

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024
WITH
REPORT OF INDEPENDENT AUDITORS

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
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FOR THE YEAR ENDED JUNE 30, 2024

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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners
Housing Authority of the City of Allentown:

Opinion

We have audited the accompanying financial statements of the business-type activities (primary government) 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, 2024, 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 reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the primary government and the aggregate discretely presented component units of the Authority as of June 30, 2024, and the changes in their net position and where applicable, their cash flows 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 the discretely presented component units. Those statements, which were prepared in accordance with the accounting standards issued by the Financial Accounting Standards Board, were audited by other auditors whose reports have been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of the discretely presented component units, to conform those financial statements to present in accordance with the accounting standards issued by the Governmental Accounting Standards Board. Our opinions, as they relate to the amounts included for the discretely presented component units, prior to these conversion adjustments, are based solely on the reports of the other auditors.

Basis for Opinion

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. The audits of the discretely presented component units were not audited in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditors' Responsibility 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.

Emphasis of Matter***Correction of Error***

As discussed in Note 14 to the financial statements, an error that resulted in understatements of amounts previously reported for deferred inflows of resources as of June 30, 2023, was discovered. Accordingly, net position as of July 1, 2023 has been restated to correct this error. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern 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 are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements. The accompanying financial data schedule is also not a required part of the basic financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

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

In our opinion, the schedule of expenditures of federal awards and financial data schedule are fairly stated, in all material respects, in relation to the 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 February 28, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Novogradac & Company LLP

Toms River, New Jersey
February 28, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Housing Authority of the City of Allentown
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

As management of Housing Authority of the City of Allentown (the "Authority"), we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2024.

We encourage readers to consider the information presented here in conjunction with the Authority's financial statements. The financial report is designed to provide a general overview of the Authority's finances for all those with an interest.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to Julio Guridy, Executive Director, Housing Authority of the City of Allentown, 1339 Allen Street, Allentown, PA 18102.

Special Conditions and Economic Factors: Management is not aware of any facts, decisions, or conditions that would have a significant effect on the future operation of the Authority.

Overview of the Financial Statements

The financial statements included in this annual audit report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

The Statement of Net Position

This statement reports all financial and capital resources for the Authority. The statement is presented in the format where assets and deferred outflows of resources minus liabilities and deferred inflows of resources, equals "Net Position", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

Net Investments in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

Consists of Net Position that does not meet the definition of "Net Investments in Capital Assets", or "Restricted Net Position".

Statement of Revenue, Expenses, and Changes in Net Position

Reports the Authority's operating and non-operating revenue, by major sources, along with operating and non-operating expenses and capital contributions. This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenues and Expenses, such as grant revenue, investment income and interest expense.

Housing Authority of the City of Allentown
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

Overview of the Financial Statements (continued)

Statement of Cash Flows

Presents information on the effects that changes in assets and liabilities have on cash during the course of the fiscal year.

Notes to the Financial Statements

Provide additional information that is essential to a full understanding of the data provided in the financial statements.

Our analysis of the Authority as a whole begins on the next page. The most important question asked about the Authority's finances is, "Is the Authority, as a whole, better or worse off as a result of the year's activities?"

The attached analysis of net position, revenues, and expenses is provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenues and expenses when earned / incurred regardless of when cash is received or paid.

Our analysis also presents the Authority's net position and changes in them. One can think of the Authority's net position as the difference between what the Authority owns (assets) to what the Authority owes (liabilities). The change in net position analysis will assist the reader with measuring the health or financial position of the Authority.

Over time, significant changes in the Authority's net position are indicators of whether its financial health is improving or deteriorating. To fully assess the financial health of any Authority the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authority's capital assets.

To fully understand the financial statements of the Authority, one must start with an understanding of what the Authority actually does. The following is a brief description of the programs and services that the Authority provides for the residents of the City of Allentown:

Public and Indian Housing Program

The Public and Indian Housing Program is designed to provide low-cost housing. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

Section 8 Housing Choice Vouchers Program

Under the Section 8 Housing Choice Vouchers Program, the Authority administers contracts with independent landlords that own the 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 (ACC) with HUD. HUD provides annual contributions funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

Housing Authority of the City of Allentown
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024

Emergency Housing Vouchers

The purpose of Emergency Housing Vouchers is to assist individuals and families who are experiencing homelessness; at risk of experiencing homelessness; fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking; or were recently homeless and for whom providing rental assistance will prevent the family's homelessness or having high risk of housing instability.

Section 8 New Construction and Substantial Rehabilitation Program

The Section 8 New Construction and Substantial Rehabilitation program allows for the construction, purchase and rehabilitation of low-income housing units to be subsidized for a contracted period of time. Both for profit and not-for-profit developers may provide low-income housing under this program. Developers must obtain their own financing and HUD subsidizes rents once the units are occupied. The Authority administers the program for HUD in conjunction with a not-for-profit landlord that owns the contracted units.

Public Housing Capital Fund Program

Under the Capital Fund Program, the Authority receives grants from the Department of Housing and Urban Development, which are used primarily to maintain and improve the physical condition of its developments. The funds are also used to fund management improvements such as management information systems and tenant services.

Business Activities

The Authority's business activities fund accounts predominately for the cafeteria, laundry, and Section 8 Management funds. The cafeteria fund receives federal funding from Lehigh County Agency 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 fund is used for laundry operations. Income from the Section 8 Management fund is used to pay retiree benefits.

Resident Opportunity and Supportive Services Program / Service Coordinators ("ROSS")

The purpose of the ROSS Service Coordinator program is to provide funding to hire and maintain Service Coordinators who will assess the needs of residents of conventional Public Housing or Indian Housing and coordinate available resources in the community to meet those needs. This program works to promote the development of local strategies to coordinate the use of assistance under the Public Housing program with public and private resources, for supportive services and resident empowerment activities. These services should enable participating families to increase earned income, reduce or eliminate the need for welfare assistance, make progress toward achieving economic independence and housing self-sufficiency, or, in the case of elderly or disabled residents, help improve living conditions and enable residents to age-in-place.

Central Office Cost Center

The Central Office Cost Center ("COCC") is mandated by HUD to account for "centralized" services and functions necessary to the Authority's operations. Funding for the COCC is in the form of fees charged to other Authority programs and activities as well as to affiliate entities. The fees charged include those specified by HUD as management fees, bookkeeping fees, asset management fees and other fees for service. HUD regulates which and how fees may be charged to HUD programs.

**Housing Authority of the City of Allentown
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024**

Condensed Comparative Financial Statements

Analysis of Net Position (Statement of Net Position)

Total Net Position for FY 2023 was \$60,204,751 and for FY 2024 the amount was \$63,528,745. This represents an overall net increase of \$3,323,994, or 5.50%.

Accounts Receivable increased from \$1,159,035 in FY 2023 to \$1,943,847 in FY 2024, or by \$784,812 or 67.7%. The change in the Authority's accounts receivable balance is primarily due to the accounts receivable HUD balance due in the capital fund program.

Capital Assets, Net increased from \$20,979,713 in FY 2023 to \$23,014,641 in FY 2024, or by \$2,034,928 or 9.7%. The Authority purchased \$4,330,269 of capital assets in FY 2023 primarily utilizing the Authority's Capital Fund Program. The acquisitions were offset by \$2,295,341 in depreciation expense.

Restricted Cash decreased from \$904,512 in FY 2023, to \$116,427 in FY 2024, or by \$788,085 or 87.1%. This change was primarily the result of the increase in HAP reserves in the Housing Choice Vouchers Program.

Non-Current Liabilities decreased \$455,210 from FY 2023 to FY 2024 primarily due to the repayment of loans payable.

	<u>2024</u>	<u>2023</u>	<u>Net Change</u>	<u>Percent Variance</u>
Cash & Cash Equivalents	\$ 6,366,679	\$ 6,005,164	\$ 361,515	6.00%
Accounts Receivable, Net	1,943,847	1,159,035	784,812	67.70%
Prepaid Expenses	212,539	179,674	32,865	100.00%
Inventories, Net	130	131	(1)	-0.80%
Total Current Assets	8,523,195	7,344,004	1,179,191	16.10%
Restricted Cash	116,427	904,512	(788,085)	-87.10%
Notes Receivable, Net	40,905,099	40,414,744	490,355	1.20%
Accrued interest	63,005	42,731	20,274	47.40%
Right-of-Use Asset	278,865	-	278,865	100.00%
Capital Assets, Net	23,014,641	20,979,713	2,034,928	9.70%
Total Assets	\$ 72,901,232	\$ 69,685,704	\$ 3,215,528	4.60%
Current Liabilities	\$ 1,715,163	\$ 1,489,071	\$ 226,092	15.20%
Non Current Liabilities	1,326,609	1,781,819	(455,210)	-25.50%
Deferred Inflows of Resources	6,330,715	6,210,063	120,652	100.00%
Total Liabilities	9,372,487	9,480,953	(108,466)	-1.10%
Net Investment in Capital Assets	21,742,366	19,280,741	2,461,625	12.80%
Restricted Net Position	52,183	400,000	(347,817)	-87.00%
Unrestricted Net Position	41,734,196	40,524,010	1,210,186	3.00%
Total Net Position	63,528,745	60,204,751	3,323,994	5.50%
Total Net Position/Liabilities	\$ 72,901,232	\$ 69,685,704	\$ 3,215,528	4.60%

**Housing Authority of the City of Allentown
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024**

Condensed Comparative Financial Statements (continued)

Analysis of Program Revenues

The Authority administers the following programs and the revenue generated from these programs during FY 2024 was as follows:

Program	Revenues Generated
Public and Indian Housing Program (PIH)	\$ 6,590,198
Public Housing Capital Fund Program (CFP)	5,047,107
Section 8 New Construction	1,128,981
Business Activities	592,846
Setion 8 Housing Choice Vouchers (HCV)	20,274,927
Emergency Housing Vouchers (EHV)	589,850
Central Office Cost Center (COCC)	1,812,464
Resident Opportunity and Supportive Services (ROSS)	45,301
Elimination	<u>(1,532,895)</u>
Total Revenue	<u>\$ 34,548,779</u>

Total revenues for FY 2023 were \$28,777,959 as compared to \$34,548,779 of total revenues for FY 2024. Comparatively, FY 2023 revenues were less than FY 2024 revenues by \$5,770,820, or by 20.05%.

Revenues by Category:

	<u>2024</u>	<u>2023</u>	<u>Net Change</u>	<u>Percent Variance</u>
Total Tenant Revenue	\$ 3,313,120	\$ 3,288,105	\$ 25,015	0.76%
HUD Operating Grants	25,368,090	21,693,532	3,674,558	16.94%
Other Governmental Gra	500,000	-	500,000	100%
Capital Grants	3,876,926	1,561,221	2,315,705	148.33%
Investment Income	130,237	89,384	40,853	45.71%
Other Revenue	1,360,406	2,145,717	-785,311	-36.60%
Total Revenue	<u>\$ 34,548,779</u>	<u>\$ 28,777,959</u>	<u>\$ 5,770,820</u>	<u>20.05%</u>

Analysis of Program Operating Expenditures

Total Operating Expenses for FY 2023 were \$27,356,714 as compared to the \$31,059,674 of total expenses for FY 2024. This represents an increase of \$3,702,960 or 13.54%.

Housing Assistance Payments expense in FY 2024 was \$18,948,103 as compared to \$15,580,292 in FY 2023. The increase of \$3,367,811 or 21.62% was due to the Authority having an increase in Housing Assistance Payments per unit per month.

