

**HOUSING AUTHORITY OF THE
BOROUGH OF BUENA**

**REPORT OF AUDIT
FOR THE FISCAL YEARS ENDED
MARCH 31, 2019 AND 2018**

HOUSING AUTHORITY OF THE BOROUGH OF BUENA

Table of Contents

March 31, 2019 and 2018

	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
Required Supplementary Information	
Schedule of the Authority's Proportionate Share of the Net OPEB Liability	45
Schedule of the Authority's OPEB Contributions	46
Note to Required Supplementary Information	47
Schedule of the Authority's Proportionate Share of the Net Pension Liability (PERS)	48
Schedule of the Authority's Contributions (PERS)	49
Note to Required Supplementary Information (PERS)	50
Supplementary Information	
Financial Data Schedule	52
Schedule of Findings	62
Schedule of Prior Year Audit Findings	63
Appreciation	64

HOUSING AUTHORITY OF THE BOROUGH OF BUENA

FINANCIAL SECTION

FOR THE FISCAL YEARS ENDED MARCH 31, 2019 AND 2018

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 fiscal years ended March 31, 2019 and 2018 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, 2019 and 2018, 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.

Emphasis of Matter

Adoption of New Accounting Principle

As discussed in note 2 to the financial statements, during the fiscal year ended March 31, 2019, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Cumulative Effect Restatement

Because of the implementation of GASB Statement 75, net position as of March 31, 2018 on the statements of revenue, expenses and changes in net position has been restated, as discussed in note 12 to the financial statements. Our opinion is not modified with respect to this matter.

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 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 Financial Data Schedule as required by the U.S. Department of Housing and Urban Development is the responsibility of management and was 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 Financial Data Schedule is 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 November 12, 2019 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
BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
November 12, 2019

**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, 2019, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated November 12, 2019.

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

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
November 12, 2019

Housing Authority of the Borough of Buena
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
March 31, 2019

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, 2019. 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, 2019 by \$1,032,921 (net position).
- The Authority's cash balance as of March 31, 2019 was \$400,851 representing an increase of \$86,941 from March 31, 2018. \$108,153 of the balance has been designated as replacement reserves due to the conversion to RAD.
- The Authority had Housing Assistance Payment revenues of \$181,397 for the fiscal year ended March 31, 2019, in lieu of federal grant awards.

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 \$54,822 of deferred outflows of resources, \$73,885 of deferred inflows of resources and the pension liability of \$219,132 for the current fiscal year.

Housing Authority of the Borough of Buena
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
March 31, 2019

Also, new for this year is the adjustment required by Government Accounting Standards Board (GASB) Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB) as required by Generally Accepted Accounting Principles for government entities. Under the provisions of GASB 75, the Authority must include its proportionate share of the net OPEB for health insurance. The Authority was required to report \$5,134 of deferred outflows of resources, \$170,956 of deferred inflows of resources and the OPEB liability of \$302,522 for the current fiscal year.

The following table summarizes the changes in net position between March 31, 2019, 2018 and 2017 for the Authority as a whole:

ENTITY-WIDE	2019	2018	2017
Current Assets	\$ 408,490	\$ 321,705	\$ 265,835
Capital Assets	1,399,076	1,503,298	1,610,934
Total Assets	<u>1,807,566</u>	<u>1,825,003</u>	<u>1,876,769</u>
Deferred Outflows of Resources	59,956	74,184	88,984
Total Assets and Deferred Outflows	<u><u>1,867,522</u></u>	<u><u>1,899,187</u></u>	<u><u>1,965,753</u></u>
Current Liabilities	52,821	47,448	44,899
Noncurrent Liabilities	536,939	268,950	322,234
Total Liabilities	<u>589,760</u>	<u>316,398</u>	<u>367,133</u>
Deferred Inflows of Resources	244,841	55,462	7,898
Total Liabilities and Deferred Inflows	<u><u>834,601</u></u>	<u><u>371,860</u></u>	<u><u>375,031</u></u>
Net Investment in Capital Assets	1,399,076	1,503,298	1,610,934
Restricted Net Position	108,153	68,294	-
Unrestricted Net Position	(474,308)	(44,265)	(20,212)
Total Net Position	<u><u>\$ 1,032,921</u></u>	<u><u>\$ 1,527,327</u></u>	<u><u>\$ 1,590,722</u></u>

Current assets increased by \$86,784 in 2019 from 2018 primarily due to an increase in cash of \$86,941 and an increase in receivables of \$2,441, offset by a decrease in other receivables of \$682 and a decrease in prepaid expenses of \$1,916.

