

**BATAVIA HOUSING AUTHORITY
BATAVIA, NEW YORK**

**REPORT ON INDEPENDENT AUDIT
OF FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

**BATAVIA HOUSING AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2023**

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Batavia Housing Authority
400 East Main Street
Batavia, New York 14020

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Batavia Housing Authority (the "Authority"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

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 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions.



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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of the Authority's Proportionate Share of the Net Pension Liability (Exhibit D), and the Schedule of the Authority's Pension Contribution Last Ten Years (Exhibit E) on pages 8 – 14 and 34 – 35 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Reconciliation of Advances with Costs, the Statement and Certification of Actual Capital Fund Program, the Combining Balance Sheet, the Combining Schedule of Revenues, Expenditures and Changes in Net Position, the Schedules of Revenues, Expenditures and Changes in Net Position – Projects by AMP, the REAC Financial Data Schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Reconciliation of Advances with Costs, the Statement and Certification of Actual Capital Fund Program, the Combining Balance Sheet, the Combining Schedule of Revenues, Expenditures and Changes in Net Position, the Schedules of Revenues, Expenditures and Changes in Net Position – Projects by AMP, the REAC Financial Data Schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 3, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

R.A. Mercer & Co., P.C.

A handwritten signature in cursive script that reads "R.A. Mercer & Co. P.C." The signature is written in dark ink and is positioned below the printed name of the firm.

West Seneca, New York
July 3, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Batavia Housing Authority's annual financial report, the Authority's management provides narrative discussion and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2023. The Batavia Housing Authority's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

FINANCIAL HIGHLIGHTS

The Authority's assets and deferred outflows exceeded its liabilities and deferred inflows by \$5,721,179 for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$5,442,618.

Total net position is comprised of the following:

1. Net Investments in Capital Assets of \$4,405,220 includes property and equipment, net of accumulated depreciation.
2. Unrestricted net position of \$1,315,959 represents the portion available to maintain the Authority's continuing obligations to citizens and creditors.

The Authority's net position increased by \$278,561 for the year ended December 31, 2023. Net position had increased by \$277,097 for the year ended December 31, 2022.

The Authority's cash and cash equivalents as of December 31, 2023, is \$1,592,839, representing an increase of \$278,393 from December 31, 2022, balance of \$1,314,446.

The Authority recognized \$907,058 in tenant revenue, \$433,170 in HUD PHA Operating Grants, \$10,581 in Shortfall Funding, \$393,821 of HUD Capital Fund Program grants, \$75,339 in ROSS Grant, \$33,644 in other operating income and \$17,262 in investment earnings for the year ended December 31, 2023. Comparably, the Authority recognized \$860,448 in tenant revenue, \$427,048 in HUD PHA Operating Grants, \$23,021 in Shortfall Funding, \$284,933 of HUD Capital Fund Program grants, \$81,921 in ROSS Grant, \$13,780 in other operating income and \$278 in investment earnings for the year ended December 31, 2022.

The Authority's expenses totaled \$1,599,992. The largest share of this total is administrative-related expenses, such as office personnel salaries account for 31.1 percent of the Authority's total expenses. Ordinary Maintenance and Operations, such as maintenance personnel salaries, materials, and contract costs that support the Authority's maintenance and operations functions, account for 26.0 percent of the Authority's total expenses. Depreciation accounts for 17.5 percent of the Authority's expenses. Utilities and general expenses such as the cost of insurance are also a significant use of the Authority's resources. During 2023 the Authority spent \$5,580 in tenant services.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis introduces the Authority's basic financial statements. The basic financial statements include: 1) Statement of Net Position, 2) Statement of Revenues, Expenses, and Changes in Net Position, 3) Statement of Cash Flows, and 4) Notes to the financial statements. The Authority also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Authority's annual report includes three government-wide financial statements. These statements provide both long-term and short-term information about the Authority's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Position. This is the government-wide statement of position presenting information that includes all of the Authority's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority as a whole is improving or deteriorating. In addition to the information provided in this report, an evaluation of the overall economic health of the Authority would extend to other nonfinancial factors, such as diversification of the tenant base and the condition of Authority capital assets.

The second government-wide statement is the Statement of Revenues, Expenses, and Changes in Net Position, which reports how the Authority's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Authority's distinct activities or functions on revenues provided by the Authority's grantors. The third statement is the Statement of Cash Flows.

The government-wide financial statements distinguish governmental activities of the Authority that are principally supported by rental income and other business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The Authority's business-type activities are the Low-Rent Public Housing, and the Capital Fund programs.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Batavia Housing Authority uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, the fund financial statements focus on the Authority's most significant funds rather than the Authority as a whole. Major funds are separately reported while others are combined into a single, aggregated presentation. No non-major funds were determined for this entity.

The Authority has one kind of fund:

Proprietary funds are reported in the fund financial statements and generally report services for which the Authority charges customers a fee. These funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers externally to the Authority organization such as low-rent housing and tenant services.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds. The Authority segregates the following funds to enhance accountability and control.

Low Rent Public Housing – Under the Low Rent Public Housing Program, the Authority rents units that it owns to low-income individuals. The Low Rent Public Housing Program

is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income.

Public Housing Capital Fund Program – The Authority operates a Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority’s properties.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements are located directly after the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the Authority’s progress. Supplemental information follows the notes to the financial statements.

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

As of December 31, 2023, the Batavia Housing Authority had a net position of \$5,721,179. The following table provides a summary of the Authority’s net position as of December 31, 2023, and December 31, 2022.

<u>Business-Type Activities</u>	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 1,592,839	1,314,446
Other Current Assets	89,503	124,327
Property and Equipment (net)	4,405,220	4,292,744
Other Asset - NYS Pension	-	121,936
Deferred Outflow of Resources	<u>271,837</u>	<u>277,994</u>
Total Assets and Deferred		
Outflows of Resources	<u>6,359,399</u>	<u>6,131,447</u>
Current Liabilities	228,230	218,348
Long Term Liabilities	371,881	39,168
Deferred Inflow of Resources	<u>38,109</u>	<u>431,313</u>
Total Liabilities and Deferred		
Inflow of Resources	<u>638,220</u>	<u>688,829</u>
Net Position:		
Net Investment in Capital Assets	4,405,220	4,292,744
Unrestricted	<u>1,315,959</u>	<u>1,149,874</u>
Total Net Position	<u>\$ 5,721,179</u>	<u>5,442,618</u>

Total Assets – At December 31, 2023, total assets increased to \$6,087,562, when compared to December 31, 2022, total assets of \$5,853,453. The \$234,109 increase was caused primarily by an increase in cash and cash equivalents, and an increase in property and equipment (net).

Capital Assets – Capital assets increased from \$4,292,744 to \$4,405,220. The \$112,476 increase was due to current year additions exceeding current year depreciation and disposals.

Other Current Assets – Other current assets decreased by \$34,824 from \$124,327 at December 31, 2022, to \$89,503 at December 31, 2023.

Total Liabilities – Total liabilities increased \$342,595. The increase was mainly due to the NYS Pension being a liability at December 31, 2023, it was an asset at December 31, 2022. There were also increases in accounts payable of \$8,400, due to other governments of \$4,813, tenant security deposits of \$3,417, and unearned revenue of \$1,519. There were offsetting decreases in the accrued compensated absences of \$8,867, and a decrease in accrued wages of \$3,714.

The following table provides a summary of the Authority's changes in net position for the years ended December 31, 2023, and December 31, 2022.