**Housing Authority of the City of Allentown
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024**

Condensed Comparative Financial Statements (continued)

Analysis of Program Operating Expenditures (continued)

The table below illustrates our analysis:

	<u>2024</u>	<u>2023</u>	<u>Net Change</u>	<u>Percent Variance</u>
Administrative	\$ 4,291,928	\$ 4,409,771	\$ (117,843)	-2.67%
Tenant Services	164,327	156,110	8,217	100.00%
Utilities	1,099,182	1,101,421	(2,239)	-0.20%
Maintenance	3,108,109	3,079,646	28,463	0.92%
General Expense	1,117,826	996,037	121,789	12.23%
Housing Assistance Payments	18,948,103	15,580,292	3,367,811	21.62%
Depreciation Expense	2,330,199	2,033,437	296,762	14.59%
Total Operating Expenses	<u>\$ 31,059,674</u>	<u>\$ 27,356,714</u>	<u>\$ 3,702,960</u>	<u>13.54%</u>

Analysis of Capital Asset Activity

The table below illustrates the changes in Capital Assets throughout the fiscal year:

	<u>2024</u>	<u>2023</u>	<u>Net Change</u>	<u>Percent Variance</u>
Land	\$ 2,520,316	\$ 2,520,315	\$ 1	0.00%
Buildings	74,892,040	70,568,119	4,323,921	6.13%
Furniture and Equipment	1,914,136	1,907,789	6,347	0.33%
Total Fixed Assets	<u>79,326,492</u>	<u>74,996,223</u>	<u>4,330,269</u>	<u>5.77%</u>
Accumulated Depreciation	<u>(56,311,851)</u>	<u>(54,016,510)</u>	<u>(2,295,341)</u>	4.25%
Net Fixed Assets	<u>\$ 23,014,641</u>	<u>\$ 20,979,713</u>	<u>\$ 2,034,928</u>	<u>9.70%</u>

As mentioned previously, work completed under the Capital Fund Program is temporarily charged to construction in process. When all of the funds allocated to a specific grant have been fully expended, approved by HUD, and placed in service, the work items are moved from construction in process and placed into the Capital Assets. Depreciation begins at this point.

As previously discussed, the increase in total fixed assets in the amount of \$2,034,928 was primarily due to the Authority utilizing capital funds of \$3,876,926. The Authority also incurred \$2,295,341 in depreciation expense for the year related to their capital assets.

**Housing Authority of the City of Allentown
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024**

Condensed Comparative Financial Statements (continued)

Long-Term Debt Activity

Long-term debt as of June 30, 2024 consisted of the following:

<u>Description</u>	<u>Amount</u>
The Authority entered into a loan agreement with TD Equipment Finance, Inc. on March 24, 2014, in the amount of \$6,122,719. The loan accrues interest at 2,98% and matures in 2028. Payments are due in quarterly installments. The loan is secured by the underlying equipment.	\$ 1,396,853
Total Notes Payable	1,396,853
Less: Current Portion of Loans Payable	409,200
Loans Payable, Net of Current Portion	<u>\$ 987,653</u>

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
STATEMENT OF NET POSITION
AS OF JUNE 30, 2024

ASSETS

	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Current assets:			
Cash and cash equivalents	\$ 6,271,313	\$ 89,692	\$ 6,361,005
Tenant security deposits	95,366	36,736	132,102
Accounts receivable, net	1,943,847	45,265	1,989,112
Prepaid expenses	212,539	135,791	348,330
Inventory, net	<u>130</u>	<u>-</u>	<u>130</u>
Total current assets	<u>8,523,195</u>	<u>307,484</u>	<u>8,830,679</u>
Non-current assets:			
Restricted cash	116,427	1,906,365	2,022,792
Notes receivable	40,905,099	-	40,905,099
Accrued interest on notes receivable	63,005	-	63,005
Other assets	-	110,832	110,832
Right-of-use assets, net	278,865	5,826,909	6,105,774
Capital assets, net	<u>23,014,641</u>	<u>23,296,485</u>	<u>46,311,126</u>
Total non-current assets	<u>64,378,037</u>	<u>31,140,591</u>	<u>95,518,628</u>
Total assets	<u>\$ 72,901,232</u>	<u>\$ 31,448,075</u>	<u>\$ 104,349,307</u>

See accompanying notes to financial statements

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
STATEMENT OF NET POSITION (continued)
AS OF JUNE 30, 2024

LIABILITIES

	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Current liabilities:			
Accounts payable	\$ 539,831	\$ 564,846	\$ 1,104,677
Accrued expenses	49,747	57,258	107,005
Tenant security deposits	95,366	37,106	132,472
Prepaid rent	40,798	3,238	44,036
Accrued compensated absences, current	19,930	-	19,930
Current portion of long-term debt	409,200	-	409,200
Accrued interest payable	10,333	766,165	776,498
SBITA lease liability, current portion	102,434	-	102,434
Other current liabilities	<u>447,524</u>	<u>433,419</u>	<u>880,943</u>
Total current liabilities	<u>1,715,163</u>	<u>1,862,032</u>	<u>3,577,195</u>
Non-current liabilities:			
Accrued compensated absences, non-current	179,369	-	179,369
SBITA lease liability, excluding current portion	108,052	-	108,052
Long-term debt, excluding current portion	987,653	23,080,545	24,068,198
Other non-current liabilities	<u>51,535</u>	<u>-</u>	<u>51,535</u>
Total non-current liabilities	<u>1,326,609</u>	<u>23,080,545</u>	<u>24,407,154</u>
Total liabilities	<u>3,041,772</u>	<u>24,942,577</u>	<u>27,984,349</u>

DEFERRED INFLOWS OF RESOURCES

SBITA leases	203,400	-	6,330,715
Land leases	<u>6,127,315</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>6,330,715</u>	<u>-</u>	<u>6,330,715</u>

NET POSITION

Net position:			
Net investment in capital assets	21,742,366	6,042,849	27,785,215
Restricted	52,183	1,906,365	1,958,548
Unrestricted	<u>41,734,196</u>	<u>(1,443,716)</u>	<u>40,290,480</u>
Total net position	<u>63,528,745</u>	<u>6,505,498</u>	<u>70,034,243</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 72,901,232</u>	<u>\$ 31,448,075</u>	<u>\$ 104,349,307</u>

See accompanying notes to financial statements

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Operating revenues:			
Tenant revenue	\$ 3,313,120	\$ 1,891,344	\$ 5,204,464
HUD operating grants	25,368,090	-	25,368,090
Other government grants	500,000	-	500,000
Other revenues	<u>1,360,406</u>	<u>13,746</u>	<u>1,374,152</u>
Total operating revenues	<u>30,541,616</u>	<u>1,905,090</u>	<u>32,446,706</u>
Operating expenses:			
Administrative	4,291,928	789,440	5,081,368
Tenant services	164,327	-	164,327
Utilities	1,099,182	313,288	1,412,470
Ordinary repairs and maintenance	3,108,109	736,292	3,844,401
Protective services	38,852	-	38,852
Insurance	411,064	167,357	578,421
General expenses	613,448	138,320	751,768
Extraordinary maintenance	54,462	-	54,462
Housing assistance payments	18,948,103	-	18,948,103
Depreciation and amortization	<u>2,330,199</u>	<u>997,483</u>	<u>3,327,682</u>
Total operating expenses	<u>31,059,674</u>	<u>3,142,180</u>	<u>34,201,854</u>
Operating loss	<u>(518,058)</u>	<u>(1,237,090)</u>	<u>(1,755,148)</u>
Non-operating revenues (expenses):			
Investment income	130,237	12,109	142,346
Interest expense	(45,495)	(112,809)	(158,304)
Casualty losses	<u>(119,616)</u>	<u>-</u>	<u>(119,616)</u>
Net non-operating expenses	<u>(34,874)</u>	<u>(100,700)</u>	<u>(135,574)</u>
Loss before capital grants	(552,932)	(1,337,790)	(1,890,722)
Capital grants	<u>3,876,926</u>	<u>-</u>	<u>3,876,926</u>
Change in net position	3,323,994	(1,337,790)	1,986,204
Net position, beginning of year (as originally reported)	<u>66,414,814</u>	<u>7,843,288</u>	<u>74,258,102</u>
Prior period adjustment - correction of error	<u>(6,210,063)</u>	<u>-</u>	<u>(6,210,063)</u>
Net position, beginning of year (as restated)	<u>60,204,751</u>	<u>7,843,288</u>	<u>68,048,039</u>
Net position, end of year	<u>\$ 63,528,745</u>	<u>\$ 6,505,498</u>	<u>\$ 70,034,243</u>

See accompanying notes to financial statements

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

Cash Flows from Operating Activities:	
Cash received from tenants and others	\$ 3,894,831
Cash received from grantors	25,849,483
Cash paid to employees	(4,438,823)
Cash paid to vendors and suppliers	<u>(24,441,428)</u>
Net cash provided by operating activities	<u>864,063</u>
Cash Flows from Noncapital Financing Activities:	
Casualty losses	<u>(119,616)</u>
Net cash used in noncapital financing activities	<u>(119,616)</u>
Cash Flows from Capital and Related Financing Activities:	
Principal payments of bonds/notes	(302,120)
Interest paid on long term debt	(35,162)
Proceeds from capital grants	3,876,926
Purchase of capital assets	<u>(4,330,269)</u>
Net cash used in capital and related financing activities	<u>(790,625)</u>
Cash Flows from Investing Activities:	
Investment income	109,963
Issuance of notes receivable	(575,000)
Collection of notes receivable	<u>84,645</u>
Net cash used in investing activities	<u>(380,392)</u>
Net decrease in cash, cash equivalents, and restricted cash	(426,570)
Cash, cash equivalents, and restricted cash, beginning of year	<u>6,909,676</u>
Cash, cash equivalents, and restricted cash, end of year	<u><u>\$ 6,483,106</u></u>
Reconciliation of cash, cash equivalents, and restricted cash to the Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 6,271,313
Tenant security deposits	95,366
Restricted cash	<u>116,427</u>
Total cash, cash equivalents, and restricted cash	<u><u>\$ 6,483,106</u></u>

See accompanying notes to financial statements

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED JUNE 30, 2024

Reconciliation of operating loss to net cash
provided by operating activities:

Operating loss	\$	(518,058)
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Adjustments to reconcile operating loss to net cash
provided by operating activities:

Depreciation		2,295,340
Bad debt expense - tenants		35,004
Amortization		34,859

Changes in operating asset and liabilities:

Accounts receivable, net		(819,815)
Prepaid expenses		(32,865)
Inventory, net		1
Right-of-use asset, net		(313,724)
Accounts payable		(210,440)
Accrued expenses		(146,896)
Tenant security deposits liability		(3,171)
Unearned revenue		(9,319)
Accrued compensated absences		16,046
Other current liabilities		447,524
SBITA liability		210,486
Other non-current liabilities		(241,561)
Deferred inflows of resources		<u>120,652</u>

Net cash provided by operating activities	\$	<u><u>864,063</u></u>
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HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
AS OF JUNE 30, 2024

	ASSETS			
	Cumberland Gardens Phase 1, LP	Cumberland Gardens Phase 2, LP	Cumberland Gardens Phase 3, LP	Total
Current assets:				
Cash and cash equivalents	\$ 53,369	\$ 36,323	\$ -	\$ 89,692
Tenant security deposits	8,114	22,792	5,830	36,736
Accounts receivable, net	18,132	15,404	11,729	45,265
Prepaid expenses	<u>51,677</u>	<u>58,210</u>	<u>25,904</u>	<u>135,791</u>
Total current assets	<u>131,292</u>	<u>132,729</u>	<u>43,463</u>	<u>307,484</u>
Non-current assets:				
Restricted cash	626,982	756,025	523,358	1,906,365
Other assets	24,668	46,787	39,377	110,832
Right-of-use assets	1,059,476	2,343,233	2,424,200	5,826,909
Capital assets, net	<u>8,219,939</u>	<u>8,043,807</u>	<u>7,032,739</u>	<u>23,296,485</u>
Total non-current assets	<u>9,931,065</u>	<u>11,189,852</u>	<u>10,019,674</u>	<u>31,140,591</u>
Total assets	<u>\$ 10,062,357</u>	<u>\$ 11,322,581</u>	<u>\$ 10,063,137</u>	<u>\$ 31,448,075</u>
	LIABILITIES			
Current liabilities:				
Accounts payable	381,166	156,168	27,512	564,846
Tenant security deposits	8,114	22,792	6,200	37,106
Prepaid rent	-	1,746	1,492	3,238
Accrued interest payable	-	-	766,165	766,165
Other current liabilities	<u>21,783</u>	<u>31,458</u>	<u>437,436</u>	<u>490,677</u>
Total current liabilities	<u>411,063</u>	<u>212,164</u>	<u>1,238,805</u>	<u>1,862,032</u>
Non-current liabilities:				
Note payable, non-current	<u>10,766,453</u>	<u>6,082,234</u>	<u>6,231,858</u>	<u>23,080,545</u>
Total non-current liabilities	<u>10,766,453</u>	<u>6,082,234</u>	<u>6,231,858</u>	<u>23,080,545</u>
Total liabilities	<u>11,177,516</u>	<u>6,294,398</u>	<u>7,470,663</u>	<u>24,942,577</u>
	NET POSITION			
Net position:				
Net investment in capital assets	(1,487,038)	4,304,806	3,225,081	6,042,849
Restricted	626,982	756,025	523,358	1,906,365
Unrestricted	<u>(255,103)</u>	<u>(32,648)</u>	<u>(1,155,965)</u>	<u>(1,443,716)</u>
Total net position	<u>(1,115,159)</u>	<u>5,028,183</u>	<u>2,592,474</u>	<u>6,505,498</u>
Total liabilities and net position	<u>\$ 10,062,357</u>	<u>\$ 11,322,581</u>	<u>\$ 10,063,137</u>	<u>\$ 31,448,075</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
FOR THE YEAR ENDED JUNE 30, 2024**