Current assets increased by \$55,870 in 2018 from 2017 primarily due to an increase in cash of \$67,961 offset by a decrease in prepaid expenses of \$6,499 and a decrease in receivables of \$5,592.

Capital assets decreased by \$104,222 in 2019 from 2018 due to depreciation of \$104,222.

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

Deferred Outflows of Resources decreased by \$14,228 in 2019 from 2018 and decreased by \$14,800 in 2018 from 2017 per the required GASB 68 and GASB 75 year end accruals.

Current liabilities increased by \$5,373 in 2019 from 2018 primarily due to a increase in accounts payable. Current liabilities increased by \$2,549 in 2018 from 2017 primarily due to a increase in accrued utilities.

Noncurrent liabilities increased by \$267,989 in 2019 from the prior year primarily due to the OPEB liability accrual of \$302,522 offset by a decrease in the pension liability of \$36,672.

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.

**Housing Authority of the Borough of Buena
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
March 31, 2019**

Deferred Inflows of Resources increased by \$189,379 in 2019 from 2018 and increased by \$47,564 in 2018 from 2017 per the required GASB 68 and GASB 75 year end accruals.

The following table summarizes the changes in revenues and expenses between FYE 2019, 2018 and 2017 for the Authority as a whole (entity-wide):

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating Revenue:			
Tenant Rental Revenue	\$ 225,502	\$ 221,252	\$ 223,772
Federal Grant Awards	-	130,720	162,213
Housing Assistance Payments	181,397	44,402	-
Other Income	5,418	5,755	5,371
Total Operating Revenue	<u>412,317</u>	<u>402,129</u>	<u>391,356</u>
Operating Expenses:			
Administrative	112,524	145,963	150,388
Tenant Services	-	703	4,837
Utilities	85,014	87,802	82,469
Maintenance	100,043	90,881	103,389
General Expenses	34,579	32,729	34,056
Depreciation Expense	104,222	107,636	105,856
Total Operating Expenses	<u>436,382</u>	<u>465,714</u>	<u>480,995</u>
Nonoperating Revenue (Expenses):			
Investment Income	125	191	194
Net Nonoperating Revenue	<u>125</u>	<u>191</u>	<u>194</u>
Change in Net Position	<u>(23,940)</u>	<u>(63,394)</u>	<u>(89,445)</u>
Net Position, Beginning	<u>1,527,328</u>	<u>1,590,722</u>	<u>1,680,167</u>
Cumulative effect of change in accounting principle	<u>(470,467)</u>	<u>-</u>	<u>-</u>
Net Position, Ending	<u><u>\$ 1,032,921</u></u>	<u><u>\$ 1,527,328</u></u>	<u><u>\$ 1,590,722</u></u>

Comparatively, 2019 revenue increased by \$10,188 from 2018 due to an increase in housing assistance payment revenues of \$136,995, offset by a decrease in federal grant award revenue of \$130,720. There was also an increase in tenant charges of \$3,010 and in increase in other income of \$903. 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 \$2,520.00

Interest income decreased by \$66 in 2019 from 2018 and by \$6 in 2018 from 2017 due to lower balances in the bank accounts during the year.

Administrative expenses decreased by \$33,439 in 2019 from 2018 primarily due to a decrease in management fees of \$27,000. Administrative expenses decreased by \$4,425 in 2018 from 2017 primarily due to a decrease in RAD related expenses.

Tenant services decrease in 2019 from 2018 by \$703 and by \$4,134 in 2018 from 2017 due to a decrease in the congregate service program.

**Housing Authority of the Borough of Buena
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
March 31, 2019**

Utility expenses decrease in 2019 from 2018 by \$2,788 primarily due to a decrease in consumption. Utility expenses increase in 2018 from 2017 by \$5,333 primarily due to an increase in gas expense due to the colder weather.

Maintenance expenses increase in 2019 from 2018 by \$9,162 primarily due to an increase in supplies of \$9,095. Maintenance expenses decreased in 2018 from 2017 by \$12,508 due to a decrease in contract costs. 2017 had flooring costs of \$8,981 and survey expense of \$5,100 not repeated in 2018.

Depreciation expense decreased in 2019 from 2018 by \$3,414 due to more capital assets being fully depreciated. Depreciation expense increased in 2018 from 2017 by \$1,780 due to depreciation on new assets.

