

**HOUSING AUTHORITY OF THE
BOROUGH OF BUENA**

**REPORT OF AUDIT
FOR THE YEARS ENDED
MARCH 31, 2018 AND 2017**

HOUSING AUTHORITY OF THE BOROUGH OF BUENA

Table of Contents

March 31, 2018 and 2017

	Page Number
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	2
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	5
Management's Discussion and Analysis	7
Basic Financial Statements	
Statements of Net Position	11
Statements of Revenue, Expenses, and Changes in Net Position	12
Statements of Cash Flows	13
Notes to Financial Statements	14
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of the Authority's Proportionate Share of the Net Pension Liability (PERS)	40
Schedule of the Authority's Contributions (PERS)	41
Note to Required Supplementary Information	42
<u>SUPPLEMENTARY INFORMATION</u>	
Financial Data Schedule	44
Schedule of Expenditures of Federal Awards	54
Notes to Schedule of Expenditures of Federal Awards	55
Schedule of Findings	56
Summary Schedule of Prior Year Audit Findings	57
APPRECIATION	58

HOUSING AUTHORITY OF THE BOROUGH OF BUENA

FINANCIAL SECTION

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Borough of Buena

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the Borough of Buena, a component unit of the Borough of Buena (Authority), as of and for the years ended March 31, 2018 and 2017 and the related notes to the financial statements which collectively comprise the Authority's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 in compliance with the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Housing Authority of the Borough of Buena as of March 31, 2018 and 2017, and the changes in financial position and cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements. The Schedule of Expenditures of Federal Awards, the Financial Data Schedule, and other supplementary information as required by the U.S. Department of Housing and Urban Development are presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedule of Expenditures of Federal Awards and the Financial Data Schedule as required by the U.S. Department of Housing and Urban Development are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Financial Data Schedule are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
December 7, 2018

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

Board of Commissioners
Housing Authority of the Borough of Buena

We have audited, 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 and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Housing Authority of the Borough of Buena, a component unit of the Borough of Buena, as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated December 7, 2018.

Internal Control Over Financial Reporting

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

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

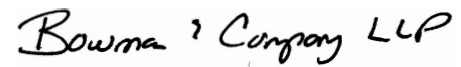
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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 determination of financial statement amounts. 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* and audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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* and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
December 7, 2018

Housing Authority of the Borough of Buena
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
March 31, 2018

As management of the Housing Authority of the Borough of Buena, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activity of the Authority for the year ended March 31, 2018. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities as of March 31, 2018 by \$1,527,328 (net position).
- The Authority's cash balance as of March 31, 2018 was \$313,910 representing an increase of \$67,961 from March 31, 2017. \$68,294 of the balance has been designated as replacement reserves due to the conversion to RAD.
- The Authority had intergovernmental revenues of \$58,096 from HUD operating subsidy, \$44,402 of HAP for the RAD project and \$72,624 from HUD capital fund grants for the year ended March 31, 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- **Statements of Net Position** - reports the Authority's current financial resources (short-term spendable resources) with capital assets and long-term debt obligations.
- **Statements of Revenue, Expenses and Changes in Net Position** - reports the Authority's operating and nonoperating revenue, by major sources, along with operating and nonoperating expenses and capital contributions.
- **Statements of Cash Flows** - reports the Authority's net cash from operating, investing, capital and noncapital related financial activities.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY-WIDE)

New for recent years is the adjustment required by Government Accounting Standards Board (GASB) Statement No. 68 Accounting and Financial Reporting for Pensions as required by Generally Accepted Accounting Principles for government entities. Under the provisions of GASB 68, the Authority must include its proportionate share of the net pension liability of the Public Employees' Retirement System (PERS). The Authority was required to report \$74,184 of deferred outflows of resources, \$55,462 of deferred inflows of resources and the pension liability of \$255,804 for the current fiscal year.

Housing Authority of the Borough of Buena
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
March 31, 2018

The following table summarizes the changes in net position between March 31, 2018, 2017 and 2016 for the Authority as a whole:

<u>ENTITY-WIDE</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Current Assets	\$ 321,706	\$ 265,835	\$ 237,915
Capital Assets	1,503,298	1,610,934	1,716,790
Total Assets	<u>1,825,004</u>	<u>1,876,769</u>	<u>1,954,705</u>
 Deferred Outflows of Resources	 <u>74,184</u>	 <u>88,984</u>	 <u>36,801</u>
 Current Liabilities	 47,448	 44,899	 53,390
Noncurrent Liabilities	268,950	322,234	244,096
Total Liabilities	<u>316,398</u>	<u>367,133</u>	<u>297,486</u>
 Deferred Inflows of Resources	 <u>55,462</u>	 <u>7,898</u>	 <u>13,853</u>
 Net Investment in Capital Assets	 1,503,298	 1,610,934	 1,716,790
Restricted Net Position	68,294	31,389	-
Unrestricted Net Position	(44,264)	(51,601)	(36,623)
Total Net Position	<u>\$ 1,527,328</u>	<u>\$ 1,590,722</u>	<u>\$ 1,680,167</u>

Current assets increased by \$55,871 in 2018 from 2017 primarily due to an increase in cash of \$67,961 offset by a decrease in prepaid expenses of \$6,498 and a decrease in receivables of \$5,592. Current assets increased by \$27,920 in 2017 from 2016 primarily due to an increase in cash of \$22,941, an increase in prepaid expenses of \$8,403 and a decrease in receivables of \$3,424.

Capital assets decreased by \$107,636 in 2018 from 2017 due to depreciation of \$107,636. Capital assets decreased by \$105,856 in 2017 from 2016 due to depreciation of \$105,856.

Deferred Outflows of Resources decreased by \$14,800 in 2018 from 2017 and increased by \$52,183 in 2017 from 2016 per the required GASB 68 year end accruals.

