	167,993
Utilities:										
93100	Water	-	-	-	830	-	-	287,289	103,150	390,439
93200	Electricity	-	-	-	2,111	-	-	549,398	139,859	689,257
93300	Gas	-	-	-	704	-	-	221,793	62,345	284,138
93400	Fuel	-	-	-	-	-	-	19,621	-	19,621
93500	Labor	-	-	-	-	-	-	-	48,754	48,754
93600	Sewer	-	-	-	-	-	-	23,320	10,140	33,460
	Total Utilities	-	-	-	3,645	-	-	1,101,421	364,248	1,465,669

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Line Item No.	Account Description	Project Totals	Public Housing CARES Act	Business Activities	NSA	HCVP CARES Act	Housing Choice Voucher	Section 8 Moderate Rehabilitation	Emergency Housing Vouchers
	Ordinary Maintenance and Operations:								
94100	Ordinary Maintenance and Operations - Labor	\$ 768,195	\$ -	\$ -	\$ 109,451	\$ -	\$ -	\$ -	\$ -
94200	Ordinary Maintenance and Operations - Materials and Other	261,728	-	-	18,448	-	1,068	-	-
94300	Ordinary Maintenance and Operations - Contract Costs	1,050,192	-	72,153	267,548	-	2,731	-	-
94500	Employee Benefit Contributions - Ordinary Maintenance	415,117	-	-	47,594	-	300	-	-
	Total Ordinary Maintenance and Operations	2,495,232	-	72,153	443,041	-	4,099	-	-
	Protective Services:								
95200	Protective Services - Other Contracts	30,996	-	-	-	-	-	-	-
95300	Protective Services - Other	12,793	-	5,137	-	-	-	-	-
	Total Protective Services	43,789	-	5,137	-	-	-	-	-
	Insurance Premiums:								
96110	Property Insurance	164,005	-	10,938	29,830	-	-	-	-
96120	Liability Insurance	58,525	-	1,120	6,113	-	9,824	-	-
96130	Workmen's Compensation	48,652	-	-	7,372	-	4,659	-	-
96140	All Other Insurance	31,211	-	190	3,601	-	2,839	-	-
	Total Insurance Premiums	302,393	-	12,248	46,916	-	17,322	-	-
	General Expenses:								
96200	Other General Expenses	79,752	-	96,185	-	-	-	-	-
96210	Compensated Absences	-	-	-	-	-	-	-	-
96300	Payments in Lieu of Taxes	206,569	-	-	-	-	-	-	-
96400	Bad Debt - Tenant Rents	44,968	-	-	18,681	-	-	-	-
96600	Bad Debt - Other	27,385	-	-	-	-	29,776	-	-
	Total General Expenses	358,674	-	96,185	18,681	-	29,776	-	-
	Interest Expense:								
96710	Interest on Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-
96720	Interest on Notes Payable	62,741	-	-	-	-	-	-	-
96730	Amortization of Bond Issue Cost	45,948	-	-	5,333	-	6,410	-	-
	Total Interest Expense	108,689	-	-	5,333	-	6,410	-	-
96900	Total Operating Expenses	7,012,678	-	263,124	757,135	-	1,519,698	-	59,166
97000	Excess Operating Revenue over Operating Expenses	1,952,615	-	(832,940)	269,496	-	14,976,959	-	407,029
97100	Extraordinary Maintenance	22,440	-	-	6,038	-	-	-	-
97200	Casualty Losses - Noncapitalized	31,927	-	(2,500)	-	-	-	-	-
97300	Housing Assistance Payments	-	-	-	-	-	14,935,445	-	420,461
97350	HAP Portability - In	-	-	-	-	-	224,386	-	-
97400	Depreciation Expense	1,734,758	-	151,596	126,034	-	879	-	-
90000	Total Expenses	8,801,803	-	412,220	889,207	-	16,680,408	-	479,627
10010	Operating Transfers In	961,640	-	-	-	-	-	-	-
10020	Operating Transfers Out	(961,640)	-	-	(8,760)	-	-	-	-
10093	Transfers Between Program and Project - In	-	-	-	-	-	-	-	-
10094	Transfers Between Program and Project - Out	-	-	-	-	-	-	-	-
10100	Total Other Financing Sources (Uses)	-	-	-	(8,760)	-	-	-	-
10000	Excess (Deficiency) of Operating Revenues over (Under) Expenses	\$ 163,490	\$ -	\$ (982,036)	\$ 128,664	\$ -	\$ (183,751)	\$ -	\$ (13,432)