	Cumberland Gardens <u>Phase 1, LP</u>	Cumberland Gardens <u>Phase 2, LP</u>	Cumberland Gardens <u>Phase 3, LP</u>	<u>Total</u>
Operating revenues:				
Tenant revenue	\$ 682,565	\$ 724,150	\$ 484,629	\$ 1,891,344
Other revenues	<u>3,545</u>	<u>7,650</u>	<u>2,551</u>	<u>13,746</u>
Total operating revenues	<u>686,110</u>	<u>731,800</u>	<u>487,180</u>	<u>1,905,090</u>
Operating expenses:				
Administrative	280,889	283,946	224,605	789,440
Utilities	113,119	109,267	90,902	313,288
Ordinary repairs and maintenance	308,047	234,670	193,575	736,292
Insurance	62,727	70,456	34,174	167,357
General expenses	42,947	55,158	40,215	138,320
Depreciation	<u>360,783</u>	<u>388,078</u>	<u>248,622</u>	<u>997,483</u>
Total operating expenses	<u>1,168,512</u>	<u>1,141,575</u>	<u>832,093</u>	<u>3,142,180</u>
Operating loss	<u>(482,402)</u>	<u>(409,775)</u>	<u>(344,913)</u>	<u>(1,237,090)</u>
Non-operating revenues (expenses):				
Investment income	8,630	522	2,957	12,109
Interest expense	<u>(11,258)</u>	<u>(2,825)</u>	<u>(98,726)</u>	<u>(112,809)</u>
Net non-operating expenses	<u>(2,628)</u>	<u>(2,303)</u>	<u>(95,769)</u>	<u>(100,700)</u>
Change in net position	(485,030)	(412,078)	(440,682)	(1,337,790)
Net position, beginning of year	<u>(630,129)</u>	<u>5,440,261</u>	<u>3,033,156</u>	<u>7,843,288</u>
Net position, end of year	<u>\$ (1,115,159)</u>	<u>\$ 5,028,183</u>	<u>\$ 2,592,474</u>	<u>\$ 6,505,498</u>

See accompanying notes to financial statements

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Housing Authority of the City of Allentown (the "Authority") is a governmental, public corporation created under the laws of the Commonwealth of Pennsylvania by the City of Allentown, PA (the "City") 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. The Authority is responsible for operating certain low-rent housing programs in the City under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a Board of Commissioners appointed by the Mayor of the City and has governance responsibilities over all activities related to all housing activities within the City. 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 of Commissioners elects its own chairperson.

B. Basis of Accounting / Financial Statement Presentation

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The programs of the Authority are organized on a fund basis. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The programs of the Authority are combined and considered an enterprise fund. An enterprise fund is used to account for activities that are operated in a manner similar to those found in the private sector.

The Authority's enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("GASB 34"), as amended. GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions*, ("GASB 33"), grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

On January 30, 2008, HUD issued *PIH Notice 2008-9* which requires that unused housing assistance payments ("HAP") under proprietary fund reporting should be reported as restricted net position, with the associated cash and investments also being reported on HUD's Financial Data Schedule ("FDS") as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported on the FDS as unrestricted.

Both administrative fee and HAP revenue continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions, as defined by GASB 33, are met when these funds are available and measurable, not when these funds are expended. The Section 8 Housing Choice Vouchers program is no longer a cost reimbursement grant; therefore, the Authority recognizes unspent administrative fee and HAP revenue in the reporting period as revenue for financial statement reporting.

In accordance with 2 CFR 200.305(b)(9), any investment income earned up to \$500 on these funds may be retained by the Authority. Amounts in excess of \$500 must be remitted annually to the Department of Health and Human Services, Payment Management System.

C. Reporting Entity

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statement No. 14 and No. 34*, the Authority's basic financial statements include those of the Authority and any component units. Component units are legally separate organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government. An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

Based upon the application of these criteria, this report includes the following blended and discretely presented component units:

Blended Component Units:

The Authority is the sole owner of AHA CG GP1 LLC, AHA CGGP2 LLC, and AHA CG GP3 LLC (the "LLCs"), 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. Activity for these LLCs is not recorded on the books of the Authority, as there is no operating activity or any assets or liabilities in these entities.

Discretely Presented Component Units:

Cumberland Gardens I Housing Partnership, LP ("Cumberland Gardens I")

Cumberland Gardens I 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 Cumberland Gardens I. Cumberland Gardens I operates on an October 31 fiscal year-end.

Cumberland Gardens II Housing Partnership, LP ("Cumberland Gardens II")

Cumberland Gardens II was formed on October 4, 2012, 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 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 Cumberland Gardens II. Cumberland Gardens II operates on an October 31 fiscal year-end.

Cumberland Gardens III Housing Partnership, LP ("Cumberland Gardens III")

Cumberland Gardens III was formed on September 23, 2013, 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 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 Cumberland Gardens III. Cumberland Gardens III operates on an December 31 fiscal year-end.

Copies of the separately issued audited financial statements can be obtained by contacting the Authority. The Authority's blended component units are included within the primary government as of June 30, 2024.

D. Description of Programs

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

Public and Indian Housing Program

The Public and Indian Housing Program is designed to provide low-cost housing within the City. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs (continued)

Section 8 Housing Choice Vouchers Program

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

Emergency Housing Vouchers

The purpose of Emergency Housing Vouchers is to assist individuals and families who are experiencing homelessness; at risk of experiencing homelessness; fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking; or were recently homeless and for whom providing rental assistance will prevent the family's homelessness or having high risk of housing instability.

Public Housing Capital Fund Program

The purpose of the Public Housing Capital Fund Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing and improving the central office facilities. Funding for this program is provided by grants from HUD.

Section 8 New Construction and Substantial Rehabilitation Program

The Section 8 New Construction and Substantial Rehabilitation program allows for the construction, purchase and rehabilitation of low-income housing units to be subsidized for a contracted period of time. Both for profit and not-for-profit developers may provide low-income housing under this program. Developers must obtain their own financing and HUD subsidizes rents once the units are occupied. The Authority administers the program for HUD in conjunction with a not-for-profit landlord that owns the contracted units.

Resident Opportunity and Supportive Services Program / Service Coordinators ("ROSS")

The purpose of the ROSS Service Coordinator program is to provide funding to hire and maintain Service Coordinators who will assess the needs of residents of conventional Public Housing or Indian housing and coordinate available resources in the community to meet those needs. This program works to promote the development of local strategies to coordinate the use of assistance under the Public Housing program with public and private resources, for supportive services and resident empowerment activities. These services should enable participating families to increase earned income, reduce or eliminate the need for welfare assistance, make progress toward achieving economic independence and housing self-sufficiency, or, in the case of elderly or disabled residents, help improve living conditions and enable residents to age-in-place.

Business Activities

The Authority's business activities fund accounts predominately for the cafeteria, laundry, and Section 8 Management funds. The cafeteria fund receives federal funding from Lehigh County Agency 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 fund is used for laundry operations. Income from the Section 8 Management fund is used to pay retiree benefits.

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs (continued)

Central Office Cost Center

The Central Office Cost Center is mandated by HUD to account for "centralized" services and functions necessary to the Authority's operations. Funding for the Central Office Cost Center is in the form of fees charged to other Authority programs and activities as well as to affiliate entities. The fees charged include those specified by HUD as management fees, bookkeeping fees, asset management fees and other fees for service. HUD regulates which and how fees may be charged to HUD programs.

E. Use of Management Estimates

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

F. Cash and Cash Equivalents

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

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

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

G. Accounts Receivable, Net

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and due from vacated tenants. An allowance for doubtful accounts is established to provide for accounts which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts. Also, included in accounts receivable are those amounts that tenants owe the Authority as payment for committing fraud or misrepresentation. These charges usually consist of retroactive rent and other amounts that may be determined by a formal written agreement or by a court order. The Authority recognizes a receivable from HUD and other governmental agencies for amounts earned and billed but not received and for amounts unbilled, but earned as of year end.

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Allowance for Doubtful Accounts

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

I. Prepaid Expenses

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

J. Inventory, Net

The Authority's inventory is comprised of maintenance materials and supplies. Inventory is carried at net realizable value and the Authority uses the first-in, first-out cost flow assumption in determining cost. The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expenditures when used. If inventory falls below the cost due to damage, deterioration or obsolescence, the Authority establishes an allowance for obsolete inventory. At June 30, 2024, the allowance for obsolete inventory amounted to \$627,573.

K. Notes Receivable

The Authority has utilized development funds in accordance with HUD guidelines to assist in the construction and redevelopment of numerous public housing developments through the issuance of mortgage notes. When preparing financial statements in accordance with generally accepted accounting principles, management is required to make estimates as to the collectability of such mortgage notes. When estimating collectability, management analyzes the value of the underlying mortgaged property, the property's ability to generate positive cash flow, and current economic trends and conditions. Management utilizes these estimates and judgments in connection with establishing an allowance for uncollectible amounts during an accounting period.

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Capital Assets

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

•	Buildings	40 Years
•	Buildings and Site Improvements	10 Years
•	Non-dwelling structures	30 years
•	Furniture, Fixtures, and Equipment	5-10 Years

The Authority has established a capitalization threshold of \$2,500.

M. Impairment of Long-Lived Assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. During the year ended June 30, 2024, there were no impairment losses incurred.

N. Inter-program Receivables and Payables

Inter-program receivables and payables are all classified as either current assets or current liabilities and are the result of the use of a concentrated account depository as the common paymaster for most of the programs of the Authority. Cash settlements are made monthly. All inter-program balances are reconciled, and inter-program receivables and payables balances net to zero. In accordance with GASB 34, inter-program receivables and payables are eliminated for financial statement purposes. Detail balances by program, if any, are found in the Financial Data Schedule of this report.

O. Accounts Payable and Accrued Expenses

The Authority recognizes a liability for goods and services received but not paid for as of year-end. The Authority recognizes a liability for wages and fringe benefits related to services performed at year-end but not yet paid to employees or taxing authorities.

P. Prepaid Rent

The Authority's prepaid rent primarily consists of the prepayment of rent by residents applicable to future periods.

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Compensated Absences

Compensated absences are absences for which employees will be paid in accordance with the Authority's Personnel Policy. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such event take place.

The Authority's policy allows for full-time employees to accumulate unused vacation leave in varying amounts to specified maximums depending on tenure with the Authority. Employees also earn sick leave at established rates.

R. Deferred Outflows and Inflows of Resources

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

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

S. Right-of-Use Asset and Lease Liabilities

Lessees are required to recognize a lease liability and an intangible right-of-use lease asset. The lease liability is the present value of future payments expected to be made over the course of the lease, and the right-of-use lease assets are measured as the initial amount of lease liability, plus any payments made to the lessor at or before the time of commencement of the lease and minus any lease incentives received from the lessor.