Current liabilities increased by \$2,549 in 2018 from 2017 primarily due to a increase in accrued utilities. Current liabilities decreased by \$8,491 in 2017 from 2016 primarily due to a decrease in accounts payable.

Noncurrent liabilities decreased by \$53,284 in 2018 from the prior year due to the pension liability accrual of \$54,467 and an increase in accrued compensated absences of \$1,183. Noncurrent liabilities increased by \$78,138 in 2017 from the prior year due to the pension liability accrual of \$76,182 and an increase in accrued compensated absences of \$1,956.

**Housing Authority of the Borough of Buena
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
March 31, 2018**

The following table summarizes the changes in revenues and expenses between FYE 2018, 2017 and 2016 for the Authority as a whole (entity-wide):

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating Revenue:			
Tenant Rental Revenue	\$ 221,252	\$ 223,772	\$ 212,498
Federal Grant Awards	175,122	162,213	175,676
Other Income	5,755	5,371	4,933
Total Operating Revenue	<u>402,129</u>	<u>391,356</u>	<u>393,107</u>
Operating Expenses:			
Administrative	147,453	150,388	129,473
Tenant Services	703	4,837	1,863
Utilities	87,802	82,469	80,766
Maintenance	89,391	103,389	101,197
General Expenses	32,729	34,056	34,758
Depreciation Expense	107,636	105,856	106,305
Total Operating Expenses	<u>465,714</u>	<u>480,995</u>	<u>454,362</u>
Nonoperating Revenue (Expenses):			
Investment Income	191	194	212
Net Nonoperating Revenue	<u>191</u>	<u>194</u>	<u>212</u>
Change in Net Position	(63,394)	(89,445)	(61,043)
Net Position, Beginning	<u>1,590,722</u>	<u>1,680,167</u>	<u>1,741,210</u>
Net Position, Ending	<u>\$ 1,527,328</u>	<u>\$ 1,590,722</u>	<u>\$ 1,680,167</u>

Comparatively, 2018 revenue increased by \$10,773 from 2017 due to an increase in Operating Subsidy of \$12,909 and an increase in other income of \$384 which were offset by a decrease in tenant rents of \$2,520. Comparatively, 2017 revenue decreased by \$1,751 from 2016 due to and increase in tenants revenues of \$11,274 and an increase in other income of \$438 which were offset by a decrease in federal awards of \$13,463.

Interest income decreased by \$3 in 2018 from 2017 due to lower balances in the bank accounts during the year. Interest income decreased by \$18 in 2017 from 2016 also due to lower balances in the bank accounts during the year.

Administrative expenses decreased by \$4,425 in 2018 from 2017 primarily due to a decrease in RAD related expenses. Administrative expenses increased by \$20,915 in 2017 from 2016 primarily due to increase in contracted management fees of \$6,000 and RAD related expenses of 20,513 offset by a decrease in sundry and other expenses of \$5,598.

Tenant services decrease in 2018 from 2017 by \$4,134 due to the decrease in congregate service program. Tenant services increase in 2017 from 2016 by \$2,974 primarily due to an increase in the congregate service program.

**Housing Authority of the Borough of Buena
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
March 31, 2018**

Utility expenses increase in 2018 from 2017 by \$5,333 primarily due to an increase in gas expense due to the colder weather. Utility expenses increased in 2017 from 2016 by \$1,703 primarily due to a increase in gas expense of \$4,211 offset by a decrease in electric expense of \$2,508.

Maintenance expenses decreased in 2018 from 2017 by \$12,508 due to an decrease in contract costs. 2017 had flooring costs of \$8,981 and survey expense of \$5,100 not repeated in 2018. Maintenance expenses increased in 2017 from 2016 by \$2,192 due to an increase in materials.

Depreciation expense increased in 2018 from 2017 by \$1,780 due to changes in the estimated useful lives of several capital assets. Depreciation expense decreased in 2017 from 2016 by \$449 due to more capital assets being fully depreciated.

CAPITAL ASSETS

The following table summarizes the changes in capital assets between March 31, 2018, 2017 and 2016:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Land	\$ 313,978	\$ 313,978	\$ 313,978
Buildings and Improvements	3,518,402	3,518,402	3,518,402
Equipment-Dwelling	59,972	59,972	59,972
Equipment-Nondwelling	<u>47,072</u>	<u>47,072</u>	<u>47,072</u>
TOTAL CAPITAL ASSETS	3,939,424	3,939,424	3,939,424
Accumulated depreciation	<u>2,436,126</u>	<u>2,328,490</u>	<u>2,222,634</u>
CAPITAL ASSETS, NET	<u>\$ 1,503,298</u>	<u>\$ 1,610,934</u>	<u>\$ 1,716,790</u>

DEBT ADMINISTRATION

Debt:

As of March 31, 2018, the Authority had no outstanding debt.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Housing Authority of the Borough of Buena, 600 Central Avenue, Minotola, NJ 08341-1014.

Housing Authority of the Borough of Buena
Statements of Net Position
March 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets		
Unrestricted cash and cash equivalents	\$ 222,639	\$ 193,045
Restricted cash and cash equivalents	22,977	21,515
Replacement reserve cash	68,294	31,389
Accounts receivable	183	367
Due from HUD	-	4,610
Other receivables	975	1,773
Prepaid expenses	<u>6,638</u>	<u>13,136</u>
Total current assets	<u>321,706</u>	<u>265,835</u>
Non-current assets		
Capital assets, net of accumulated depreciation	<u>1,503,298</u>	<u>1,610,934</u>
Total assets	<u>\$ 1,825,004</u>	<u>\$ 1,876,769</u>
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions	<u>\$ 74,184</u>	<u>\$ 88,984</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 1,405	\$ 1,676
Accrued expenses	6,434	4,986
Accrued compensated absences	3,287	2,991
Tenant security deposits	22,977	21,515
Due to other governments	13,345	13,722
Unearned revenue	<u>-</u>	<u>9</u>
Total current liabilities	<u>47,448</u>	<u>44,899</u>
Non-current liabilities		
Accrued compensated absences	13,146	11,963
Pension liability - contribution subsequent to measurement date	6,827	6,536
Pension liability	<u>248,977</u>	<u>303,735</u>
Total non-current liabilities	<u>268,950</u>	<u>322,234</u>
Total liabilities	<u>\$ 316,398</u>	<u>\$ 367,133</u>
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	<u>\$ 55,462</u>	<u>\$ 7,898</u>
NET POSITION		
Net investment in capital assets	1,503,298	1,610,934
Restricted	68,294	31,389
Unrestricted	<u>(44,264)</u>	<u>(51,601)</u>
Total net position	<u>\$ 1,527,328</u>	<u>\$ 1,590,722</u>