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED JUNE 30, 2023

Line Item No.	Account Description	HOPE VI	ROSS	COCOC CARES Act	COCOC	State and Local	Elimination	Total Enterprise Fund	Discrete Component Units	Total Reporting Entity
	Ordinary Maintenance and Operations:									
94100	Ordinary Maintenance and Operations - Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 877,646	\$ 155,784	\$ 1,033,430
94200	Ordinary Maintenance and Operations - Materials and Other	-	-	-	4,486	-	-	285,730	45,764	331,494
94300	Ordinary Maintenance and Operations - Contract Costs	-	-	-	32,157	-	-	1,424,781	422,984	1,847,765
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	-	463,011	43,745	506,756
	Total Ordinary Maintenance and Operations	-	-	-	36,643	-	-	3,051,168	668,277	3,719,445
	Protective Services:									
95200	Protective Services - Other Contracts	-	-	-	-	-	-	30,996	-	30,996
95300	Protective Services - Other	-	-	-	-	-	-	17,930	-	17,930
	Total Protective Services	-	-	-	-	-	-	48,926	-	48,926
	Insurance Premiums:									
96110	Property Insurance	-	-	-	-	-	-	204,773	90,332	295,105
96120	Liability Insurance	-	-	-	-	-	-	75,582	43,695	119,277
96130	Workmen's Compensation	-	-	-	6,683	-	-	67,366	14,454	81,820
96140	All Other Insurance	-	-	-	22,344	-	-	60,185	4,443	64,628
	Total Insurance Premiums	-	-	-	29,027	-	-	407,906	152,924	560,830
	General Expenses:									
96200	Other General Expenses	-	-	-	6,462	-	-	182,399	-	182,399
96210	Compensated Absences	-	-	-	-	-	-	-	-	-
96300	Payments in Lieu of Taxes	-	-	-	-	-	-	206,569	73,714	280,283
96400	Bad Debt - Tenant Rents	-	-	-	-	-	-	63,649	13,359	77,008
96600	Bad Debt - Other	-	-	-	-	-	-	57,161	4,525	61,686
	Total General Expenses	-	-	-	6,462	-	-	509,778	91,598	601,376
	Interest Expense:									
96710	Interest on Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	107,448	107,448
96720	Interest on Notes Payable	-	-	-	-	-	-	62,741	-	62,741
96730	Amortization of Bond Issue Cost	-	-	-	6,410	-	-	64,101	31,376	95,477
	Total Interest Expense	-	-	-	6,410	-	-	126,842	138,824	265,666
96900	Total Operating Expenses	-	54,037	-	1,561,183	-	(1,418,140)	9,808,881	2,077,571	11,886,452
97000	Excess Operating Revenue over Operating Expenses	25,695	3,041	-	40,614	1,125,000	-	17,967,509	(262,675)	17,704,834
97100	Extraordinary Maintenance	-	-	-	-	-	-	28,478	21,155	49,633
97200	Casualty Losses - Noncapitalized	-	-	-	-	-	-	29,427	4,761	34,188
97300	Housing Assistance Payments	-	-	-	-	-	-	15,355,906	-	15,355,906
97350	HAP Portability - In	-	-	-	-	-	-	224,386	-	224,386
97400	Depreciation Expense	-	-	-	20,170	-	-	2,033,437	1,090,123	3,123,560
90000	Total Expenses	-	57,078	-	1,581,353	-	(1,418,140)	27,483,556	3,193,610	30,677,166
10010	Operating Transfers In	-	-	-	8,760	-	(970,400)	-	-	-
10020	Operating Transfers Out	-	-	-	-	-	970,400	-	-	-
10093	Transfers Between Program and Project - In	-	-	-	-	-	-	-	-	-
10094	Transfers Between Program and Project - Out	-	-	-	-	-	-	-	-	-
10100	Total Other Financing Sources (Uses)	-	-	-	8,760	-	-	-	-	-
10000	Excess (Deficiency) of Operating Revenues over (Under) Expenses	\$ 25,695	\$ -	\$ -	\$ 29,204	\$ 1,125,000	\$ -	\$ 292,834	\$ (1,378,714)	\$ (1,085,880)

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Line Item No.	Account Description	Project Totals	Public Housing CARES Act	Business Activities	NSA	HCVP CARES Act	Housing Choice Voucher	Section 8 Moderate Rehabilitation	Emergency Housing Vouchers
	Memo Account Information								
11020	Debt Principal Payments - Enterprise Funds	\$ 457,417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030	Beginning Equity	30,725,975	-	8,571,408	9,039,182	-	1,246,266	-	76,266
11040	Prior Period Adjustments, Equity Transfers	(396,485)	-	2,095,284	(973,799)	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-	1,062,515	-	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-
11190	Unit Months Available	9,215	-	-	1,140	-	19,572	-	-
11210	Number of Unit Months Leased	8,970	-	-	952	-	18,091	-	-
11270	Excess Cash	(2,332,057)	-	-	-	-	-	-	-
11620	Building Purchase	1,561,221	-	-	-	-	-	-	-

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED JUNE 30, 2023

Line Item No.	Account Description	HOPE VI	ROSS	COCC CARES Act	COCC	State and Local	Elimination	Total Enterprise Fund	Discrete Component Units	Total Reporting Entity
	Memo Account Information									
11020	Debt Principal Payments - Enterprise Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 457,417	\$ -	\$ 457,417
11030	Beginning Equity	16,469,249	-	-	(6,366)	-	-	66,121,980	9,222,002	75,343,982
11040	Prior Period Adjustments, Equity Transfers	(57,220)	-	-	57,220	(725,000)	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-	1,062,515	-	1,062,515
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	-
11190	Unit Months Available	-	-	-	-	-	-	29,927	2,400	32,327
11210	Number of Unit Months Leased	-	-	-	-	-	-	28,013	2,400	30,413
11270	Excess Cash	-	-	-	-	-	-	(2,332,057)	-	(2,332,057)
11620	Building Purchase	-	-	-	-	-	-	1,561,221	-	1,561,221

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
PROJECT BALANCE SHEET SUMMARY
JUNE 30, 2023