In determining the present value of lease payments, the Authority uses the interest rate charged by the lessor which may be implicit in the lease or if not readily determinable, its incremental borrowing rate at the commencement date. Amortization of the right-of-use lease asset is recognized on a straight-line basis over the lease term.

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Net Position Classifications

Net position is classified in three components:

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

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

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

U. Use of Restricted Assets

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

V. Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. The Authority receives annual operating subsidies from HUD, subject to limitations prescribed by HUD. Operating subsidies from HUD are recorded in accordance with GASB 33 and are accounted for as revenue. Other contributions from HUD that are for development and modernization of capital assets are reflected separately in the accompanying financial statements as capital grants. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues and expenses as non-operating.

W. Regulated Leases

The Authority is a lessor of residential dwelling units under regulated leases as defined by GASB 87 and as such recognizes rental revenue in accordance with the terms of the lease contract. The leases which are twelve months in length are regulated by HUD as to rent, unit size, household composition and tenant income. For the year ended June 30, 2024, rental revenue earned under the aforementioned leases for the primary government and the discretely presented component units totaled \$3,313,120 and \$1,871,900, respectively.

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

X. Taxes

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

Y. Budgets and Budgetary Accounting

The Authority adopts annual, appropriated operating budgets for all its programs receiving federal expenditure awards, which are used as a management tool throughout the accounting cycle. All budgets are prepared on a HUD basis, which differs with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods.

Z. Economic Dependency

The Section 8 Housing Choice Vouchers and Public and Indian Housing programs of the Authority are economically dependent on grants and subsidies from HUD. The programs operate at a loss prior to receiving the grants.

AA. Risk Management

The Authority is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, the amount of the loss can be reasonably estimated, and said amount exceeds insurance coverage. Settlement amounts have not exceeded insurance coverage for the last three years.

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2024

NOTE 2. CASH AND CASH EQUIVALENTS

As of June 30, 2024, the primary government had funds on deposit in checking, savings, and money market accounts. The carrying amount of the primary government's cash and cash equivalents (including restricted cash) was \$6,483,106, and the bank balances approximated \$6,723,224.

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Unrestricted	\$ 6,271,313	\$ 89,692	\$ 6,361,005
Tenant security deposits	95,366	36,736	132,102
Restricted	<u>116,427</u>	<u>1,906,365</u>	<u>2,022,792</u>
Total cash and cash equivalents	\$ <u>6,483,106</u>	\$ <u>2,032,793</u>	\$ <u>8,515,899</u>

Of the primary government's bank balances, \$1,051,535 was covered by federal depository insurance and the remaining balance of \$5,671,689 was collateralized with the pledging financial institution as of June 30, 2024. Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of June 30, 2024, the Authority's bank balances were not exposed to custodial credit risk.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following at June 30, 2024:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Accounts receivable - HUD	\$ 1,028,841	\$ -	\$ 1,028,841
Accounts receivable - tenants, net	39,723	45,265	84,988
Accounts receivable - PHA Projects	54,187	-	54,187
Accounts receivable - miscellaneous	<u>821,096</u>	<u>-</u>	<u>821,096</u>
Total accounts receivable, net	\$ <u>1,943,847</u>	\$ <u>45,265</u>	\$ <u>1,989,112</u>

Accounts Receivable - HUD

As of June 30, 2024, Accounts receivable - HUD consisted of amounts due from HUD for amounts owed under the Public Housing Capital Fund and ROSS programs. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Tenants, Net

Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent. The balance of the primary government is shown net of an allowance for doubtful accounts of \$49,758.

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2024

NOTE 3. ACCOUNTS RECEIVABLE, NET (continued)

Accounts Receivable - PHA Projects

Accounts receivable - PHA Projects represents amounts owed to the Authority by other Public Housing Authorities for administrative fees and Port-in HAP expense under the portability provisions of the Section 8 Housing Choice Vouchers program. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - Miscellaneous, Net

Accounts receivable – miscellaneous consists of amounts owed from managed properties and other miscellaneous sources from normal ongoing operations. Management estimates these amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

NOTE 4. RESTRICTED DEPOSITS

As of June 30, 2024, restricted deposits consisted of the following:

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Housing assistance payment reserves	\$ 37,930	\$ -	\$ 37,930
FSS program escrows	51,536	-	51,536
Emergency housing voucher reserves	26,961	-	26,961
Reserve for replacement escrows	-	800,404	800,404
Other operating reserves	-	1,105,961	1,105,961
Tenant security deposits	<u>95,366</u>	<u>36,736</u>	<u>132,102</u>
Total restricted deposits	\$ <u>211,793</u>	\$ <u>1,943,101</u>	\$ <u>2,154,894</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers program for future housing assistance payments.

Emergency housing vouchers reserves are restricted for use only in the Emergency Housing Vouchers program for future program expenditures.

FSS program escrows are restricted for use in the Section 8 Housing Choice Voucher Program by FSS program participants.

Reserve for replacement escrow funds are required to be set aside for future project expenditures in accordance with regulatory agreements.

Other operating reserves are required to be set aside for future project expenditures per the regularity agreements, such as real estate taxes, insurance, affordability and operating, and supporting services reserves.

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

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2024

NOTE 5. CAPITAL ASSETS, NET

The following is a summary of the primary government's changes in capital assets during the year ended June 30, 2024:

Description	June 30, 2023	Additions	Dispositions	Transfers	June 30, 2024
<u>Non-depreciable:</u>					
Land	\$ <u>2,520,316</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,520,316</u>
<u>Depreciable:</u>					
Building and improvements	62,998,071	4,323,920	-	-	67,321,991
Leasehold improvements	7,570,049	-	-	-	7,570,049
Furniture and equipment	<u>1,907,789</u>	<u>6,347</u>	<u>-</u>	<u>-</u>	<u>1,914,136</u>
Total	<u>72,475,909</u>	<u>4,330,267</u>	<u>-</u>	<u>-</u>	<u>76,806,176</u>
Less: accumulated depreciation	<u>54,016,511</u>	<u>2,295,340</u>	<u>-</u>	<u>-</u>	<u>56,311,851</u>
Net capital assets	\$ <u>20,979,714</u>	\$ <u>2,034,927</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>23,014,641</u>

Depreciation expense for the primary government for the year ended June 30, 2024 amounted to \$2,295,340.

The following is a summary of the discretely presented component units' changes in capital assets during the year ended June 30, 2024:

Description	June 30, 2023	Additions	Dispositions	Transfers	June 30, 2024
<u>Non-depreciable:</u>					
Land	\$ <u>1,937,625</u>	\$ <u>-</u>	\$ <u>(817,511)</u>	\$ <u>-</u>	\$ <u>1,120,114</u>
<u>Depreciable:</u>					
Buildings and improvements	37,326,954	-	(5,537,130)	-	31,789,824
Furniture and equipment	<u>935,542</u>	<u>50,292</u>	<u>-</u>	<u>-</u>	<u>985,834</u>
Total	<u>38,262,496</u>	<u>50,292</u>	<u>(5,537,130)</u>	<u>-</u>	<u>32,775,658</u>
Less: accumulated depreciation	<u>10,049,475</u>	<u>997,483</u>	<u>(447,671)</u>	<u>-</u>	<u>10,599,287</u>
Net capital assets	\$ <u>30,150,646</u>	\$ <u>(947,191)</u>	\$ <u>(5,906,970)</u>	\$ <u>-</u>	\$ <u>23,296,485</u>

Depreciation expense for the discretely presented component units for the fiscal year ended June 30, 2024 amounted to \$997,483.

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2024

NOTE 6. RIGHT-OF-USE ASSETS AND LEASE LIABILITY

Subscription-Based Information Technology Arrangements ("SBITA")

On January 26, 2018, the Authority (Primary Government) entered into subscription-based information technology agreement with a computer software provider. The initial term of the lease was for a three year period, with a renewal option for a successive 3 year terms. The lease has an implicit interest rate of 3%. In March of 2024, an initial right-of-use asset was recorded in the amount of \$313,724. As of June 30, 2024, the right-of-use asset totaled \$278,865 and amortization expense totaled \$34,859 for the year then ended.

The following is a summary of the Authority's changes in right-of-use assets - SBITA for the year ended June 30, 2024:

Description	June 30, 2023	Additions	Dispositions	June 30, 2024
Right-of-use asset - SBITA	\$ -	\$ 313,724	\$ -	\$ 313,724
Less: accumulated amortization	<u>-</u>	<u>34,859</u>	<u>-</u>	<u>34,859</u>
Right-of-use asset - SBITA, net	<u>\$ -</u>	<u>\$ 278,865</u>	<u>\$ -</u>	<u>\$ 278,865</u>

The SBITA liability as of June 30, 2024 was \$210,486, with \$102,434 classified as a current liability. Principal and interest payments made on the lease for the year ended June 30, 2024 amounted to \$101,187 and \$17,809, respectively.

Annual lease payments for principal and interest over the next two years are as follows:

Year	Principal	Interest	Total
2025	\$ 102,434	\$ 5,590	\$ 108,024
2026	<u>108,052</u>	<u>2,455</u>	<u>110,507</u>
	<u>\$ 210,486</u>	<u>\$ 8,045</u>	<u>\$ 218,531</u>

The Authority's discretely presented component units have prepaid ground leases with the Primary Government totaling \$5,826,909. The prepaid ground leases to the Primary Government are evidenced by deferred inflows of resources on the Primary Government's financial statements (see Note 11).

As of June 30, 2024, the value of the right-of-use assets (prepaid ground lease) of the discretely presented component units was \$5,826,909, and rent expense totaled \$123,178 for the year then ended.

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2024

NOTE 7. NOTES RECEIVABLE

Outstanding notes receivable for the primary government as of June 30, 2024 consisted of the following:

<u>Description</u>	<u>Amount</u>
Cumberland Gardens I Housing Partnership entered into several loans with the Authority related to the construction of low-income housing. Each note is subject to certain cash flows being available before principal and interest is due. The notes do not accrue interest, are secured by the underlying property, and matures on October 31, 2052.	\$ 10,345,508
Cumberland Gardens 3 Housing Partnership entered into several loans with the Authority related to the construction of low-income housing. Each note is subject to certain cash flows being available before principal and interest is due. The notes do not accrue interest, are secured by the underlying property, and matures on October 31, 2052.	6,346,467
Hart II Housing Partnership, LP entered into several HOPE VI loans with the Authority related to the construction of low-income housing. Each note is subject to certain cash flows being available before principal and interest is due. The notes do not accrue interest, are secured by the underlying property, and matures October 1, 2056.	16,368,473
Little Lehigh Redevelopment LLC entered into several HOPE VI loans with the Authority related to the construction of low-income housing. Each note is subject to certain cash flows being available before principal and interest is due. The notes do not accrue interest, are secured by the underlying property, and mature in June 2064.	2,075,000
Cumberland Gardens 2 Housing Partnership entered into several loans with the Authority related to the construction of low-income housing. Each note is subject to certain cash flows being available before principal and interest is due. The notes do not accrue interest, are secured by the underlying property, and matures on November 1, 2054.	<u>5,769,651</u>
Total notes receivable	\$ <u><u>40,905,099</u></u>

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2024

NOTE 8. LONG TERM DEBT

Long-term debt of the primary government consisted of the following as of June 30, 2024:

<u>Description</u>	<u>Amount</u>
The Authority entered into a loan agreement with TD Equipment Finance, Inc. on March 24, 2014, in the amount of \$6,122,719. The loan accrues interest at 2.98% and matures in 2028. Payments are due in quarterly installments. The loan is secured by the underlying equipment.	\$ <u>1,396,853</u>
Total long-term debt	1,396,853
Less: current portion	<u>409,200</u>
Long-term debt, net of current portion	\$ <u><u>987,653</u></u>

Annual debt service for principal and interest for the next four years is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 409,200	\$ 30,196	\$ 439,396
2026	397,960	23,636	421,596
2027	409,865	11,731	421,596
2028	<u>179,828</u>	<u>1,288</u>	<u>181,116</u>
Total	\$ <u><u>1,396,853</u></u>	\$ <u><u>66,851</u></u>	\$ <u><u>1,463,704</u></u>

Interest expense for the year ended June 30, 2024 totaled \$45,495.