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

Housing Authority of the Borough of Buena
Statements of Revenue, Expenses, and Changes in Net Position
For the Years Ended March 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating revenue		
Federal grant awards	\$ 130,720	\$ 162,213
Tenant charges	222,492	223,772
Housing assistance payments	44,402	-
Other income	4,515	5,371
	<u>402,129</u>	<u>391,356</u>
Total operating revenue		
Operating expenses		
Administration	145,963	150,388
Tenant services	703	4,837
Utilities	87,802	82,469
Ordinary maintenance and operations	90,881	103,389
General expenses	32,729	34,056
Depreciation expense	107,636	105,856
	<u>465,714</u>	<u>480,995</u>
Total operating expenses		
Operating loss	<u>(63,585)</u>	<u>(89,639)</u>
Non-operating revenue:		
Interest income	191	194
	<u>191</u>	<u>194</u>
Decrease in net position	<u>(63,394)</u>	<u>(89,445)</u>
Net position at the beginning of the year	<u>1,590,722</u>	<u>1,680,167</u>
Net position at the end of the year	<u>\$ 1,527,328</u>	<u>\$ 1,590,722</u>

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

Housing Authority of the Borough of Buena
Statements of Cash Flows
For the Years Ended March 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Cash received from federal programs	\$ 135,330	\$ 166,569
Cash received from housing assistance payments	44,402	-
Cash received from tenants	224,129	223,084
Other operating cash receipts	4,515	5,371
Payments to employees	(100,562)	(87,360)
Payments for goods and services	<u>(240,044)</u>	<u>(284,917)</u>
Net cash provided by operating activities	<u>67,770</u>	<u>22,747</u>
Cash flows from investing activities		
Interest income received	<u>191</u>	<u>194</u>
Increase in cash and cash equivalents	67,961	22,941
Cash and cash equivalents, beginning of year	<u>245,949</u>	<u>223,008</u>
Cash and cash equivalents, end of year	<u>\$ 313,910</u>	<u>\$ 245,949</u>
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (63,585)	\$ (89,639)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	107,636	105,856
Adjustment to actuarial pension expense	8,773	18,431
Adjustment to actuarial accounts payable amount	(873)	(384)
(Increase) decrease in assets		
Accounts receivable	184	(89)
Due from HUD	4,610	4,356
Due from other governments	-	-
Other receivables	798	(843)
Prepaid expenses	6,498	(8,403)
Increase (decrease) in liabilities		
Accounts payable	(274)	(8,765)
Accrued expenses	1,448	575
Tenant security deposits	1,462	(394)
Due to other governments	(377)	640
Unearned revenue	(9)	(205)
Accrued compensated absences	<u>1,479</u>	<u>1,611</u>
Net cash provided by operating activities	<u>\$ 67,770</u>	<u>\$ 22,747</u>
Reconciliation of cash and cash equivalents to the statements of net position		
Cash and cash equivalents - unrestricted	\$ 222,639	\$ 193,045
Cash and cash equivalents - restricted	22,977	21,515
Replacement Reserve	<u>68,294</u>	<u>31,389</u>
	<u>\$ 313,910</u>	<u>\$ 245,949</u>

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

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 1: **ORGANIZATION AND ACTIVITY**

Reporting entity

The Housing Authority of the Borough of Buena (the "Authority") was created under federal and state housing laws as defined by state statute (N.J.S.A. 40A:12A-1, et seq., the "Housing Authority Act"). The Authority is governed by a Board of seven members who serve five-year terms. The governing Board is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development (HUD) and the New Jersey State Department of Community Affairs. An Executive Director is appointed by the Authority's Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance and management of public housing for low and moderate income families residing in the Borough of Buena, New Jersey. Operating and modernization subsidies are provided to the Authority by the federal government.

As of March 31, 2018, the activities of the Authority include the ownership and/or management of the following housing projects in Buena, New Jersey:

The Rental Assistance Demonstration ("RAD") program was created to assist housing authorities with preserving and/or improving public housing properties. The RAD program allows housing authorities to leverage public housing stock and public and private debt to make these improvements in the absence of federal funding for this purpose. In addition, converting to RAD provides for a more stable funding stream. Effective January 31, 2017, the Authority converted to RAD, converting all 60 rental units to project-based vouchers. The vouchers are managed by the Housing Authority of the City of Vineland.

The Public Housing Program consisted of 60 rental units constructed or purchased and operated by the Authority. The purpose of this program was to provide decent, safe, and sanitary housing to eligible low-income families and the elderly at rents they can afford. HUD provided assistance to the Authority in the form of operating subsidies. The Authority ceased participation in the Public Housing Program effective January 31, 2017.

Component unit

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit would be or is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic but not the only criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 1: **ORGANIZATION AND ACTIVITY (continued)**

Component unit (continued)

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

The Authority is a component unit of the Borough of Buena (the "Borough") as described in Governmental Accounting Standards Board Statements described above because the Council of the Borough of Buena appoints 6 out of the 7 commissioners to the Buena Housing Authority Board. These financial statements would be either blended or discreetly presented as part of the Borough's financial statements if the Borough reported using generally accepted accounting principles applicable to governmental entities.