Line Item No.	Account Description	AMP 100	AMP 200	AMP 300	AMP 400	AMP 410	AMP 440
CURRENT ASSETS							
111	Cash - Unrestricted	\$ 111,807	\$ 161,396	\$ 242,888	\$ 201	\$ -	\$ 5,913
114	Cash - Tenant Security Deposits	10,937	14,600	15,800	-	-	-
115	Cash - Restricted for Payment of Current Liability	30,407	53,451	121,041	-	15,095	-
100	Total Cash	153,151	229,447	379,729	201	15,095	5,913
122	Accounts Receivable - HUD Other Projects	3,458	124,277	82,325	15,680	-	-
125	Accounts Receivable - Miscellaneous	500	549	581	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	2,158	5,369	7,377	-	-	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(155)	(3,559)	(1,351)	-	-	-
127	Notes, Loans and Mortgages Receivable - Current	258	-	285	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	6,219	126,636	89,217	15,680	-	-
142	Prepaid and Other Assets	21,090	8,950	17,871	3,362	-	-
143	Inventories	48,695	59,799	68,979	-	-	-
143.1	Allowance for Obsolete Inventories	(48,695)	(59,799)	(68,979)	-	-	-
144	Interprogram Due From	-	-	-	-	-	-
150	Total Current Assets	180,460	365,033	486,817	19,243	15,095	5,913
NONCURRENT ASSETS							
161	Land	117,020	1,652	137,907	46,469	-	-
162	Buildings	6,424,034	7,967,379	15,010,038	1,945,101	-	-
163	Furniture, Equipment & Machinery - Dwellings	94,987	69,874	136,471	-	-	-
164	Furniture, Equipment & Machinery - Administration	17,924	30,309	337,028	5,643	-	-
165	Leasehold Improvements	720,213	1,267,457	1,389,190	-	-	-
166	Accumulated Depreciation	(5,885,880)	(7,371,638)	(11,813,981)	(1,645,663)	-	-
160	Total Fixed Assets, Net of Accumulated Depreciation	1,488,298	1,965,033	5,196,653	351,550	-	-
171	Notes, Loans & Mortgages Receivable - Noncurrent	-	-	-	-	10,345,508	6,271,467
174	Other Assets - Tax Credit	3,852	4,825	5,498	-	-	-
180	Total Noncurrent Assets	1,492,150	1,969,858	5,202,151	351,550	10,345,508	6,271,467
190	Total Assets	<u>\$ 1,672,610</u>	<u>\$ 2,334,891</u>	<u>\$ 5,688,968</u>	<u>\$ 370,793</u>	<u>\$ 10,360,603</u>	<u>\$ 6,277,380</u>

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
PROJECT BALANCE SHEET SUMMARY (CONTINUED)
JUNE 30, 2023

Line Item No.	Account Description	AMP 500	AMP 600	AMP 700	AMP 800	AMP 930	Total
CURRENT ASSETS							
111	Cash - Unrestricted	\$ 180,992	\$ -	\$ 218,448	\$ 277,619	\$ -	\$ 1,199,264
114	Cash - Tenant Security Deposits	1,200	8,192	13,390	16,130	-	80,249
115	Cash - Restricted for Payment of Current Liability	-	16,850	62,307	76,026	-	375,177
100	Total Cash	182,192	25,042	294,145	369,775	-	1,654,690
122	Accounts Receivable - HUD Other Projects	-	-	780	129,385	-	355,905
125	Accounts Receivable - Miscellaneous	-	252	793	928	-	3,603
126	Accounts Receivable - Tenants - Dwelling Rents	137	3,450	3,768	2,311	-	24,570
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	(755)	(372)	(61)	-	(6,253)
127	Notes, Loans and Mortgages Receivable - Current	-	724	-	876	-	2,143
120	Total Receivables, Net of Allowances for Doubtful Accounts	137	3,671	4,969	133,439	-	379,968
142	Prepaid and Other Assets	6,577	25,790	13,665	10,753	-	108,058
143	Inventories	77,723	34,728	123,672	45,573	-	459,169
143.1	Allowance for Obsolete Inventories	(77,723)	(34,728)	(123,672)	(45,443)	-	(459,039)
144	Interprogram Due From	-	-	-	-	-	-
150	Total Current Assets	188,906	54,503	312,779	514,097	-	2,142,846
NONCURRENT ASSETS							
161	Land	8,573	1,161,254	77,969	170,000	-	1,720,844
162	Buildings	1,325,911	5,998,894	8,520,612	8,958,186	-	56,150,155
163	Furniture, Equipment & Machinery - Dwellings	24,707	16,754	43,500	23,267	-	409,560
164	Furniture, Equipment & Machinery - Administration	31,460	52,231	57,710	58,063	-	590,368
165	Leasehold Improvements	151,960	1,112,413	1,511,214	1,417,602	-	7,570,049
166	Accumulated Depreciation	(1,270,670)	(5,937,001)	(7,701,752)	(7,761,409)	-	(49,387,994)
160	Total Fixed Assets, Net of Accumulated Depreciation	271,941	2,404,545	2,509,253	2,865,709	-	17,052,982
171	Notes, Loans & Mortgages Receivable - Noncurrent	-	-	-	-	-	16,616,975
174	Other Assets - Tax Credit	2,843	2,805	5,199	5,610	-	30,632
180	Total Noncurrent Assets	274,784	2,407,350	2,514,452	2,871,319	-	33,700,589
190	Total Assets	<u>\$ 463,690</u>	<u>\$ 2,461,853</u>	<u>\$ 2,827,231</u>	<u>\$ 3,385,416</u>	<u>\$ -</u>	<u>\$ 35,843,435</u>