CAPITAL ASSETS

The following table summarizes the changes in capital assets between March 31, 2019, 2018 and 2017:

	<u>2019</u>	<u>2018</u>	<u>2017</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>2,540,348</u>	 <u>2,436,126</u>	 <u>2,328,490</u>
 CAPITAL ASSETS, NET	 <u>\$ 1,399,076</u>	 <u>\$ 1,503,298</u>	 <u>\$ 1,610,934</u>

DEBT ADMINISTRATION

Debt:

As of March 31, 2019, 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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Unrestricted cash and cash equivalents	\$ 267,729	\$ 222,639
Restricted cash and cash equivalents	24,969	22,977
Replacement reserve cash	108,153	68,294
Accounts receivable	2,624	183
Other receivables	293	975
Prepaid expenses	4,722	6,638
	408,490	321,706
Non-current assets		
Capital assets, net of accumulated depreciation	1,399,076	1,503,298
	\$ 1,807,566	\$ 1,825,004
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions	\$ 54,822	\$ 74,184
Related to OPEB	5,134	-
	\$ 59,956	\$ 74,184
LIABILITIES		
Current liabilities		
Accounts payable	\$ 4,813	\$ 1,405
Accrued expenses	4,267	6,434
Accrued compensated absences	3,821	3,287
Tenant security deposits	24,969	22,977
Due to other governments	13,976	13,345
Unearned revenue	975	-
	52,821	47,448
Non-current liabilities		
Accrued compensated absences	15,285	13,146
Pension liability - contribution subsequent to measurement date	8,000	6,827
Pension liability	211,132	248,977
Other postemployment benefits	302,522	-
	536,939	268,950
	\$ 589,760	\$ 316,398
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	\$ 73,885	\$ 55,462
Related to OPEB	170,956	-
	\$ 244,841	\$ 55,462
NET POSITION		
Net investment in capital assets	1,399,076	1,503,298
Restricted	108,153	68,294
Unrestricted	(474,308)	(44,264)
	\$ 1,032,921	\$ 1,527,328

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 Fiscal Years Ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating revenue		
Federal grant awards	\$ -	\$ 130,720
Tenant charges	225,502	222,492
Housing assistance payments	181,397	44,402
Other income	5,418	4,515
	412,317	402,129
 Operating expenses		
Administration	112,524	145,963
Tenant services	-	703
Utilities	85,014	87,802
Ordinary maintenance and operations	100,043	90,881
General expenses	34,579	32,729
Depreciation expense	104,222	107,636
	436,382	465,714
 Operating loss	(24,065)	(63,585)
 Non-operating revenue:		
Interest income	125	191
	(23,940)	(63,394)
 Net position at the beginning of the year, as originally stated	1,527,328	1,590,722
 Cumulative effect of change in accounting principle	(470,467)	-
 Net position at the beginning of the year, as restated	1,056,861	1,590,722
 Net position at the end of the year	\$ 1,032,921	\$ 1,527,328

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

Housing Authority of the Borough of Buena
Statements of Cash Flows
For the Fiscal Years Ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Cash received from federal programs	\$ -	\$ 135,330
Cash received from housing assistance payments	181,397	44,402
Cash received from tenants	226,028	224,129
Other operating cash receipts	5,418	4,515
Payments to employees	(105,562)	(100,562)
Payments for goods and services	<u>(220,465)</u>	<u>(240,044)</u>
Net cash provided by operating activities	<u>86,816</u>	<u>67,770</u>
Cash flows from investing activities		
Interest income received	<u>125</u>	<u>191</u>
Increase in cash and cash equivalents	86,941	67,961
Cash and cash equivalents, beginning of year	<u>313,910</u>	<u>245,949</u>
Cash and cash equivalents, end of year	<u>\$ 400,851</u>	<u>\$ 313,910</u>
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (24,065)	\$ (63,585)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	104,222	107,636
Adjustment to actuarial pension expense	166	8,773
Adjustment to actuarial accounts payable amount	(1,173)	(873)
(Increase) decrease in assets		
Accounts receivable	(2,441)	184
Due from HUD	-	4,610
Other receivables	682	798
Prepaid expenses	1,916	6,498
Increase (decrease) in liabilities		
Accounts payable	3,405	(274)
Accrued expenses	(2,167)	1,448
Tenant security deposits	1,992	1,462
Due to other governments	631	(377)
Unearned revenue	975	(9)
Accrued compensated absences	<u>2,673</u>	<u>1,479</u>
Net cash provided by operating activities	<u>\$ 86,816</u>	<u>\$ 67,770</u>
Reconciliation of cash and cash equivalents to the statements of net position		
Cash and cash equivalents - unrestricted	\$ 267,729	\$ 222,639
Cash and cash equivalents - restricted	24,969	22,977
Replacement Reserve	<u>108,153</u>	<u>68,294</u>
	<u>\$ 400,851</u>	<u>\$ 313,910</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 affordable housing for low and moderate income families residing in the Borough of Buena, New Jersey.