As of March 31, 2018, it has been determined by the Authority that no component units exist.

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

The financial statements of the Housing Authority of the Borough of Buena have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activities; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

Basis of accounting

Basis of accounting determines when transactions are being recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

Revenues -- Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. Tenant charges are recognized as revenue when services are provided.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of accounting (continued)

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Budgets and budgetary control

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current year and to adopt not later than the beginning of the Authority's year. The governing body may amend the budget at any point during the year. The budget is adopted on the accrual basis of accounting with provisions for cash payments for bond principal. Depreciation expense is not included in the budget appropriations.

The legal level of budgetary control is established at the detail shown on the Statements of Revenue, Expenses and Changes in Net Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended. The Authority did not adopt an amending budget resolution during the year.

Non-appropriated capital budgets are prepared for the Capital Fund Program. Expenditures for these funds are controlled on the basis of applicable separate annual grant awards from HUD and are carried forward each year until the projects are completed or the grant award has been expended.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash and cash equivalents and investments

Cash and cash equivalents include petty cash, cash in banks, and all highly liquid investments with an original maturity of three months or less at time of purchase and are stated at fair value, which approximates cost. Such is the definition of cash and cash equivalents used in the statement of cash flows.

HUD authorizes public housing authorities to invest in U.S. obligations, U.S. agencies, money market funds limited to U.S. obligations, certificates of deposit, savings accounts, and repurchase agreements fully collateralized by U.S. obligations (with certain restrictions).

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

Additionally, the Authority has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the GUDPA. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

Restricted assets

Certain cash of the Authority is restricted for tenant security deposits or for other specified purposes.

Prepaid expenses

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond the Authority's year end.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Capital assets

Land, buildings, and furniture and equipment are carried substantially at cost. All additions and betterments are charged to the capital asset accounts. The Authority has no infrastructure capital assets.

Expenditures, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the capital asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Interest has been capitalized during the construction period on buildings and equipment.

Assets capitalized generally have an original cost of \$2,000 or more and a useful life in excess of three years. Dwelling equipment (ranges and refrigerators) is capitalized irrespective of cost. Depreciation has been provided on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	40 years
Building improvements	10 to 20 years
Furniture and equipment	3 to 10 years

Deferred outflows and deferred inflows of resources

The statements of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflow of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report the following as deferred outflows of resources and deferred inflows of resources related to the defined benefit pension plan: the difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Authority's proportion of expenses and liabilities to the pension as a whole, differences between the Authority's pension contribution and its proportionate share of contributions, and the Authority's pension contributions subsequent to the pension valuation measurement date. See note 6 for more information regarding the pension plan.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Compensated absences

Employees earn vacation and sick leave in varying amounts based upon length of service in accordance with the Authority's Personnel Policy. Sick leave can accrue without limit, but accrued vacation leave cannot exceed 2 years. In the event of retirement, employees may be compensated for accumulated vacation leave based on any accumulated and unpaid annual leave at the current rate of pay under the Personnel Policy. In the event of retirement, employees may be compensated for accumulated sick leave based on any accumulated and unpaid annual leave at the current rate of pay under the Personnel Policy up to 50% of the total accumulated sick leave, not to exceed \$17,500.

Amounts accrued are charged to expense with a corresponding liability.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net position

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

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced, by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component as the unspent amount.

Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted – This component of net position consists of net position that does not meet the definitions of "restricted" or "net investment in capital assets." This component includes net position that may be allocated for specific purposes by the Board.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Income taxes

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

Revenue

The major sources of revenue are various subsidies from the U.S. Department of Housing and Urban Development, charges to tenants, and other income as discussed below.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Non-operating revenues and expense consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

Federal grant revenue - Operating subsidies, Capital Fund program revenue received from the U.S. Department of Housing and Urban Development, and other Federal grants are susceptible to accrual and are recognized during the year earned in accordance with applicable HUD and other Federal program guidelines. The Authority is generally entitled to receive monies under an established payment schedule or, for the Capital Fund program, as expenditures are made. Advance payments received for the subsequent year are recorded as deferred or unearned revenue.

Tenant charges - Tenant charges consist of rental income and fees. Charges are determined and billed monthly and are recognized as revenues when assessed because they are measurable and are collectible within the current period. Amounts not received by year-end are considered to be accounts receivable, and amounts paid for the subsequent year are recorded as unearned revenue.

Other income - Miscellaneous income is composed primarily of miscellaneous service fees. This revenue is recorded as earned since it is measurable and available.

Use of estimates

Management of the Authority has made certain estimates and assumptions relating to the reporting of assets, liabilities and revenues and expenses to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results may differ from those estimates.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

New accounting standards adopted

During the year ended March 31, 2018, the Authority adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB). Implementation of these statements had no material impact on the Authority's 2018 financial statements.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The adoption of this Statement had no impact on the Authority's financial statements.

Statement No. 82, *Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The adoption of this Statement had no impact on the Authority's financial statements.

New accounting standards to be implemented in the future

The Authority plans to implement the following pronouncements by the required implementation dates or earlier, when deemed feasible:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the Authority in the year ending March 31, 2019. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The Statement will become effective for the Authority in the year ending March 31, 2020. Management does not expect this Statement will have an impact on the financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

New accounting standards to be implemented in the future (continued)

The Authority plans to implement the following pronouncements by the required implementation dates or earlier, when deemed feasible:

Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement will become effective for the Authority in the year ending March 31, 2020. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The Statement will become effective for the Authority in the year ending March 31, 2019. Management does not expect this Statement will have an impact on the financial statements.

Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The Statement will become effective for the Authority in the year ending March 31, 2019. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Statement will become effective for the Authority in the year ending March 31, 2021. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Statement will become effective for the Authority in the year ending March 31, 2020. Management has not yet determined the impact of this Statement on the financial statements.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 3: CASH AND CASH EQUIVALENTS

Custodial credit risk related to deposits – Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. The Authority's formal policy regarding custodial credit risk is the same as described in Note 2 and included in its cash management plan. N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. As of March 31, 2018, the Authority's bank balances of \$250,000 were insured by Federal depository insurance and \$65,340 were insured by GUDPA.

Note 4: RESTRICTED ASSETS

The Authority established restricted cash accounts as required by HUD to report the cash associated with holding tenant security deposits and the replacement reserve, required by RAD (see note 1). As of March 31, 2018 and 2017, the Authority's restricted cash balances are \$91,271 and \$52,904, respectively.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 5: **CAPITAL ASSETS**

The Authority's capital asset activity for the years ended March 31, 2018 and 2017 was as follows:

	Balance March 31, 2017	Additions	Reductions	Balance March 31, 2018
Capital assets not being depreciated				
Land	\$ 313,978	\$ -	\$ -	\$ 313,978
Capital assets being depreciated				
Buildings	3,518,403			3,518,403
Furniture & equipment – dwelling	59,972			59,972
Furniture & equipment – nondwelling	47,071			47,071
	3,939,424			3,939,424
Less accumulated depreciation	2,328,490	107,636		2,436,126
Net capital assets	<u>\$ 1,610,934</u>	<u>\$ (107,636)</u>	<u>\$ -</u>	<u>\$ 1,503,298</u>
	Balance March 31, 2016	Additions	Reductions	Balance March 31, 2017
Capital assets not being depreciated				
Land	\$ 313,978	\$ -	\$ -	\$ 313,978
Capital assets being depreciated				
Buildings	3,518,403			3,518,403
Furniture, equipment – dwelling	59,972			59,972
Furniture & equipment – nondwelling	47,071			47,071
	3,939,424			3,939,424
Less accumulated depreciation	2,222,634	105,856		2,328,490
Net capital assets	<u>\$ 1,716,790</u>	<u>\$ (105,856)</u>	<u>\$ -</u>	<u>\$ 1,610,934</u>

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN**

Public Employees' Retirement System

A substantial number of Authority employees participate in the Public Employees' Retirement System ("PERS"), a defined benefit pension plan, which is administered by the New Jersey Division of Pensions and Benefits ("the Division"). The plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.state.nj.us/treasury/pensions/financial-reports.shtml>

General Information about the Pension Plan

Plan Descriptions

The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not required to be a member of another state-administered retirement system or other state pensions fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Vesting and Benefit Provisions

The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier Definition

1. Members who were enrolled prior to July 1, 2007
2. Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3. Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4. Members who were eligible to enroll after May 22, 2010 and prior to June 28, 2011
5. Members who were eligible to enroll on or after June 28, 2011

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

Contributions

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.20% in State fiscal year 2017 and 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) was 10% in State fiscal year 2017. Employers' contribution are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Contributions (continued)

The Authority's contractually required contribution rate for the years ended March 31, 2018 and 2017 were 13.13% and 12.31%, respectively, of the Authority's covered payroll. These amounts were actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the Authority's contractually required contribution to the pension plan for the year ended March 31, 2018 is \$9,885, and is payable by April 1, 2018. Employee contributions to the plan during the year ended March 31, 2018 were \$5,501. Based on the PERS measurement date of June 30, 2016, the Authority's contractually required contribution to the pension plan for the year ended March 31, 2017 was \$9,102, and was payable by April 1, 2017. Employee contributions to the plan during the year ended March 31, 2017 were \$5,297. Based on the PERS measurement date of June 30, 2015, the Authority's contractually required contribution to the pension plan for the year ended March 31, 2016 was \$8,715, and was payable by April 1, 2016. Employee contributions to the plan during the year ended March 31, 2016 were \$4,824.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

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

At March 31, 2018 and 2017, the Authority's proportionate share of the PERS net pension liability was \$248,390 and \$303,444, respectively.

The net pension liability reported at March 31, 2018 was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. 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 pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2017 measurement date, the Authority's proportion was 0.0010670415%, which was an increase of 0.0000424865% from its proportion measured as of June 30, 2016.

The net pension liability reported at March 31, 2017 was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. 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 pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2016 measurement date, the Authority's proportion was 0.0010245550%, which was an increase of 0.0000108668% from its proportion measured as of June 30, 2015.

For the years ended March 31, 2018 and 2017, the Authority recognized pension expense of \$17,382 and \$27,145, respectively. These amounts were based on the plan's June 30, 2017 and 2016 measurement dates, respectively.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At March 31, 2018 and 2017, the Authority had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>March 31, 2018</u>		<u>March 31, 2017</u>	
	<u>Measurement Date</u>		<u>Measurement Date</u>	
	<u>June 30, 2017</u>		<u>June 30, 2016</u>	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 5,849		\$ 5,643	
Change of assumptions	50,042	\$ 49,859	62,857	
Net difference between projected and actual earnings on pension plan investments	1,691		11,571	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	9,188	5,602	2,086	\$ 7,898
Authority contributions subsequent to the measurement date	<u>7,414</u>		<u>6,827</u>	
	<u>\$ 74,184</u>	<u>\$ 55,461</u>	<u>\$ 88,984</u>	<u>\$ 7,898</u>

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

The deferred outflows of resources related to pensions totaling \$7,414 and \$6,827 will be included as a reduction of the net pension liability in the years ended March 31, 2019 and 2018, respectively.

Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

<u>Year Ending March 31,</u>	
2019	\$ 5,715
2020	8,692
2021	6,475
2022	(5,200)
2023	<u>(4,373)</u>
	<u>\$ 11,309</u>

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

The Authority will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Year of pension plan deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of assumptions		
Year of pension plan deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net difference between projected and actual earnings on pension plan investments		
Year of pension plan deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions		
Year of pension plan deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Actuarial Assumptions

The net pension liability was measured as of June 30, 2017 and 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017 and 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	Measurement Date June 30, 2017	Measurement Date June 30, 2016
Inflation	2.25%	3.08%
Salary increases:		
Through 2026	1.65% - 4.15% Based on age	1.65% - 4.15% Based on age
Thereafter	2.65% - 5.15% Based on age	2.65% - 5.15% Based on age
Investment rate of return	7.00%	7.65%
Mortality rate table	RP-2000	RP-2000
Period of actuarial experience Study upon which actuarial assumptions were based	July 1, 2011 – June 30, 2014	July 1, 2011 – June 30, 2014

For the June 30, 2017 measurement date, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Actuarial Assumptions (continued)

For the June 30, 2016 measurement date, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. Mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017 and 7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 and 2016 are summarized in the table below.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Actuarial Assumptions (continued)

Asset Class	Measurement Date June 30, 2017		Measurement Date June 30, 2016	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Absolute Return/Risk Mitigation	5.00%	5.51%	5.00%	0.87%
Cash Equivalents	5.50%	1.00%	1.50%	1.74%
U.S. Treasuries	3.00%	1.87%	8.00%	1.79%
Investment Grade Credit	10.00%	3.78%	2.00%	1.67%
Public High Yield	2.50%	6.82%	2.00%	4.56%
Global Diversified Credit	5.00%	7.10%	1.50%	3.44%
Credit Oriented Hedge Funds	1.00%	6.60%	26.00%	8.53%
Debt Related Private Equity	2.00%	10.63%	13.25%	6.83%
Debt Related Real Estate	1.00%	6.61%	6.50%	9.95%
Private Real Estate	2.50%	11.83%	9.00%	12.40%
Equity Related Real Estate	6.25%	9.23%	12.50%	4.68%
U.S. Equity	30.00%	8.19%	2.00%	6.91%
Non-U.S. Developed Markets Equity	11.50%	9.00%	0.50%	5.45%
Emerging Markets Equity	6.50%	11.64%	5.00%	-0.25%
Buyouts/Venture Capital	8.25%	13.08%	5.25%	5.63%
	100.00%		100.00%	

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The respective single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

The discount rate used to measure the total pension liability at June 30, 2016 was 3.98%. The respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Discount Rate (continued)

Sensitivity of Authority's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability at March 31, 2018, calculated using a discount rate of 5.00%, 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% lower or 1% higher than the current rates used:

	<u>1% Decrease (4.00%)</u>	<u>Current Discount Rate (5.00%)</u>	<u>1% Increase (6.00%)</u>
Authority's proportionate share of the net pension liability	<u>\$ 308,145</u>	<u>\$ 248,390</u>	<u>\$ 198,607</u>

The following presents the Authority's proportionate share of the net pension liability at March 31, 2017, calculated using a discount rate of 3.98%, 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% lower or 1% higher than the current rates used:

	<u>1% Decrease (2.98%)</u>	<u>Current Discount Rate (3.98%)</u>	<u>1% Increase (4.98%)</u>
Authority's proportionate share of the net pension liability	<u>\$ 371,835</u>	<u>\$ 303,444</u>	<u>\$ 246,981</u>

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Pension Plan Fiduciary Net Position

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the PERS and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Note 7: **LONG-TERM DEBT**

The following summarizes compensated absences at year end:

	March 31,	
	2018	2017
Beginning balance	\$ 14,954	\$ 13,343
Increase	6,987	7,552
Decrease	5,508	5,941
Ending balance	\$ 16,433	\$ 14,954
Current portion	\$ 3,287	\$ 2,991

Note 8: **MANAGEMENT AGREEMENT**

The Housing Authority of the Borough of Buena entered into an agreement to retain management services from the Housing Authority of the City of Vineland and has agreed to pay \$29,500 annually and to be invoiced monthly. The Housing Authority of the City of Vineland provides management services and additional services on an as-needed basis for the Housing Authority of the Borough of Buena. The current agreement became effective as of January 1, 2013, and is effective until December 31, 2017. This agreement will renew one additional five year term through December 31, 2022 unless written notice is received 30 days prior to expiration. Due to the RAD conversion, effective January 31, 2017 (see note 1), the agreement was amended to allow for additional fees during the year of transition in the amount of \$50 per leased unit per month. This amendment yielded an additional \$27,000 and \$6,000 of fees for the years ended March 31, 2018 and 2017, respectively. The total management fees paid were \$56,500 and \$35,500 for the years ended March 31, 2018 and 2017, respectively.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 9: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered through a joint insurance pool as described below. Settled claims from these risks have not exceeded coverage for the past several years.

The Authority is a member of the New Jersey Public Housing Authority Joint Insurance Fund. The Fund provides its members with the following coverage:

Property and Physical Damage
General and Automobile Liability
Workers' Compensation
Public Official Liability/Employment Practices Liability

Contributions to the Fund are payable in an annual premium and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment to the Fund's obligation.

The Fund publishes its own financial report which can be obtained from:

New Jersey Public Housing Authorities Joint Insurance Fund
9 Campus Drive, Suite 16
Parsippany, New Jersey 07054-4412

Note 10: OTHER MATTERS

Certain claims have been filed against the organization. In the opinion of management, all matters are adequately covered by insurance or are without merit.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2018

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
Last Five Plan Years

	<u>Measurement Date Ending June 30,</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion of the net pension liability	0.0010670415%	0.0010245550%	0.0010136882%	0.0010111773%	0.0010885497%
Proportionate share of the net pension liability	\$ 248,390	\$ 303,444	\$ 227,553	\$ 189,320	\$ 208,043
Covered payroll (plan measurement period)	\$ 73,924	\$ 70,480	\$ 69,928	\$ 69,928	\$ 75,096
Proportionate share of the net pension liability as a percentage of its covered payroll	336.01%	430.54%	325.41%	270.74%	277.04%
Plan fiduciary net position as a percentage of the total pension liability	48.10%	40.14%	47.93%	52.08%	48.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Required Supplementary Information
Schedule of the Authority's Contributions
Public Employees' Retirement System (PERS)
Last Five Fiscal Years

	<u>Year Ended March 31,</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 9,885	\$ 9,102	\$ 8,715	\$ 8,336	\$ 8,202
Contributions in relation to the contractually required contribution	<u>(9,885)</u>	<u>(9,102)</u>	<u>(8,715)</u>	<u>(8,336)</u>	<u>(8,202)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 75,304	\$ 73,924	\$ 72,055	\$ 70,066	\$ 69,928
Contributions as a percentage of covered payroll	13.13%	12.31%	12.09%	11.90%	11.73%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Note to Required Supplementary Information
For the Year Ended December 31, 2018

Note to Required Supplementary Information

Changes in benefit terms - None

Changes in Assumptions - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA

SUPPLEMENTARY INFORMATION

**(AS REQUIRED BY U.S. DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT)**

MARCH 31, 2018

Buena Housing Authority (NJ202)
MINOTOLA, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 03/31/2018

	Project Total	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted		\$222,639	\$222,639		\$222,639
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted		\$68,294	\$68,294		\$68,294
114 Cash - Tenant Security Deposits		\$22,977	\$22,977		\$22,977
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$0	\$313,910	\$313,910	\$0	\$313,910
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous		\$975	\$975		\$975
126 Accounts Receivable - Tenants		\$183	\$183		\$183
126.1 Allowance for Doubtful Accounts - Tenants		\$0	\$0		\$0
126.2 Allowance for Doubtful Accounts - Other		\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$1,158	\$1,158	\$0	\$1,158
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets		\$6,637	\$6,637		\$6,637
143 Inventories					

Buena Housing Authority (NJ202)
MINOTOLA, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 03/31/2018

	Project Total	1 Business Activities	Subtotal	ELIM	Total
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$0	\$321,705	\$321,705	\$0	\$321,705
161 Land		\$313,978	\$313,978		\$313,978
162 Buildings		\$3,518,402	\$3,518,402		\$3,518,402
163 Furniture, Equipment & Machinery - Dwellings		\$59,972	\$59,972		\$59,972
164 Furniture, Equipment & Machinery - Administration		\$47,072	\$47,072		\$47,072
165 Leasehold Improvements					
166 Accumulated Depreciation		-\$2,436,126	-\$2,436,126		-\$2,436,126
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$1,503,298	\$1,503,298	\$0	\$1,503,298
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	\$0	\$1,503,298	\$1,503,298	\$0	\$1,503,298
200 Deferred Outflow of Resources		\$74,184	\$74,184		\$74,184
290 Total Assets and Deferred Outflow of Resources	\$0	\$1,899,187	\$1,899,187	\$0	\$1,899,187

Buena Housing Authority (NJ202)
 MINOTOLA, NJ
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 03/31/2018

	Project Total	1 Business Activities	Subtotal	ELIM	Total
311 Bank Overdraft					
312 Accounts Payable <= 90 Days		\$1,405	\$1,405		\$1,405
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable					
322 Accrued Compensated Absences - Current Portion		\$3,287	\$3,287		\$3,287
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government		\$13,345	\$13,345		\$13,345
341 Tenant Security Deposits		\$22,977	\$22,977		\$22,977
342 Unearned Revenue					
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		\$6,434	\$6,434		\$6,434
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$0	\$47,448	\$47,448	\$0	\$47,448
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		\$13,146	\$13,146		\$13,146

Buena Housing Authority (NJ202)
 MINOTOLA, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 03/31/2018

	Project Total	1 Business Activities	Subtotal	ELIM	Total
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities		\$255,804	\$255,804		\$255,804
350 Total Non-Current Liabilities	\$0	\$268,950	\$268,950	\$0	\$268,950
300 Total Liabilities	\$0	\$316,398	\$316,398	\$0	\$316,398
400 Deferred Inflow of Resources		\$55,462	\$55,462		\$55,462
508.4 Net Investment in Capital Assets		\$1,503,298	\$1,503,298		\$1,503,298
511.4 Restricted Net Position		\$68,294	\$68,294		\$68,294
512.4 Unrestricted Net Position	\$0	-\$44,265	-\$44,265	\$0	-\$44,265
513 Total Equity - Net Assets / Position	\$0	\$1,527,327	\$1,527,327	\$0	\$1,527,327
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$1,899,187	\$1,899,187	\$0	\$1,899,187

Buena Housing Authority (NJ202)
MINOTOLA, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 03/31/2018

	Project Total	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		\$221,252	\$221,252		\$221,252
70400 Tenant Revenue - Other		\$5,755	\$5,755		\$5,755
70500 Total Tenant Revenue	\$0	\$227,007	\$227,007	\$0	\$227,007
70600 HUD PHA Operating Grants	\$130,720		\$130,720		\$130,720
70610 Capital Grants					
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue			\$0	\$0	\$0
70800 Other Government Grants		\$44,402	\$44,402		\$44,402
71100 Investment Income - Unrestricted		\$188	\$188		\$188
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					
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$130,720	\$271,597	\$402,317	\$0	\$402,317

Buena Housing Authority (NJ202)
MINOTOLA, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 03/31/2018

	Project Total	1 Business Activities	Subtotal	ELIM	Total
91100 Administrative Salaries		\$29,557	\$29,557		\$29,557
91200 Auditing Fees		\$8,200	\$8,200		\$8,200
91300 Management Fee		\$56,500	\$56,500		\$56,500
91310 Book-keeping Fee					
91400 Advertising and Marketing		\$374	\$374		\$374
91500 Employee Benefit contributions - Administrative		\$19,910	\$19,910		\$19,910
91600 Office Expenses		\$2,946	\$2,946		\$2,946
91700 Legal Expense		\$6,000	\$6,000		\$6,000
91800 Travel		\$840	\$840		\$840
91810 Allocated Overhead					
91900 Other		\$21,635	\$21,635		\$21,635
91000 Total Operating - Administrative	\$0	\$145,962	\$145,962	\$0	\$145,962
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other		\$703	\$703		\$703
92500 Total Tenant Services	\$0	\$703	\$703	\$0	\$703
93100 Water		\$15,494	\$15,494		\$15,494
93200 Electricity		\$12,682	\$12,682		\$12,682
93300 Gas		\$26,381	\$26,381		\$26,381
93400 Fuel					
93500 Labor					

Buena Housing Authority (NJ202)
MINOTOLA, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 03/31/2018

	Project Total	1 Business Activities	Subtotal	ELIM	Total
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense		\$33,245	\$33,245		\$33,245
93000 Total Utilities	\$0	\$87,802	\$87,802	\$0	\$87,802
94100 Ordinary Maintenance and Operations - Labor		\$46,166	\$46,166		\$46,166
94200 Ordinary Maintenance and Operations - Materials and Other		\$11,145	\$11,145		\$11,145
94300 Ordinary Maintenance and Operations Contracts		\$19,293	\$19,293		\$19,293
94500 Employee Benefit Contributions - Ordinary Maintenance		\$14,277	\$14,277		\$14,277
94000 Total Maintenance	\$0	\$90,881	\$90,881	\$0	\$90,881
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
96110 Property Insurance		\$10,389	\$10,389		\$10,389
96120 Liability Insurance		\$3,935	\$3,935		\$3,935
96130 Workmen's Compensation		\$941	\$941		\$941
96140 All Other Insurance		\$2,076	\$2,076		\$2,076
96100 Total Insurance Premiums	\$0	\$17,341	\$17,341	\$0	\$17,341

Buena Housing Authority (NJ202)
MINOTOLA, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 03/31/2018

	Project Total	1 Business Activities	Subtotal	ELIM	Total
96200 Other General Expenses					
96210 Compensated Absences		\$1,479	\$1,479		\$1,479
96300 Payments in Lieu of Taxes		\$13,345	\$13,345		\$13,345
96400 Bad debt - Tenant Rents		\$564	\$564		\$564
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$0	\$15,388	\$15,388	\$0	\$15,388
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
96900 Total Operating Expenses	\$0	\$358,077	\$358,077	\$0	\$358,077
97000 Excess of Operating Revenue over Operating Expenses	\$130,720	-\$86,480	\$44,240	\$0	\$44,240
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments					
97350 HAP Portability-In					
97400 Depreciation Expense		\$107,635	\$107,635		\$107,635
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					

Buena Housing Authority (NJ202)
MINOTOLA, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 03/31/2018

	Project Total	1 Business Activities	Subtotal	ELIM	Total
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$0	\$465,712	\$465,712	\$0	\$465,712
10010 Operating Transfer In	\$72,624		\$72,624	-\$72,624	\$0
10020 Operating transfer Out	-\$72,624		-\$72,624	\$72,624	\$0
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					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In		\$130,720	\$130,720	-\$130,720	\$0
10094 Transfers between Project and Program - Out	-\$130,720		-\$130,720	\$130,720	\$0
10100 Total Other financing Sources (Uses)	-\$130,720	\$130,720	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	-\$63,395	-\$63,395	\$0	-\$63,395
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$0	\$1,590,722	\$1,590,722		\$1,590,722
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors					
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					

Buena Housing Authority (NJ202)
MINOTOLA, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit Fiscal Year End: 03/31/2018

	Project Total	1 Business Activities	Subtotal	ELIM	Total
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	0	720	720		720
11210 Number of Unit Months Leased	0	710	710		710
11270 Excess Cash	\$0		\$0		\$0
11610 Land Purchases	\$0		\$0		\$0
11620 Building Purchases	\$0		\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0		\$0
11650 Leasehold Improvements Purchases	\$0		\$0		\$0
11660 Infrastructure Purchases	\$0		\$0		\$0
13510 CFFP Debt Service Payments	\$0		\$0		\$0
13901 Replacement Housing Factor Funds	\$0		\$0		\$0

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2018

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development Direct Programs				
Public and Indian Housing Program	14.850a	N/A	-	\$ 58,096
Public Housing - Capital Fund Program	14.872	N/A	-	<u>72,624</u>
Total expenditures of federal awards				<u>\$ 130,720</u>

See accompanying notes to schedule of expenditures of federal awards.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Schedule of Expenditures of Federal Awards

Note 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Housing Authority of the Borough of Buena (the "Authority") under programs of the federal government for the year ended March 31, 2018. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

Note 2: BASIS OF ACCOUNTING

Expenditures reported on this Schedule is reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying Schedule agree with amounts reported in the Authority's financial statements.

Note 4: PURPOSE OF SCHEDULE

Expenditures of federal awards were less than the single audit dollar threshold required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and therefore were not subject to a single audit. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Department of Housing and Urban Development and is not a required part of financial statements, as described in the Independent Auditor's Report.

Note 5: PHA'S STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

There were no Modernization Cost Certificates filed by the Housing Authority in 2018.

**Housing Authority of the Borough of Buena
Schedule of Findings
For the Year Ended March 31, 2018**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Schedule of Current Year Findings

No Current Year Findings.

**Housing Authority of the Borough of Buena
Summary Schedule of Prior Year Audit Findings
As Prepared by Management**

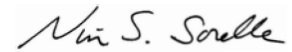
This section identifies the status of prior year findings that are required to be reported in accordance with Government Auditing Standards and with the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

No Prior Year Findings.

APPRECIATION

We express our appreciation for the courtesies extended and assistance rendered to us during the course of this audit.

Respectfully submitted,

A handwritten signature in cursive script that reads "Nina S. Sorelle".

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