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
PROJECT BALANCE SHEET SUMMARY (CONTINUED)
JUNE 30, 2023**

Line Item No.	Account Description	AMP 100	AMP 200	AMP 300	AMP 400	AMP 410	AMP 440
CURRENT LIABILITIES							
312	Accounts Payable <= 90 Days	\$ 30,038	\$ 124,797	\$ 67,379	\$ 20,690	\$ 2	\$ -
321	Accrues Wages and Payroll Taxes Payable	2,153	1,948	2,749	257	-	-
322	Accrued Compensated Absences - Current Portion	913	1,510	1,126	82	-	-
325	Accrued Interest Payable	1,061	1,865	4,224	-	527	-
333	Accounts Payable - Other Government	23,690	32,857	35,560	-	-	-
341	Tenant Security Deposits	10,937	14,600	15,800	-	-	-
342	Unearned Revenues	1,305	827	537	-	-	-
343	Current Portion of Long-Term Debt - Capital Projects	30,407	53,451	121,041	-	-	-
344	Current Portion of Long-Term Debt - Operating Borrowings	-	-	-	-	15,095	-
346	Accrued Liabilities - Other	8,160	21,862	70,760	1,405	-	-
347	Inter Program - Due to	-	-	-	25,862	552,999	1,992,663
310	Total Current Liabilities	<u>108,664</u>	<u>253,717</u>	<u>319,176</u>	<u>48,296</u>	<u>568,623</u>	<u>1,992,663</u>
NONCURRENT LIABILITIES							
351	Capital Projects/Mortgage Revenue Bonds	113,061	198,745	450,065	-	-	-
352	Long-term Debit, Net of Current - Operating	-	-	-	-	56,126	-
354	Accrued Compensated Absences - Noncurrent	8,217	13,594	10,130	734	-	-
355	Loan Liability - Noncurrent	-	-	-	-	-	-
350	Total Noncurrent Liabilities	<u>121,278</u>	<u>212,339</u>	<u>460,195</u>	<u>734</u>	<u>56,126</u>	<u>-</u>
300	Total Liabilities	229,942	466,056	779,371	49,030	624,749	1,992,663
NET POSITION							
508.4	Net Investment in Capital Assets	1,344,830	1,712,837	4,625,547	351,550	-	-
512.4	Unrestricted Net Position	97,838	155,998	284,050	(29,787)	9,735,854	4,284,717
513	Total Net Position	<u>1,442,668</u>	<u>1,868,835</u>	<u>4,909,597</u>	<u>321,763</u>	<u>9,735,854</u>	<u>4,284,717</u>
600	Total Liabilities and Net Position	<u>\$ 1,672,610</u>	<u>\$ 2,334,891</u>	<u>\$ 5,688,968</u>	<u>\$ 370,793</u>	<u>\$ 10,360,603</u>	<u>\$ 6,277,380</u>

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
PROJECT BALANCE SHEET SUMMARY (CONTINUED)
JUNE 30, 2023

Line Item No.	Account Description	AMP 500	AMP 600	AMP 700	AMP 800	AMP 930	Total
CURRENT LIABILITIES							
312	Accounts Payable <= 90 Days	\$ 1,920	\$ 7,998	\$ 25,091	\$ 154,721	\$ -	\$ 432,636
321	Accrues Wages and Payroll Taxes Payable	2,025	2,676	4,361	4,421	-	20,590
322	Accrued Compensated Absences - Current Portion	772	1,075	2,161	2,628	-	10,267
325	Accrued Interest Payable	-	588	2,174	2,653	-	13,092
333	Accounts Payable - Other Government	7,696	25,735	38,344	42,687	-	206,569
341	Tenant Security Deposits	1,200	8,192	13,390	16,130	-	80,249
342	Unearned Revenues	1	1,681	2,381	680	-	7,412
343	Current Portion of Long-Term Debt - Capital Projects	-	16,850	62,307	76,026	-	360,082
344	Current Portion of Long-Term Debt - Operating Borrowings	-	-	-	-	-	15,095
346	Accrued Liabilities - Other	2,382	9,936	4,829	23,447	565	143,346
347	Inter Program - Due to	-	-	-	-	2,182	2,573,706
310	Total Current Liabilities	15,996	74,731	155,038	323,393	2,747	3,863,044
NONCURRENT LIABILITIES							
351	Capital Projects/Mortgage Revenue Bonds	-	62,653	231,677	282,689	-	1,338,890
352	Long-term Debit, Net of Current - Operating	-	-	-	-	-	56,126
354	Accrued Compensated Absences - Noncurrent	6,944	9,678	19,449	23,649	-	92,395
355	Loan Liability - Noncurrent	-	-	-	-	-	-
350	Total Noncurrent Liabilities	6,944	72,331	251,126	306,338	-	1,487,411
300	Total Liabilities	22,940	147,062	406,164	629,731	2,747	5,350,455
NET POSITION							
508.4	Net Investment in Capital Assets	271,941	2,325,042	2,215,269	2,506,994	-	15,354,010
512.4	Unrestricted Net Position	168,809	(10,251)	205,798	248,691	(2,747)	15,138,970
513	Total Net Position	440,750	2,314,791	2,421,067	2,755,685	(2,747)	30,492,980
600	Total Liabilities and Net Position	\$ 463,690	\$ 2,461,853	\$ 2,827,231	\$ 3,385,416	\$ -	\$ 35,843,435