As of March 31, 2019, 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, 2019, 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 prepares an annual budget as required by 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 fiscal year and to adopt not later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the year. The Authority's budget includes all operations of the Authority. Planned Capital Fund expenditures are included in a capital budget, which is part of the annual budget. The original budget and budget amendments must be approved by Board resolution. Budget amendments during the fiscal years ended March 31, 2019 and 2018 were not significant.

Annual budgets are prepared on the modified accrual basis of accounting. This basis differs in certain respects from the full accrual basis of accounting that the Authority utilizes for financial reporting.

The Authority's annual budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by function and nature. The total amount of appropriations constitutes the legal level of control. Expenditures may not exceed appropriations at this level without approval of the State of New Jersey Department of Community Affairs.

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, change funds and cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value, as applicable.

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. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services, Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

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 fiscal 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 inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report amounts related to the defined benefit pension plan and other postemployment benefits that are applicable to future periods as deferred outflows of resources and deferred inflows of resources. See notes 6 and 7 for more information regarding the pension plan and other postemployment benefits (OPEB), respectively.

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.

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

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

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.

Postemployment Benefits Other Than Pensions (OPEB) - State Health Benefits Local Government Retired Employees Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan (the Plan) and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 fiscal year ended March 31, 2019, the Authority adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB).

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

Issued June 2015, this Statement's objective 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 government employers about financial support for OPEB that is provided by other entities.

The adoption of this statement had a material impact on the Authority's financial statements, see Notes 7 and 12.

Statement No. 85, Omnibus 2017

Issued March 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 adoption of this statement did not have a material impact on the Authority's financial statements.

Statement No. 86, Certain Debt Extinguishment Issues

Issued May 2017, the primary 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 adoption of this statement did not have a material impact on the Authority's 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

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

Statement No. 83, Certain Asset Retirement Obligations

Issued November 2016, 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.

This Statement is effective for periods beginning after June 15, 2018.

Statement No. 84, Fiduciary Activities

Issued January 2017, the objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

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 requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, Leases

Issued June 2017, 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements

Issued April 2018, the primary 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.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 90, Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61

Issued August 2018, the primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

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, 2019, the Authority's bank balances of \$250,000 were insured by Federal depository insurance and \$151,897 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, 2019 and 2018, the Authority's restricted cash balances are \$133,122 and \$91,271, 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, 2019 and 2018 was as follows:

	Balance March 31, 2018	Additions	Reductions	Balance March 31, 2019
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	2,436,126	104,222		2,540,348
Net capital assets	<u>\$ 1,503,298</u>	<u>\$ (104,222)</u>	<u>\$ -</u>	<u>\$ 1,399,076</u>
	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>

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 Description

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 seven years beginning in July 2012. The member contribution rate was 7.34% in State fiscal year 2018 and 7.20% in State fiscal year 2017. 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 2018. 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 fiscal years ended March 31, 2019 and 2018 were 13.90% and 13.13%, 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, 2018, the Authority's contractually required contribution to the pension plan for the fiscal year ended March 31, 2019 was \$10,666, and was paid by April 1, 2019. Based on the PERS measurement date of June 30, 2017, the Authority's contractually required contribution to the pension plan for the fiscal year ended March 31, 2018 was \$9,885, which was paid by April 1, 2018. Employee contributions to the Plan during the fiscal years ended March 31, 2019 and 2018 were \$5,723 and \$5,501, respectively.

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

At March 31, 2019, the Authority's proportionate share of the net pension liability was \$211,132. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. 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, 2018. 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, 2018 measurement date, the Authority's proportion was 0.0010723080%, which was an increase of 0.0000052665% from its proportion measured as of June 30, 2017.

At March 31, 2018, the Authority's proportionate share of the net pension liability was \$248,390. The net pension liability 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.

For the fiscal years ended March 31, 2019 and 2018, the Authority recognized pension expense of \$11,780 and \$17,832, respectively. These amounts were based on the plan's June 30, 2018 and 2017 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, 2019 and 2018, the Authority had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	March 31, 2019		March 31, 2018	
	Measurement Date June 30, 2018		Measurement Date June 30, 2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,026	\$ 1,089	\$ 5,849	\$ -
Change of assumptions	34,791	67,509	50,042	49,859
Net difference between projected and actual earnings on pension plan investments	-	1,980	1,691	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	8,005	3,307	9,188	5,602
Authority contributions subsequent to the measurement date	8,000	-	7,414	-
	\$ 54,822	\$ 73,885	\$ 74,184	\$ 55,461

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 \$8,000 and \$7,414 will be included as a reduction of the net pension liability in the fiscal years ended March 31, 2020 and 2019, respectively. This amount is based on an estimated April 1, 2020 and April 1, 2019 contractually required contribution, prorated from the pension plans measurement date of June 30, 2018 and June 30, 2017 to the Authority's year end of March 31, 2019 and 2018.