	<u>2023</u>	<u>2022</u>
Operating Revenues:		
Tenant Rental Revenue	\$ 907,058	860,448
Public Housing Program Subsidy	443,751	450,069
Capital Fund Grants	-	-
Ross Grant	75,339	81,921
Other Grants	7,678	9,234
Other Income	33,644	13,780
Operating Expenses:		
Administrative	(497,882)	(433,432)
Tenant Services	(5,580)	(6,454)
Utilities	(171,084)	(168,691)
Ordinary Maintenance and Operations	(415,297)	(376,588)
General	(191,191)	(151,009)
Extraordinary Maintenance	(39,701)	(11,311)
Depreciation	<u>(279,257)</u>	<u>(277,865)</u>
Operating Income (Loss)	(132,522)	(9,898)
Total Non-Operating Revenues:		
Investment Income	17,262	278
Gain on Sale of Capital Assets	<u>-</u>	<u>1,784</u>
Loss before Capital Contributions	(115,260)	(7,836)
Capital Grant Contributions	<u>393,821</u>	<u>284,933</u>
Change in Net Position	278,561	277,097
Net Position at Beginning of Year	<u>5,442,618</u>	<u>5,165,521</u>
Net Position at End of Year	<u>\$ 5,721,179</u>	<u>5,442,618</u>

Tenant revenue – Tenant revenue increased by \$46,610 from December 31, 2022, to December 31, 2023

Operating Subsidy and Grants – Operating subsidy and grants decreased to \$443,751 from \$450,069 during the current year, which includes \$10,581 of short fall funding. The Ross Grant money decreased to \$75,339 from \$81,921 during the current year.

Capital Contributions – The 2023 Capital Fund allocation was \$393,821 in the current year. The Authority is in the process of kitchen and bathroom upgrades.

Operating Income (Loss) – Total operating income decreased \$122,624 from the prior year and became an operating loss of \$132,522 primarily as a result of increases in all expense categories.

Asset and Debt Administration

Capital Assets

The Authority’s investment in capital assets, net of accumulated depreciation, for business-type activities as of December 31, 2023, was \$4,405,220. The total capital assets as of December 31, 2022, was \$4,292,744.

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Nondepreciable Assets:			
Land	\$ 441,108	441,108	-
Construction in Progress	1,011,654	628,359	383,295
Depreciable Assets:			
Building and Improvements	10,484,182	10,484,182	-
Dwelling Equipment	285,882	284,149	1,733
Non-dwelling Equipment	434,476	428,923	5,553
Accumulated Depreciation	<u>(8,252,082)</u>	<u>(7,973,977)</u>	<u>(278,105)</u>
Total	<u>\$ 4,405,220</u>	<u>4,292,744</u>	<u>112,476</u>

Long-Term Liabilities

At the end of the fiscal year, the Authority had total compensated absences outstanding of \$38,726, a decrease of \$8,867 from the prior year.

	<u>Business-Type Activities</u>	
	<u>2023</u>	<u>2022</u>
Due after one year	\$ 34,854	39,168
Due within one year	<u>3,872</u>	<u>8,425</u>
Total	<u>\$ 38,726</u>	<u>47,593</u>

Budgetary Highlights

The following table reflects the fiscal year ended December 31, 2023; results of operations compared to budgeted amounts for the Low Rent Public Housing Program.

	Original Budget	2023 Actual (Budgetary)	Over (Under) Budget
Operating Revenues:			
Tenant Rental Income	\$ 855,000	907,058	52,058
Program Grants/subsidies	395,492	443,751	48,259
Capital Funds	400,000	393,821	(6,179)
ROSS grant and Other Grants	79,000	83,017	4,017
Other Revenue	<u>214,582</u>	<u>253,668</u>	<u>39,086</u>
Total Operating Revenues	<u>1,944,074</u>	<u>2,081,315</u>	<u>137,241</u>
Operating Expenses:			
General and Administrative	501,933	422,543	(79,390)
Transfer - Fees	186,482	202,762	16,280
Tenant Services	4,750	5,580	830
Utilities	135,000	171,084	36,084
Maintenance	358,850	415,297	56,447
General Expenses	143,823	191,191	47,368
Extraordinary Maintenance	38,500	39,701	1,201
ROSS Grant and Other	85,000	75,339	(9,661)
Betterments and Additions (CFP)	<u>344,304</u>	<u>393,821</u>	<u>49,517</u>
Total Operating Expenses	<u>1,798,642</u>	<u>1,917,318</u>	<u>118,676</u>
Increase (Decrease) in Net Position	<u>\$ 145,432</u>	<u>163,997</u>	<u>18,565</u>

Amended Budget

The Authority bases the operating budget on prior period operating income and expenditures with adjustments for items that are determined not to be routine in nature. The operating budget is reviewed and amended during the year when management determines the Authority will experience a reduction in grants/subsidies, increased expenses mandated by HUD, and for other costs that could not be reasonably estimated at the time of the original budget process.

Tenant Revenue

Tenant revenue was greater than the budget by \$52,058. The variance was primarily due to vacancy levels and tenants with increased income for 2023.

Program Grant / Subsidies

Program subsidies exceeded the budget by \$48,259, due to the Shortfall Funding Grant and better prorations from HUD.

Maintenance

Maintenance for the current year was \$56,447 over budget primarily due to an increase in material costs and contract costs.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplemental information concerning the Authority's progress. Other supplemental information includes details by fund for receivables, payables, transfers, and payments within the reporting entity.

Economic Factors and Next Year's Budgets and Rates

The subsidy is expected to remain the same for the 2024 year. The Capital Fund program award for 2023 is \$466,790 and the award for 2024 is \$480,796. BHA was also awarded a HUD Emergency Safety and Security grant in 2023 that will be spent in 2024 in the amount of \$249,326 as well as a smaller grant from ESL to construct pavilions at the Family Units. New York State's Emergency Rental Assistance Program (ERAP) from the COVID era is no longer a factor for the Housing Authority, as its protections have expired, and all resident situations are now resolved. The eviction process for residents who don't pay rent is now much longer, but that is the new 'normal'.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances, comply with finance-related laws and regulations, and demonstrate the Authority's commitment to public accountability. If you have questions about this report or would like to request additional information, requests may be submitted to the Batavia Housing Authority, 400 East Main Street, Batavia, New York 14020.

FINANCIAL STATEMENTS

BATAVIA HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2023

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 1,509,713
Restricted Cash- Tenant Security Deposits	83,126
Receivable, Net of Allowance for Doubtful Accounts	3,350
Due from HUD	20,630
Prepays	<u>65,523</u>
Total Current Assets	<u>1,682,342</u>

Noncurrent Assets:

Capital Assets, Undepreciable	1,452,762
Capital assets, Depreciable	11,204,540
Less: Accumulated Depreciation/Depletion	<u>(8,252,082)</u>
Total Non Current Assets	<u>4,405,220</u>

Other Assets

NYS Pension - Asset	<u>-</u>
Total Assets	<u>6,087,562</u>

Deferred Out flow of Resources

Deferred Outflow - NYS Retirement	<u>271,837</u>
Total Deferred Outflow of Resources	<u>271,837</u>

 Total Assets and Deferred Outflow of Resources \$ 6,359,399

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 20,519
Due to other Governments	77,803
Tenant Security Deposits	83,126
Accrued Wages	24,754
Accrued Compensated Absences	3,872
Unearned Revenue	<u>18,156</u>
Total Current Liabilities	<u>228,230</u>

Noncurrent Liabilities:

Accrued Compensated Absences	34,854
Pension Liability - NYS Retirement	<u>337,027</u>
Total Noncurrent Liabilities	<u>371,881</u>
Total Liabilities	<u>600,111</u>

Deferred Inflow of Resources

Deferred Inflow of Resources - NYS Retirement	<u>38,109</u>
Total Deferred Inflow of Resources	<u>38,109</u>

 Total Liabilities and Deferred Inflow of Resources 638,220

NET POSITION

Net Investment in Capital Assets	4,405,220
Unrestricted	<u>1,315,959</u>
Total Net Position	<u>\$ 5,721,179</u>

The accompanying notes are an integral part of these financial statements.

**BATAVIA HOUSING AUTHORITY
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023**

Operating Revenues:	
Tenant Rental Reveue	\$ 907,058
Grant Income - HUD Grants	519,090
Other Grants	7,678
Other Income	<u>33,644</u>
Total Operating Revenues	<u>1,467,470</u>
Operating Expenses:	
Administrative	497,882
Tenant Services	5,580
Utilities	171,084
Ordinary Maintenance and Operations	415,297
General	191,191
Extraordinary Maintenance	39,701
Depreciation	<u>279,257</u>
Total Operating Expenses	<u>1,599,992</u>
Operating Loss	<u>(132,522)</u>
Nonoperating Revenues (Expenses):	
Investment Income	17,262
Gain on Sale of Capital Assets	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>17,262</u>
Change in Net Position Before Capital Contributions	(115,260)
Capital Contributions	<u>393,821</u>
Change in Net Position	278,561
Net Position - Beginning of the Year	<u>5,442,618</u>
Net Position - Ending of the Year	<u>\$ 5,721,179</u>

The accompanying notes are an integral part of these financial statements.