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
PROJECT REVENUE AND EXPENSE SUMMARY
YEAR ENDED JUNE 30, 2023**

Line Item No.	Account Description	AMP 100	AMP 200	AMP 300	AMP 400	AMP 410	AMP 440
REVENUES							
70300	Net Tenant Rental Revenue	\$ 389,373	\$ 492,298	\$ 542,904	\$ -	\$ -	\$ -
70400	Tenant Revenue - Other	9,048	14,581	15,397	-	-	-
70500	Total Tenant Revenue	398,421	506,879	558,301	-	-	-
70600	HUD PHA Operating Grants	434,403	433,354	526,739	145,000	237,219	195,443
70610	Capital Grants	110,498	277,697	409,482	15,680	-	-
71100	Investment Income - Unrestricted	482	575	640	-	-	-
71500	Other Revenue	6,433	40,491	9,050	77,966	-	-
70000	Total Revenues	950,237	1,258,996	1,504,212	238,646	237,219	195,443
EXPENSES							
Administrative:							
91100	Administrative Salaries	31,347	31,178	52,820	-	-	-
91200	Auditing Fees	2,016	2,352	2,832	-	-	-
91300	Management Fee	111,835	132,071	145,435	-	-	-
91310	Bookkeeping Fee	8,961	11,438	13,073	-	-	-
91400	Advertising Expenses	2,909	3,918	2,927	-	-	-
91500	Employee Benefit Contributions - Administrative	22,201	16,054	27,331	-	-	-
91600	Office Expenses	55,257	59,096	69,095	1,341	180,381	155,567
91700	Legal Expense	3,582	198	16,324	-	-	-
91800	Travel Expense	312	-	394	-	-	-
91900	Other	3,520	4,080	11,573	740	380	-
	Total Administrative	241,940	260,385	341,804	2,081	180,761	155,567
92000	Asset Management Fee	-	15,480	17,640	-	-	-
Tenant Services:							
92200	Relocation Costs	-	-	-	-	-	-
92400	Tenant Services - Other	3,105	3,978	6,928	-	-	-
	Total Tenant Services	3,105	3,978	6,928	-	-	-
Utilities:							
93100	Water	24,651	38,193	44,004	9,298	-	-
93200	Electricity	97,026	97,119	111,898	12,683	-	-
93300	Gas	10,532	32,367	37,292	4,591	-	-
93400	Fuel	19,621	-	-	-	-	-
93600	Sewer	2,300	2,050	2,050	2,160	-	-
	Total Utilities	154,130	169,729	195,244	28,732	-	-
Ordinary Maintenance & Operations:							
94100	Ordinary Maintenance and Operations - Labor	75,324	129,548	111,339	12,624	-	-
94200	Ordinary Maintenance and Operations - Materials	36,211	34,922	49,574	4,935	-	-
94300	Ordinary Maintenance and Operations - Contract	179,366	153,508	142,182	63,321	-	-
94500	Employee Benefit Contributions - Maintenance	44,675	63,180	55,432	6,016	-	-
	Total Ordinary Maintenance & Operations	335,576	381,158	358,527	86,896	-	-

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
PROJECT REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED JUNE 30, 2023

Line Item No.	Account Description	AMP 500	AMP 600	AMP 700	AMP 800	AMP 930	Total
REVENUES							
70300	Net Tenant Rental Revenue	\$ 136,257	\$ 349,678	\$ 536,603	\$ 578,224	\$ -	\$ 3,025,337
70400	Tenant Revenue - Other	5,065	6,184	9,990	17,331	-	77,596
70500	Total Tenant Revenue	141,322	355,862	546,593	595,555	-	3,102,933
70600	HUD PHA Operating Grants	378,194	400,503	513,580	732,054	143,963	4,140,452
70610	Capital Grants	19,085	32,955	347,814	348,010	-	1,561,221
71100	Investment Income - Unrestricted	184	381	611	650	-	3,523
71500	Other Revenue	9	2,731	8,819	11,665	-	157,164
70000	Total Revenues	538,794	792,432	1,417,417	1,687,934	143,963	8,965,293
EXPENSES							
Administrative:							
91100	Administrative Salaries	54,071	45,408	58,597	96,142	-	369,563
91200	Auditing Fees	432	1,620	2,484	2,832	564	15,132
91300	Management Fee	52,056	91,052	138,813	146,175	-	817,437
91310	Bookkeeping Fee	1,650	6,420	12,263	13,163	7,198	74,166
91400	Advertising Expenses	-	-	958	3,355	-	14,067
91500	Employee Benefit Contributions - Administrative	38,175	19,943	39,680	44,470	-	207,854
91600	Office Expenses	33,305	48,501	68,357	70,101	-	741,001
91700	Legal Expense	28,379	7,830	7,380	846	-	64,539
91800	Travel Expense	19	554	166	120	-	1,565
91900	Other	13,534	126,680	5,441	8,030	136,765	310,743
	Total Administrative	221,621	348,008	334,139	385,234	144,527	2,616,067
92000	Asset Management Fee	2,400	-	4,717	-	-	40,237
Tenant Services:							
92200	Relocation Costs	3,885	-	-	-	-	3,885
92400	Tenant Services - Other	1,990	3,211	4,173	5,439	-	28,824
	Total Tenant Services	5,875	3,211	4,173	5,439	-	32,709
Utilities:							
93100	Water	14,819	52,108	37,390	32,709	-	253,172
93200	Electricity	19,342	13,005	81,178	86,657	-	518,908
93300	Gas	21,594	24,679	36,868	34,764	-	202,687
93400	Fuel	-	-	-	-	-	19,621
93600	Sewer	5,680	2,540	2,240	1,480	-	20,500
	Total Utilities	61,435	92,332	157,676	155,610	-	1,014,888
Ordinary Maintenance & Operations:							
94100	Ordinary Maintenance and Operations - Labor	41,678	114,118	131,938	151,626	-	768,195
94200	Ordinary Maintenance and Operations - Materials	8,567	30,919	50,104	46,496	-	261,728
94300	Ordinary Maintenance and Operations - Contract	33,105	119,995	161,897	196,818	-	1,050,192
94500	Employee Benefit Contributions - Maintenance	28,740	49,164	80,130	87,780	-	415,117
	Total Ordinary Maintenance & Operations	112,090	314,196	424,069	482,720	-	2,495,232