The Authority will amortize of the other deferred outflows of resources and deferred inflows of resources related to pensions will be 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	-
June 30, 2018	-	5.63
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
June 30, 2018	-	5.63
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
June 30, 2018	-	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
June 30, 2018	5.63	5.63

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)

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

Fiscal Year Ending March 31,		
2020	\$	1,545
2021		(689)
2022		(12,425)
2023		(11,588)
2024		(3,906)
		<u>\$ (27,063)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2018 and 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 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, 2018 and 2017. These actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	Measurement Date June 30, 2018	Measurement Date June 30, 2017
Inflation	2.25%	2.25%
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%	7.00%
Period of actuarial experience Study upon which actuarial assumptions were based	July 1, 2011 – June 30, 2014	July 1, 2011 – June 30, 2014

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, 2018 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 Conduent modified 2014 projection scale. Postretirement 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent modified 2014 projection scale thereafter. 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).

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).

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018 and 2017) 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' target asset allocation as of June 30, 2018 and 2017 are summarized in the table on the following page.

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, 2018		Measurement Date June 30, 2017	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
Cash Equivalents	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%	10.00%	3.78%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.60%	1.00%	6.60%
Private Real Estate	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
U.S. Equity	30.00%	8.19%	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%
	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2018 was 5.66%. The respective single blended discount rates were based on the long-term expected rate of return on pension Plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, 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 50% 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 2046; therefore, the long-term expected rate of return on Plan investments was applied to projected benefit payments through 2046, 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)

The discount rate used to measure the total pension liability at June 30, 2017 was 5.00%. 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 fiscal 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.

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, 2019, calculated using a discount rate of 5.66%, 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:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Proportionate share of the net pension liability	\$ 265,474	\$ 211,132	\$ 165,542

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:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Proportionate share of the net pension liability	\$ 308,145	\$ 211,132	\$ 198,607

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 <https://www.nj.gov/treasury/pensions/financial-reports.shtml>.

Note 7: **OTHER POST-RETIREMENT BENEFITS**

State Health Benefits Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided - The Authority contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug benefit coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

Note 7: **OTHER POST-RETIREMENT BENEFITS (continued)**

State Health Benefits Local Government Retired Employees Plan (continued)

General Information about the OPEB Plan (continued)

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Contributions - The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members.

The Authority was billed monthly by the Plan and for the fiscal years ended March 31, 2019, the Authority paid \$9,168. This amount represents 11.95% of the Authority's covered payroll. Retiree contributions for the fiscal year ended March 31, 2019 were not made available by the Plan.

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

OPEB Liability - At March 31, 2019, the Authority's proportionate share of the net OPEB liability was \$302,522.

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

The Authority's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan during the measurement period July 1, 2017 through June 30, 2018. For the June 30, 2018 measurement date, the Authority's proportion was 0.001931%.

OPEB Expense - At March 31, 2019, the Authority's proportionate share of the OPEB expense, calculated by the Plan as of the June 30, 2018 measurement date is \$7,042. As previously mentioned, for the fiscal year ended March 31, 2019, the Authority made contributions to the Plan totaling \$9,168.

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

Note 7: **OTHER POST-RETIREMENT BENEFITS (continued)**

State Health Benefits Local Government Retired Employees Plan (continued)

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At March 31, 2019, the Authority had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	March 31, 2019	
	Measurement Date	
	June 30, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 61,423
Change of assumptions	-	76,739
Net difference between projected and actual earnings on OPEB plan investments	160	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	4,974	32,794
Authority contributions subsequent to the measurement date	-	-
	\$ 5,134	\$ 170,956

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

Note 7: **OTHER POST-RETIREMENT BENEFITS (continued)**

State Health Benefits Local Government Retired Employees Plan (continued)

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

The Authority reported \$0 as a deferred outflow of resources resulting from the Authority's contributions subsequent to the measurement date. The Authority will amortize the other deferred outflow of resources and deferred inflows of resources related to the OPEB liability over the following number of years:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	-	8.14
Net difference between projected and actual earnings on OPEB plan investments	5.00	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	8.14	8.14

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

Fiscal Year Ending March 31,	
2020	\$ (24,997)
2021	(24,997)
2022	(24,997)
2023	(25,014)
2024	(25,041)
Thereafter	(40,777)
	\$ (165,823)