**BATAVIA HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Tenant Rentals	\$ 930,721
Receipts from HUD Grants and Other	549,257
Payments for Goods and Services	(1,179,405)
Payments to Employees	(75,174)
Other Receipts	<u>33,644</u>
Net Cash provided for Operating Activities	<u>259,043</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	<u>17,262</u>
Net Cash provided by Noncapital Financing Activities	<u>17,262</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Receipt of Capital Grant	393,821
Acquisition of Capital Assets	<u>(391,733)</u>
Net Cash provided by Capital and Related Financing Activities	<u>2,088</u>
Net Increase in Cash and Equivalents	278,393
Cash and Cash Equivalents - Beginning of the Year	<u>1,314,446</u>
Cash and Cash Equivalents - Ending of the Year	<u>\$ 1,592,839</u>
 Reconciliation of Operating Loss to Net Cash Provided by (used in) Operating Activities:	
Operating Loss	\$ (132,522)
Adjustments to Reconcile Operating Loss to Net Cash used by Operating Activities:	
Depreciation, Net	279,257
Deferred Outflow of Resources	6,157
Deferred Inflow of Resources	(393,204)
(Increase)/Decrease in Receivables	22,144
(Increase)/Decrease in HUD Receivables	22,489
Decrease/(Increase) in Prepays	(9,809)
(Decrease)/Increase in Accounts Payable	8,400
Increase/(Decrease) in Accounts Payable - PILOTS	4,813
(Decrease)/Increase in Tenant Security Deposits	3,417
(Decrease)/Increase in Accrued Wages	(3,714)
(Decrease)/Increase in Accrued Compensated Absences	(8,867)
Increase/(Decrease) in NYS Pension Liability	458,963
Increase/(Decrease) in Unearned Revenues	<u>1,519</u>
Net Cash Provided by Operating Activities	<u>\$ 259,043</u>

The accompanying notes are an integral part of these financial statements.

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**BATAVIA HOUSING AUTHORITY
BATAVIA, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – ORGANIZATION

The Batavia Housing Authority was organized pursuant to the housing statutes of the State of New York for the purpose of providing low-income housing for residents of the Batavia, New York. The Authority enters into cancellable leases with tenants who meet the eligibility requirements specified by the U.S. Department of Housing and Urban Development.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Batavia Housing Authority, New York (the “Authority”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority’s accounting policies are described below.

Reporting Entity

The Authority is a public, non-profit Corporation formed for the purpose of providing affordable housing to low and moderate-income senior citizens and families in accordance with rules and regulations prescribed by the U.S. Department of Housing and Urban Development (HUD). The Authority consists of Low Rent Housing Assistance and Capital Fund Programs.

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

Description and Basis of Presentation – Financial Statements

The government-wide financial statements (i.e., Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position) report information on both long-term and short-term information about the Authority’s overall status. The government-wide financial statements distinguish governmental activities of the Authority that are principally supported by rental income and other business-type activities that are intended to recover all of a significant portion of their costs through user fees and charges. Business-type activities include Low-Rent Housing and Capital Funds. All governmental activities and functions performed for the Authority are its direct responsibility. Based on the criteria for reporting under GASB No. 14, 39 and 61, the Authority is considered a primary government, and no component units exist.

As a general rule, the effect of Interfund activity has been eliminated from the government-wide financial statements.

The Authority has one type of fund: Proprietary Funds are reported in the fund financial statements and generally report services for which the Authority charges customers a fee. Enterprise funds essentially encompass the same functions reported as business-type activities in government wide statements. Services are provided to customers externally to the Authority organization such as low-rent housing and the tenant services.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds. The following funds are segregated by the Authority to enhance accountability and control:

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

During the course of operations, the Authority has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/due to other funds and advances to/from other funds.

Further, certain activity occurs during the year involving transfers between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicated the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicated the timing of transactions or events for recognition in the financial statements.

The proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Budgetary Basis of Accounting

Annual operating budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The Authority bases the operating budget on prior period operating income and expenditures with adjustments for items that are determined not to be routine in nature.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Authority considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Prepays – Certain retirement payments reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets – Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Useful life is determined based on HUD guidelines. Capital improvements are capitalized, while expenses for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of revenue, expenses, and changes in net position.

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

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

Net Position Flow Assumption – Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied. The Authority reported no restricted-net position at December 31, 2023.

Revenues and Expenditures/Expenses

Operating Revenues and Expenses – The Authority’s proprietary funds distinguish between operating and non-operating revenues and expenses. Operating revenues consist of charges to tenants for rent and other services provided. Its operating expenses are costs incurred in the operation of its program activities to provide services to residents. The Authority classifies all other revenues and expenses as non-operating.

Tenant rental revenue is recognized when services are rendered. Rents received in advance are recorded as unearned revenue.

Compensated Absences – The Authority’s labor agreements and board regulation provide for sick leave, vacations, and other miscellaneous paid absences. Upon retirement, certain eligible employees qualify for paid hospitalization insurance premiums and/or payment for fractional values of unused sick leave. These payments are budgeted annually without accrual.

Payment of sick leave and compensatory time is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of sick leave and compensatory time when such payment becomes due.

Estimates

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

Income Taxes

The Authority is a quasi-governmental organization. The Authority is not subject to federal or state income taxes, nor is it required to file federal or state income tax returns, therefore, no provision for income taxes is reflected in the financial statements.

Stewardship, Compliance, and Accountability

New Accounting Standards Implemented

GASB Statement No. 94 – “Public-Private and Public-Public Partnerships and Availability Payment Agreements”. This statement, issued in March 2020, attempts to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. Management evaluated the potential impact of this statement and determined it to not be significant.

GASB Statement No. 96 – “Subscription-Based Information Technology Arrangements.” This statement, issued in May 2020, provides guidance on the accounting and financial reporting for subscription-based information technology arrangement for government end users. Management evaluated the potential impact of this statement and determined it to not be significant.

NOTE C - CASH AND CASH EQUIVALENTS

The Authority's investment policies are governed by State statutes. In addition, the Authority has its own written investment policy.

Collateral is required for demand deposits and certificated of deposits for all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

The Authority's cash and cash equivalents at December 31, 2023, is as follows:

Petty Cash (Uncollateralized)	\$ 650
Deposits	<u>1,592,189</u>
Total	<u>\$ 1,592,839</u>

Deposits – All deposits are carried at fair value.

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Deposits at December 31, 2023:		
Insured (FDIC)	\$ 579,381	584,051
Uninsured, collateralized by securities held by third-party financial institutions in the Authority's name	<u>1,012,808</u>	<u>1,012,808</u>
Total	<u>\$ 1,592,189</u>	<u>1,596,859</u>

Custodial credit risk-deposits – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2023, the Authority's deposits were FDIC insured or collateralized.

Restricted Cash-Tenant Security Deposits – Is the account for the individual accounts in the tenants' names and is 100 percent insured by FDIC. The carrying balance was \$83,126 at December 31, 2023.

Investments – The Authority had no investments at December 31, 2023, however, when applicable the Authority carries investments at fair value.

NOTE D - ACCOUNTS RECEIVABLE AND DUE FROM HUD

Receivables, net of allowance for doubtful accounts – All receivables are reported net of estimated uncollectible amounts. The Authority had accounts receivable of \$14,359 and management believes no allowance for doubtful accounts is required at December 31, 2023.

Due from HUD – The Authority had amounts due from the Department of Housing and Urban Development at December 31, 2023, of \$20,630 of which \$14,703 was for Capital Fund Grants, and \$5,927 was for Ross Grants.