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
PROJECT REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED JUNE 30, 2023

Line Item No.	Account Description	AMP 100	AMP 200	AMP 300	AMP 400	AMP 410	AMP 440
	Protective Services:						
95200	Protective Services - Other Contract Costs	\$ -	\$ 10,332	\$ 10,332	\$ -	\$ -	\$ -
95300	Protective Services - Other	1,070	740	1,680	7,493	-	-
	Total Protective Services	1,070	11,072	12,012	7,493	-	-
	Insurance Premiums:						
96110	Property Insurance	19,680	15,068	19,451	9,179	-	-
96120	Liability Insurance	7,393	8,631	9,836	202	-	-
96130	Workmen's Compensation	4,444	7,844	6,682	976	-	-
96140	All Other Insurance	2,139	1,598	3,807	-	-	-
	Total Insurance Premiums	33,656	33,141	39,776	10,357	-	-
	General Expenses:						
96200	Other General Expenses	-	-	-	-	39,876	39,876
96210	Compensated Absences	-	-	-	-	-	-
96300	Payments in Lieu of Taxes	23,690	32,857	35,560	-	-	-
96400	Bad Debt - Tenant Rents	9,153	2,946	8,827	-	-	-
96600	Bad Debt - Other	-	-	-	-	-	-
	Total General Expenses	32,843	35,803	44,387	-	39,876	39,876
	Interest Expense:						
96720	Interest on Notes Payable	4,904	8,621	19,522	-	2,434	-
96730	Amortization of Bond Issue Costs	5,779	7,237	8,247	-	-	-
	Total Interest Expense	10,683	15,858	27,769	-	2,434	-
96900	Total Operating Expenses	813,003	926,604	1,044,087	135,559	223,071	195,443
97000	Excess Operating Revenue over Operating Expenses	137,234	332,392	460,125	103,087	14,148	-
97100	Extraordinary Maintenance	13,894					
97200	Casualty Losses - Non-capitalized	-	977	21,357	-	-	-
97400	Depreciation Expense	178,945	222,046	469,296	49,680	-	-
90000	Total Expenses	1,005,842	1,149,627	1,534,740	185,239	223,071	195,443
10010	Operating Transfers In	160,253	62,906	14,707	145,000	39,876	39,876
10020	Operating Transfers Out	(160,252)	(62,906)	(14,708)	(145,000)	(39,876)	(39,876)
10091	Inter Project Excess Cash Transfer In	20,000	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	(29,721)	(80,000)	-	-	-
10093	Transfers Between Project and Program - In	-			-	-	-
10100	Total Other Financing Sources (Uses)	20,001	(29,721)	(80,001)	-	-	-
10000	Excess (Deficiency) of Operating Revenues Over (Under) Expenses	<u>\$ (35,604)</u>	<u>\$ 79,648</u>	<u>\$ (110,529)</u>	<u>\$ 53,407</u>	<u>\$ 14,148</u>	<u>\$ -</u>
	Memo Account Information						
11020	Required Annual Debt Principal Payments	\$ 30,868	\$ 65,827	\$ 126,831		\$ 10,997	\$ 8,332
11030	Beginning Equity	1,440,285	1,643,727	4,837,984	268,356	9,730,913	4,229,604
11040	Prior Period Adjustments, Equity Transfers	37,987	145,460	182,142	-	(9,207)	55,113
11190	Unit Months Available	1,295	1,548	1,764	-	-	-
11210	Number of Unit Months Leased	1,236	1,525	1,743	-	-	-
11270	Excess Cash	(13,829)	28,364	65,977	(32,415)	(553,528)	(1,986,750)
11620	Building Purchase	110,498	277,697	409,482	15,680	-	-