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

Note 7: **OTHER POST-RETIREMENT BENEFITS (continued)**

State Health Benefits Local Government Retired Employees Plan (continued)

Actuarial Assumptions

The actuarial valuation at June 30, 2018 used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases	
Through 2026	1.65% - 8.98%
Thereafter	2.65% - 9.98%

* Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the July 1, 2017 valuation were based on the results of the Public Employees' Retirement System (PERS) experience study. The PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

All of the Plan's investments are in the State of New Jersey Cash Management Fund ("CMF"). The New Jersey Division of Investments manages the CMF, which is available on a voluntary basis for investment by State and certain non-State participants. The CMF is considered to be an investment trust fund as defined in GASB Statement No. 31, *Certain Investments and External Investment Pools*. The CMF invests in U.S. Government and Agency Obligations, Commercial Paper, Corporate Obligations and Certificates of Deposit. Units of ownership in the CMF may be purchased or redeemed on any given business day (excluding State holidays) are the unit cost of value of \$1.00. Participant shares are valued on a fair value basis. The CMF pays interest to participants on a monthly basis.

Discount Rate - The discount rate used to measure the OPEB Liability at June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

Note 7: **OTHER POST-RETIREMENT BENEFITS (continued)**

State Health Benefits Local Government Retired Employees Plan (continued)

Actuarial Assumptions (continued)

Health Care Trend Assumptions - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Sensitivity of the net OPEB Liability to Changes in the Discount Rate

The net OPEB liability as of June 30, 2018, the plans measurement date, for the Authority calculated using a discount rate of 3.87%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Proportionate share of the net OPEB liability	\$ 354,938	\$ 302,522	\$ 260,653

Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The Authority's proportionate share of the net OPEB Liability as of June 30, 2018, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	\$ 252,352	\$ 302,522	\$ 367,450

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

Note 7: **OTHER POST-RETIREMENT BENEFITS (continued)**

OPEB Plan Fiduciary Net Position

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the respective fiduciary net position of the State Health Benefits Local Government Retired Employees Plan (the Plan) and additions to/deductions from the Plan's respective fiduciary net position have been determined on the same basis as they are reported by the Plan. Accordingly, contributions (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 8: **LONG-TERM DEBT**

The following summarizes compensated absences at year end:

	March 31,	
	2019	2018
Beginning balance	\$ 16,433	\$ 14,954
Increase	10,306	6,987
Decrease	7,633	5,508
Ending balance	\$ 19,106	\$ 16,433
Current portion	\$ 3,821	\$ 3,287

Note 9: **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 was 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 of fees for the fiscal year ended March 31, 2018. The total management fees paid were \$29,500 and \$56,500 for the fiscal years ended March 31, 2019 and 2018, respectively.

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

Note 10: 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 11: 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.

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

Note 12: CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

As indicated in Note 2 to the financial statements, in 2019, the Authority adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of implementing this new GASB statement, it was necessary to adjust unrestricted (deficit) net position in the financial statements, for the Authority's Other Post-Employment Benefits (OPEB) liability. The cumulative effect on the financial statements as reported for March 31, 2018 is as follows:

As reported – March 31, 2018	
Net position (deficit), as originally stated	\$ 1,527,328
Effects of accounting for adoption of GASB Statement No. 75:	
Deferred outflows	67
OPEB liability as of March 31, 2018	(389,125)
Deferred inflows	<u>(81,409)</u>
Restatement of net position	<u>(470,467)</u>
Restated – March 31, 2018	
Net position (deficit), as restated	<u><u>\$ 1,056,861</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2019

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net OPEB Liability
State Health Benefits Local Government Retired Employees Plan
Plan Year

Authority's Proportion of the Net OPEB Liability	0.001931%
Authority's Proportionate Share of the Net OPEB Liability	\$ 302,522
Authority's Covered Payroll (Plan Measurement Period)	\$ 75,656
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	399.87%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%

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 OPEB Contributions
State Health Benefits Local Government Retired Employees Plan
For the Fiscal Year Ended March 31, 2019

Authority's Required Contributions	\$	9,168
Authority's Contributions in Relation to the Required Contribution	\$	<u>(9,168)</u>
Authority's Contribution Deficiency (Excess)	\$	<u>-</u>
Authority's Covered Payroll (Fiscal Year)	\$	76,712
Authority's Contributions as a Percentage of Covered Payroll		11.95%

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
State Health Benefits Local Government Retired Employees Plan
For the Fiscal Year Ended March 31, 2019

Note to Required Supplementary Information

Changes in benefit terms - None

Changes in Assumptions - In 2017, the discount rate changed from 3.58% to 2.85%. In 2018, the discount rate changed to 3.87% from 3.58%, there were changes in the census, claims and premiums experience and a decrease in the assumed health care cost trend and excise tax assumptions.