NOTE E - CAPITAL ASSETS

Capital assets are recorded at cost. A summary of property and equipment balances and changes during the year ended December 31, 2023:

Description	Balance			Balance 12/31/22
	1/1/23	Additions	Deletions	
Nondepreciable:				
Land	\$ 441,108	-	-	441,108
Construction in Progress	628,359	383,295	-	1,011,654
Depreciable:				
Buildings and Improvements	10,484,182	-	-	10,484,182
Dwelling Equipment	284,149	2,885	(1,152)	285,882
Non-dwelling Equipment	428,923	5,553	-	434,476
Subtotal	12,266,721	391,733	(1,152)	12,657,302
Accumulated Depreciation	(7,973,977)	(279,257)	1,152	(8,252,082)
	<u>\$4,292,744</u>	<u>112,476</u>	<u>-</u>	<u>4,405,220</u>

Total depreciation expense for December 31, 2023, was \$279,257. The Authority had disposals during the year for \$1,152 which were fully depreciated.

NOTE F - TENANT SECURITY DEPOSITS

The Authority collects a security deposit from each tenant upon signing of a lease. Such deposits are maintained in separate cash accounts. The liability for security deposits at December 31, 2023, amounted to \$83,126.

NOTE G - PAYMENT IN LIEU OF TAXES

The Authority, in connection with the Low Rent Public Housing Program and as part of the Cooperation Agreement with the City of Batavia, is required to make annual payment in lieu of property taxes based on a percentage of the dwelling rents less utilities expense. The payment in lieu of taxes payment amounted to \$77,803 for the year ended December 31, 2023.

NOTE H - PENSION PLAN

The Authority participates in the New York State and Local Employees' Retirement System (ERS). This is cost-sharing, multiple employer retirement system. ERS is included in the State's financial report as a pension trust fund.

Plan Description

The Authority participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The

Comptroller shall adopt and may amend the rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Authority also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244, or it can be found at www.osc.state.ny.us/retire/publications/index.php

Funding Policies

The System is non-contributory, except for employees who joined the New York State and Local Employees Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute 3.0% to 6.0% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems fiscal year ending March 31.

The Authority is required to contribute at an actuarially determined rate. The required contributions for the Authority for the current and two preceding years were:

	<u>Contribution</u>
2023	\$ 47,287
2022	\$ 34,958
2021	\$ 54,250

All of these required contributions were paid in full during the respective year they were due.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources.

At December 31, 2023, the Authority reported the following liability for its proportionate share of the net pension liability for the ERS System. The net pension liability was measured as of March 31, 2023, for ERS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System in a report provided to the Authority.

	<u>ERS</u>
Actuarial Valuation Date	April 1, 2022
Net Pension Liability	\$ 337,027
Authority's Portion of the Plan's Total Net Pension Liability	0.0015717%

For the year ended December 31, 2023, the Authority recognized pension expense of \$119,202. At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2023</u>	
	<u>ERS Deferred</u>	
	<u>Outflows</u>	<u>Inflows</u>
Differences between expected and actual experience	\$ 35,896	9,465
Change of assumptions	163,682	1,809
Net difference between projected and actual earnings on pension plan investment	-	1,980
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	24,972	24,855
Authority's contributions subsequent to the measurement date	<u>47,287</u>	<u>-</u>
Total	<u>\$ 271,837</u>	<u>38,109</u>

Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>2023</u>
	<u>ERS</u>
2024	\$ 45,447
2025	(16,627)
2026	68,445
2027	89,177
2028	-
Thereafter	\$ -

Actuarial Assumptions

The total pension liability at December 31, 2023, was determined by using an actuarial valuation as of April 1, 2022, with update procedures used to roll forward

the total pension liability to December 31, 2023. The actuarial valuation used the following actuarial assumptions:

	<u>ERS</u>
Measurement Date	March 31, 2023
Actuarial Valuation Date	April 1, 2022
Interest Rate	5.9%
Salary Scale	4.4%
Decrement Tables	April 1, 2015 - March 31, 2020
	System's experience
Inflation Rate	2.9%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020, System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below.

Measurement Date	March 31, 2023	
<u>Asset Type</u>	<u>Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	32.00%	4.30%
International Equity	15.00%	6.85%
Private Equity	10.00%	7.50%
Real Estate	9.00%	4.60%
Opportunistic/Absolute Return Strategy Investm	3.00%	5.38%
Credit	4.00%	5.43%
Real Assets	3.00%	5.84%
Fixed Income	23.00%	1.50%
Cash	1.00%	0.00%
	<u>100.00%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan

investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Authority’s proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.9%) or 1 percentage point higher (6.9%) than the current rate:

	2023		
	1%	Current	
	Decrease (4.9%)	Assumption (5.9%)	1% Increase (6.9%)
Employer’s Proportionate Share of the Net Pension Liability (Asset)	\$ 814,449	337,027	(61,915)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective valuation dates, were as follows:

	(Dollars in Millions)
Measurement Date	3/31/2023
Employers' Total Pension Liability	\$ (232,627)
Plan Net Position	211,183
Employers' Net Pension Liability	<u>\$ (21,444)</u>
Ratio of Plan Net Position to the Employers' Total Pension Liability	90.78%

Tiers

Membership Tiers-Pension legislation enacted in 1973, 1976, 1983, 2009, and 2012 established distinct classes of membership. The tier status of a member determines eligibility for benefits, formula used in the calculation of benefits, death benefit coverage, service crediting, whether or not a member has required contributions, and member loan provisions. Listed below are the tiers for ERS members:

- Tier 1 – Members who enrolled before July 1, 1973
- Tier 2 – July 1, 1973, through July 26, 1976
- Tier 3 – July 27, 1976, through August 31, 1983
- Tier 4 – September 1, 1983, through December 31, 2009
- Tier 5 – January 1, 2010, through March 31, 2012
- Tier 6 – April 1, 2012, and after

Vesting

Members who joined ERS require 5 years of service credit to be 100% vested.

Benefits

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than twenty years. If the member retires with more than twenty years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members aged 55 or older with thirty or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999, through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of twenty-four additional months. Final average salary is the average of wages earned in the three highest consecutive years. For Tier 1 members who joined on or after September 17, 1971, each year of final average salary is limited to no more than 20% of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% of the average of the previous two years.

Tiers 3, 4 and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than twenty years. If the member retires with between twenty and thirty years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than thirty years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over thirty years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55, with reduced benefits. Tier 3 and 4 members age 55 or older with thirty or more years of service can retire with no reduction in benefits. Final average salary is the average of the wages of earned in the highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10% of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with twenty years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than twenty years of service, an additional benefit of 2% of final average salary is applied for each year of service over twenty years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits. Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10% of the average of the previous four years.

NOTE I - COMPENSATED ABSENCES

The Authority accrues accumulated unpaid sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The balance as of December 31, 2023, was \$38,726.

NOTE J - NET POSITION

The financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets** – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

The following is a reconciliation of the Authority’s net investment in capital assets:

Capital Assets, net of accumulated depreciation	\$ 4,405,220
Less: related debt	-
Net investment in capital assets	<u>\$ 4,405,220</u>

- **Restricted Component of Net Position** – This category represents external restriction imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The Authority reports no restricted component of net position for the year ended December 31, 2023.
- **Unrestricted Component of Net Position** – This category represents the net position of the Authority not restricted for any project of other purpose.

NOTE K - CONTINGENCIES

Grant and Aid Programs – The Authority receives significant financial assistance from federal and state agencies. The receipt of such funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed expenditures resulting from such audits could become a liability of the Authority. The amount of disallowance, if any, cannot be determined at this time, although the Authority expects any such amounts to be immaterial.

NOTE L - SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 3, 2024, the date on which the financial statements were available to be issued.

NOTE M - ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED

The Authority has not completed the process of evaluating the impact that will result from adopting the provisions of GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62, effective for the year ended December 31, 2024; GASB Statement No. 101, Compensated Absences, effective for the year ended December 31, 2024, GASB Statement No. 102, Certain Risk Disclosures, effective for the year ending December 31, 2025; and GASB Statement No. 103, Financial Reporting Model Improvements, effective for the year ending December 31, 2026. The Authority is, therefore, unable to disclose the impact that adopting GASB Statements Nos. 100, 101, 102, and 103 will have on its financial position and results of operations.

REQUIRED SUPPLEMENTAL INFORMATION

BATAVIA HOUSING AUTHORITY
Schedule of the Authority's Proportionate Share
Of the Net Pension Liability
December 31, 2023

NYSLRS Pension Plan

Last 9 Fiscal Years

Amounts presented were determined as of the System's measurement date.

	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
Authority's proportion of the net pension liability (asset)	\$ 337,027	(121,936)	1,234	287,253	76,020	33,658	120,622	199,203	41,426
Authority's proportionate share of the net pension liability (asset)	0.0015717%	0.0014917%	0.0012391%	0.0010848%	0.0010729%	0.0010429%	0.0012837%	0.0012411%	0.0012262%
Authority's covered-employee payroll	\$ 424,706	368,030	403,930	348,859	348,846	328,524	328,524	356,407	355,577
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	79.36%	(33.13%)	0.31%	82.34%	21.79%	10.25%	36.72%	55.89%	11.65%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95	86.39%	96.27%	98.24%	94.70%	90.70%	97.20%

10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

The accompanying independent auditors' report should be read in conjunction with these financial statements

BATAVIA HOUSING AUTHORITY
Schedule of the Authority's Pension Contributions
Last Ten Years
December 31, 2023

NYSLRS Pension Plan
 Last 10 Fiscal Years

Amounts presented for each fiscal year were determined as of the fiscal year end.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 47,287	34,958	54,250	41,372	41,917	39,902	47,540	51,262	57,660	55,559
Contribution in relation to the Contractually required contribution	<u>47,287</u>	<u>34,958</u>	<u>54,250</u>	<u>41,372</u>	<u>41,917</u>	<u>39,902</u>	<u>47,540</u>	<u>51,262</u>	<u>57,660</u>	<u>55,559</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Authority's covered-employee payroll	\$ 424,706	368,030	403,930	348,859	348,845	328,524	350,966	356,407	355,577	390,060
Contributions as a percentage of covered-employee payroll	11.13%	9.50%	13.43%	11.86%	12.02%	12.15%	13.55%	14.38%	16.22%	14.24%

The accompanying independent auditors' report should be read in conjunction with these financial statements.

SUPPLEMENTAL INFORMATION

BATAVIA HOUSING AUTHORITY
STATEMENT OF CAPITAL FUND PROGRAM AND ROSS GRANT COSTS UNCOMPLETED
AS OF DECEMBER 31, 2023

	<u>NY06P</u> <u>052-2021SF20D</u>	<u>NY06P</u> <u>052501-21</u>	<u>NY06P</u> <u>052501-22</u>	<u>NY06P</u> <u>052501-23</u>	<u>TOTAL</u>	<u>ROSS</u> <u>221657</u>
Budget	\$ <u>27,559</u>	<u>377,029</u>	<u>461,712</u>	<u>466,790</u>	<u>1,333,090</u>	<u>237,930</u>
Total HUD Advances	27,559	377,029	340,356	4,550	749,494	113,213
Total Costs	<u>27,559</u>	<u>377,029</u>	<u>355,059</u>	<u>4,550</u>	<u>404,588</u>	<u>119,140</u>
Excess (Deficiency) of Funds Advanced	\$ <u>-</u>	<u>-</u>	<u>(14,703)</u>	<u>-</u>	<u>-</u>	<u>(5,927)</u>

The Accompanying independent auditors' report should be read in conjunction with these financial statements.

**BATAVIA HOUSING AUTHORITY
STATEMENT AND CERTIFICATION OF ACTUAL
CAPITAL FUND PROGRAM COSTS
AS OF DECEMBER 31, 2023**

1. The actual Capital Grant Program costs are as follows:

	<u>NY06P05250120</u>
Funds Approved	\$ 358,937
Funds Expended	<u>(358,937)</u>
Excess of Funds Approved	<u>-</u>
Funds Advanced	358,937
Funds Expended	<u>(358,937)</u>
Excess (Deficiency) of Funds Advanced	<u>\$ -</u>

2. The distribution of costs by projects as shown on the Actual Modernization Cost Certificates, dated July 6, 2023, submitted to HUD for approval are in agreement with the Authority's records as of December 31, 2023.
3. All Capital Fund costs have been paid and all related liabilities have been discharged through payment as of December 31, 2023.

The accompanying independent auditors report should be read in conjunction with these financial statements.

BATAVIA HOUSING AUTHORITY
COMBINING BALANCE SHEETS
DECEMBER 31, 2023

	Projects by Amp						2022
	Central Office Cost Center	NY 052000001	NY 052000002	Ross	Eliminations	Total	
ASSETS							
Current Assets:							
Cash and Cash Equivalents:							
Unrestricted	\$ 588,769	242,555	678,389	-	-	1,509,713	1,234,737
Tenant Security Deposits	-	26,214	56,912	-	-	83,126	79,709
Total Cash and Cash Equivalents	588,769	268,769	735,301	-	-	1,592,839	1,314,446
Receivables:							
HUD and other Projects	-	3,978	10,725	5,927	-	20,630	43,119
Miscellaneous	-	-	-	-	-	-	-
Interfund	-	-	5,927	-	(5,927)	-	-
Tenant Dwelling Rents	-	11,978	2,381	-	-	14,359	25,494
Allowance for Doubtful Accounts	-	(11,009)	-	-	-	(11,009)	-
Total Receivable	-	4,947	19,033	5,927	(5,927)	23,980	68,613
Prepays	665	14,159	50,699	-	-	65,523	55,714
Total Current Assets	589,434	287,875	805,033	5,927	(5,927)	1,682,342	1,438,773
Capital Assets:							
Land	-	63,660	377,448	-	-	441,108	441,108
Buildings	-	3,017,025	7,467,157	-	-	10,484,182	10,484,182
Furniture, Equipment and Machinery							
-Dwellings	-	55,732	230,150	-	-	285,882	284,149
-Administration	-	97,196	337,280	-	-	434,476	428,923
Construction in Progress	-	315,369	696,285	-	-	1,011,654	628,359
Total Capital Assets	-	3,548,982	9,108,320	-	-	12,657,302	12,266,721
Less Accumulated Depreciation	-	(2,361,599)	(5,890,483)	-	-	(8,252,082)	(7,973,977)
Net Capital Assets	-	1,187,383	3,217,837	-	-	4,405,220	4,292,744
Other Assets:							
NYS Pension - Asset	-	-	-	-	-	-	121,936
Total Assets	589,434	1,475,258	4,022,870	5,927	(5,927)	6,087,562	5,853,453
Deferred Out flow of Resources							
Deferred Outflow - NYS Retirement	30,908	82,176	158,753	-	-	271,837	277,994
Total Deferred Outflow of Resources	30,908	82,176	158,753	-	-	271,837	277,994
Total Assets and Deferred Outflow of Resources	620,342	1,557,434	4,181,623	5,927	(5,927)	6,359,399	6,131,447
LIABILITIES							
Current Liabilities							
Accounts Payable:							
Trade	-	3,077	17,442	-	-	20,519	12,119
Due to HUD	-	-	-	-	-	-	-
Due to other Governments	-	20,755	57,048	-	-	77,803	72,990
Total Accounts Payable	-	23,832	74,490	-	-	98,322	85,109
Accrued Wages	5,152	5,980	13,622	-	-	24,754	28,468
Accrued Compensated Absences	202	769	2,901	-	-	3,872	8,425
Accrued Lease Purchase Agreement	-	-	-	-	-	-	-
Tenant Security Deposits	-	26,214	56,912	-	-	83,126	79,709
Unearned Revenue	-	3,318	14,838	-	-	18,156	16,637
Interfund Payable	-	-	-	5,927	(5,927)	-	-
Total Current Liabilities	5,354	60,113	162,763	5,927	(5,927)	228,230	218,348
Noncurrent Liabilities:							
Accrued Compensated Absences	1,816	6,924	26,114	-	-	34,854	39,168
Pension Liability - NYS Retirement	38,320	101,883	196,824	-	-	337,027	-
Total Noncurrent Liabilities	40,136	108,807	222,938	-	-	371,881	39,168
Total Liabilities	45,490	168,920	385,701	5,927	(5,927)	600,111	257,516
Deferred Inflow of Resources							
Deferred Inflow of Resources - NYS Retirement	4,333	11,520	22,256	-	-	38,109	431,313
Total Deferred Inflow of Resources	4,333	11,520	22,256	-	-	38,109	431,313
Total Liabilities and Deferred Inflow of Resources	49,823	180,440	407,957	5,927	(5,927)	638,220	688,829
NET POSITION							
Investment in Net Capital Assets	-	1,187,383	3,217,837	-	-	4,405,220	4,292,744
Unrestricted (Deficit)	570,519	189,611	555,829	-	-	1,315,959	1,149,874
Total Net Position	570,519	1,376,994	3,773,666	-	-	5,721,179	5,442,618
Total Liabilities, Deferred Inflow of Resources and Net Position	\$ 620,342	1,557,434	4,181,623	5,927	(5,927)	6,359,399	6,131,447

The accompanying independent auditors' report should be read in conjunction with these financial statements.

BATAVIA HOUSING AUTHORITY
COMBINING SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2023

	Projects by Amp						Total	2022
	Central					Eliminations		
	Office Cost							
Center	NY 052000001	NY 052000002	Ross					
REVENUES:								
Tenant Rental Revenue	\$ -	239,541	667,517	-	-	907,058	860,448	
HUD PHA Operating Grants	-	188,893	254,858	-	-	443,751	450,069	
ROSS Grant	-	-	-	75,339	-	75,339	81,921	
Other Grants	-	-	7,678	-	-	7,678	9,234	
Capital Grants	-	112,132	281,689	-	-	393,821	284,933	
Fee Revenue	202,762	-	-	-	(202,762)	-	-	
Investment Income - Unrestricted	-	865	16,397	-	-	17,262	278	
Gain on Sale of Capital Assets	-	-	-	-	-	-	1,784	
Other Revenue	12,536	2,442	18,666	-	-	33,644	13,780	
Total Revenue	215,298	543,873	1,246,805	75,339	(202,762)	1,878,553	1,702,447	
EXPENDITURES:								
Administrative:								
Salaries	63,095	41,781	125,342	44,580	-	274,798	254,830	
Auditing and Accounting Fees	3,300	53,262	161,201	-	(202,762)	15,001	13,100	
Employee Benefits	27,693	17,922	73,495	22,917	-	142,027	96,384	
Advertising	-	933	2,763	-	-	3,696	2,771	
Legal Expenses	91	-	243	-	-	334	-	
Travel	-	-	-	1,137	-	1,137	1,710	
Other Expenses	5,741	13,867	34,576	6,705	-	60,889	64,637	
Total Administrative	99,920	127,765	397,620	75,339	(202,762)	497,882	433,432	
Tenant Services:								
Tenant Salaries	-	-	3,000	-	-	3,000	4,625	
Tenant Services - Employee Benefits	-	-	-	-	-	-	-	
Tenant Services - Other	-	878	1,702	-	-	2,580	1,829	
Total Tenant Services	-	878	4,702	-	-	5,580	6,454	
Utilities:								
Water	323	24,063	22,790	-	-	47,176	47,346	
Electricity	699	465	49,208	-	-	50,372	55,456	
Gas	251	1,278	17,704	-	-	19,233	16,739	
Other	-	6,183	48,120	-	-	54,303	49,150	
Total Utilities	1,273	31,989	137,822	-	-	171,084	168,691	
Ordinary Maintenance and Operation:								
Salaries	-	110,138	136,620	-	-	246,758	233,726	
Materials	-	7,367	20,900	-	-	28,267	41,344	
Contract Costs	79	1,187	27,934	-	-	29,200	25,937	
Employee Benefits	-	35,021	76,051	-	-	111,072	75,581	
Total Ordinary Maintenance and Operation	79	153,713	261,505	-	-	415,297	376,588	
General Expenses:								
Insurance Premiums	1,954	16,970	48,601	-	-	67,525	72,376	
Other General Expenses	-	-	4,955	-	-	4,955	6,526	
Payment in Lieu of Taxes	-	20,755	57,048	-	-	77,803	72,990	
Bad Debt Expense	-	40,908	-	-	-	40,908	(883)	
Total General Expenses	1,954	78,633	110,604	-	-	191,191	151,009	
Total Expenditures before Other Expenses	103,226	392,978	912,253	75,339	(202,762)	1,281,034	1,136,174	
Increase (Decrease) in Net Position before Other Expenses	112,072	150,895	334,552	-	-	597,519	566,273	
Other Expenses:								
Extraordinary Maintenance	-	12,529	27,172	-	-	39,701	11,311	
Depreciation of Property and Equipment	-	70,743	208,514	-	-	279,257	277,865	
Total Other Expenses	-	83,272	235,686	-	-	318,958	289,176	
OTHER FINANCING SOURCES (USES):								
Transfers In	-	-	50,000	-	(50,000)	-	330,975	
Transfers Out	-	(50,000)	-	-	50,000	-	(330,975)	
Total Other Financing Sources (Uses)	-	(50,000)	50,000	-	-	-	-	
Increase (Decrease) in Net Position	112,072	17,623	148,866	-	-	278,561	277,097	
Net Position (Deficit) at Beginning of Year	458,447	1,359,371	3,624,800	-	-	5,442,618	5,165,521	
Net Position (Deficit) at End of Year	\$ 570,519	1,376,994	3,773,666	-	-	5,721,179	5,442,618	

The accompanying independent auditors' report should be read in conjunction with these financial statements.

BATAVIA HOUSING AUTHORITY
COMBINING LOW RENT AND CAPITAL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - PROJECTS BY AMP
YEAR ENDED DECEMBER 31, 2023

	NY 052000001			NY 052000002		
	Low Rent	Capital	Total	Low Rent	Capital	Total
REVENUE:						
Tenant Rental Revenue	\$ 239,541	-	239,541	667,517	-	667,517
HUD PHA Operating Grant	188,893	-	188,893	254,858	-	254,858
ROSS Grant	-	-	-	-	-	-
Other Grants	-	-	-	7,678	-	7,678
Capital Grants	-	112,132	112,132	-	281,689	281,689
Investment Income - Unrestricted	865	-	865	16,397	-	16,397
Gain on Sale of Capital Assets	-	-	-	-	-	-
Other Revenue	2,442	-	2,442	18,666	-	18,666
Total Revenue	<u>431,741</u>	<u>112,132</u>	<u>543,873</u>	<u>965,116</u>	<u>281,689</u>	<u>1,246,805</u>
EXPENDITURES:						
Administrative:						
Salaries	41,781	-	41,781	125,342	-	125,342
Auditing and Accounting Fees	53,262	-	53,262	161,201	-	161,201
Employee Benefits	13,286	4,636	17,922	71,152	2,343	73,495
Advertising	933	-	933	2,763	-	2,763
Legal Expenses	-	-	-	243	-	243
Travel	-	-	-	-	-	-
Other	13,867	-	13,867	34,576	-	34,576
Total Administrative	<u>123,129</u>	<u>4,636</u>	<u>127,765</u>	<u>395,277</u>	<u>2,343</u>	<u>397,620</u>
Tenant Services:						
Tenant Salaries	-	-	-	3,000	-	3,000
Tenant Services - Other	878	-	878	1,702	-	1,702
Total Tenant Services	<u>878</u>	<u>-</u>	<u>878</u>	<u>4,702</u>	<u>-</u>	<u>4,702</u>
Utilities:						
Water	24,063	-	24,063	22,790	-	22,790
Electricity	465	-	465	49,208	-	49,208
Gas	1,278	-	1,278	17,704	-	17,704
Other	6,183	-	6,183	48,120	-	48,120
Total Utilities	<u>31,989</u>	<u>-</u>	<u>31,989</u>	<u>137,822</u>	<u>-</u>	<u>137,822</u>
Ordinary Maintenance and Operation:						
Salaries	110,138	-	110,138	136,620	-	136,620
Material	7,367	-	7,367	20,900	-	20,900
Contract Costs	1,187	-	1,187	27,934	-	27,934
Employee Benefits	35,021	-	35,021	76,051	-	76,051
Total Ordinary Maintenance and Operation	<u>153,713</u>	<u>-</u>	<u>153,713</u>	<u>261,505</u>	<u>-</u>	<u>261,505</u>
General Expenses:						
Insurance Premiums	16,970	-	16,970	48,601	-	48,601
Other General Expenses	-	-	-	4,955	-	4,955
Payment in Lieu of Taxes	20,755	-	20,755	57,048	-	57,048
Bad Debt Expense	40,908	-	40,908	-	-	-
Total General Expenses	<u>78,633</u>	<u>-</u>	<u>78,633</u>	<u>110,604</u>	<u>-</u>	<u>110,604</u>
Interest Expense	-	-	-	-	-	-
Total Expenditures before Other Expenses	<u>388,342</u>	<u>4,636</u>	<u>392,978</u>	<u>909,910</u>	<u>2,343</u>	<u>912,253</u>
Increase in Net Position Before Other Expenses	<u>43,399</u>	<u>107,496</u>	<u>150,895</u>	<u>55,206</u>	<u>279,346</u>	<u>334,552</u>
Other Expenses:						
Extraordinary Maintenance	12,529	-	12,529	27,172	-	27,172
Depreciation of Property and Equipment	60,198	10,545	70,743	190,161	18,353	208,514
Total Other Expenses	<u>72,727</u>	<u>10,545</u>	<u>83,272</u>	<u>217,333</u>	<u>18,353</u>	<u>235,686</u>
OTHER FINANCING SOURCES (USES):						
Transfers In	-	-	-	50,000	-	50,000
Transfers Out	(50,000)	-	(50,000)	-	-	-
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Increase (Decrease) in Net Position	(79,328)	96,951	17,623	(112,127)	260,993	148,866
Net Position at Beginning of Year	1,157,380	201,991	1,359,371	3,222,734	402,066	3,624,800
Net Position at End of Year	<u>\$ 1,078,215</u>	<u>\$ 298,779</u>	<u>1,376,994</u>	<u>3,119,578</u>	<u>654,088</u>	<u>3,773,666</u>

The accompanying independent auditors' report should be read in conjunction with these financial statements.

Batavia Housing Authority (NY052)
 BATAVIA, NY
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2023

	Project Total	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$920,944		\$588,769	\$1,509,713		\$1,509,713
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted						
114 Cash - Tenant Security Deposits	\$83,126			\$83,126		\$83,126
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$1,004,070	\$0	\$588,769	\$1,592,839	\$0	\$1,592,839
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects	\$14,703	\$5,927		\$20,630		\$20,630
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous						
126 Accounts Receivable - Tenants	\$3,222			\$3,222		\$3,222
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,669			-\$1,669		-\$1,669
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery	\$11,137			\$11,137		\$11,137
128.1 Allowance for Doubtful Accounts - Fraud	-\$9,340			-\$9,340		-\$9,340
129 Accrued Interest Receivable						
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$18,053	\$5,927	\$0	\$23,980	\$0	\$23,980
131 Investments - Unrestricted						
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	\$64,858		\$665	\$65,523		\$65,523
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From	\$5,927			\$5,927	-\$5,927	\$0
145 Assets Held for Sale						
150 Total Current Assets	\$1,092,908	\$5,927	\$589,434	\$1,688,269	-\$5,927	\$1,682,342
161 Land	\$441,108			\$441,108		\$441,108
162 Buildings	\$10,484,182			\$10,484,182		\$10,484,182
163 Furniture, Equipment & Machinery - Dwellings	\$285,882			\$285,882		\$285,882
164 Furniture, Equipment & Machinery - Administration	\$434,476			\$434,476		\$434,476
165 Leasehold Improvements						
166 Accumulated Depreciation	-\$8,252,082			-\$8,252,082		-\$8,252,082
167 Construction in Progress	\$1,011,654			\$1,011,654		\$1,011,654
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,405,220	\$0	\$0	\$4,405,220	\$0	\$4,405,220
171 Notes, Loans and Mortgages Receivable - Non-Current						
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current						
174 Other Assets						
176 Investments in Joint Ventures						
180 Total Non-Current Assets	\$4,405,220	\$0	\$0	\$4,405,220	\$0	\$4,405,220
200 Deferred Outflow of Resources	\$240,929		\$30,908	\$271,837		\$271,837
290 Total Assets and Deferred Outflow of Resources	\$5,739,057	\$5,927	\$620,342	\$6,365,326	-\$5,927	\$6,359,399

	Project Total	14,870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$20,519			\$20,519		\$20,519
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	\$19,602		\$5,152	\$24,754		\$24,754
322 Accrued Compensated Absences - Current Portion	\$3,670		\$202	\$3,872		\$3,872
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government	\$77,803			\$77,803		\$77,803
341 Tenant Security Deposits	\$83,126			\$83,126		\$83,126
342 Unearned Revenue	\$18,156			\$18,156		\$18,156
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue						
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities						
346 Accrued Liabilities - Other						
347 Inter Program - Due To		\$5,927		\$5,927	-\$5,927	\$0
348 Loan Liability - Current						
310 Total Current Liabilities	\$222,876	\$5,927	\$5,354	\$234,157	-\$5,927	\$228,230
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue						
352 Long-term Debt, Net of Current - Operating Borrowings						
353 Non-current Liabilities - Other						
354 Accrued Compensated Absences - Non Current	\$33,038		\$1,816	\$34,854		\$34,854
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities	\$298,707		\$38,320	\$337,027		\$337,027
350 Total Non-Current Liabilities	\$331,745	\$0	\$40,136	\$371,881	\$0	\$371,881
300 Total Liabilities	\$554,621	\$5,927	\$45,490	\$606,038	-\$5,927	\$600,111
400 Deferred Inflow of Resources	\$33,776		\$4,333	\$38,109		\$38,109
508.4 Net Investment in Capital Assets	\$4,405,220			\$4,405,220		\$4,405,220
511.4 Restricted Net Position						
512.4 Unrestricted Net Position	\$745,440	\$0	\$570,519	\$1,315,959		\$1,315,959
513 Total Equity - Net Assets / Position	\$5,150,660	\$0	\$570,519	\$5,721,179	\$0	\$5,721,179
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$5,739,057	\$5,927	\$620,342	\$6,365,326	-\$5,927	\$6,359,399

Batavia Housing Authority (NY052)
 BATAVIA, NY
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2023

	Project Total	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$907,058			\$907,058		\$907,058
70400 Tenant Revenue - Other						
70500 Total Tenant Revenue	\$907,058	\$0	\$0	\$907,058	\$0	\$907,058
70600 HUD PHA Operating Grants	\$443,751	\$75,339		\$519,090		\$519,090
70610 Capital Grants	\$393,821			\$393,821		\$393,821
70710 Management Fee			\$161,445	\$161,445	-\$161,445	\$0
70720 Asset Management Fee			\$23,610	\$23,610	-\$23,610	\$0
70730 Book Keeping Fee			\$17,707	\$17,707	-\$17,707	\$0
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue			\$202,762	\$202,762	-\$202,762	\$0
70800 Other Government Grants	\$7,678			\$7,678		\$7,678
71100 Investment Income - Unrestricted	\$17,262			\$17,262		\$17,262
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery						
71500 Other Revenue	\$21,108		\$12,536	\$33,644		\$33,644
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted						
70000 Total Revenue	\$1,790,678	\$75,339	\$215,298	\$2,081,315	-\$202,762	\$1,878,553
91100 Administrative Salaries	\$167,123	\$44,580	\$63,095	\$274,798		\$274,798
91200 Auditing Fees	\$11,700		\$3,300	\$15,000		\$15,000
91300 Management Fee	\$161,445			\$161,445	-\$161,445	\$0
91310 Book-keeping Fee	\$17,708			\$17,708	-\$17,707	\$1
91400 Advertising and Marketing	\$3,696			\$3,696		\$3,696
91500 Employee Benefit contributions - Administrative	\$91,417	\$22,917	\$27,693	\$142,027		\$142,027
91600 Office Expenses						
91700 Legal Expense	\$243		\$91	\$334		\$334
91800 Travel		\$1,137		\$1,137		\$1,137
91810 Allocated Overhead						
91900 Other	\$48,443	\$6,705	\$5,741	\$60,889		\$60,889
91000 Total Operating - Administrative	\$501,775	\$75,339	\$99,920	\$677,034	-\$179,152	\$497,882
92000 Asset Management Fee	\$23,610			\$23,610	-\$23,610	\$0
92100 Tenant Services - Salaries	\$3,000			\$3,000		\$3,000
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services						
92400 Tenant Services - Other	\$2,580			\$2,580		\$2,580
92500 Total Tenant Services	\$5,580	\$0	\$0	\$5,580	\$0	\$5,580
93100 Water	\$46,853		\$323	\$47,176		\$47,176
93200 Electricity	\$49,673		\$699	\$50,372		\$50,372
93300 Gas	\$18,982		\$251	\$19,233		\$19,233
93400 Fuel						
93500 Labor						
93600 Sewer						
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense	\$54,303			\$54,303		\$54,303
93000 Total Utilities	\$169,811	\$0	\$1,273	\$171,084	\$0	\$171,084

	Project Total	14.870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$246,758			\$246,758		\$246,758
94200 Ordinary Maintenance and Operations - Materials and Other	\$28,267			\$28,267		\$28,267
94300 Ordinary Maintenance and Operations Contracts	\$29,121		\$79	\$29,200		\$29,200
94500 Employee Benefit Contributions - Ordinary Maintenance	\$111,072			\$111,072		\$111,072
94000 Total Maintenance	\$415,218	\$0	\$79	\$415,297	\$0	\$415,297
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs						
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$63,759		\$1,443	\$65,202		\$65,202
96120 Liability Insurance						
96130 Workmen's Compensation	\$1,812		\$511	\$2,323		\$2,323
96140 All Other Insurance						
96100 Total insurance Premiums	\$65,571	\$0	\$1,954	\$67,525	\$0	\$67,525
96200 Other General Expenses	\$4,955			\$4,955		\$4,955
96210 Compensated Absences						
96300 Payments in Lieu of Taxes	\$77,803			\$77,803		\$77,803
96400 Bad debt - Tenant Rents	\$40,908			\$40,908		\$40,908
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$123,666	\$0	\$0	\$123,666	\$0	\$123,666
96710 Interest of Mortgage (or Bonds) Payable						
96720 Interest on Notes Payable (Short and Long Term)						
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,305,231	\$75,339	\$103,226	\$1,483,796	-\$202,762	\$1,281,034
97000 Excess of Operating Revenue over Operating Expenses	\$485,447	\$0	\$112,072	\$597,519	\$0	\$597,519
97100 Extraordinary Maintenance	\$39,701			\$39,701		\$39,701
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments						
97350 HAP Portability-In						
97400 Depreciation Expense	\$279,257			\$279,257		\$279,257
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$1,624,189	\$75,339	\$103,226	\$1,802,754	-\$202,762	\$1,599,992
10010 Operating Transfer In						
10020 Operating transfer Out						
10030 Operating Transfers from/to Primary Government						
10040 Operating Transfers from/to Component Unit						
10050 Proceeds from Notes, Loans and Bonds						
10060 Proceeds from Property Sales						
10070 Extraordinary Items, Net Gain/Loss						
10080 Special Items (Net Gain/Loss)						
10091 Inter Project Excess Cash Transfer In	\$50,000			\$50,000	-\$50,000	\$0
10092 Inter Project Excess Cash Transfer Out	-\$50,000			-\$50,000	\$50,000	\$0
10093 Transfers between Program and Project - In						
10094 Transfers between Project and Program - Out						
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$166,489	\$0	\$112,072	\$278,561	\$0	\$278,561

	Project Total	14,870 Resident Opportunity and Supportive Services	COCC	Subtotal	ELIM	Total
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$4,984,171	\$0	\$458,447	\$5,442,618		\$5,442,618
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0			\$0		\$0
11050 Changes in Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						
11070 Changes in Unrecognized Pension Transition Liability						
11080 Changes in Special Term/Severance Benefits Liability						
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity						
11180 Housing Assistance Payments Equity						
11190 Unit Months Available	2364			2364		2364
11210 Number of Unit Months Leased	2361			2361		2361
11270 Excess Cash	\$696,988			\$696,988		\$696,988
11610 Land Purchases	\$0		\$0	\$0		\$0
11620 Building Purchases	\$653,313		\$0	\$653,313		\$653,313
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$9,601		\$0	\$9,601		\$9,601
11650 Leasehold Improvements Purchases	\$0		\$0	\$0		\$0
11660 Infrastructure Purchases	\$0		\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0		\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0		\$0	\$0		\$0

INTERNAL CONTROL AND COMPLIANCE



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**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
Batavia Housing Authority
400 East Main Street
Batavia, New York 14020

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 Batavia Housing Authority (the "Authority"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements, and have issued our report thereon dated July 3, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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



Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

R.A. Mercer & Co., P.C.



West Seneca, New York
July 3, 2024



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

To the Board of Commissioners
Batavia Housing Authority
400 East Main Street
Batavia, New York 14020

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Batavia Housing Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2023. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the 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 December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

R.A. Mercer & Co., P.C.



West Seneca, New York
July 3, 2024

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**BATAVIA HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Federal Grantor/Program Title	Assistance Listing No.	Grant ID No.	Program or Award Amount		Expenditures/ Disbursements	Expenditures to Subrecipients
<u>Department of Housing and Urban Development</u>						
Direct Programs:						
Public and Indian Housing	14.850	NY-052-00000223D	\$ 245,511	245,511		
		NY-052-00000123D	187,659	187,659		
		NY-052-2021SF20D	<u>27,559</u>	<u>10,581</u>		
Total Public and Indian Housing					443,751	-
Resident Opportunity and Supportive Services (ROSS)	14.870	ROSS221657	<u>237,930</u>	<u>75,339</u>		
Total ROSS					75,339	-
Public Housing Capital Fund (CFP)	14.872	NY06P052501-21 *	377,029	57,217		
		NY06P052501-22 *	461,712	332,054		
		NY06P052501-23 *	<u>466,790</u>	<u>4,550</u>		
Total Capital Funds					<u>393,821</u>	-
Subtotal Federal Expenditures			\$ 2,709,457		<u>912,911</u>	-

*Major Program

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent such costs are included in the federal financial reports used as the source for the data presented. The Authority did not elect to use the 10 per cent de minimis indirect cost rate as permitted under Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Indirect costs are included in the reported expenditures to the extent such costs are included in the federal financial reports used as the source for the data presented.

**BATAVIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes no

Significant deficiency(ies) identified? _____ yes none reported

Noncompliance material to financial statements noted? _____ yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes no

Significant deficiency(ies) identified? _____ yes none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CRF Section 200.516(a) (Uniformed Guidance) _____ yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
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14.850	Public and Indian Housing
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Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low risk auditee? yes _____ no

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

**BATAVIA HOUSING AUTHORITY
STATUS OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023**

There were no material findings required to be reported for the prior year ended December 31, 2022.



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July 3, 2024

To the Board of Commissioners
Batavia Housing Authority
400 East Main Street
Batavia, New York 14020

We have audited the financial statements of the Batavia Housing Authority (the "Authority") for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 21, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note B to the financial statements. As described in Note B to the financial statements the Authority changed accounting policies by adopting GASB Statement No. 94 – "Public-Private and Public-Public Partnerships and Availability Payment Arrangements, and GASB Statement No. 96 – "Subscription Based Information Technology Arrangements". We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Authority's financial statements was:

Management's estimate of the depreciation and it is based on useful life. We evaluated the methods, assumptions, and data used to develop the depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.



Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 3, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Schedule of the Authority's Proportionate Share of the net Pension Liability (Exhibit D) and the Schedule of the Authority's Pension Contributions (Exhibit E), which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the REAC Financial Data Schedules (FDS) and HUD Schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Commissioners and management of the Batavia Housing Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,
R.A. Mercer & Co., P.C.