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
PROJECT REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Line Item No.	Account Description	AMP 500	AMP 600	AMP 700	AMP 800	AMP 930	Total
	Protective Services:						
95200	Protective Services - Other Contract Costs	\$ -	\$ -	\$ -	\$ 10,332	\$ -	\$ 30,996
95300	Protective Services - Other	-	-	740	1,070	-	12,793
	Total Protective Services	-	-	740	11,402	-	43,789
	Insurance Premiums:						
96110	Property Insurance	19,195	48,976	17,894	14,562	-	164,005
96120	Liability Insurance	6,784	6,186	9,457	10,036	-	58,525
96130	Workmen's Compensation	2,993	7,477	8,217	10,019	-	48,652
96140	All Other Insurance	3,483	10,582	7,644	1,958	-	31,211
	Total Insurance Premiums	32,455	73,221	43,212	36,575	-	302,393
	General Expenses:						
96200	Other General Expenses	-	-	-	-	-	79,752
96210	Compensated Absences	-	-	-	-	-	-
96300	Payments in Lieu of Taxes	7,696	25,735	38,344	42,687	-	206,569
96400	Bad Debt - Tenant Rents	2,890	8,825	3,487	8,840	-	44,968
96600	Bad Debt - Other	27,385	-	-	-	-	27,385
	Total General Expenses	37,971	34,560	41,831	51,527	-	358,674
	Interest Expense:						
96720	Interest on Notes Payable	2,231	2,718	10,049	12,262	-	62,741
96730	Amortization of Bond Issue Costs	4,264	4,208	7,798	8,415	-	45,948
	Total Interest Expense	6,495	6,926	17,847	20,677	-	108,689
96900	Total Operating Expenses	480,342	872,454	1,028,404	1,149,184	144,527	7,012,678
97000	Excess Operating Revenue over Operating Expenses	58,452	(80,022)	389,013	538,750	(564)	1,952,615
97100	Extraordinary Maintenance		8,546				22,440
97200	Casualty Losses - Non-capitalized	1,970	(1,672)	-	9,295	-	31,927
97400	Depreciation Expense	125,268	215,071	235,121	239,331	-	1,734,758
90000	Total Expenses	607,580	1,094,399	1,263,525	1,397,810	144,527	8,801,803
10010	Operating Transfers In	7,604	57,504	113,907	320,007	-	961,640
10020	Operating Transfers Out	(7,604)	(57,504)	(113,907)	(320,007)	-	(961,640)
10091	Inter Project Excess Cash Transfer In		19,721	70,000	-	-	109,721
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	(109,721)
10093	Transfers Between Project and Program - In	-	-	-	-	-	-
10100	Total Other Financing Sources (Uses)	-	19,721	-	-	-	-
10000	Excess (Deficiency) of Operating Revenues Over (Under) Expenses	<u>\$ (68,786)</u>	<u>\$ (282,246)</u>	<u>\$ 223,892</u>	<u>\$ 290,124</u>	<u>\$ (564)</u>	<u>\$ 163,490</u>
	Memo Account Information						
11020	Required Annual Debt Principal Payments	\$ 52,154	\$ 19,006	\$ 66,398	\$ 77,004	\$ -	457,417
11030	Beginning Equity	1,549,707	2,562,744	2,096,066	2,368,772	(2,183)	30,725,975
11040	Prior Period Adjustments, Equity Transfers	(1,040,171)	34,293	101,109	96,789	-	(396,485)
11190	Unit Months Available	240	900	1,668	1,800	-	9,215
11210	Number of Unit Months Leased	220	856	1,635	1,755	-	8,970
11270	Excess Cash	129,519	(115,508)	61,590	87,270	(2,747)	(2,332,057)
11620	Building Purchase	19,085	32,955	347,814	348,010	-	1,561,221

SINGLE AUDIT REPORT



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

Board of Commissioners
Housing Authority of the City of Allentown
Allentown, Pennsylvania

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 business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Allentown (the Authority), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 28, 2024. The financial statements of the Cumberland Gardens I Housing Partnership, LP, Cumberland Gardens II Housing Partnership, LP, and Cumberland Gardens III Housing Partnership LP, (collectively the discretely presented component units) were not audited in accordance with Government Auditing Standards, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component units.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
March 28, 2024



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

Board of Commissioners
Housing Authority of the City of Allentown
Allentown, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion of Each Major Federal Program

We have audited the Housing Authority of the City of Allentown's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2023. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002 and 2023-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be significant deficiencies.

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

Board of Commissioners
Housing Authority of the City of Allentown

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

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Baltimore, Maryland
March 28, 2024

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Housing and Urban Development				
Public and Indian Housing:				
Public and Indian Housing Operating Subsidy	14.850	N/A	- \$ 4,140,452	
COVID-19 - Public and Indian Housing CARES Act	14.PHC	N/A	- -	
Total Public and Indian Housing				\$ 4,140,452
Housing Choice Voucher Cluster:				
Housing Choice Voucher Program	14.871	N/A	- 16,238,445	
Emergency Housing Choice Voucher	14.871	N/A	- 466,195	
Total Housing Choice Voucher Cluster				16,704,640
Section 8 Project Based Cluster:				
Section 8 Moderate Rehabilitation	14.856	N/A	- -	
Section 8 New Construction and Substantial Rehabilitation	14.182	N/A	- 791,362	
Total Section 8 Project Based Cluster				791,362
Resident Opportunity and Supportive Services	14.870	N/A	-	57,078
Public Housing Capital Fund	14.872	N/A	-	1,561,221
Total Department of Housing and Urban Development				23,254,753
Department of Treasury				
Passed through the Commonwealth of Pennsylvania Department of Community and Economic Development				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	C000082749	-	650,000
Total Expenditures of Federal Awards				<u>\$ 23,904,753</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Authority under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of 2 CFR 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 Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 INDIRECT COST RATE

The Authority has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 NONCASH FEDERAL ASSISTANCE

The Authority did not receive any noncash federal assistance for the year ended June 30, 2023.

NOTE 5 LOAN GUARANTEES

At June 30, 2023, the Authority is not the guarantor of any loans outstanding other than those disclosed in the basic financial statements.

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ Yes x No
 - Significant deficiency(ies) identified? _____ Yes x None Reported
3. Noncompliance material to basic financial statements noted? _____ Yes x No

Federal Awards

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

Identification of Major Federal Programs:

Assistance Listing Number	Name of Federal Program or Cluster
14.871 14.182/14.856	Housing Choice Voucher Program Section 8 Project Based Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualify as low-risk auditee?

_____ Yes x No

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

2023 – 001 Housing Choice Voucher Program Annual HQS Inspections

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program Name: Housing Choice Voucher Program

Assistance Listing Number: 14.871

Federal Award Identification Number and Year: PA004 (various funding increments active during period 7/1/22-6/30/23)

Award Period: July 1, 2022 – June 30, 2023

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement: Per 24 CFR 982.405(a) and in accordance with the HCVP Administration Plan, completed HQS inspections must be completed within two years of the HUD-50058 effective date listed on the HUD-50058.

Condition: During our testing, we noted the Authority did not complete the Annual HQS inspections in an adequate time frame.

Questioned Costs: Unknown.

Context: In a statistically valid sample, during our testing of 60 files selected for Annual HQS Inspection Testing, we noted the following: 1 out of 60 Annual HQS inspections was not completed within two years of the HUD-50058 effective date listed on the HUD-50058.

Cause: Per discussion with Aida Nunez, Director of Housing Management, scheduling conflicts between the inspectors and tenants resulted in untimely HQS inspections.

Effect: The Authority is not in compliance with program requirements over Annual HQS inspections.

Repeat Finding: Not a repeat.

Recommendation: We recommend the Authority review their procedures for performing Annual HQS inspections in a timely manner.

Views of responsible officials: There is no disagreement with the audit finding.

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023 – 002 Housing Choice Voucher Program Reasonable Rent Testing – New Tenants

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program Name: Housing Choice Voucher Program

Assistance Listing Number: 14.871

Federal Award Identification Number and Year: PA004 (various funding increments active during period 7/1/22-6/30/23)

Award Period: July 1, 2022 – June 30, 2023

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or specific requirement: Per the Authority's HCVP administrative plan, application require the completion of rent determination through use of automated database, showing 3 comparable rents for units located in the same area, with similar amenities, size, and condition for rent reasonableness. The rent determination form must be properly entered into the HDS system prior the HUD 50058 effective date.

Condition: During our testing of 24 files for Reasonable Rent – New Tenants requirements. criteria, we noted the following: 2 of 24 files had rent determination forms that were not approved in the HDS system until after the HUD 50058 effective date.

Questioned Costs: Unknown.

Context: In a statistically valid sample, during our testing of 24 files for Reasonable Rent – New Tenants criteria, we noted the following: 2 of 24 files had rent determinations processed after their effective date.

Cause: The Authority does not have controls in place to ensure it is meeting Reasonable Rent – New Tenants requirements set by HUD.

Effect: The Authority is not in compliance with their administrative plan regarding Reasonable Rent – New Tenants requirements.

Repeat Finding: Not a repeat.

Recommendation: We recommend the Authority review their procedures for performing. Reasonable Rent – New Tenants requirements.

Views of responsible officials: There is no disagreement with the audit finding.

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023 – 003 Housing Choice Voucher Program –Eligibility and HAP Payment Testing

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program Name: Housing Choice Voucher Program

Assistance Listing Number: 14.871

Federal Award Identification Number and Year: PA004 (various funding increments active during period 7/1/22-6/30/23)

Award Period: July 1, 2022 – June 30, 2023

Type of Finding: Material Weakness in Internal Control over Compliance, Other Matters

Criteria or specific requirement:

Per 24 CFR Part 908 and 24 CFR section 982.158, the Authority is required to electronically submit the HUD-50058 form to HUD each time they complete an admission, annual reexamination, interim reexamination, portability move-in, or other change of unit for a family.

Per 24 CFR section 982.158 and 24 CFR Part 982, Subpart K, PHA must pay a monthly HAP on behalf of the family that corresponds with the amount on line 12u of the HUD-50058. This HAP amount must be reflected on the HAP contract and HAP register.

Per 24 CFR section 982.516, for both family income examinations and reexaminations, obtain and document in the family file third party verification of (1) reported family annual income; (2) the value of assets; (3) expenses related to deductions from annual income; and (4) other factors that affect the determination of adjusted income or income-based rent.

Condition: During our testing of 60 tenant files for eligibility criteria, we noted the following: 4 of 60 tenant files had incorrectly calculated incomes. 2 of 60 tenant files missing proper 3rd party asset verification. 1 of 60 tenant files was not able to be located in the PIC system.

Questioned Costs: \$2,233

Context:

- In a statistically valid sample, during our testing of 60 tenant files for eligibility criteria, we noted the following: 4 of 60 tenant files had incorrectly calculated incomes. 2 of 60 tenant files missing proper 3rd party asset verification. 1 of 60 tenant files was not able to be located in the PIC system.

Cause: The authority does not have controls in place to ensure it is meeting Eligibility and HAP Payment Testing requirements set by HUD.

Effect: The authority is not in compliance with HUD guidelines over eligibility or HAP payments.

Repeat Finding: Repeat finding, 2022-003.

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023 – 003 Housing Choice Voucher Program –Eligibility and HAP Payment Testing (Continued)

Recommendation: We recommend the Authority review their process for maintaining third party verification of income, for uploading data to PIC, and for recalculating household income.

Views of responsible officials: There is no disagreement with the audit finding.

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2023**

The Housing Authority of the City Allentown, respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2023.

Audit period: Year ended June 30, 2023.

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—SINGLE AUDIT

2022 – 001 Housing Choice Voucher Program QC Inspections

Condition: During our testing, we noted the Authority did not complete QC re-inspections in an adequate time frame.

Status: Corrective action was taken

2022 – 002 Housing Choice Voucher Program Wait List Testing – New Tenants

Condition: 1 of 25 files had an application that was not date stamped. 1 of 25 files was missing a wait list selection letter.

Status: Corrective action was taken

2022 – 003 Housing Choice Voucher Program – Eligibility and HAP Payment Testing

Condition: 1 of 40 tenant files had an incorrect HAP amount uploaded in the PIC system. 1 of 40 tenant files missing an up-to-date HAP Amendment Letter. 2 of 40 tenant files missing proper 3rd party income verification. 1 of 40 tenant files wherein the HAP amount reported on the HUD-50058 did not match that found on the HAP Contract Amendment.

Status: Repeat Finding, 2023-003

Reason for finding's recurrence: The Authority does not have controls in place to ensure it is meeting Eligibility and HAP Payment Testing requirements set by HUD.

Corrective Action: The Authority has implemented controls to ensure compliance.



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