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 Six Plan Years

	<u>Measurement Date Ending June 30,</u>					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion of the net pension liability	0.0010723080%	0.0010670415%	0.0010245550%	0.0010136882%	0.0010111773%	0.0010885497%
Proportionate share of the net pension liability	\$ 211,132	\$ 248,390	\$ 303,444	\$ 227,553	\$ 189,320	\$ 208,043
Covered payroll (plan measurement period)	\$ 75,304	\$ 73,924	\$ 70,480	\$ 69,928	\$ 69,928	\$ 75,096
Proportionate share of the net pension liability as a percentage of it's covered payroll	280.37%	336.01%	430.54%	325.41%	270.74%	277.04%
Plan fiduciary net position as a percentage of the total pension liability	53.60%	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 Six Fiscal Years

	<u>Year Ended March 31,</u>					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 10,666	\$ 9,885	\$ 9,102	\$ 8,715	\$ 8,336	\$ 8,202
Contributions in relation to the contractually required contribution	<u>(10,666)</u>	<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>	<u>\$ -</u>
Authority's covered payroll	\$ 76,712	\$ 75,304	\$ 73,924	\$ 72,055	\$ 70,066	\$ 69,928
Contributions as a percentage of covered payroll	13.90%	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 Fiscal Years Ended March 31, 2019 and 2018

Note to Required Supplementary Information

Changes in benefit terms - None

Changes in Assumptions - The Discount Rate changed at June 30th over the following years, 5.39% 2014, 4.90% 2015, 3.98% 2016, 5.00% 2017 and 5.66% 2018.

The Long-term Expected Rate of Return changed at June 30th over the following years, 7.90% 2014 and 2015, 7.65% 2016, 7.00% 2017 and 2018

For 2016, 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 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.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA

SUPPLEMENTARY INFORMATION

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

MARCH 31, 2019

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2019

	Project Total	1 Business Activities	Subtotal	Total
111 Cash - Unrestricted		\$267,729	\$267,729	\$267,729
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted		\$108,153	\$108,153	\$108,153
114 Cash - Tenant Security Deposits		\$24,969	\$24,969	\$24,969
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$0	\$400,851	\$400,851	\$400,851
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous		\$293	\$293	\$293
126 Accounts Receivable - Tenants		\$2,624	\$2,624	\$2,624
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	\$2,917	\$2,917	\$2,917
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets		\$4,722	\$4,722	\$4,722
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2019

	Project Total	1 Business Activities	Subtotal	Total
145 Assets Held for Sale				
150 Total Current Assets	\$0	\$408,490	\$408,490	\$408,490
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		-\$2,540,348	-\$2,540,348	-\$2,540,348
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$1,399,076	\$1,399,076	\$1,399,076
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	\$1,399,076	\$1,399,076	\$1,399,076
200 Deferred Outflow of Resources		\$59,956	\$59,956	\$59,956
290 Total Assets and Deferred Outflow of Resources	\$0	\$1,867,522	\$1,867,522	\$1,867,522
311 Bank Overdraft				
312 Accounts Payable <= 90 Days		\$4,813	\$4,813	\$4,813
313 Accounts Payable >90 Days Past Due				

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2019

	Project Total	1 Business Activities	Subtotal	Total
321 Accrued Wage/Payroll Taxes Payable				
322 Accrued Compensated Absences - Current Portion		\$3,821	\$3,821	\$3,821
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government		\$13,976	\$13,976	\$13,976
341 Tenant Security Deposits		\$24,969	\$24,969	\$24,969
342 Unearned Revenue		\$975	\$975	\$975
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		\$4,267	\$4,267	\$4,267
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$0	\$52,821	\$52,821	\$52,821
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		\$15,285	\$15,285	\$15,285
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities		\$521,654	\$521,654	\$521,654
350 Total Non-Current Liabilities	\$0	\$536,939	\$536,939	\$536,939
300 Total Liabilities	\$0	\$589,760	\$589,760	\$589,760

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2019

	Project Total	1 Business Activities	Subtotal	Total
400 Deferred Inflow of Resources		\$244,841	\$244,841	\$244,841
508.4 Net Investment in Capital Assets		\$1,399,076	\$1,399,076	\$1,399,076
511.4 Restricted Net Position		\$108,153	\$108,153	\$108,153
512.4 Unrestricted Net Position	\$0	-\$474,308	-\$474,308	-\$474,308
513 Total Equity - Net Assets / Position	\$0	\$1,032,921	\$1,032,921	\$1,032,921
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$1,867,522	\$1,867,522	\$1,867,522