A summary of the Authority's discretely presented component units long-term debt is as follows:

<u>Loans payable to the Authority as evidenced by a Note Receivable (see Note 7):</u>	<u>Amount</u>
Cumberland Gardens I Housing Partnership, LP	\$ 10,016,453
Cumberland Gardens 2 Housing Partnership, LP	5,682,234
Cumberland Gardens 3 Housing Partnership, LP	<u>6,231,858</u>
Total primary government loans to discretely presented component units	\$ <u><u>21,930,545</u></u>

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2024

NOTE 8. LONG TERM DEBT (continued)

Loans payable to other lenders consisted of the following as of June 30, 2024

<u>Description</u>	<u>Amount</u>
Cumberland Gardens 1, LP entered into a loan with the City of Allentown in the amount of \$750,000. The loan bears no interest, matures on October 31, 2054, and is secured by real property.	\$ 750,000
Cumberland Gardens 2, LP entered into a loan with the City of Allentown in the amount of \$400,000. The loan bears no interest, matures in November of 20244, and is secured by a second lien priority mortgage on the project.	<u>400,000</u>
Total long-term debt	\$ <u><u>1,150,000</u></u>

Annual debt service for the discretely presented component units for principal maturities is as follows:

<u>Year</u>	<u>Principal</u>
2025	\$ -
2026	-
2027	-
2028	-
2029	-
Thereafter	<u>23,080,545</u>
Total	\$ <u><u>23,080,545</u></u>

NOTE 9. NON-CURRENT LIABILITIES

Non-current liabilities of the primary government as of June 30, 2024 consisted of the following:

<u>Description</u>	<u>June 30, 2023</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30, 2024</u>	<u>Amounts due within one year</u>
Compensated absences	\$ 183,163	\$ 101,960	\$ (85,824)	\$ 199,299	\$ 19,930
Loans payable	1,770,193	-	(373,340)	1,396,853	409,200
FSS escrows	3,409	48,126	-	51,535	-
SBITA lease liability	<u>-</u>	<u>313,707</u>	<u>(103,221)</u>	<u>210,486</u>	<u>102,434</u>
Total non-current liabilities	\$ <u><u>1,956,765</u></u>	\$ <u><u>463,793</u></u>	\$ <u><u>(562,385)</u></u>	\$ <u><u>1,858,173</u></u>	\$ <u><u>531,564</u></u>

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2024

NOTE 9. NON-CURRENT LIABILITIES (continued)

Non-current liabilities of the discretely presented component units as of June 30, 2024 consisted of the following:

Description	June 30, 2023	Additions	Payments	June 30, 2024	Amounts due within one year
Loans payable	\$ <u>23,733,901</u>	\$ <u>-</u>	\$ <u>(653,356)</u>	\$ <u>23,080,545</u>	\$ <u>-</u>
Total non-current liabilities	\$ <u>23,733,901</u>	\$ <u>-</u>	\$ <u>(653,356)</u>	\$ <u>23,080,545</u>	\$ <u>-</u>

NOTE 10. 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 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 those 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 year ended June 30, 2024, the Authority's contributions to the plan totaled \$282,086.

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2024

NOTE 11. DEFERRED INFLOWS OF RESOURCES

Ground Leases

The Authority was the lessor in several ground leases as of June 30, 2024. In accordance with GASB 87, certain prepaid ground leases are to be recorded as deferred inflows of resources on the Authority's Statement of Net Position. These ground leases consisted of the following:

On December 23, 2011, the Authority entered into a ground lease with Cumberland Gardens 1 Housing Partnership. Upon commencement of the lease, a one-time payment of \$1,233,632 was made to the Authority. The lease term is 85 years. Unearned revenue will be amortized over the term of the lease. As of June 30, 2024, the balance in deferred inflows of resources was \$1,044,963.

In 2013, the Authority entered into a ground lease with Cumberland Gardens 2 Housing Partnership. Upon commencement of the lease, a one-time payment of \$3,000,000 was made to the Authority. The lease term is 85 years. Unearned revenue will be amortized over the term of the lease. As of June 30, 2024, the balance in deferred inflows of resources was \$2,611,764.

On December 31, 2014, the Authority entered into a ground lease with Cumberland Gardens 3 Housing Partnership. Upon commencement of the lease, a one-time payment of \$2,800,000 was made to the Authority. The lease term is 85 years. Unearned revenue will be amortized over the term of the lease. As of June 30, 2024, the balance in deferred inflows of resources was \$2,470,588.

As of June 30, 2024, the future rental income to be recognized under the prepaid ground leases is as follows:

Years ending June 30:	<u>Amount</u>
2025	\$ 82,748
2026	82,748
2027	82,748
2028	82,748
2029	82,748
Thereafter	<u>5,713,575</u>
	<u>\$ 6,127,315</u>

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2024

NOTE 11. DEFERRED INFLOWS OF RESOURCES (continued)

Prepaid Building Lease

On January 6, 2023, the Authority entered into a sublease with Community Services for Children, Inc. Upon commencement of the sublease, a one-time payment related to fitout costs of \$226,000 was made to the Authority. The lease term is 15 years. Unearned revenue will be amortized over the term of the lease. As of June 30, 2024, the balance in deferred inflows of resources was \$203,400.

As of June 30, 2024, the future rental income to be recognized under the prepaid building lease is as follows:

Years ending June 30:	<u>Amount</u>
2025	\$ 15,067
2026	15,067
2027	15,067
2028	15,067
2029	15,067
Thereafter	<u>128,065</u>
	<u>\$ 203,400</u>

NOTE 12. RESTRICTED NET POSITION

Restricted net position consists of the following as of June 30, 2024:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Housing assistance payment reserves	\$ 37,930	\$ -	\$ 37,930
Other operating reserves	-	1,105,961	1,105,961
Reserve for replacement escrows	-	800,404	800,404
Emergency housing vouchers reserves	<u>14,253</u>	<u>-</u>	<u>14,253</u>
Total restricted net position	<u>\$ 52,183</u>	<u>\$ 1,906,365</u>	<u>\$ 1,958,548</u>

Housing assistance payment reserves are restricted for rent payments to landlords as part of the Section 8 Housing Choice Vouchers Program.

Other operating reserves are required to be set aside for future project expenditures per the regularity agreements, such as real estate taxes, insurance, affordability and operating, and supporting services reserves.

Reserve for replacement escrow funds are required to be set aside for future project expenditures in accordance with regulatory agreements.

Emergency housing vouchers reserves are restricted for use only in the Emergency Housing Vouchers program for future program expenditures.

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO FINANCIAL STATEMENTS (continued)
JUNE 30, 2024

NOTE 13. CONTINGENCIES

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

As of June 30, 2024, the Authority estimates that no material liabilities will result from such audits.

NOTE 14. CORRECTION OF ERROR

The Authority's financial statements have been restated as of July 1, 2023 due to the correction of error related to deferred inflows of resources in connection with prepaid ground leases. As a result of the correction, net position was decreased and deferred inflows of resources was increased by \$6,210,063.

NOTE 15. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through February 28, 2025 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

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

To the Board of Commissioners
Housing Authority of the City of Allentown:

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 (primary government) 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, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 28, 2025. The financial statements of 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001, that we consider to be a significant deficiency.

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*.

Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and 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 the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Novogardac & Company LLP

Toms River, New Jersey
February 28, 2025

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

To the Board of Commissioners
Housing Authority of the City of Allentown:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Housing Authority of the City of Allentown's (the "Authority") compliance with the types of compliance requirements described 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, 2024. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-002. Our opinion on the major federal program is not modified with respect to this matter.

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 a deficiency in internal control over compliance that we consider to be a significant deficiency.

Report on Internal Control Over Compliance (continued)

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

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.

Authority's Response to Findings

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

Purpose of this Report

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

Novogradac & Company LLP

Toms River, New Jersey
February 28, 2025

SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

<u>Federal Grantor / Program Title</u>	<u>Federal AL Number</u>	<u>Grant Expenditures</u>
U.S. Department of Housing and Urban Development:		
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	\$ 20,054,322
Emergency Housing Vouchers	14.EHV	<u>539,185</u>
Total Housing Voucher Cluster		<u>20,593,507</u>
Section 8 Project Based Cluster:		
Section 8 New Construction and Substantial Rehabilitation	14.182	<u>846,001</u>
Total Section 8 Project Based Cluster		<u>846,001</u>
Public and Indian Housing	14.850	3,209,307
Public Housing Capital Fund Program	14.872	5,047,107
Resident Opportunity and Supportive Services Service Coordinators	14.870	<u>45,301</u>
Total Expenditures of Federal Awards		<u>\$ 29,741,223</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
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the net position, changes in net position or cash flows of the Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 4. SCHEDULE OF CAPITAL FUND COSTS AND ADVANCES

The total amounts of Capital Fund Program Costs and Advances incurred and earned by the Authority as of and for the year ended June 30, 2024 are provided herein:

	<u>501-20</u>	<u>501-21</u>	<u>501-22</u>	<u>501-23</u>	<u>501-24</u>	<u>Totals</u>
<u>Budget</u>	\$ <u>2,538,381</u>	\$ <u>2,499,530</u>	\$ <u>3,070,840</u>	\$ <u>3,089,238</u>	\$ <u>3,150,753</u>	\$ <u>14,348,742</u>
<u>Advances:</u>						
Cumulative through 6/30/23	\$ 2,141,013	\$ 1,349,581	\$ 883,527	\$ 300,000	\$ -	\$ 4,674,121
Current Year	<u>384,418</u>	<u>790,714</u>	<u>2,185,397</u>	<u>1,014,450</u>	<u>-</u>	<u>4,374,979</u>
Cumulative through 6/30/24	<u>2,525,431</u>	<u>2,140,295</u>	<u>3,068,924</u>	<u>1,314,450</u>	<u>-</u>	<u>9,049,100</u>
<u>Costs:</u>						
Cumulative through 6/30/23	2,200,493	1,625,077	888,777	315,680	-	5,030,027
Current Year	<u>324,938</u>	<u>646,406</u>	<u>2,180,478</u>	<u>1,265,285</u>	<u>630,000</u>	<u>5,047,107</u>
Cumulative through 6/30/24	<u>2,525,431</u>	<u>2,271,483</u>	<u>3,069,255</u>	<u>1,580,965</u>	<u>630,000</u>	<u>10,077,134</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>(131,188)</u>	\$ <u>(331)</u>	\$ <u>(266,515)</u>	\$ <u>(630,000)</u>	\$ <u>(1,028,034)</u>

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

I. Summary of Auditors' Results

Financial Statement Section

- | | | |
|----|---|------------|
| 1. | Type of auditors' report issued: | Unmodified |
| 2. | Internal control over financial reporting | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified? | Yes |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards Section

- | | | |
|----|--|------------|
| 1. | Internal Control over compliance: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified? | Yes |
| 2. | Type of auditors' report on compliance for major programs: | Unmodified |
| 3. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| 4. | Identification of major programs: | |

AL Number

Name of Federal Program

14.871	Housing Voucher Cluster:
14.EHV	Section 8 Housing Choice Vouchers
	Emergency Housing Vouchers
14.872	Public Housing Capital Fund Program
14.850	Public and Indian Housing Program

- | | | |
|----|--|-----------|
| 5. | Dollar threshold used to distinguish between Type A and Type B Programs: | \$892,237 |
| 6. | Auditee qualified as low-risk Auditee? | No |

HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED JUNE 30, 2024

II. Financial Statement Findings

Finding 2024-001:

Criteria: General Procurement Standards - 2 CFR Chapter II, Part 200.318(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State and Local laws and regulations, provided that the procurements conform to applicable Federal law. In addition, the non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for contract price. The Authority has adopted a procurement policy that requires three or more bids from responsible bidders to be obtained for all purchases expected to exceed \$23,200. If the use of sealed bids is deemed not appropriate, the Authority can request competitive proposals if there is an adequate method of evaluating technical proposals.

Condition: Based upon inspection of the Authority's procurement files there were vendors that were not properly procured or contracted during the fiscal year.

Context: As part of our procurement testing, we reviewed the Authority's vendor history report and selected a sample of transactions made during the year in excess of the Authority's bid threshold. Of a sample size of eight (8) vendors, four vendors were not procured in accordance with the Authority's adopted procurement policy. The Authority was unable to provide the applicable documents that are required to be kept on file as outlined in the Authority's procurement policy for transactions over \$23,200.

Known Questioned Costs: Unknown

Cause: The Authority did not properly consider Federal and State regulations related to sealed bids and competitive proposals.

Effect: The Authority did not comply with the Federal and State procurement regulations.

Recommendation: We recommend the Authority design and implement internal control procedures that will reasonably assure compliance with the Authority's procurement policy and Federal and State procurement regulations.

Authority Response: The Authority has recognized the deficiencies related to procurement and will implement internal control procedures that will ensure compliance of the Authority's procurement policy with Federal and State procurement regulations.

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED JUNE 30, 2024**

III. Federal Award Findings and Questioned Costs

Finding 2024-002:

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

Federal Program Titles: Section 8 Housing Choice Vouchers Program

Federal Catalog Numbers: 14.871

Noncompliance – E. Eligibility – Tenant Files

Non Compliance Material to the Financial Statements: No

Significant Deficiency in Internal Control over Compliance for Eligibility

Criteria: Tenant Files. The PHA must do the following: As a condition of admission or continued occupancy, require the tenant and other family member to provide necessary information, documentation, and releases for the PHA to verify income eligibility (24 CFR sections 5.230, 5.609, and 982.516). These files are required to be maintained and available for examination at the time of audit.

Condition: Based upon inspection of the Authority's files and on discussion with management, there were documents that were unavailable for examination at the time of audit.

Context: There are approximately 1,634 units. Of a sample size of twenty-nine (29) tenant files, the following was noted:

- Verification of income was missing in 1 file
- Lead based paint form was missing in 1 file

Our sample size is statistically valid.

Known Questioned Costs: \$8,500

Cause: There is a significant deficiency in internal controls over the compliance for the eligibility type of compliance related to the maintenance of tenant files. The Authority has not properly considered, designed, implemented, maintained and monitored a system of internal controls that assures the program is in compliance.

Effect: The Section 8 Housing Choice Vouchers Program is in non-compliance with the eligibility type of compliance related to the maintenance of tenant files.

Recommendation: We recommend the Authority design and implement internal control procedures that will assure compliance with the Uniform Guidance and the compliance supplement.

Authority Response: The Authority accepts the recommendation of the auditor. The affected files relate to clients that have been on the program for decades and as files get large, archiving takes place. To correct this finding, a directive will be issued to staff that will ensure that when files are archived the original application must be placed in the current working file going forward.

**HOUSING AUTHORITY OF THE CITY OF ALLENTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED JUNE 30, 2024**

IV. Schedule of Prior Year Federal Audit Findings

Finding 2023-001

Observation: Special Tests and Provisions. During testing of 60 tenant files for annual HQS inspection, 1 out of 60 annual HQS inspections was not completed within two years of the HUD-50058 effective date listed on the HUD-50058 form.

Status: The finding has been cleared.

Finding 2023-002

Observation: Special Tests and Provisions. During testing of 24 files for reasonable rent, new tenants criteria, it was noted that 2 out of 24 files had rent determinations processed after their effective date.

Status: The finding has been cleared.

Finding 2023-003

Observation: Tenant Files. During testing of 60 tenant files for the eligibility criteria, the following was noted:

- 4 tenant files had incorrectly calculated income
- 2 tenant files were missing asset verification
- 1 tenant file was unable to be located in the PIC system

Status: Finding not cleared. See finding 2024-002.

Allentown Housing Authority (PA004)

Allentown, PA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2024

	Project Total	1 Business Activities	2 State/Local	14.866 Revitalization of Severely Distressed Public Housing	6.1 Component Unit - Discretely Presented	14.870 Resident Opportunity and Supportive Services
111 Cash - Unrestricted	\$925,988	\$1,580	\$0	\$0	\$89,692	\$0
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$0	\$0	\$0
113 Cash - Other Restricted	\$0	\$0	\$0	\$0	\$1,908,365	\$0
114 Cash - Tenant Security Deposits	\$77,657	\$0	\$0	\$0	\$36,736	\$0
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0
100 Total Cash	\$1,003,645	\$1,580	\$0	\$0	\$2,032,793	\$0
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0
122 Accounts Receivable - HUD Other Projects	\$1,028,034	\$0	\$0	\$0	\$0	\$807
124 Accounts Receivable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0
125 Accounts Receivable - Miscellaneous	\$14,744	\$3,010	\$0	\$0	\$0	\$0
126 Accounts Receivable - Tenants	\$65,128	\$0	\$0	\$0	\$150,445	\$0
126.1 Allowance for Doubtful Accounts - Tenants	-\$38,552	\$0	\$0	\$0	-\$105,180	\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0	\$0	\$0	\$0
128 Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0
129 Accrued Interest Receivable	\$0	\$0	\$0	\$0	\$0	\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,069,354	\$3,010	\$0	\$0	\$45,265	\$807
131 Investments - Unrestricted	\$0	\$0	\$0	\$0	\$0	\$0
132 Investments - Restricted	\$0	\$0	\$0	\$0	\$0	\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0	\$0	\$0	\$0
142 Prepaid Expenses and Other Assets	\$128,690	\$3,620	\$0	\$0	\$135,791	\$0
143 Inventories	\$459,169	\$0	\$0	\$0	\$0	\$0
143.1 Allowance for Obsolete Inventories	-\$459,039	\$0	\$0	\$0	\$0	\$0
144 Inter Program Due From	\$0	\$783,169	\$0	\$0	\$0	\$0
145 Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0
150 Total Current Assets	\$2,201,819	\$791,379	\$0	\$0	\$2,213,849	\$807
161 Land	\$1,720,844	\$395,705	\$0	\$0	\$1,120,114	\$0
162 Buildings	\$60,456,591	\$4,173,843	\$0	\$0	\$28,668,660	\$0
163 Furniture, Equipment & Machinery - Dwellings	\$409,560	\$0	\$0	\$0	\$818,705	\$0
164 Furniture, Equipment & Machinery - Administration	\$596,715	\$6,829	\$0	\$0	\$167,129	\$0
165 Leasehold Improvements	\$7,570,049	\$0	\$0	\$0	\$7,888,597	\$0
166 Accumulated Depreciation	-\$51,390,365	-\$1,668,983	\$0	\$0	-\$10,599,287	\$0
167 Construction in Progress	\$0	\$0	\$0	\$0	\$0	\$0
168 Infrastructure	\$199,896	\$0	\$0	\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$19,563,290	\$2,907,394	\$0	\$0	\$28,063,918	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current	\$16,691,975	\$7,844,651	\$0	\$16,368,473	\$0	\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0	\$0	\$0	\$0
173 Grants Receivable - Non Current	\$0	\$0	\$0	\$0	\$0	\$0
174 Other Assets	\$0	\$0	\$0	\$0	\$1,170,308	\$0
176 Investments in Joint Ventures	\$0	\$0	\$0	\$0	\$0	\$0
180 Total Non-Current Assets	\$36,255,265	\$10,752,045	\$0	\$16,368,473	\$29,234,226	\$0
200 Deferred Outflow of Resources	\$0	\$0	\$0	\$0	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$38,457,084	\$11,543,424	\$0	\$16,368,473	\$31,448,075	\$807

Allentown Housing Authority (PA004)

Allentown, PA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2024

	Project Total	1 Business Activities	2 State/Local	14.866 Revitalization of Severely Distressed Public Housing	6.1 Component Unit - Discretely Presented	14.870 Resident Opportunity and Supportive Services
311 Bank Overdraft	\$0	\$0	\$0	\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$248,358	\$8,560	\$0	\$0	\$529,332	\$360
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0	\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$24,469	\$0	\$0	\$0	\$0	\$0
322 Accrued Compensated Absences - Current Portion	\$10,546	\$0	\$0	\$0	\$0	\$0
324 Accrued Contingency Liability	\$0	\$0	\$0	\$0	\$0	\$0
325 Accrued Interest Payable	\$10,333	\$0	\$0	\$0	\$766,165	\$0
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$0	\$0
332 Account Payable - PHA Projects	\$0	\$0	\$0	\$0	\$0	\$0
333 Accounts Payable - Other Government	\$211,948	\$0	\$0	\$0	\$35,514	\$0
341 Tenant Security Deposits	\$77,657	\$0	\$0	\$0	\$37,106	\$0
342 Unearned Revenue	\$10,140	\$9,625	\$0	\$0	\$3,238	\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$466,163	\$0	\$0	\$0	\$0	\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$16,463	\$0	\$0	\$0	\$0	\$0
345 Other Current Liabilities	\$0	\$0	\$0	\$0	\$433,419	\$0
346 Accrued Liabilities - Other	\$407,763	\$1,295	\$0	\$0	\$57,258	\$0
347 Inter Program - Due To	\$2,540,318	\$1,335,660	\$0	\$0	\$0	\$447
348 Loan Liability - Current	\$0	\$0	\$0	\$0	\$0	\$0
310 Total Current Liabilities	\$4,024,158	\$1,355,140	\$0	\$0	\$1,862,032	\$807
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$1,025,370	\$0	\$0	\$0	\$23,080,545	\$0
352 Long-term Debt, Net of Current - Operating Borrowings	\$39,736	\$0	\$0	\$0	\$0	\$0
353 Non-current Liabilities - Other	\$0	\$0	\$0	\$0	\$0	\$0
354 Accrued Compensated Absences - Non Current	\$94,913	\$0	\$0	\$0	\$0	\$0
355 Loan Liability - Non Current	\$0	\$0	\$0	\$0	\$0	\$0
356 FASB 5 Liabilities	\$0	\$0	\$0	\$0	\$0	\$0
357 Accrued Pension and OPEB Liabilities	\$0	\$0	\$0	\$0	\$0	\$0
350 Total Non-Current Liabilities	\$1,160,019	\$0	\$0	\$0	\$23,080,545	\$0
300 Total Liabilities	\$5,184,177	\$1,355,140	\$0	\$0	\$24,942,577	\$807
400 Deferred Inflow of Resources	\$0	\$203,400	\$0	\$0	\$0	\$0
508.4 Net Investment in Capital Assets	\$18,071,757	\$2,907,394	\$0	\$0	\$6,042,849	\$0
511.4 Restricted Net Position	\$0	\$0	\$0	\$0	\$1,906,365	\$0
512.4 Unrestricted Net Position	\$15,201,150	\$7,077,490	\$0	\$16,368,473	-\$1,443,716	\$0
513 Total Equity - Net Assets / Position	\$33,272,907	\$9,984,884	\$0	\$16,368,473	\$6,505,498	\$0
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$38,457,084	\$11,543,424	\$0	\$16,368,473	\$31,448,075	\$807

Allentown Housing Authority (PA004)

Allentown, PA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2024

	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	ELIM	Total
111 Cash - Unrestricted	\$3,981,945	\$1,265,947	\$95,853	\$0		\$6,361,005
112 Cash - Restricted - Modernization and Development	\$0	\$0		\$0		\$0
113 Cash - Other Restricted	\$0	\$89,466	\$26,961	\$0		\$2,022,792
114 Cash - Tenant Security Deposits	\$17,709	\$0		\$0		\$132,102
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0		\$0		\$0
100 Total Cash	\$3,999,654	\$1,355,413	\$122,814	\$0	\$0	\$8,515,899
121 Accounts Receivable - PHA Projects	\$0	\$54,187		\$0		\$54,187
122 Accounts Receivable - HUD Other Projects	\$0	\$0		\$0		\$1,028,841
124 Accounts Receivable - Other Government	\$0	\$0		\$0		\$0
125 Accounts Receivable - Miscellaneous	\$1,460	\$127,026	\$3,573	\$814,046		\$963,859
126 Accounts Receivable - Tenants	\$24,353	\$0		\$0		\$239,926
126.1 Allowance for Doubtful Accounts - Tenants	-\$11,206	\$0	\$0	\$0		-\$154,938
126.2 Allowance for Doubtful Accounts - Other	\$0	-\$142,763	\$0	\$0		-\$142,763
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0		\$0		\$0
128 Fraud Recovery	\$0	\$182,562		\$0		\$182,562
128.1 Allowance for Doubtful Accounts - Fraud	\$0	-\$182,562		\$0		-\$182,562
129 Accrued Interest Receivable	\$48,763	\$0		\$14,242		\$63,005
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$63,370	\$38,450	\$3,573	\$828,288	\$0	\$2,052,117
131 Investments - Unrestricted	\$0	\$0		\$0		\$0
132 Investments - Restricted	\$0	\$0		\$0		\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0		\$0		\$0
142 Prepaid Expenses and Other Assets	\$20,574	\$11,591		\$48,064		\$348,330
143 Inventories	\$45,783	\$0		\$122,751		\$627,703
143.1 Allowance for Obsolete Inventories	-\$45,783	\$0		-\$122,751		-\$627,573
144 Inter Program Due From	\$3,743,665	\$0		\$129,695	-\$4,656,529	\$0
145 Assets Held for Sale	\$0	\$0		\$0		\$0
150 Total Current Assets	\$7,827,263	\$1,405,454	\$126,387	\$1,006,047	-\$4,656,529	\$10,916,476
161 Land	\$403,767	\$0		\$0		\$3,640,430
162 Buildings	\$2,691,557	\$0		\$0		\$95,990,651
163 Furniture, Equipment & Machinery - Dwellings	\$412,401	\$0		\$0		\$1,640,666
164 Furniture, Equipment & Machinery - Administration	\$31,659	\$61,350		\$395,622		\$1,259,304
165 Leasehold Improvements	\$0	\$0		\$0		\$15,458,646
166 Accumulated Depreciation	-\$2,878,893	-\$52,860		-\$320,950		-\$66,911,138
167 Construction in Progress	\$0	\$0		\$0		\$0
168 Infrastructure	\$23,200	\$27,886		\$27,883		\$278,865
160 Total Capital Assets, Net of Accumulated Depreciation	\$683,891	\$36,376	\$0	\$102,555	\$0	\$51,357,424
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0		\$0	\$0	\$40,905,099
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0		\$0		\$0
173 Grants Receivable - Non Current	\$0	\$0		\$0		\$0
174 Other Assets	\$0	\$0		\$0		\$1,170,308
176 Investments in Joint Ventures	\$0	\$0		\$0		\$0
180 Total Non-Current Assets	\$683,891	\$36,376	\$0	\$102,555	\$0	\$93,432,831
200 Deferred Outflow of Resources	\$0	\$0		\$0	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$8,511,154	\$1,441,830	\$126,387	\$1,108,602	-\$4,656,529	\$104,349,307

Allentown Housing Authority (PA004)

Allentown, PA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2024

	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	ELIM	Total
311 Bank Overdraft	\$0	\$0		\$0		\$0
312 Accounts Payable <= 90 Days	\$23,720	\$22,767	\$180	\$23,888		\$857,165
313 Accounts Payable >90 Days Past Due	\$0	\$0		\$0		\$0
321 Accrued Wage/Payroll Taxes Payable	\$3,974	\$10,772		\$10,532		\$49,747
322 Accrued Compensated Absences - Current Portion	\$1,583	\$3,371		\$4,430		\$19,930
324 Accrued Contingency Liability	\$0	\$0		\$0		\$0
325 Accrued Interest Payable	\$0	\$0		\$0		\$776,498
331 Accounts Payable - HUD PHA Programs	\$0	\$50		\$0		\$50
332 Account Payable - PHA Projects	\$0	\$0		\$0		\$0
333 Accounts Payable - Other Government	\$0	\$0		\$0		\$247,462
341 Tenant Security Deposits	\$17,709	\$0		\$0		\$132,472
342 Unearned Revenue	\$3,143	\$5,182	\$12,708	\$0		\$44,036
344 Current Portion of Long-term Debt - Operating Borrowings	\$8,522	\$10,243		\$10,243		\$495,171
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0		\$0		\$16,463
345 Other Current Liabilities	\$0	\$0		\$0		\$433,419
346 Accrued Liabilities - Other	\$7,992	\$19,295		\$11,179		\$504,762
347 Inter Program - Due To	\$0	\$0		\$780,104	-\$4,656,529	\$0
348 Loan Liability - Current	\$0	\$0		\$0		\$0
310 Total Current Liabilities	\$66,643	\$71,680	\$12,888	\$840,376	-\$4,656,529	\$3,577,195
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$8,989	\$10,805		\$10,805		\$24,136,514
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0		\$0		\$39,736
353 Non-current Liabilities - Other	\$0	\$51,535		\$0		\$51,535
354 Accrued Compensated Absences - Non Current	\$14,246	\$30,342		\$39,868		\$179,369
355 Loan Liability - Non Current	\$0	\$0		\$0	\$0	\$0
356 FASB 5 Liabilities	\$0	\$0		\$0		\$0
357 Accrued Pension and OPEB Liabilities	\$0	\$0		\$0		\$0
350 Total Non-Current Liabilities	\$23,235	\$92,682	\$0	\$50,673	\$0	\$24,407,154
300 Total Liabilities	\$89,878	\$164,362	\$12,888	\$891,049	-\$4,656,529	\$27,984,349
400 Deferred Inflow of Resources	\$0	\$0		\$6,127,315	\$0	\$6,330,715
508.4 Net Investment in Capital Assets	\$666,380	\$15,328	\$0	\$81,507		\$27,785,215
511.4 Restricted Net Position	\$0	\$37,930	\$14,253	\$0		\$1,958,548
512.4 Unrestricted Net Position	\$7,754,896	\$1,224,210	\$99,246	-\$5,991,269		\$40,290,480
513 Total Equity - Net Assets / Position	\$8,421,276	\$1,277,468	\$113,499	-\$5,909,762	\$0	\$70,034,243
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$8,511,154	\$1,441,830	\$126,387	\$1,108,602	-\$4,656,529	\$104,349,307

Allentown Housing Authority (PA004)

Allentown, PA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2024

	Project Total	1 Business Activities	2 State/Local	14.866 Revitalization of Severely Distressed Public Housing	6.1 Component Unit Discretely Presented	14.870 Resident Opportunity and Supportive Services
70300 Net Tenant Rental Revenue	\$3,071,750	\$0	\$0	\$0	\$1,871,900	\$0
70400 Tenant Revenue - Other	\$44,425	\$0	\$0	\$0	\$19,444	\$0
70500 Total Tenant Revenue	\$3,116,175	\$0	\$0	\$0	\$1,891,344	\$0
70600 HUD PHA Operating Grants	\$4,379,488	\$0	\$0	\$0	\$0	\$45,301
70610 Capital Grants	\$3,876,926					
70710 Management Fee						
70720 Asset Management Fee						
70730 Book Keeping Fee						
70740 Front Line Service Fee						
70750 Other Fees		\$0				
70700 Total Fee Revenue						
70800 Other Government Grants	\$0	\$500,000	\$0	\$0	\$0	\$0
71100 Investment Income - Unrestricted	\$4,527	\$3,056	\$0	\$0	\$12,109	\$0
71200 Mortgage Interest Income	\$0	\$0	\$0	\$0	\$0	\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0	\$0	\$0	\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0	\$0	\$0	\$0
71400 Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0
71500 Other Revenue	\$260,189	\$89,790	\$0	\$0	\$13,746	\$0
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0	\$0	\$0	\$0
72000 Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0	\$0
70000 Total Revenue	\$11,637,305	\$592,846	\$0	\$0	\$1,917,199	\$45,301
91100 Administrative Salaries	\$373,648	\$0	\$0	\$0	\$178,234	\$0
91200 Auditing Fees	\$18,372	\$0	\$0	\$0	\$33,300	\$0
91300 Management Fee	\$846,497	\$0	\$0	\$0	\$144,931	\$0
91310 Book-keeping Fee	\$65,176	\$0	\$0	\$0	\$0	\$0
91400 Advertising and Marketing	\$5,597	\$0	\$0	\$0	\$41,587	\$0
91500 Employee Benefit contributions - Administrative	\$208,024	\$0	\$0	\$0	\$197,987	\$0
91600 Office Expenses	\$688,153	\$1,155	\$0	\$0	\$132,199	\$0
91700 Legal Expense	\$55,360	\$598	\$0	\$0	\$4,194	\$0
91800 Travel	\$812	\$0	\$0	\$0	\$0	\$2,068
91810 Allocated Overhead	\$0	\$0	\$0	\$0	\$0	\$0
91800 Other	\$173,827	\$100	\$0	\$0	\$57,008	\$0
91000 Total Operating - Administrative	\$2,435,466	\$1,853	\$0	\$0	\$789,440	\$2,068
92000 Asset Management Fee	\$69,000	\$0	\$0	\$0	\$0	\$0
92100 Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$0	\$33,872
92200 Relocation Costs	\$19,229	\$0	\$0	\$0	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0	\$0	\$0	\$7,172
92400 Tenant Services - Other	\$24,555	\$0	\$0	\$0	\$0	\$2,189
92500 Total Tenant Services	\$43,784	\$0	\$0	\$0	\$0	\$43,233
93100 Water	\$268,264	\$6,162	\$0	\$0	\$115,820	\$0
93200 Electricity	\$521,441	\$11,054	\$0	\$0	\$131,790	\$0
93300 Gas	\$181,270	\$3,942	\$0	\$0	\$58,418	\$0
93400 Fuel	\$14,613	\$0	\$0	\$0	\$0	\$0
93500 Labor	\$0	\$0	\$0	\$0	\$0	\$0
93600 Sewer	\$20,570	\$1,640	\$0	\$0	\$7,260	\$0
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$0	\$0	\$0
93800 Other Utilities Expense	\$0	\$0	\$0	\$0	\$0	\$0
93000 Total Utilities	\$1,006,158	\$22,798	\$0	\$0	\$313,288	\$0

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Allentown, PA

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Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2024

	Project Total	1 Business Activities	2 State/Local	14.866 Revitalization of Severely Distressed Public Housing	6.1 Component Unit Discretely Presented	14.870 Resident Opportunity and Supportive Services
94100 Ordinary Maintenance and Operations - Labor	\$825,622	\$0	\$0	\$0	\$203,730	\$0
94200 Ordinary Maintenance and Operations - Materials and Other	\$280,405	\$0	\$0	\$0	\$208,172	\$0
94300 Ordinary Maintenance and Operations Contracts	\$1,081,016	\$105,578	\$0	\$0	\$324,390	\$0
94500 Employee Benefit Contributions - Ordinary Maintenance	\$412,353	\$0	\$0	\$0	\$0	\$0
94000 Total Maintenance	\$2,599,396	\$105,578	\$0	\$0	\$736,292	\$0
95100 Protective Services - Labor	\$0	\$0	\$0	\$0	\$0	\$0
95200 Protective Services - Other Contract Costs	\$31,782	\$0	\$0	\$0	\$0	\$0
95300 Protective Services - Other	\$3,751	\$3,319	\$0	\$0	\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
95000 Total Protective Services	\$35,533	\$3,319	\$0	\$0	\$0	\$0
96110 Property Insurance	\$198,140	\$5,393	\$0	\$0	\$151,153	\$0
96120 Liability Insurance	\$55,934	\$1,581	\$0	\$0	\$0	\$0
96130 Workmen's Compensation	\$38,832	\$0	\$0	\$0	\$12,245	\$0
96140 All Other Insurance	\$32,932	\$200	\$0	\$0	\$3,959	\$0
96100 Total Insurance Premiums	\$325,838	\$7,174	\$0	\$0	\$167,357	\$0
96200 Other General Expenses	\$309,858	\$0	\$0	\$0	\$30,104	\$0
96210 Compensated Absences	\$0	\$0	\$0	\$0	\$0	\$0
96300 Payments in Lieu of Taxes	\$211,793	\$0	\$0	\$0	\$90,733	\$0
96400 Bad debt - Tenant Rents	\$35,414	\$0	\$0	\$0	\$17,483	\$0
96500 Bad debt - Mortgages	\$0	\$0	\$0	\$0	\$0	\$0
96600 Bad debt - Other	\$0	\$0	\$0	\$0	\$0	\$0
96800 Severance Expense	\$0	\$0	\$0	\$0	\$0	\$0
96000 Total Other General Expenses	\$557,065	\$0	\$0	\$0	\$138,320	\$0
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0	\$0	\$112,809	\$0
96720 Interest on Notes Payable (Short and Long Term)	\$45,495	\$0	\$0	\$0	\$0	\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0	\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$45,495	\$0	\$0	\$0	\$112,809	\$0
96900 Total Operating Expenses	\$7,117,735	\$140,722	\$0	\$0	\$2,257,506	\$45,301
97000 Excess of Operating Revenue over Operating Expenses	\$4,519,570	\$452,124	\$0	\$0	-\$340,307	\$0
97100 Extraordinary Maintenance	\$45,915	\$0	\$0	\$0	\$0	\$0
97200 Casualty Losses - Non-capitalized	\$119,616	\$0	\$0	\$0	\$0	\$0
97300 Housing Assistance Payments	\$0	\$0	\$0	\$0	\$0	\$0
97350 HAP Portability-In	\$0	\$0	\$0	\$0	\$0	\$0
97400 Depreciation Expense	\$2,027,355	\$151,896	\$0	\$0	\$997,483	\$0
97500 Fraud Losses	\$0	\$0	\$0	\$0	\$0	\$0
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense	\$0	\$0	\$0	\$0	\$0	\$0
90000 Total Expenses	\$9,310,621	\$292,618	\$0	\$0	\$3,254,989	\$45,301

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Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2024

	Project Total	1 Business Activities	2 State/Local	14.866 Revitalization of Severely Distressed Public Housing	6.1 Component Unit Discretely Presented	14.870 Resident Opportunity and Supportive Services
10010 Operating Transfer In	\$865,180	\$0	\$0	\$0	\$0	\$0
10020 Operating transfer Out	-\$865,180	\$0	\$0	\$0	\$0	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0	\$0	\$0	\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0	\$0	\$0	\$0
10050 Proceeds from Notes, Loans and Bonds						
10060 Proceeds from Property Sales						
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0	\$0	\$0	\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0	\$0	\$0	\$0	\$0
10091 Inter Project Excess Cash Transfer In	\$120,000					
10092 Inter Project Excess Cash Transfer Out	-\$120,000					
10093 Transfers between Program and Project - In	\$400,000	\$0	-\$400,000	\$0	\$0	\$0
10094 Transfers between Project and Program - Out	\$0	\$0		\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	\$400,000	\$0	-\$400,000	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$2,726,684	\$300,228	-\$400,000	\$0	-\$1,337,790	\$0
11020 Required Annual Debt Principal Payments	\$410,300	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$30,492,980	\$9,684,656	\$400,000	\$16,437,724	\$7,843,288	\$0
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$53,243	\$0	\$0	-\$69,251	\$0	\$0
11050 Changes in Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						
11070 Changes in Unrecognized Pension Transition Liability						
11080 Changes in Special Term/Severance Benefits Liability						
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity						
11180 Housing Assistance Payments Equity						
11190 Unit Months Available	9156	0	0	0	2400	0
11210 Number of Unit Months Leased	8690	0	0	0	2352	0

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Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2024

	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	ELIM	Total
70300 Net Tenant Rental Revenue	\$191,368	\$0		\$0		\$5,135,018
70400 Tenant Revenue - Other	\$5,577	\$0		\$0		\$69,446
70500 Total Tenant Revenue	\$196,945	\$0	\$0	\$0	\$0	\$5,204,464
70600 HUD PHA Operating Grants	\$846,001	\$19,507,450	\$589,850	\$0		\$25,368,090
70610 Capital Grants		\$0		\$0		\$3,876,926
70710 Management Fee				\$1,238,102	-\$1,238,102	\$0
70720 Asset Management Fee				\$69,000	-\$69,000	\$0
70730 Book Keeping Fee				\$225,793	-\$225,793	\$0
70740 Front Line Service Fee				\$0		\$0
70750 Other Fees				\$0		\$0
70700 Total Fee Revenue				\$1,532,895	-\$1,532,895	\$0
70800 Other Government Grants	\$0	\$0		\$0		\$500,000
71100 Investment Income - Unrestricted	\$77,430	\$23,270		\$21,954		\$142,346
71200 Mortgage Interest Income	\$0	\$0		\$0		\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0		\$0		\$0
71310 Cost of Sale of Assets	\$0	\$0		\$0		\$0
71400 Fraud Recovery	\$0	\$760		\$0		\$760
71500 Other Revenue	\$8,605	\$743,447		\$257,615		\$1,373,392
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0		\$0		\$0
72000 Investment Income - Restricted	\$0	\$0		\$0		\$0
70000 Total Revenue	\$1,128,981	\$20,274,927	\$589,850	\$1,812,464	-\$1,532,895	\$36,465,978
91100 Administrative Salaries	\$80,940	\$522,448		\$688,538		\$1,843,808
91200 Auditing Fees	\$8,945	\$23,489		\$11,681		\$95,787
91300 Management Fee	\$61,334	\$331,397	\$6,012		-\$1,238,102	\$152,069
91310 Book-keeping Fee	\$6,413	\$143,310	\$3,758		-\$225,793	-\$7,136
91400 Advertising and Marketing	\$0	\$5,141		\$37,581		\$89,906
91500 Employee Benefit contributions - Administrative	\$36,439	\$286,988		\$268,420		\$997,858
91600 Office Expenses	\$39,450	\$167,120	\$1,029	\$262,118		\$1,291,224
91700 Legal Expense	\$198	\$1,836		\$96,273		\$158,459
91800 Travel	\$199	\$2,390		\$14,278		\$19,747
91810 Allocated Overhead	\$0	\$0				\$0
91800 Other	\$20,303	\$16,664		\$171,744		\$439,646
91000 Total Operating - Administrative	\$254,221	\$1,500,783	\$10,799	\$1,550,633	-\$1,463,895	\$5,081,368
92000 Asset Management Fee	\$0	\$0			-\$69,000	\$0
92100 Tenant Services - Salaries	\$0	\$0		\$0		\$33,872
92200 Relocation Costs	\$0	\$0		\$0		\$19,229
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0		\$0		\$7,172
92400 Tenant Services - Other	\$1,508	\$55,697	\$18,090	\$2,015		\$104,054
92500 Total Tenant Services	\$1,508	\$55,697	\$18,090	\$2,015	\$0	\$164,327
93100 Water	\$35,148	\$0		\$840		\$426,234
93200 Electricity	\$18,091	\$0		\$2,168		\$684,544
93300 Gas	\$12,105	\$0		\$694		\$256,429
93400 Fuel	\$0	\$0		\$0		\$14,613
93500 Labor	\$0	\$0		\$0		\$0
93600 Sewer	\$1,180	\$0		\$0		\$30,650
93700 Employee Benefit Contributions - Utilities	\$0	\$0		\$0		\$0
93800 Other Utilities Expense	\$0	\$0		\$0		\$0
93000 Total Utilities	\$66,524	\$0	\$0	\$3,702	\$0	\$1,412,470

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Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2024

	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$107,079	\$0		\$0		\$1,136,431
94200 Ordinary Maintenance and Operations - Materials and Other	\$27,941	\$986		\$1,834		\$519,338
94300 Ordinary Maintenance and Operations Contracts	\$178,639	\$3,604		\$28,296		\$1,721,523
94500 Employee Benefit Contributions - Ordinary Maintenance	\$54,093	\$663		\$0		\$467,109
94000 Total Maintenance	\$367,752	\$5,253	\$0	\$30,130	\$0	\$3,844,401
95100 Protective Services - Labor	\$0	\$0		\$0		\$0
95200 Protective Services - Other Contract Costs	\$0	\$0		\$0		\$31,782
95300 Protective Services - Other	\$0	\$0		\$0		\$7,070
95500 Employee Benefit Contributions - Protective Services	\$0	\$0		\$0		\$0
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$38,852
96110 Property Insurance	\$15,139	\$0		\$0		\$369,825
96120 Liability Insurance	\$6,303	\$10,118		\$0		\$73,936
96130 Workmen's Compensation	\$5,401	\$3,550		\$5,037		\$65,045
96140 All Other Insurance	\$4,932	\$3,296		\$24,296		\$69,615
96100 Total Insurance Premiums	\$31,775	\$16,944	\$0	\$29,333	\$0	\$578,421
96200 Other General Expenses	\$3,555	\$4,273		\$15,400		\$363,190
96210 Compensated Absences	\$0	\$0		\$0		\$0
96300 Payments in Lieu of Taxes	\$0	\$0		\$0		\$302,526
96400 Bad debt - Tenant Rents	-\$410	\$0		\$0		\$52,487
96500 Bad debt - Mortgages	\$0	\$0		\$0		\$0
96600 Bad debt - Other	\$0	\$33,565		\$0		\$33,565
96800 Severance Expense	\$0	\$0		\$0		\$0
96000 Total Other General Expenses	\$3,145	\$37,838	\$0	\$15,400	\$0	\$751,768
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0		\$0		\$112,809
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0		\$0		\$45,495
96730 Amortization of Bond Issue Costs	\$0	\$0		\$0		\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$158,304
96900 Total Operating Expenses	\$724,925	\$1,616,515	\$28,889	\$1,631,213	-\$1,532,895	\$12,029,911
97000 Excess of Operating Revenue over Operating Expenses	\$404,056	\$18,658,412	\$560,961	\$181,251	\$0	\$24,436,067
97100 Extraordinary Maintenance	\$8,547	\$0		\$0		\$54,462
97200 Casualty Losses - Non-capitalized	\$0	\$0		\$0		\$119,616
97300 Housing Assistance Payments	\$0	\$17,812,913	\$510,296	\$0		\$18,323,209
97350 HAP Portability-In	\$0	\$624,894		\$0		\$624,894
97400 Depreciation Expense	\$115,037	\$5,652		\$30,259		\$3,327,682
97500 Fraud Losses	\$0	\$0		\$0		\$0
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense	\$0	\$0		\$0		\$0
90000 Total Expenses	\$848,509	\$20,059,974	\$539,185	\$1,661,472	-\$1,532,895	\$34,479,774

Allentown Housing Authority (PA004)

Allentown, PA

Submission Type: Audited/Single Audit

Entity Wide Revenue and Expense Summary

Fiscal Year End: 06/30/2024

	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	COCC	ELIM	Total
10010 Operating Transfer In	\$0	\$0		\$0	-\$865,180	\$0
10020 Operating transfer Out	\$0	\$0		\$0	\$865,180	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0		\$0		\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0		\$0		\$0
10050 Proceeds from Notes, Loans and Bonds						
10060 Proceeds from Property Sales						
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0		\$0		\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0		\$0		\$0
10091 Inter Project Excess Cash Transfer In					-\$120,000	\$0
10092 Inter Project Excess Cash Transfer Out					\$120,000	\$0
10093 Transfers between Program and Project - In	\$0	\$0		\$0	-\$400,000	-\$400,000
10094 Transfers between Project and Program - Out	\$0	\$0		\$0	\$400,000	\$400,000
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$280,472	\$214,953	\$50,665	\$150,992	\$0	\$1,986,204
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0		\$410,300
11030 Beginning Equity	\$8,194,047	\$1,062,515	\$62,834	\$80,058		\$74,258,102
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$53,243	\$0		-\$6,140,812		-\$6,210,063
11050 Changes in Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						
11070 Changes in Unrecognized Pension Transition Liability						
11080 Changes in Special Term/Severance Benefits Liability						
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity		\$1,239,538				\$1,239,538
11180 Housing Assistance Payments Equity		\$37,930				\$37,930
11190 Unit Months Available	876	20880	516	0		33828
11210 Number of Unit Months Leased	855	19108	501	0		31506