Buena Housing Authority (NJ202)
MINOTOLA, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2019

	Project Total	1 Business Activities	Subtotal	Total
70300 Net Tenant Rental Revenue		\$224,777	\$224,777	\$224,777
70400 Tenant Revenue - Other		\$6,142	\$6,142	\$6,142
70500 Total Tenant Revenue	\$0	\$230,919	\$230,919	\$230,919
70600 HUD PHA Operating Grants				
70610 Capital Grants				
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants		\$181,397	\$181,397	\$181,397
71100 Investment Income - Unrestricted		\$125	\$125	\$125
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	\$0	\$412,441	\$412,441	\$412,441
91100 Administrative Salaries		\$30,139	\$30,139	\$30,139
91200 Auditing Fees		\$8,200	\$8,200	\$8,200
91300 Management Fee		\$29,500	\$29,500	\$29,500

Buena Housing Authority (NJ202)
MINOTOLA, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2019

	Project Total	1 Business Activities	Subtotal	Total
91310 Book-keeping Fee				
91400 Advertising and Marketing		\$432	\$432	\$432
91500 Employee Benefit contributions - Administrative		\$15,115	\$15,115	\$15,115
91600 Office Expenses		\$2,804	\$2,804	\$2,804
91700 Legal Expense		\$5,000	\$5,000	\$5,000
91800 Travel		\$952	\$952	\$952
91810 Allocated Overhead				
91900 Other		\$20,381	\$20,381	\$20,381
91000 Total Operating - Administrative	\$0	\$112,523	\$112,523	\$112,523
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other				
92500 Total Tenant Services	\$0	\$0	\$0	\$0
93100 Water		\$15,494	\$15,494	\$15,494
93200 Electricity		\$10,134	\$10,134	\$10,134
93300 Gas		\$26,141	\$26,141	\$26,141
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense		\$33,245	\$33,245	\$33,245
93000 Total Utilities	\$0	\$85,014	\$85,014	\$85,014

Buena Housing Authority (NJ202)
 MINOTOLA, NJ
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2019

	Project Total	1 Business Activities	Subtotal	Total
94100 Ordinary Maintenance and Operations - Labor		\$46,574	\$46,574	\$46,574
94200 Ordinary Maintenance and Operations - Materials and Other		\$20,348	\$20,348	\$20,348
94300 Ordinary Maintenance and Operations Contracts		\$22,560	\$22,560	\$22,560
94500 Employee Benefit Contributions - Ordinary Maintenance		\$10,560	\$10,560	\$10,560
94000 Total Maintenance	\$0	\$100,042	\$100,042	\$100,042
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
96110 Property Insurance		\$10,880	\$10,880	\$10,880
96120 Liability Insurance		\$3,943	\$3,943	\$3,943
96130 Workmen's Compensation		\$1,052	\$1,052	\$1,052
96140 All Other Insurance		\$2,055	\$2,055	\$2,055
96100 Total insurance Premiums	\$0	\$17,930	\$17,930	\$17,930
96200 Other General Expenses				
96210 Compensated Absences		\$2,673	\$2,673	\$2,673
96300 Payments in Lieu of Taxes		\$13,976	\$13,976	\$13,976
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$0	\$16,649	\$16,649	\$16,649

Buena Housing Authority (NJ202)
MINOTOLA, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2019

	Project Total	1 Business Activities	Subtotal	Total
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
96900 Total Operating Expenses	\$0	\$332,158	\$332,158	\$332,158
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$80,283	\$80,283	\$80,283
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense		\$104,222	\$104,222	\$104,222
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$0	\$436,380	\$436,380	\$436,380
10010 Operating Transfer In				
10020 Operating transfer Out				
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				

Buena Housing Authority (NJ202)
 MINOTOLA, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2019

	Project Total	1 Business Activities	Subtotal	Total
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	-\$23,939	-\$23,939	-\$23,939
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$0	\$1,527,327	\$1,527,327	\$1,527,327
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		-\$470,467	-\$470,467	-\$470,467
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available	0	720	720	720
11210 Number of Unit Months Leased	0	718	718	718
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

Buena Housing Authority (NJ202)
 MINOTOLA, NJ
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2019

	Project Total	1 Business Activities	Subtotal	Total
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 Findings
For the Fiscal Year Ended March 31, 2019**

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,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants