

Report On Audit

**HOUSING AUTHORITY OF
CITY OF NEW BRUNSWICK**

**For the Year Ended
June 30, 2019**

Housing Authority of the City of New Brunswick
Table of Contents

	<u>Page Number</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-18
Financial Statements	
Statement of Net Position	19-20
Statement of Revenue, Expenses and Changes in Net Position	21
Statement of Cash Flows	22-23
Notes to Financial Statements	24-59
Required Supplementary Information	
Schedule of Changes in Total OPEB Liabilities and Ratios	60
Schedule of Proportionate Share of the Net Pension Liability Of the Public Employee Retirement System (PERS)	61-62
Supplementary Information	
Schedule of Expenditures of Federal Awards	63-64
Statement on Certification of Actual Cost Capital Fund Program	65-67
Financial Data Schedule	68-75
Other Reports and Comments	
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 <i>Government Auditing Standards</i>	76-77
Independent Auditors Report on Compliance for each Major Program and on Internal Control over Compliance Required by Uniform Guidance	78-80
Schedule of Findings and Questioned Cost	81
Independent Accountant's Report on Applying Agreed-upon Procedures - REAC	82-83



Hymanson, Parnes & Giampaolo
Certified Public Accountants

tele: 732-842-4550

fax: 732-842-4551

467 Middletown-Lincroft Rd.

Lincroft, NJ 07738

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of New Brunswick
7 Vandyke Avenue
New Brunswick, New Jersey 08901

Report on the Financial Statements

We have audited the accompanying financial statements of Housing Authority of the City of New Brunswick (a governmental public corporation) in New Brunswick, New Jersey, hereafter referred to as the Authority, which comprise the statement of net position as of June 30, 2019 and 2018 and the related statement of revenue, expenses and changes in net position, statement of cash flows for the years then ended, and the related notes to the financial statements.

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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 Housing Authority of the City of New Brunswick 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 Housing Authority of the City of New Brunswick 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 respective financial position of the Housing Authority of the City of New Brunswick as of June 30, 2019 and 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and OPEB and PERS supplemental information on pages 4 through 18 and pages 60-62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 accepted in the United States of America, which consisted of inquiries of management about the method of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements Housing Authority of the City of New Brunswick. The accompanying supplemental information on pages 63-75 is presented for additional analysis and is not required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Capital Fund cost certifications are also not required part of the basic financial statements.

The electronic filed Financial Data Schedule is presented for additional analysis as required by the U.S. Department of Housing and Urban Development's Real Estate Assessment Center and is also not required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, Capital Fund cost certifications and the Financial Data Schedule, are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, Capital Fund cost certifications and the Financial Data Schedule, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued reports dated January 24, 2020 on our consideration of the Housing Authority of the City of New Brunswick's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of New Brunswick 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 Housing Authority of the City of New Brunswick's internal control over financial reporting and compliance.

Hymanson, Parnes & Giampaolo

Lincroft, New Jersey

Date: January 24, 2020

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2019**

As Management of the Housing Authority of the City of New Brunswick (the Authority), present the following discussion and analysis which is supplementary information required by the Governmental Accounting Standards Board (GASB), and is intended to provide an easily readable explanation of the information provided in the attached financial statements. Management Discussion and Analysis is designed to focus on the current year activities, resulting changes, and current known facts. It is by necessity highly summarized, and in order to gain a thorough understanding of the Authority's financial position, the financial statements and footnotes should be viewed in their entirety beginning on page 19 of this report. New standards issued by GASB have significantly changed the format of the financial statements. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

FINANCIAL HIGHLIGHTS

The liabilities and deferred inflows of the Authority exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$9,466,192 a decrease in the deficit of \$536,319 or 5% percent as compared to the prior year.

As noted above, the net position of the Authority was a negative (\$9,466,192) as of June 30, 2019. Of this amount, the unrestricted net position is a negative (\$15,207,843) representing a decrease in the deficit of \$622,918 or 4% percent from the previous year. During the year of 2018, the Authority recorded a prior period adjustment for the implementation of GASB #75 in the amount of \$11,577,939. Additional information on the Authority's unrestricted net positions can be found in Note 21 the financial statements, which is included in this report.

The net investment in capital assets decreased \$307,373 or 5% percent for an ending balance of \$5,327,816.

The restricted net position increased \$220,774 from the previous year for an ending balance of \$413,835. Additional information on the Authority's restricted net position can be found in Note 20 to the financial statements, which is included in this report.

The Authority's unrestricted cash, and cash equivalent at June 30, 2019 is \$1,091,401 representing an increase of \$606,730 or 125% percent from the prior year. Total restricted deposits and funded reserves increased \$317,211 or 8% percent for an ending balance of \$4,391,737. The full detail of these amounts can be found in the Statement of Cash Flows on pages 22-23 of this report.

The Authority's total assets and deferred outflows are \$20,946,600 of which capital assets net book value is \$6,407,816, other assets is \$4,216,792 restricted deposits and funded reserves is \$4,391,737, and deferred outflow amount is \$629,724, leaving total current assets at \$5,300,531.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2019**

FINANCIAL HIGHLIGHTS - CONTINUED

Total current assets increased from the previous year by \$862,041 or 19% percent. Cash and cash equivalents unrestricted increased by \$606,730, accounts receivables increased by \$246,335, and prepaid expenses increased by \$8,976.

Restricted deposits and funded reserves increased from the previous year by \$317,211 or 8% percent for an ending balance of \$4,391,737.

Capital assets reported a decreased in the net book value of the capital assets in the amount of \$444,373 or 7% percent. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$181,504, less the recording of depreciation expense in the amount of \$628,879. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The Authority note receivable – noncurrent decreased \$4,170,811 or 50% percent as compared to the previous fiscal year for an ending balance of \$4,216,792. The Authority has issued bonds in the previous years to provide financing for public improvements activities for the City. The proceeds for the payment of the debt will be funded by the City of New Brunswick. The decrease of the account balance was mainly the receipt for the payment of debt issued.

The Authority reported a decrease in the deferred outflow for the pension cost in the amount of \$563,733 for an ending balance of \$629,724. The Authority reported an increase in the deferred inflow for the pension cost in the amount of \$447,700 for an ending balance of \$1,399,094. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 10 Deferred Outflows/Inflows of Resources.

The Authority's total liabilities are reported at \$29,013,698 of which noncurrent liabilities are stated at \$20,704,227. Total liabilities decreased during the year as compared to the prior year in the amount of \$4,986,684 or 15% percent. Total current liabilities increased during the year by \$36,944 leaving noncurrent liabilities for a decrease of \$5,023,628 or 20% percent, as compared to the previous year.

Total current liabilities increased from the previous year by \$36,944 or less than 1% percent. Accounts payables increased by \$114,555, accrued liabilities decreased by \$72,635, tenant security deposit payable increased \$5,937 from the prior year, unearned revenue decreased \$175,913 for the receipt of the bonds revenue in June 2019 for the payment of July 2019, and the current portion of the Capital Project Bonds increased \$165,000.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2019**

FINANCIAL HIGHLIGHTS - CONTINUED

Total noncurrent liabilities decreased by \$5,023,628 or 20% percent. The decrease was comprised of four accounts, long-term capital bonds which decreased by \$3,805,000 for an ending balance of \$4,805,000, accrued compensated absences – long term with no offsetting assets decreased \$45,680 from the prior fiscal year for an ending balance of \$96,045, noncurrent other liabilities decreased \$299,461 during the year for the receipt for the net amortization of the bond premium cost refinanced.

Accrued other post-employment benefits (OPEB) liabilities decreased \$873,487 for ending balance of \$15,247,942. Additional information on GASB #68 and #75 effect and the Authority's accrued OPEB liabilities at June 30, 2019 can be found in Notes 18-19 to the financial statements, which is included in this report.

The Authority had total operating revenue of \$14,539,537 as compared to \$13,601,431 from the prior year for an increase of \$938,106 or 7% percent. The Authority had total operating expenses of \$14,422,212 as compared to \$15,171,082 from the previous year for a decrease of \$748,870 or 5% percent, resulting in excess revenue from operations in the amount of \$117,325 for the current year as compared to a deficiency of revenue from operations in the amount of \$1,569,651 for an increase of excess revenue of \$1,686,976 or 107% percent from the previous year.

Total capital improvements contributions from HUD were in the amount of \$321,504 as compared to \$265,702 from the previous year for an increase of \$55,802 or 21% percent.

The Authority's had capital outlays in the amount of \$181,504 for the fiscal year. These expenditures were funded by grants received during the year from the U.S. Department of Housing and Urban Development. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The Authority's Expenditures of Federal Awards amounted to \$13,134,932 for the fiscal year 2019 as compared to \$12,055,638 for the previous fiscal year 2018 for an increase of \$1,079,294 or 9% percent.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2019**

USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

1. Public and Indian Housing Program
2. Section 8 Housing Choice Vouchers
3. Public Housing Capital Fund Program

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

This discussion and analysis are intended to serve as an introduction to the Housing Authority's basic financial statements. The basic financial statements are prepared on an entity wide basis and consist of:

- 1) Statement of Net Position
- 2) Statement of Revenue, Expenses, and Changes in Net Position
- 3) Statement of Cash Flows
- 4) Notes to the Financial Statements

The Authority's financial statements and notes to financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) applicable to governmental entities in the United States of America for the Enterprise Fund types. The Authority's activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe, and sanitary housing to low income and special needs populations. The financial statements can be found on pages 19 through 23.

Statement of Net Position – This statement presents information on the Authority's total of assets and deferred outflow of resources, and total of liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

Statement of Revenue, Expenses and Changes in Net Position – This statement presents information showing how the Authority's net position increased or decreased during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash inflows and cash outflows in the future periods.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

Statement of Cash Flows– This statement presents information showing the total cash receipts and cash disbursements of the Housing Authority during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e. capital additions, debt payments, prior period obligations, etc.). In addition, the statement reflects the receipt of cash that was obligated to the Housing Authority in prior periods and subsequently received during the current fiscal year (i.e. accounts receivable, notes receivable, etc.).

Notes to the Financial Statements - Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Housing Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Housing Authority may face. The Notes to Financial Statements can be found in this Report beginning on page 24 through 60.

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Audits of States, Local Governments and Non-profit Organizations. The schedule of Expenditures of Federal Awards can be found on pages 61-63 of this report.

- 1. Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), federal award is defined as federal financial assistance and federal cost reimbursement contracts that non-federal agencies receive directly or indirectly from federal agencies or pass-through entities. Federal financial assistance is defined as assistance that nonfederal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, direct appropriations and other assistance.

- 2. Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and the Uniform Guidance establish the levels of expenditures or expenses to be used in defining Type A and Type B Federal financial assistance programs. Type A programs for the Housing Authority of the City of New Brunswick Housing are those which equal or exceeded \$750,000 in expenditures for the fiscal year ended June 30, 2019. Type B programs for the Housing Authority of the City of New Brunswick are those which are less than \$750,000 in expenditures for the fiscal year ended June 30, 2019.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

The following summarizes the computation of Net Position between June 30, 2019 and June 30, 2018:

Computations of Net Position are as follows:

	<u>Year Ended</u>		Increase
	June-19	June-18	(Decrease)
Cash	\$ 5,483,138	\$ 4,559,197	\$ 923,941
Other Current Assets	4,209,130	3,953,819	255,311
Capital Assets - Net	6,407,816	6,855,189	(447,373)
Other Assets	4,216,792	8,387,603	(4,170,811)
Deferred Outflows	629,724	1,193,457	(563,733)
Total Assets	20,946,600	24,949,265	(4,002,665)
Less: Current Liabilities	(8,309,471)	(8,272,527)	(36,944)
Less: Non Current Liabilities	(20,704,227)	(25,727,855)	5,023,628
Less: Deferred Inflows	(1,399,094)	(951,394)	(447,700)
Net Position	\$ (9,466,192)	\$ (10,002,511)	\$ 536,319
Net Investment in Capital Assets	\$ 5,327,816	\$ 5,635,189	\$ (307,373)
Restricted Net Position	413,835	193,061	220,774
Unrestricted Net Position	(15,207,843)	(15,830,761)	622,918
Net Position	\$ (9,466,192)	\$ (10,002,511)	\$ 536,319

Cash increased by \$923,941 or 20% percent. Net cash provided by operating activities was \$17,694, net cash provided by capital and related financing activities was \$815,082, and net cash provided by investing activities was \$91,165. The full detail of this amount can be found in the Statement of Cash Flows on page 22-23 of this audit report.

Other current assets increased \$255,311. Accounts receivables increase by \$246,335 and prepaid expenses increased by \$8,976.

Capital assets reported a decreased in the net book value of the capital assets in the amount of \$444,373 or 7% percent. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$181,504, less the recording of depreciation expense in the amount of \$628,879. A full detail of capital outlays can be found in the Notes to the Financial Statements Section Note – 8 Fixed Assets.

The Authority note receivable – noncurrent decreased \$4,170,811 or 50% percent as compared to the previous fiscal year for an ending balance of \$4,216,792. The Authority has issued bonds in the previous years to provide financing for public improvements activities for the City. The proceeds for the payment of the debt will be funded by the City of New Brunswick. The decrease of the account balance was mainly the receipt for the payment of debt issued.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority reported a decrease in the deferred outflow for the pension cost in the amount of \$563,733 for an ending balance of \$629,724. The Authority reported an increase in the deferred inflow for the pension cost in the amount of \$447,700 for an ending balance of \$1,399,094. A full detail of the pension reporting requirement can be found in the Notes to the Financial Statements Section Note – 10 Deferred Outflows/Inflows of Resources.

Total current liabilities increased from the previous year by \$36,944 or less than 1% percent. Accounts payables increased by \$114,555, accrued liabilities decreased by \$72,635, tenant security deposit payable increased \$5,937 from the prior year, unearned revenue decreased \$175,913 for the receipt of the bonds revenue in June 2019 for the payment of July 2019, and the current portion of the Capital Project Bonds increased \$165,000.

Total noncurrent liabilities decreased by \$5,023,628 or 20% percent. The decrease was comprised of four accounts, long-term capital bonds which decreased by \$3,805,000 for an ending balance of \$4,805,000, accrued compensated absences – long term with no offsetting assets decreased \$45,680 from the prior fiscal year for an ending balance of \$96,045, noncurrent other liabilities decreased \$299,461 during the year for the receipt for the net amortization of the bond premium cost refinanced.

Accrued other post-employment benefits (OPEB) liabilities decreased \$873,487 for ending balance of \$15,247,942. Additional information on GASB #68 and #75 effect and the Authority's accrued OPEB liabilities at June 30, 2019 can be found in Notes 18-19 to the financial statements, which is included in this report.

The Authority's reported net position of negative (\$9,466,192) is made up of three categories. The net investment in capital assets in the amount of \$5,327,816 represents the majority of the total net position. The net investment in capital assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding.

The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending. The schedule below reflects the activity in this account for the current fiscal year:

Balance June 30, 2018	\$ 5,635,189
Acquisition in Fixed Assets	181,506
Payment of Debt -CFFP	140,000
Depreciation Expense	(628,879)
Balance June 30, 2019	<u>\$ 5,327,816</u>

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority reported a restricted net position of \$413,835, an increase of \$220,774 from the prior year. This balance represents available resources that may be used only for specific purposes stipulated by the grantor. The account balance consists of the amount of cash that is restricted for the Housing Choice Voucher program and the leveraging program activities. Additional information on these funds can be found in Note 4 Restricted Cash and Note 20 Restricted Net Position.

Housing Authority of the City of New Brunswick operating results for June 30, 2019 reported an increase in unrestricted position of \$622,918 or 4% percent for an ending balance of a deficit (\$15,207,843). A full detail of these accounts can be found in the Notes to the Financial Statements Section Note – 21 Unrestricted Net Position. During the 2018 year, the Authority had a prior period adjustment in the amount of (\$11,577,939) for the recording of the adoption of GASB #75 requirement.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The following summarizes the changes in Net Position between June 30, 2019 and June 30, 2018:

Computation of Changes in Net Position are as follows:

	<u>Year Ended</u>		Increase (Decrease)
	June-19	June-18	
<u>Revenues</u>			
Tenant Revenues	\$ 1,388,860	\$ 1,377,332	\$ 11,528
HUD Subsidies	12,813,428	11,789,936	1,023,492
Other Revenues	337,249	434,163	(96,914)
Total Operating Income	<u>14,539,537</u>	<u>13,601,431</u>	<u>938,106</u>
<u>Expenses</u>			
Operating Expenses	13,793,333	14,473,922	(680,589)
Depreciation Expense	628,879	697,160	(68,281)
Total Operating Expenses	<u>14,422,212</u>	<u>15,171,082</u>	<u>(748,870)</u>
Operating Income before Non Operating Income	117,325	(1,569,651)	1,686,976
Interest Income	91,165	266,685	(175,520)
Capital Grants	321,504	265,702	55,802
Increase (Decrease) in Net Position	<u>529,994</u>	<u>(1,037,264)</u>	<u>1,567,258</u>
Net Assets Prior Year	(10,002,511)	2,612,692	(12,615,203)
Prior Period Adjustment	6,325	(11,577,939)	11,584,264
Total Net Position	<u>(9,466,192)</u>	<u>(10,002,511)</u>	<u>\$ 536,319</u>

Approximately 88% percent of the Authority's total operating revenue was provided by HUD operating subsidy, while 10% percent resulted from tenant revenue. Charges for various services provided the remaining 2% percent of the total operating income.

Housing Authority of the City of New Brunswick received from the capital fund program \$321,504 in grant money an increase of \$265,702 from the prior fiscal year. The Authority had capital expenditures of \$181,504. The current year additions were for apartment improvements, appliances, security cameras, plumbing upgrades and furnaces replacements.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority's operating expenses cover a range of expenses. The largest expense was for housing assistance payment expenses representing 65% percent of total operating expenses. Administrative expenses accounted for 16% percent, utilities expense accounted for 9% percent, maintenance expense accounted for 4% percent, other operating expenses accounted for 1% percent, interest expense accounted for 1%, and depreciation accounted for the remaining 4% percent of the total operating expenses.

The Authority operating revenue exceeded its operating expenses resulting in excess revenue from operations in the amount of \$117,325 from operations as compared to excess expenses from operations of \$1,569,651 for the previous year. The key elements for the decrease in the deficit in comparison to the prior year are as follow:

- The Authority reported an increase in HUD PHA operating grants in the amount of \$1,023,492 or 9% percent.
- Tenants dwelling rents revenue increased \$11,528 mainly due to tenant's increase in household income.
- Other income decreased \$96,914 as compared to the prior year.
- The operating expense accounts that saw some major decreases was:
 - Administrative expense decreased \$103,347
 - Maintenance expense decreased \$99,163
 - Other operating expenses decreased \$185,366
 - Interest expense decreased \$180,476
 - Housing Assistance Payments decreased \$243,374

The operating expense account that saw a major increase was:

- Utilities expense increased \$131,029

Total net cash provided in operating activities during the year was \$17,694 as compared to cash used by in the amount of \$1,162,860 in the prior fiscal year. A full detail of these amounts can be found on the Statement of Cash Flows on page 22-23 of this report.

The Authority's revenues consist primarily of rents and subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's revenues were sufficient to cover all expenses.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2019**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The following are financial highlights of significant items for a four-year period of time ending on June 30, 2019:

	June-19	June-18	June-17	June-16
Significant Income				
Total Tenant Revenue	\$ 1,388,860	\$ 1,377,332	\$ 1,312,327	\$ 1,279,704
HUD Operating Grants	12,813,428	11,789,936	12,845,153	12,625,752
HUD Capital Grants	321,504	265,702	204,703	878,204
Investment Income	91,165	266,685	476,335	514,951
Other Income	337,249	434,163	405,053	609,324
Total	\$ 14,952,206	\$ 14,133,818	\$ 15,243,571	\$ 15,907,935
Payroll Expense				
Administrative Salaries	\$ 917,146	\$ 972,632	\$ 963,140	\$ 879,624
Maintenance Labor	218,596	280,888	289,976	297,242
Employee Benefits Expense	861,549	987,303	1,285,369	1,059,021
Total Payroll Expense	\$ 1,997,291	\$ 2,240,823	\$ 2,538,485	\$ 2,235,887
Other Significant Expenses				
Other Administrative Expenses	\$ 589,188	\$ 591,982	\$ 1,024,807	\$ 730,689
Utilities Expense	1,237,820	1,106,791	1,064,372	929,372
Maintenance Supplies	147,162	98,815	130,616	130,731
Maintenance Contract Cost	169,286	173,817	59,592	123,936
Insurance Premiums	152,601	142,822	143,540	145,371
Bad Debt Expense	6,985	34,219	56,757	14,472
Housing Assistance Payments	9,343,081	9,586,455	9,701,163	9,411,871
Total	\$ 11,646,123	\$ 11,734,901	\$ 12,180,847	\$ 11,486,442
Total Operating Expenses	\$ 14,422,212	\$ 15,171,082	\$ 15,974,706	\$ 15,214,991
Total of Federal Awards	\$ 13,134,932	\$ 12,055,638	\$ 13,049,856	\$ 13,503,956

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK PROGRAMS

Public and Indian Housing Program:

Under the Public and Indian Housing Program, the Authority rents units that it owns to low-income households. This program is operated under an Annual Contributions Contract (ACC) with HUD. HUD's rent subsidy program provides housing assistance to low income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts: (a) 30% of the family's adjusted monthly income, (b) 10% of the family's monthly income, or (c) Housing Authority of the City of New Brunswick flat rent amount.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2019**

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK PROGRAMS-CONTINUED

Public Housing Capital Fund Program:

The Public Housing Capital Fund was established under the Quality Housing & Work Responsibility Act of 1998 (QHWRA). Substantially all additions to land, structures and equipment are accomplished through these programs (included in the financial statements under PHA Owned Housing). These funds replace or materially upgrade deteriorated portions of existing Authority property. This fund is used for repairs, major replacements, upgrading and other non-routine maintenance work that needs to be done on the Authority's apartments to keep them clean, safe and in good condition.

Section 8 Housing Choice Voucher Program

Under the Section 8 Housing Choice Voucher Program, the Authority administers contracts with independent landlords to provide housing to Section 8 tenants. The Authority subsidizes the tenant's rent through Housing Assistance Payment made to the landlord. This program is also administered under an Annual Contributions Contract (ACC) with HUD. HUD provides annual contributions funding to enable the Authority to structure a contract that sets the participants' rent at approximately 30% of household income subject to certain restrictions.

Business Activities

The Authority has issued bond anticipation notes to provide temporary financing for capital improvements in the City of New Brunswick. These notes are guaranteed by the City of New Brunswick.

BUDGETARY HIGHLIGHTS

The Authority submits its annual operating subsidy and capital budgets to HUD. The Authority also submits its annual operating and capital budgets to the State of New Jersey Department of Community Affairs in accordance with New Jersey statute. After the New Jersey Department of Community Affairs approves the budget, it is formally adopted by resolution of the Housing Authority's Board of Commissioners. Once adopted, the Board of Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenses. Each fund's budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by expense classification within each revenue source.

NEW INITIATIVES

For the fiscal year 2019 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 88% percent of its revenue from the Department of Housing and Urban Development, (2018 fiscal year was 85% percent), the Authority is constantly monitoring for any appropriation changes, especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2019**

NEW INITIATIVES -CONTINUED

The current administration of the Authority is determined to improve the financial results of the Authority's operations. The Authority has made steady progress in various phases of our operations, all the while maintaining a strong occupancy percentage in the public housing units and a high utilization rate in Housing Assistance Programs. Interactions with the residents are a constant reminder of the need of the services.

The Authority is under way with the phase two of the RAD conversion for the 2020 year. The transfer of ownership has begun in January 2018 for phase one. While this process takes time the Authority has remained diligent in being proactive in regards to maintaining the condition of their buildings.

Regardless of the constraints (financial or regulatory) placed on this Housing Authority, the Authority will continuously look for ways to better provide or expand housing and housing assistance to qualified residents of the City of New Brunswick all the while being mindful of their responsibility to be good stewards of the public's tax dollars.

CAPITAL ASSETS AND DEBT ADMINISTRATION

1 - Capital Assets

The Authority's net investment in capital assets as of June 30, 2019 was \$6,407,816 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and construction in progress. The major factor that contributed for the decrease was the purchase of fixed assets in the amount of \$181,504, less the recording of depreciation expense in the amount of \$628,877. Major capital asset event during the fiscal year included the following:

- Apartment Improvements
- New Apartment Appliances
- Plumbing Upgrades
- Furnaces Replacements.
- Security Cameras

	June-19	June-18	Increase (Decrease)
Land	\$ 1,499,991	\$1,499,991	\$ -
Building	2,333,317	2,333,317	-
Furniture, Equipment - Dwelling	277,618	280,071	(2,453)
Furniture, Equipment - Administration	1,220,585	1,103,427	117,158
Leasehold Improvements	8,864,442	8,736,382	128,060
Construction in Process	313,285	374,546	(61,261)
Total Fixed Assets	14,509,238	14,327,734	181,504
Accumulated Depreciation	(8,101,422)	(7,472,545)	(628,877)
Net Book Value	\$ 6,407,816	\$6,855,189	\$ (447,373)

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2019**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Additional information on the Authority's capital assets can be found in Note 8 to the financial statements, which is included in this report.

2 – Long Term Debt

Long Term Debt

The Authority as of June 30, 2019 had \$8,610,000 outstanding in revenue bonds. These bonds were issued for the Easton Avenue development, Golden Triangle development, and debt associated with the leveraging of the Authority's Capital Fund. Additional information on the Authority's long term debt can be found in Note 16 to the financial statements, which is included in this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Housing Authority of the City of New Brunswick is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs.

The capital budgets for the 2019 fiscal year have already been submitted to HUD for approval and no major changes were made. The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing property including administrative fees involved in the modernization.

The following factors were considered in preparing the Authority's budget for the fiscal year ending June 30, 2020.

- State of New Jersey economy including the impact on tenant income. Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income. Tenant rental payments are based on tenant income.
- The need for Congress to fund the Department of Defense and Homeland Security due to the war on terrorism and other impending military activities will probably result in reduced appropriations for all other domestic program spending.
- Continued increases in health care insurance are expected to impact employee benefits cost over the next several years.
- Inflationary pressure on utility rates, supplies and other cost.
- Trends in the housing market which affect rental housing available for the Section 8 tenants, along with the amount of the rents charged by the private landlords, are expected to have a continued impact on Section 8 HAP payments.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT JUNE 30, 2019**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES -CONTINUED

- Converting Low Income Housing Program rental units into RAD subsidy units.

- Even if HUD was fully funded for both the Operating and Capital Funds, it is unlikely that Congress would appropriate adequate funding. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs.

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 financial information should be addressed to Mr. John A. H. Clarke, Executive Director, Housing Authority of the City of New Brunswick, 7 Vandyke Avenue, New Brunswick, New Jersey 08901, or call (732) 745-0514.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
STATEMENT OF NET POSITION - 1
AS OF JUNE 30, 2019 AND 2018

	June 30,	
	2019	2018
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 1,091,401	\$ 484,671
Accounts Receivables, Net of Allowances	4,128,341	3,882,006
Prepaid Expenses	80,789	71,813
Total Current Assets	5,300,531	4,438,490
Restricted Deposits and Funded Reserves		
Section 8 HAP Reserve	413,047	192,377
Tenant Security Deposit	105,327	99,390
Bond Proceeds Trust Account	3,866,250	3,775,750
CFP Leveraging Trust Account	788	684
Golden Triangle Escrow Account	6,325	6,325
Total Restricted Deposits and Funded Reserves	4,391,737	4,074,526
Noncurrent Assets		
Capital Assets		
Land	1,499,991	1,499,991
Building	2,333,317	2,333,317
Furniture, Equipment - Dwelling	277,618	280,071
Furniture, Equipment - Administration	1,220,585	1,103,427
Leasehold Improvements	8,864,442	8,736,382
Construction in Process	313,285	374,546
Total Capital Assets	14,509,238	14,327,734
Less: Accumulated Depreciation	(8,101,422)	(7,472,545)
Net Book Value	6,407,816	6,855,189
Other Assets		
Notes Receivable - Non Current	4,216,792	8,387,603
Total Noncurrent Assets	10,624,608	15,242,792
Total Assets	20,316,876	23,755,808
Deferred Outflow of Resources		
State of New Jersey P.E.R.S.	629,724	1,193,457
Total Assets and Deferred Outflow of Resources	\$ 20,946,600	\$ 24,949,265

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
STATEMENT OF NET POSITION - 2
AS OF JUNE 30, 2019 AND 2018

	June 30,	
	2019	2018
Liabilities		
Current Liabilities:		
Accounts Payable	\$ 161,296	\$ 46,741
Accrued Liabilities	557,482	630,117
Tenant Security Deposit Payable	105,327	99,390
Unearned Revenue	3,680,366	3,856,279
Current Portion - Long Term Debt	3,805,000	3,640,000
Total Current Liabilities	8,309,471	8,272,527
Noncurrent Liabilities		
Bonds, Notes and Loans Payable	4,805,000	8,610,000
Accrued Compensated Absences - Long-Term	96,045	141,725
Noncurrent - Other Liabilities	555,240	854,701
Accrued Net Pension and OPEB Liabilities	15,247,942	16,121,429
Total Noncurrent Liabilities	20,704,227	25,727,855
Total Liabilities	29,013,698	34,000,382
Deferred Inflow of Resources		
State of New Jersey P.E.R.S.	1,399,094	951,394
Net Position:		
Net Investment in Capital Assets	5,327,816	5,635,189
Restricted	413,835	193,061
Unrestricted	(15,207,843)	(15,830,761)
Total Net Position	(9,466,192)	(10,002,511)
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 20,946,600	\$ 24,949,265

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE TWELVE MONTHS ENDED JUNE 30, 2019 AND 2018

	June 30,	
	2019	2018
Revenue:		
Tenant Rental Revenue	\$ 1,388,860	\$ 1,377,332
HUD PHA Operating Grants	12,813,428	11,789,936
Fraud Recovery	10,946	14,720
Other Revenue	326,303	419,443
Total Revenue	<u>14,539,537</u>	<u>13,601,431</u>
Operating Expenses:		
Administrative Expenses	2,258,496	2,361,843
Tenant Services	108	-
Utilities Expense	1,237,820	1,106,791
Maintenance Expense	644,431	743,594
Other Operating Expenses	180,088	365,454
Interest Expense	129,309	309,785
Housing Assistance Payments	9,343,081	9,586,455
Depreciation Expense	628,879	697,160
Total Operating Expenses	<u>14,422,212</u>	<u>15,171,082</u>
Excess Revenue (Expenses) From Operations	<u>117,325</u>	<u>(1,569,651)</u>
Non Operating Income:		
Investment Income	<u>91,165</u>	<u>266,685</u>
Excess Operating Revenue (Expenses) Before Capital Grant Contributions	208,490	(1,302,966)
Capital Grants	<u>321,504</u>	<u>265,702</u>
Change in Net Position	<u>529,994</u>	<u>(1,037,264)</u>
Beginning Net Position	(10,002,511)	2,612,692
Prior Period Adjustments	6,325	(11,577,939)
Beginning Net Position, Restated	<u>(9,996,186)</u>	<u>(8,965,247)</u>
Ending Net Position	<u>\$ (9,466,192)</u>	<u>\$ (10,002,511)</u>

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
STATEMENT OF CASH FLOWS - 1
FOR THE TWELVE MONTHS ENDED JUNE 30, 2019 AND 2018

	June 30,	
	2019	2018
Cash Flow From Operating Activities		
Receipts from Tenants	\$ 1,325,572	\$ 1,385,014
Receipts from Federal Grants	12,637,113	11,798,024
Receipts from Other Sources	344,086	434,163
Payments to Vendors and Suppliers	(1,998,817)	(1,845,992)
Payments for Housing Assistance Payments	(9,343,081)	(9,586,455)
Payments to Employees	(1,143,162)	(1,253,520)
Payment of Employee Benefits	(861,549)	(987,303)
Payment of Utilities Expenses	(942,468)	(1,106,791)
Net Cash Provided (Used) by Operating Activities	17,694	(1,162,860)
Cash Flow From Capital and Related Financing Activities		
Receipts from Capital Grants	321,504	265,702
Acquisitions and Construction of Capital Assets	(181,504)	(135,702)
Payment for Retirement of Debt	(3,640,000)	(3,460,000)
Receipts from Mortgage Note Receivables	4,170,811	3,798,756
Net Effect of Deferred Inflows and Outflows from GASB 68	1,011,433	1,084,993
(Decrease) Increase in Accrued Pension and OPEB Liabilities	(873,487)	10,627,301
Prior Period Adjustment	6,325	(11,577,939)
Net Cash Provided by and Related Financing Activities	815,082	603,111
Cash Flow From Investing Activities		
Interest Income	91,165	266,685
Net Cash Provided by Investing Activities	91,165	266,685
Net Increase (Decrease) in Cash and Cash Equivalents	923,941	(293,064)
Beginning Cash	4,559,197	4,852,261
Ending Cash	\$ 5,483,138	\$ 4,559,197
<u>Reconciliation of Cash Balances:</u>		
Cash and Cash Equivalents - Unrestricted	\$ 1,091,401	\$ 484,671
Section 8 HAP Reserve	413,047	192,377
Tenant Security Deposit	105,327	99,390
Bond Proceeds Trust Account	3,866,250	3,775,750
CFP Leveraging Trust Account	788	684
Golden Triangle Escrow Account	6,325	6,325
Total Cash	\$ 5,483,138	\$ 4,559,197

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
STATEMENT OF CASH FLOWS - 2
FOR THE TWELVE MONTHS ENDED JUNE 30, 2019 AND 2018

	June 30,	
	2019	2018
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities		
Excess of Expenses Over Revenue	\$ 117,325	\$ (1,569,651)
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:		
Depreciation Expense	628,879	697,160
(Increase) Decrease in:		
Accounts Receivables	(246,337)	(142,320)
Prepaid Expenses	(8,976)	(803)
Increase (Decrease) in:		
Accounts Payable	114,555	9,953
Accrued Liabilities	(72,635)	(11,299)
Security Deposit Payable	5,937	-
Unearned Revenue	(175,913)	164,282
Other Liabilities - Noncurrent	(299,461)	(301,661)
Accrued Compensated Absences - Noncurrent	(45,680)	(8,521)
 Net Cash Provided (Used) by Operating Activities	 \$ 17,694	 \$ (1,162,860)

See accompanying notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements June 30, 2019 and 2018

NOTE 1 - SUMMARY OF ORGANIZATION, ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization - The Authority is a governmental, public corporation which was organized under the laws public corporation created under federal and state housing laws as defined by State statute (N.J., S.A. 4A: 12A-1, et. Seq. the Housing Authority Act) for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the City of New Brunswick in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD).

The Authority is governed by a Board of Commissioners which is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An Executive Director is appointed by the Housing Authority's Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance, and management of public housing for low and moderate income families residing in New Brunswick. Operating and modernization subsidies are provided to the Authority by the federal government.

The financial statements include all the accounts of the Authority. The Authority is the lowest level of government over which the Authority's Board of Commissioners and Executive Director exercise oversight responsibility. The Authority is not included in any governmental "reporting entity" since its board members; while they are appointed primarily by the Mayor of New Brunswick and City Council, the Board of Commissioners have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary responsibility for accounting and fiscal matters. The Authority has also concluded that it is excluded from the City of New Brunswick reporting entity.

Based on the following criteria, the Authority has not identified any entities which should be subject to evaluation for inclusion in the Authority's reporting entity. The criteria for including or excluding a component unit relationship as set forth in GASB's #61 *The financial Reporting Entity* and Financial Reporting Standards, include whether:

- A. The organization is legally separate.
- B. The organization is fiscal dependency on the primary government.
- C. The organization has potential to impose a financial benefit or burden on the primary government.
- D. The organization meets the financial accountability criteria for inclusion as a component unit of the primary government.
- E. The primary government is able to impose its will on the organization.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

Significant Accounting Policies

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. The Authority has determined that the applicable measurement focus (flow of economic resources) and accounting basis (accrual) is similar to that of a commercial enterprise. As such, the use of proprietary funds best reflects the activities of the Authority.

The Authority has adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The Statement establishes accounting and financial reporting standards for non-exchange transactions including financial or capital resources. The Authority's primary source of non-exchange revenue relates to grants and subsidies. Grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

In accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority incorporates FASB and AICPA guidance into GASB authoritative literature.

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

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

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

Significant Accounting Policies -Continued

The Authority adopted Statement No. 68 of the Governmental Accounting Standards Board *"Accounting and Financial Reporting for Pensions."* The Statement established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures associated with pension plans of State and Local Governments. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actual present value, and attribute that present value to periods of employee service. In addition, this Statement details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions.

Statement No. 75 of the Government Accounting Standards Board ("GASB 75") *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was issued June 2015. GASB 75 establishes financial reporting standards for other postemployment benefits (OPEB) plans for state and local governments. This standard replaces the requirements of GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. The statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources, and expense/expenditures, as well as identifying the methods and assumptions required to project benefit payments, discount projected benefit payments, to their actuarial present value, and attribute that present value to periods of employee service. Additionally, GASB 75 lays out requirements for additional note disclosures and required supplementary information.

The Authority adopted this accounting standards effective July 1, 2017. As a result of adopting GASB 75, which was applied retroactively, the Authority restated its other postemployment benefit liability and its net position as of June 30, 2018 by (\$11,577,939).

Basis of Accounting –

In proprietary fund, activities are recorded using the accrual basis of accounting. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This requires the Housing Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The major sources of revenue are tenants dwelling rentals, HUD operating subsidy, and other revenue. The Authority provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe and sanitary housing for extremely low and very low income families.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

Basis of Accounting – Continued

HUD's rent subsidy program provides housing to low income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts:

- (a) 30% of the family's adjusted monthly income,
- (b) 10% of the family's monthly income, or
- (c) Housing Authority of the City of New Brunswick's flat rent amount.

Tenants dwelling rental charges are determined and billed monthly and are recognized as revenue when assessed because they are measurable and are collectible within the current period. The amounts not received by June 30, are considered to be accounts receivable and any amounts received for subsequent period are recorded as deferred revenue.

Other revenue composed primarily of miscellaneous services fees and resident's late charges. The revenue is recorded as earned since it is measurable and available. Non-operating revenue and expenses consist of revenues and expenses that are related to financing and investing activities and result from non-exchange transactions or ancillary activities.

HUD Section 8 Housing Choice Voucher Assistance Program receives from HUD an Annual Budget Amount (ABA) during the year in accordance with applicable HUD program guidelines. As of January 1, 2005 excess funds disbursed by HUD to the Authority for the payment of HAP's that are not utilized are not returned to HUD, but become part of the undesignated fund balance and may only be used to assist additional families up to the number of units under contract.

Administrative fee paid by HUD to the Authority in excess of administrative expenses are a part of the undesignated fund balance and are considered to be administrative fee reserves.

Financial transactions are recorded and organized in accordance with the purpose of the transaction. Each program is an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. All material inter-program accounts and transactions are eliminated in the preparation of the basic financial statements. Because the Authority's activity is considered self-financing and does not rely on specific taxes or fines (i.e. property taxes, sales and use tax etc.) no activity will be maintained as governmental funds but will be recorded as proprietary funds under the Enterprise Fund.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

Report Presentation -

The financial statements of the Authority 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 activity; 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, designated 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.

The Authority's financial statements are prepared in accordance with GASB Statement No. 34 (as amended), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("Statement"). The Statement requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. The Statement also requires the Authority to include Management's Discussion and Analysis as part of Required Supplementary Information.

GASB Statement No. 63 requires the classification of "net assets" into "net position" which consists of three components, Net Investment in Capital Assets, Restricted, and Unrestricted.

The adoptions of Statement No. 34, Statement No. 37, Statement No. 38, and Statement No. 63 have no significant effect on the financial statements except, for the classification of net position in accordance with Statement No. 63.

The federally funded programs administered by the Authority are detailed in the Financial Data Schedule and the Schedule of Expenditures of Federal Awards; both are which are included as Supplemental information.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

Other accounting policies are as follows:

- 1 – Cash and cash equivalents are stated at cost, which approximates market. The Authority considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.
- 2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts.
- 3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight line basis.
- 4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.
- 5 – Operating subsidies received from HUD are recorded as income when earned.
- 6 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.
- 7 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.
- 8 – The Authority does not have any infrastructure assets for its Enterprise Fund.
- 9 – Inter-fund receivable and payables arise from inter-fund transactions and are recorded by all funds in the period in which the transactions are executed.
- 10- Advertising cost is charged to expense when incurred.
- 11- Costs related to environmental remediation are charged to expense. Other environmental costs are also charged to expense unless they increase the value of the property and/or provide future economic benefits, in which event they are capitalized. Liabilities are recognized when the expenditures are considered probable and can be reasonably estimated. Measurement of liabilities is based on currently enacted laws and regulations, existing technology, and undiscounted site-specific costs. Generally, such recognition coincides with the Authority's commitment to a formal plan of action.
- 12- When expenses are incurred where both restricted and unrestricted net positions are available the Authority will first use the restricted funds until they are exhausted and then the unrestricted net position will be used.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

Other accounting policies - Continued

13- Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Authority but which will only be resolved when one or more future events occur or fail to occur. The Authority's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Authority or unasserted claims that may result in such proceedings, the Authority's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Authority's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

14 - Taxes

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

Under federal, state, and local law, the Authority's program is exempt from income, property and excise taxes. However, the Authority is required to make payments in lieu of taxes (PILOT) for the low-income housing program in accordance with the provision of a Cooperation Agreement. Under the Cooperation Agreement, the Authority pay the municipality 10% of its net shelter rent.

15 - Net Position

In accordance with the provisions of 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:

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

Other accounting policies - Continued

15 - Net Position -Continued

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. If there are significant unspent related debt proceeds 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. Rather that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), granters, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

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

16-Impairment Losses

The Authority reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. No impairment losses were recognized in 2019.

Budgetary and Policy Control -

The Authority submits its annual operating subsidy forms and capital budgets to HUD. The Authority also submits its annual operating and capital budgets to the State of New Jersey Department of Community Affairs in accordance with New Jersey statute. After the New Jersey Department of Community Affairs approves the budget, it is formally adopted by resolution of the Housing Authority's Board of Commissioners. Once adopted, the Board of Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenses. Each fund's budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by expense classification within each revenue source.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

Activities - The programs or activities administered by the Authority were:

Program	CFDA #	Project #	Units Authorized
<u>Public Housing</u>			
Public and Indian Housing	14.850	NJ-22	260
Public Housing Capital Fund	14.872		
<u>Section 8 Housing</u>			
Housing Choice Vouchers	14.871	NJ-39V0-22	939

Public and Indian Housing Program:

Under the Public and Indian Housing Program, the Authority rents units that it owns to low-income households. This program is operated under an Annual Contributions Contract (ACC) with HUD. HUD's rent subsidy program provides housing assistance to low income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts: (a) 30% of the family's adjusted monthly income, (b) 10% of the family's monthly income, or (c) Housing Authority of the City of New Brunswick flat rent amount.

Public Housing Capital Fund Program:

The Public Housing Capital Fund was established under the Quality Housing & Work Responsibility Act of 1998 (QHWRA). This fund is used for repairs, major replacements, upgrading and other non-routine maintenance work that needs to be done on the Authority's apartments to keep them clean, safe and in good condition.

Section 8 Housing Choice Voucher Program

Under the Section 8 Housing Choice Voucher Program, the Authority administers contracts with independent landlords to provide housing to Section 8 tenants. The Authority subsidizes the tenant's rent through Housing Assistance Payment made to the landlord. This program is also administered under an Annual Contributions Contract (ACC) with HUD. HUD provides annual contributions funding to enable the Authority to structure a contract that sets the participants' rent at approximately 30% of household income subject to certain restrictions.

Business Activities

The Authority has issued bond anticipation notes to provide temporary financing for capital improvements in the City of New Brunswick. These notes are guaranteed by the City of New Brunswick.

- Business Activities – Authority Bond Fund Program
 - a. Easton Avenue Project

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

Board of Commissioners - The criteria used in determining the scope of the entity for financial reporting purposes are as follows:

1. The ability of the Board to exercise supervision of a component unit's financial independence.
2. The Board's governing authority extends to financial decision making authority and is held primarily accountable for decisions.
3. The Board appoints the management of the Authority who is responsible for the day-to-day operations and this management are directly accountable to the Board.
4. The ability of the Board to significantly influence operations through budgetary approvals, signing and authorizing contracts, exercising control over facilities, and approving the hiring or retention of key managerial personnel.
5. The ability of the Board to have absolute authority over all funds of the Authority and have accountability in fiscal matters.

Grants - The Authority receives reimbursement from various grantors for the cost of sponsored projects, including administrative cost. Grant revenues are recognized as income when earned. Grant expenditures are recognized on the accrual basis.

NOTE 2 - ESTIMATES

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectibility of accounts receivable, the use, and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 3 - PENSION PLAN

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. It is a cost sharing, multiple-employer defined benefit pension plan. PERS was established in January 1955 under the provision of NJ SA 43:15A to provide coverage, including post-retirement health care, for substantially all full time employees of the state, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system.

Membership is mandatory for such employees. Contributions to the plan are made by both the employee and the Authority. Required employee contributions to the system are based on a flat rate determined by the New Jersey Division of Pensions for active plan members. Benefits paid to retired employees are based on length of service, latest earnings, and veteran status. Authority contributions to the system are determined by PERS and are billed annually to the Authority.

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0925. On the web:
<http://www.state.nj.us/treasury/pensions/pdf/financial/2016divisioncombined.pdf>

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employer's contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 7.34% of base wages.

The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contribution for 2019 amounted to \$139,165 and \$146,840 for 2018.

Post Employment Retirement Benefits

The Authority provides post employment health care benefits and life insurance for its eligible retirees. Eligibility requires that employees be 55 years or older with various years of service.

Further information on the Pension Plan and its effects of GASB #68 can be found in Note 19 - Accrued Pension Liability.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 4 – CASH, CASH EQUIVALENTS

The Housing Authority of the City of New Brunswick cash, cash equivalents are stated at cost, which approximates market. Cash, cash equivalents and investment includes cash in banks, petty cash and a money market checking account and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. For the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase.

Concentration of Credit Risk

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment. HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority. These funds at various banks are collateral pledge under the New Jersey Government Code of the Banking Law.

Risk Disclosures

Collateral for Deposits

New Jersey Authorities 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 State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey Authorities. The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At June 30, 2019, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements
June 30, 2019 and 2018

NOTE 4 - CASH, CASH EQUIVALENTS - CONTINUED

Credit Risk

This is risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.

The Authority's checking accounts and investments are categorized to give indication of the level of credit risk assumed by the Authority. Custodial credit risk is the risk in the event of a bank failure, the Authority's deposits may not be returned to it. The custodial credit risk categories are described as follows:

<u>Depository Accounts</u>	<u>June-19</u>	<u>June-18</u>
Insured	\$ 589,985	\$ 583,296
Collateralized held by pledging bank's trust department in the Authority's name	4,893,153	3,975,901
Total	<u>\$ 5,483,138</u>	<u>\$ 4,559,197</u>

Restricted Cash

The Authority has total restricted cash at June 30, 2019 in the amount of \$4,391,737 and \$4,074,526 for 2018 which consists of the following:

	<u>June-19</u>	<u>June-18</u>
Bank of New York - Bonds Proceeds	\$ 3,866,250	\$ 3,775,750
Bank of New York - Leveraging	788	684
HAP Reserve	413,047	192,377
Golden Triangle Restricted Cash	6,325	6,325
Tenant Security Deposit	105,327	99,390
Total Restricted Cash	<u>\$ 4,391,737</u>	<u>\$ 4,074,526</u>

The restricted cash in the amount of \$413,047 and \$192,377 for 2018 was reported under the Housing Choice Voucher Program as a HAP reserve for future use. The Authority invested these funds with Bank of America. In accordance with HUD's PIH Notice 2007-03, the reserve fund balance may only be used to assist additional families up to the number of units under contract.

The tenant security deposit restricted cash at June 30, 2019 was \$105,327 and \$99,390 in 2018. This amount is held as security deposits for the tenants of the Public and Indian Housing Program in an interest bearing accounts.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 4 - CASH, CASH EQUIVALENTS - CONTINUED

Restricted Cash

The Authority has restricted cash in the amount of \$788 and \$684 as of June 30, 2019 and 2018 was for the capital leveraging program. It is held in trust at the Bank of New York with investments consisting of Morgan Stanley Prime Installment Investments. These funds at Bank of New York are controlled by the New Jersey Housing Mortgage Finance Agency (NJHMFA) for the capital leveraging project which the Authority is under taking.

The Authority has additional restricted cash in the amount of \$3,866,250 as of June 30, 2019 and \$3,775,750 for 2018 was for the Authority Bond program. It is held in trust at the Bank of New York. These funds at Bank of New York and Bank of America are controlled by the City of New Brunswick for the Redevelopment Agency of the Authority for the development project which the Authority is under taking.

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts Receivable at June 30, 2019 and 2018 consisted of the following:

	June-19	June-18
Tenants Accounts Receivable - Present	\$ 69,958	\$ 56,352
Tenants Accounts Receivable - Fraud Recovery	27,453	33,108
Tenants Accounts Receivable - Vacated	54,176	5,675
Less Allowance for Doubtful Accounts	(76,121)	(59,654)
Net Tenants Accounts Receivable	75,466	35,481
Accrued Interest Income Receivable	188,250	275,720
Notes Receivable - Current Portion	3,675,000	3,500,000
HUD Receivable	187,559	11,244
Accounts Receivable - Misc Charges	2,066	59,561
Accounts Receivable - Other	4,052,875	3,846,525
Total Accounts Receivable	\$ 4,128,341	\$ 3,882,006

Housing Authority of the City of New Brunswick carries its accounts receivable at cost less an allowance for doubtful accounts. Accounts are written off as uncollectible when management determines that a sufficient period of time has elapsed without receiving payment and the individual do not exhibit the ability to meet their obligations. Management continually monitors payment patterns of the tenants, investigates past-due accounts to assess likelihood of collections, and monitors the industry and economic trends to estimate required allowances. It is reasonably possible that management's estimate of the allowance will change.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 6 - PREPAID EXPENSES

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. All purchases of insurance premiums are amortized on a monthly basis. Prepaid expenses at June 30, 2019 consisted of prepaid insurance premiums in the amount of \$80,789 and \$71,813 for 2018.

NOTE 7 - INTERFUND ACTIVITY

Interfund activity is reported as short term loans, services provided during the course of operations, reimbursements, or transfers. Short term loans are reported as interfund short term receivables and payable as appropriate. The amounts between the various programs administered by the Authority at June 30, 2019 are detailed on the Financial Data Schedule of this report. Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

NOTE 8 - FIXED ASSETS

Fixed assets consist primarily of expenditures to acquire, construct, place in operations, and improve the facilities of the Authority and are stated by an appraisal value.

Expenditures for repairs, maintenance and minor renewals are charged against income in the year they are incurred. Major renewals and betterment are capitalized.

Expenditures are capitalized when they meet the Capitalization Policy requirements. Under the policy, assets purchased or constructed at a cost not exceeding \$1,000 are expensed when incurred. Donated fixed assets are stated at their fair value on the date donated.

Depreciation Expense

Depreciation expense for June 30, 2019 was \$628,879 and \$697,160 for 2018.

Depreciation is provided using the straight line method over the estimated useful lives of the assets.

1. Building and Structure	40 years
2. Office Improvements	7 years
3. Site Improvements	15 years
4. Building Components	15 years
5. Office Equipment	5 years

The Authority reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. No impairment losses were recognized in 2019.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 8 - FIXED ASSETS - CONTINUED

Below is a schedule of changes in fixed assets for the twelve months ending June 30, 2019 and 2018:

	Balance June-18	Additions	Transfers	Balance June-19
Land and Improvements	\$ 1,499,991	\$ -	\$ -	\$ 1,499,991
Buildings & Improvements	2,333,317	-	-	2,333,317
Furniture & Equipment - Dwelling	280,071	-	(2,453)	277,618
Furniture & Equipment - Administration	1,103,427	-	117,158	1,220,585
Leasehold Improvements	8,736,382	-	128,060	8,864,442
Construction in Progress	374,546	181,504	(242,765)	313,285
Totals	14,327,734	181,504	-	14,509,238
Accumulated Depreciation	(7,472,545)	(628,879)	-	(8,101,422)
Net Book Value	\$ 6,855,189	\$ (447,375)	\$ -	\$ 6,407,816

	Balance June-17	Additions	Transfers	Balance June-18
Land and Improvements	\$ 1,499,991	\$ -	\$ -	\$ 1,499,991
Buildings & Improvements	11,069,699	-	(8,736,382)	2,333,317
Furniture & Equipment - Dwelling	280,071	-	-	280,071
Furniture & Equipment - Administration	1,103,427	-	-	1,103,427
Leasehold Improvements	-	-	8,736,382	8,736,382
Construction in Progress	238,844	135,702	-	374,546
Totals	14,192,032	135,702	-	14,327,734
Accumulated Depreciation	(6,775,385)	(697,160)	-	(7,472,545)
Net Book Value	\$ 7,416,647	\$ (561,458)	\$ -	\$ 6,855,189

Below is a schedule of the net book value of the fixed assets for the Housing Authority of the City of New Brunswick as of June 30, 2019:

<u>Net Book Value of the Assets</u>	<u>Balance June-19</u>
Land and Improvements	\$ 1,499,991
Buildings & Improvements	245,639
Furniture & Equipment - Dwelling	155,674
Furniture & Equipment - Administration	374,598
Leasehold Improvements	3,818,629
Construction in Progress	313,285
Net Book Value	<u>\$ 6,407,816</u>

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 9- NOTES RECEIVABLE – NON CURRENT

Housing Authority of the City of New Brunswick has three notes receivable -noncurrent as of June 30, 2019.

1. Easton Avenue Development
2. New Brunswick Urban Renewal L.P.
3. The Community Builders Inc.

Easton Avenue Project – The Authority issued \$31,345,000 in Bond Anticipation Notes to provide temporary financing for the “Easton Avenue Project”. These notes were repaid with accrued interest when the Authority issued a new Lease Revenue Bonds, Series 2011. The Bonds were issued to provide funds to:

- Finance the costs of the acquisition and construction of a combined-use structure consisting of a student apartment complex, a parking deck, health club and a multi-unit retail center and the common space associated therewith.
- Fund the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve requirement. The proceeds for the payment of the debt will be funded by the City of New Brunswick. The restricted cash accounts where the funds are deposited into are under the control of the City of New Brunswick.
- Pay the costs and expenses incurred in connection with the authorization, issuance and delivery of the Bonds.

New Brunswick Homes Urban Renewal, LP - The Authority has a note receivable from New Brunswick Homes Urban Renewal, LP in the amount of \$1,778,146 in connection with the Hope VI Program. The note is dated December 31, 2001 and there are no required payments for forty years. The note is to be repaid from the cash flow proceeds of the project.

The Authority at June 30, 2009 determined that it does not appear that the development will be able to generate the cash flow necessary to repay the note. Accordingly, an allowance has been established for the entire amount of the note. For June 30, 2019 the interest rate on the note was \$6.9% and accrued annually. The Authority did not accrued interest for June 30, 2019 due to the developments financial condition. See the June 30, 2019 schedule of notes receivable below.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 9- NOTES RECEIVABLE – NON CURRENT - CONTINUED

The Community Builders Inc. - The Authority has a note receivable from Community Builders Inc. in the amount of \$5,822,188 in connection with the Hope VI Program. The note is dated December 31, 2006 and there are no required payments for forty years. The note is to be repaid from the cash flow proceeds of the project.

The Authority at June 30, 2009 determined that it does not appear that the development will be able to generate the cash flow necessary to repay the note. Accordingly, an allowance has been established for the entire amount of the note. For June 30, 2019 the interest rate on the note was 7% and accrued annually. The Authority did not accrued interest for June 30, 2019 due to the developments financial condition. See the June 30, 2019 schedule of notes receivable below.

Below is a schedule of present value and the net book value of all note receivables as of June 30, 2019 and 2018:

	June-18 Note Balance	Accrued Interest	Present Value	Allowance for Doubtful	June-18 Net Book Value
Easton Avenue 2011	\$ 7,891,792	\$ 188,250	\$ 8,080,042	\$ -	\$ 8,080,042
New Bruns Urban Renewal L.P.	1,778,146	-	1,778,146	(1,778,146)	-
Community Builders Inc.	5,822,188	-	5,822,188	(5,822,188)	-
	<u>\$ 15,492,126</u>	<u>\$ 188,250</u>	<u>\$ 15,680,376</u>	<u>\$ (7,600,334)</u>	<u>8,080,042</u>
					Less Current Portion (3,675,000)
					Less Accrued Interest Receivable (188,250)
			Net Book Value		<u>\$ 4,216,792</u>

	June-17 Note Balance	Accrued Interest	Present Value	Allowance for Doubtful	June-18 Net Book Value
Easton Avenue 2011	\$ 11,887,603	\$ 275,720	\$ 12,163,323	\$ -	\$ 12,163,323
New Bruns Urban Renewal L.P.	1,778,146	-	1,778,146	(1,778,146)	-
Community Builders Inc.	5,822,188	-	5,822,188	(5,822,188)	-
	<u>\$ 19,487,937</u>	<u>\$ 275,720</u>	<u>\$ 19,763,657</u>	<u>\$ (7,600,334)</u>	<u>12,163,323</u>
					Less Current Portion (3,500,000)
					Less Accrued Interest Receivable (275,720)
			Net Book Value		<u>\$ 8,387,603</u>

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A deferred outflow is an outflow of resources, which is a consumption of net assets by the government that is applicable to the reporting period. A deferred inflow is an inflow of resources, which is an acquisition of net assets by the government that is applicable to the reporting period.

The Pension Liability discussed in Note 19 resulted in the Authority incurring deferred outflows and inflows. The difference between expected and actual experience with regard to economic and demographic factors, when the actuary calculated the net pension liability, is amortized over a five-year closed period for PERS, reflecting the average remaining service life of members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources.

The Authority's deferred outflows and inflows at June 30, 2019 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experiences	\$ 52,534	\$ 14,204
Changes in Assumptions	453,938	880,824
Net Difference Between Projected and Actual Earning on Pension Plan	-	25,840
Changes in Proportion and Differences Between Contributions and Contributions Subsequent to the Measurement Date	123,252	478,226
	-	-
Total	\$ 629,724	\$ 1,399,094

Difference in Expected and Actual Experience

The difference between expected and actual experience with regard to economic and demographic factors is amortized over a five year closed period reflecting the average remaining service life of the plan members (active and inactive), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$52,534 and \$14,204.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-CONTINUED

Changes in Assumptions

The change in assumptions about future economic or demographic factors or other inputs is amortized over a five year closed period, reflecting the average remaining service life of the plan members (active and inactive members), respectively. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$453,938 and \$880,824.

Net Difference between Projected and Actual Investments Earnings on Pension Plan Investments

The difference between the System's expected rate of return of and the actual investment earnings on pension plan investments is amortized over a five year closed period in accordance with GASB 68. The first year of amortization is recognized as pension expense with the remaining years shown as either a deferred outflow of resources or a deferred inflow of resources. The collective amount of the difference between expected and actual experience for the fiscal year is \$-0- and \$25,840.

Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions

The change in employer proportionate share is the amount of difference between the employer proportionate shares of net pension liability in the prior year compared to the current year. The difference between employer contributions and proportionate share of contributions is the difference between the total amount of employer contributions and the amount of the proportionate share of employer contributions. The change in proportionate share and the difference between employer contributions and proportionate share of contributions is amortized over a six-year closed period for PERS, reflecting the average remaining service life of PERS members (active and inactive members), respectively. The changes in proportion and differences between employer contributions and proportionate share of contributions for the fiscal year are \$123,252 and \$478,226.

NOTE 11 – ACCOUNTS PAYABLE

The Authority reported accounts payable on its Statement of Net Position as of June 30, 2019. Accounts payable vendors are amount owed to creditors as a result of delivered goods and completed services. Accounts payable at June 30, 2019 and 2018 consist of the following:

	<u>June-19</u>	<u>June-18</u>
Accounts Payable Vendors	\$ 51,377	\$ 19,687
Other Payables - current	94,815	-
Accounts Payable - Other Government	15,104	27,054
Total Accounts Payable	<u>\$ 161,296</u>	<u>\$ 46,741</u>

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 12 – ACCOUNTS PAYABLE – OTHER GOVERNMENT (PILOT PAYABLE)

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the City of New Brunswick. Under the Cooperation Agreements, the Authority must pay the municipality 10% of its net shelter rent for real property taxes. During the fiscal year ended June 30, 2019 the PILOT expense of \$15,104 and \$27,054 for 2018 was accrued. PILOT payable at June 30, 2019 consist of \$15,104, the 2019 PILOT expense.

NOTE 13 – ACCRUED EXPENSES

The Authority reported accrued expenses on its Statement of Net Position. Accrued expenses are liabilities incurred on or before June 30. Accrued liabilities at June 30, 2019 and 2018 consist of the following:

	June-19	June-18
Compensated Absences - Current Portion	\$ 10,672	\$ 15,748
Wages and Payroll Taxes Payable	54,453	52,848
Accrued Interest Payable - Notes Payable	197,005	285,163
Accrued Expense - Utilities	295,352	177,341
Contractors Retention	-	95,417
Pet Deposits	-	3,600
Total Accrued Liabilities	\$ 557,482	\$ 630,117

NOTE 14 – UNEARNED REVENUE

The Authority reported unearned revenues on its Statement of Net Position. Unearned revenues arise when resources are received by the Authority before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Authority has a legal claim to the resources, the liability for unearned revenue is removed from the Statement of Net Position and the revenue is recognized. The deferred revenue for June 30, 2019 and 2018 consisted of the following:

	June-19	June-18
Early Receipt of Mortgage Payment - July	\$ 3,675,000	\$ 3,778,652
Advanced of CFP Grant Funds	-	25,544
July RAD HAP Subsidy	-	52,083
Tenants Prepaid Rents - July	5,366	-
Total Unearned Revenue	\$ 3,680,366	\$ 3,856,279

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 15 – ACCRUED COMPENSATED ABSENCES

Compensated absences are those for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the Authority will be accounted for in the period in which such services were rendered.

Employees may be compensated for accumulated vacation leave after October 1. The Authority will not permit an employee to carry over unused vacation leave to the next year. Employees may accumulate up to 150 sick days. Employees receive 10 sick days per year. At the end of each year, employees may either carry over all remaining sick days or carry over half of their earned sick days and be compensated for the other half up to \$10,000. At retirement, the employee is entitled to be paid 50% of the accumulated sick leave balance or up to \$10,000.

The Authority has determined that the potential liability for accumulated vacation and sick time at June 30, 2019 and 2018 is as follows:

	June-19	June-18
Accumulated Sick Time	\$ 76,401	\$ 45,720
Accumulated Vacation Time	22,732	100,563
Accrued Payroll Taxes	7,584	11,190
Total	<u>106,717</u>	<u>157,473</u>
Compensated Absences - Current Portion	<u>(10,672)</u>	<u>(15,748)</u>
Total Compensated Absences - Noncurrent	<u>\$ 96,045</u>	<u>\$ 141,725</u>

NOTE 16 – LONG TERM DEBT

At June 30, 2019 and 2018, the Authority has two (2) notes payable. They consist of the following:

	June-19 Current Portion	Long-Term	Accrued Interest	June-19 Total
Easton Ave - 2011	\$ 3,675,000	\$ 3,855,000	\$ 188,250	\$ 7,718,250
Capital Leveraging Fund	130,000	950,000	8,755	1,088,755
Total	<u>\$ 3,805,000</u>	<u>\$ 4,805,000</u>	<u>\$ 197,005</u>	<u>\$ 8,807,005</u>

	June-18 Current Portion	Long-Term	Accrued Interest	June-18 Total
Easton Ave - 2011	\$ 3,500,000	\$ 7,530,000	\$ 275,720	\$ 11,305,720
Capital Leveraging Fund	140,000	1,080,000	9,443	1,229,443
Total	<u>\$ 3,640,000</u>	<u>\$ 8,610,000</u>	<u>\$ 285,163</u>	<u>\$ 12,535,163</u>

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 16 – LONG TERM DEBT - CONTINUED

1. Easton Avenue Project – The Authority issued \$2,000,000 in bond anticipation notes to provide temporary financing for the Easton Avenue project. These notes were repaid with accrued interest when the Authority issued \$55,295,000 in Lease Revenue Bonds, Series 1992. The bonds were issued to finance the costs of acquisition and construction of a combined use structure consisting of a Rutgers student apartment complex, parking deck, health club and a multi-unit retail center. Additionally, the bond proceeds were used to capitalize the interest due on the bonds through July 1, 1994, fund the debt service reserve fund and pay all costs and expenses associated with the authorization, issuance and delivery of the bonds.

On July 1, 2002, in addition to the scheduled retirement of bonds in the amount of \$1,070,000, the Authority retired an additional \$46,500,000 in outstanding bonds. All bonds Series 1992 except for \$1,550,000 were retired on July 1, 2002. Interest is payable semi-annually on January 1, and July 1 and the interest rate is variable. For the fiscal year ended June 30, 2019 the interest rate was 5%.

On July 1, 2011 the Authority retired the outstanding amount of \$37,040,000 aggregate principal amount of Series 1998 Bonds. This was used to refund the holder's allocable share and used to pay the costs and expenses incurred with the authorization, issuance and delivery of the Series 2011 Bonds. Interest is payable semi-annually on January 1, and July 1 and the interest rate is variable. For the fiscal year ended June 30, 2019 the interest rate was 5%.

The debt requirements as to principal reduction of the mortgages for long term debt until exhausted are as follows:

	<u>Series 2011</u>
June 30, 2020	\$ 3,675,000
June 30, 2021	3,855,000
Total	<u>\$ 7,530,000</u>

2. Capital Fund Leveraging Program - The Authority participated on December 23, 2004 with other New Jersey Housing Authorities in the issuance of \$79,860,000 in Series 2004 HMFA Bonds. The Authority portion of the Series 2004 HMFA Bonds is \$2,570,000. The purpose of the Bonds is restricted. The proceeds from the Bonds must be used in the renovations and capital improvements to the Authority assets in the Public and Indian Housing Program. The Bonds are fully registered in denominations of \$5,000. The term of the Bonds is twenty (20) years expiring on November 1, 2025.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 16 – LONG TERM DEBT – CONTINUED

2. Capital Fund Leveraging Program

The faith and credit of the New Brunswick Housing and Redevelopment Authority was not pledged for payment of principal and interest on the Bonds. Additionally, the Bonds are not an obligation of the State of New Jersey, The United States, or the Housing and Urban Development (HUD). The Bonds are not secured directly or indirectly by any collateral in the Authority Low Income Housing Program.

Interest on the Bonds is payable on May 1 and November 1 commencing on May 1, 2005. The interest is calculated on a basis of three hundred sixty (360) day year of twelve (12) thirty (30) day month.

The Bonds are payable and secured by the Authority Capital Fund Program (CFP), which is subject to the availability of appropriations, and paid to the Authority by HUD.

The debt requirements as to principal reduction of the mortgages for long term debt until exhausted are as follows:

	CFP Bonds
June 30, 2020	130,000
June 30, 2021	145,000
June 30, 2022	150,000
June 30, 2023	160,000
June 30, 2024	170,000
	755,000
Year 2025-2026	325,000
Total	\$ 1,080,000

NOTE 17 – OTHER NON CURRENT LIABILITY

Bond Premium

During 2011, the Authority entered into a refinancing agreement with Easton Avenue project bonds Series 1998. The refinancing incurred a bond premium in the amount of \$3,016,596 which is being amortized over the life of the bond using the straight line method.

	June-19	June-18
Bond Premium Amount	\$ 3,016,596	\$ 3,016,596
Less Amortization - Bond Premium	(2,461,356)	(2,161,895)
Net Book Value - Bond Premium	\$ 555,240	\$ 854,701

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 18 – OTHER POST EMPLOYMENT BENEFITS

The Authority as of June 30, 2019 and 2018 reported accrued pension and OPEB liability amounts as follows:

	<u>June-19</u>	<u>June-18</u>
Accrued OPEB Liability	\$ 12,493,189	\$ 12,431,635
Accrued Pension Liability	2,754,753	3,689,794
Total OPEB and Pension Liability	<u>\$ 15,247,942</u>	<u>\$ 16,121,429</u>

These amounts arose due to adoption of GASB #75 in 2018 year as well as GASB #68 which was adopted in 2015 year. This note will discuss the liability associated with GASB #75, which is accrued other postemployment benefits. Note - 19 will discuss the effect of GASB #68 and the liability which arose from that.

OPEB Liability – Plan Description and Benefits Provided

Plan Description: The Authority administers a single-employer defined-benefit post-employment healthcare plan. Spouses are eligible for coverage under the plan and benefits may continue to the surviving spouses.

Benefits Provided: Retirees, that are vested, are eligible for post-employment medical benefits, including prescription drug benefits, as part of the medical plan on a fully insured basis through New Jersey State Health Benefits Program. Employee will pay Medicare Part B premium and reimbursed by Authority. Dental coverage and vision coverage are also provided to retirees. All coverages are 100% subsidized by the Authority.

Employees covered by benefits terms: At July 1, 2018 (the census date), the following employees were covered by the benefits terms:

Retired Employees Receiving Benefits	21
Actives Eligible for Benefits	3
Active Employees	<u>11</u>
Total Employees	<u>35</u>

Assets: The Authority has not accumulated plan assets in an irrevocable trust designated for plan participants.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 18 – ACCRUED OPEB LIABILITIES – CONTINUED

Net OPEB Liability

The Authority's net OPEB liability was measured as of July 1, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total OPEB Liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement, unless otherwise specified:

Discount Rate:	3.50%, net of OPEB plan investment expense, including inflation.
Assets	Not valued since benefit is unfunded
Information for Valuation	All information provided by Authority Employees that retire are eligible for subsidized postemployment medical, including prescription drug coverage.
Covered Benefits	Benefits are provided for dental, vision, and Medicare Part B premium reimbursemnts.
Insurance Coverage and Funding Basis	Medical, including prescription drugs, are fully insured through the NJ State Health Benefits Program for Local Government Employer Groups.
Actuarial Cost Method	Projected Unit Credit
Retirement System	Valuation is based on NJ Public Employees' Retirement System (PERS). Decrement tables used in this valuation are form the July 28, 2018 Annual Report of the Actuary.
Mortality	RP 2014 Healthy Male and Femal Tables are base don the Combined Healthy Table for both pre & post reitrement projected with mortality improvements using Projection Scale AA for 2 years plus 7 years for generational improvement.

Change in Assumptions: Effective July 1, 2018.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 18 – ACCRUED OPEB LIABILITIES – CONTINUED

Changes in Net OPEB Liability:

Balance as of July 1, 2018	<u>\$ 12,431,635</u>
 <i><u>Changes For the Year</u></i>	
Service Cost	67,883
Interest	427,515
Changes in Expected to Actual	-
Changes in Assumptions	-
Benefit Payments	<u>(433,844)</u>
Net Changes	<u>61,554</u>
 Balance as of June 30, 2019	 <u>\$ 12,493,189</u>

Sensitivity of the OPEB Liability to changes in the discount rate: The following presents the total OPEB liability of the Authority, as well as what the Authority's OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current discount rate:

	<u>Discount Rate Sensitivity</u>		
	1% Decrease	Current Rate	1% Increase
	2.50%	3.50%	4.50%
Total OPEB Liability	<u>\$ 14,540,059</u>	<u>\$ 12,493,189</u>	<u>\$ 10,875,893</u>

Sensitivity of the OPEB Liability to changes in healthcare cost trend rates: The following presents the total OPEB liability of the Authority, as well as what the Authority's OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than current healthcare cost trend rates than the current healthcare cost trend rates:

	<u>Healthcare Cost Inflation Rate Sensitivity</u>		
	1% Decrease	Current	1% Increase
Total OPEB Liability	<u>\$ 10,640,928</u>	<u>\$ 12,493,189</u>	<u>\$ 14,957,688</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the Authority recognized an OPEB expense of \$495,398 before contribution in the amount of \$433,844, which netted to \$61,554. As of June 30, 2019, the Authority did not report a deferred outflows of resources and deferred inflows of resources in relation to OPEB.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 19 – ACCRUED PENSION LIABILITY

Net Pension Liability Information

The Authority as of June 30, 2019 reported a net pension liability in the amount of \$2,754,753 due to GASB 68. The component of the current year net pension liability of the Authority as of June 30, 2018, the last evaluation date, is as follows:

	<u>PERS</u>
Employer Total Pension Liability	\$ 5,936,591
Plan Net Position	<u>(3,181,838)</u>
Employer Net Pension Liability	<u>\$ 2,754,753</u>

The Authority allocation percentage is 0.01399097510% as of June 30, 2018.

Plan Description

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.gov/treasury/pensions/financial-reports.shtml.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. 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 PERS. The Authority participates in the State of New Jersey, Public Employees' Retirement System (PERS).

The following represents the membership tiers for PERS:

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

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 19 – ACCRUED PENSION LIABILITY - CONTINUED

Allocation Percentage Methodology

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of June 30, 2018 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2018.

The contribution for PERS is set by NJSA 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which include the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018 the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 19- ACCRUED PENSION LIABILITY - CONTINUED

Actuarial Assumptions

The total pension liability for June 30, 2018 measurement dates were determined by using an actuarial valuation as of July 1, 2016, with update procedures used to roll forward the total pension liability to June 30, 2018. The actuarial valuations used the following actuarial assumptions:

Inflation	2.25%
Salary Increases:	
Through 2026	1.65-4.15%, based on age
Thereafter	2.65-5.15%, based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. 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-mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 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).

The actuarial assumptions used in the July 1, 2017 evaluation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities were higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) 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.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 19 - ACCRUED PENSION LIABILITY - CONTINUED

Actuarial Assumptions - Continued

The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 as summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This 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 3.87% 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 rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the most recent fiscal year.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 19 – ACCRUED PENSION LIABILITY - CONTINUED

Discount Rate -Continued

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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the current-period net pension liability of the employers calculated using the current-period discount rate assumption of 5.66% percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.66% percent) or 1 percentage-point higher (6.66% percent) than the current assumption (in thousands). Sensitivity of the Authority's proportionate share of the Net Pension Liability due to change in the Discount Rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	(4.66%)	(5.66%)	(6.66%)
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,463,785	\$ 2,754,753	\$ 2,159,921

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

The amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

Year Ending June 30, 2019	\$ 76,670
Year Ending June 30, 2020	115,697
Year Ending June 30, 2021	70,106
Year Ending June 30, 2022	(93,242)
Year Ending June 30, 2023	(67,961)
Total	\$ 101,271

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.48, 5.57, 5.72, and 6.44 years for the 2018, 2017, 2016, and 2015 amounts, respectively.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 19 – ACCRUED PENSION LIABILITY – CONTINUED

Pension Expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the plan fiscal year ending June 30, 2018, are as follows:

Service Cost	\$	151,909
Interest on the Total Pension Liability		275,660
Member Contributions		(72,261)
Administrative Expenses		1,891
Expected Investment Return Net of Investment Expenses		(196,819)
Pension Expense Related to Specific Liabilities of Individual Employers		(2,137)
Current Period Recognition (Amortization) of Deferred Outflows and Inflows of Resources:		
Difference Between Expected and Actual Experience		24,155
Changes of Assumptions		56,286
Differences Between Projected and Actual Investment Earnings on Pension Plan Investments		(3,770)
Total	\$	<u>234,913</u>

NOTE 20 – RESTRICTED NET POSITION

The Authority restricted net position account balance at June 30, 2019 is \$413,835 and \$193,061 for 2018. The detail of the restricted reserve account balances is as follows:

	<u>June-19</u>	<u>June-18</u>
HCV - HAP Reserve	\$ 413,047	\$ 192,377
State Leveraging Bond Reserve	788	684
Total Restricted Net Position	<u>\$ 413,835</u>	<u>\$ 193,061</u>

Housing Choice Voucher Program - Reserves

Prior to January 1, 2005 excess funds received from the Annual Budget Amount (ABA) by HUD to the Authority for the payment of housing assistance payments (HAP) were returned to HUD at the end of the Authority's calendar year. In accordance with HUD's PIH Notice 2006-03, starting January 1, 2005 excess funds disbursed by HUD to the Authority for the payment of HAP's that are not utilized are not returned to HUD, but become part of the undesignated fund balance and may only be used to assist additional families up to the number of units under contract. In November 2007, HUD amended this notice and stated that HAP equity account is restricted. The Authority followed HUD direction and transfer the excess funds from unrestricted to restricted net assets.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 20 – RESTRICTED NET POSITION - CONTINUED

Housing Choice Voucher Program HUD Held Reserves Funds

Effective January 1, 2012, HUD was required to control the disbursement of funds in such a way that the Authority does not receive funds before they are needed, resulting in the re-establishment of HUD held program reserves to comply with the Treasury requirements. HUD held reserve is a holding account at the HUD level that maintains the excess of HAP funds that have been obligated (ABA) but undisbursed to the Authority. The excess HAP funds will remain obligated but not disbursed to the Authority. HUD will hold these funds until needed by the Authority. The amount of HUD held reserves for the Authority at June 30, 2019 was \$979,310.

NOTE 21 – UNRESTRICTED NET POSITION

The Authority's unrestricted net position account balance at June 30, 2019 is deficit (\$15,207,843). The detail of the account balance is as follows:

	PIH Program Reserves	Section 8 HCV	COCC	Business Activities	Total
Balance June 30, 2017	\$ (2,013,308)	\$ (628,512)	\$(1,346,223)	\$ (89,242)	\$ (4,077,285)
Increase During the Year	-	-	156,188	83,112	239,300
Decrease During the Year	(150,775)	(264,062)	-	-	(414,837)
Prior Period Adjustment	(5,641,186)	(2,704,019)	(2,762,724)	(470,010)	(11,577,939)
Balance June 30, 2018	(7,805,269)	(3,596,593)	(3,952,759)	(476,140)	(15,830,761)
Increase During the Year	456,473	594	87,496	72,030	616,593
Prior Period Adjustment	128,058			(121,733)	6,325
Balance June 30, 2019	<u>\$ (7,220,738)</u>	<u>\$ (3,595,999)</u>	<u>\$ (3,865,263)</u>	<u>\$ (525,843)</u>	<u>\$ (15,207,843)</u>

The Authority unrestricted net position reflects a balance of (\$15,207,843), as of June 30, 2019, because of the requirement to adopt GASB #75 (OPEB) and GASB #68 pension liability. The Authority recorded OPEB liability to date of \$12,493,189 which has a direct effect on the reserves. The Authority recorded an accrued pension liability to date of \$2,754,753 which also has a direct effect on the reserves. GASB #75 and GASB #68 do not require the Authority to fund the liability.

NOTE 22 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Authority purchases commercial insurance. During the year ended June 30, 2019, the Authority's risk management program, in order to deal with the above potential liabilities, purchased various insurance policies for fire, general liability, crime, auto, employee bond, worker's compensation, and public-officials errors omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of its building for the purpose of determining potential liability issues.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 23 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES

HUD contributes operating subsidy for the Public and Indian program approved in the operating budget under the Annual Contribution Contract. The operating subsidy contributions for the year ended June 30, 2019 were \$1,960,694 and \$1,694,691 for 2018.

Annual Contributions Contracts for the Section 8 Housing Choice Voucher Program to provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low income families. The program provides for such payment with respect to existing housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by the participating family and related administrative expense. HUD contributions for the Housing Choice Voucher for June 30, 2019 was in the amount of \$10,250,365 and \$9,841,969 for 2018.

NOTE 24 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Authority operations are concentrated in the low income housing real estate market. In addition, the Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules, and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Total financial support by HUD was \$13,134,932 to the Authority which represents approximately 88% percent of the Authority's total revenue for the year ended June 30, 2019.

NOTE 25 - CONTINGENCIES

Litigation – At June 30, 2019, the Authority was not involved in any threatening litigation.

Grants Disallowances – The Authority participates in federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits performed by the federal government could lead to adjustments for disallowed claims, including amounts already collected, and reimbursement by the Authority for expenditures disallowed under the terms of the grant. The Authority's management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 26- PRIOR PERIOD ADJUSTMENTS

For year ending June 30, 2019

As of June 30, 2018, the Authority had a prior period adjustment in the amount of \$6,325 for the Business Activities Program and the Public and Indian Housing Program for adjusting the cash balances between the programs.

For year ending June 30, 2018

As of June 30, 2018 the Authority had a prior period adjustment in the amount of (\$11,577,939) while recording GASB #75 Net OPEB Liability as detailed below:

Net OPEB Liability GASB #45 - June 30, 2017 Liability	\$ 815,018
Adoption of GASB #75 - July 2017	(12,392,957)
Prior Period Adjustment - July 2017	<u>\$ (11,577,939)</u>

NOTE 27 – SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued, must be evaluated for recognition or disclosed. The effects of subsequent events that provide evidence about conditions that existed after the Statement of Net Position's date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority thru January 24, 2020; the date which the financial statements were available for issue and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Required Supplementary Information

June 30, 2019

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS

GASB #75 requires supplementary information which includes changes in the Authority's total OPEB liability along with related ratios as listed below.

<u>Total OPEB Liability</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 67,883	\$ 65,906
Interest	427,515	425,825
Changes in Benefit Terms	-	-
Difference Between Expected and Actual Experiences	-	-
Changes in Assumptions or Other Inputs	-	-
Benefit Payments	(433,844)	(453,053)
Net Change in Total OPEB Liability	61,554	38,678
Total OPEB Liability, Beginning	12,431,635	12,392,957
Total OPEB Liability, Ending	<u>\$ 12,493,189</u>	<u>\$ 12,431,635</u>
Covered, Employee Payroll	\$ 936,520	\$ 936,520
Total OPEB Liability as a percentage of covered employee payroll	1334.00%	1327.43%

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Required Supplementary Information

June 30, 2019

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM

GASB #68 requires supplementary information which includes the Authority's share of the net pension liability along with related ratios as listed below.

The schedule below displays the Authority's proportionate share of Net Pension Liability.

	2019	2018	2017	2016	2015
Housing Authority's proportion of the net pension liability	0.013990975%	0.015850721%	0.01177889%	0.01519358%	0.01749594%
Housing Authority's proportionate share of the net pension liability	\$ 2,754,753	\$ 3,689,794	\$ 4,679,109	\$ 3,410,653	\$ 3,275,718
Housing Authority's covered employee payroll	\$ 1,135,742	\$ 1,253,520	\$ 1,253,116	\$ 1,176,866	\$ 1,214,744
Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	242.55%	294.35%	373.40%	289.81%	269.66%
Plan fiduciary net position as a percentage of the total pension liability	48.01%	48.01%	59.86%	52.07%	52.08%

**The amounts determined for each fiscal year were determined as of June 30.*

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Required Supplementary Information
June 30, 2019

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY OF THE PUBLIC EMPLOYEE RETIREMENT SYSTEM

The schedule below displays the Authority's contractually required contributions along with related ratios.

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 139,165	\$ 146,840	\$ 140,353	\$ 130,624	\$ 144,234
Contribution in relation to the contractually required contribution	(139,165)	(146,840)	(140,353)	(130,624)	(144,234)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered payroll	\$ 1,135,742	\$ 1,253,520	\$ 1,253,116	\$ 1,176,866	\$ 1,214,744
Contribution as a percentage of covered employee payroll	12.25%	11.71%	11.20%	11.10%	11.87%

**The amounts determined for each fiscal year were determined as of June 30.*

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE TWELVE MONTHS ENDED JUNE 30, 2019**

Programs funded by:

U.S. Department of Housing and Urban Development

	CFDA #'s	Grant Period		Grant Award	Fiscal Year Cash Receipts	Fiscal Year Expenditures	Cumulative Expenditures
		From	To				
<u>Public and Indian Housing Program</u>							
NJ022-00000117D	14.850	1/1/2017	12/31/2017	1,246,895	1,262	1,262	1,245,633
NJ022-00000118D	14.850	1/1/2018	12/31/2018	1,645,619	835,576	835,576	1,645,619
NJ022-00000419D	14.850	1/1/2019	12/31/2019	1,960,831	975,302	975,302	975,302
NJ022-00000417D	14.850	1/1/2017	12/31/2017	127,477	129	129	127,348
NJ022-00000418D	14.850	1/1/2018	12/31/2018	147,494	74,891	74,891	147,494
NJ022-00000419D	14.850	1/1/2019	12/31/2019	179,912	73,534	73,534	73,534
Grant Subtotal				<u>5,308,228</u>	<u>1,960,694</u>	<u>1,960,694</u>	<u>4,214,930</u>
<u>Public Housing Capital Fund Program</u>							
NJ39P022501-16	14.872	4/13/2016	4/12/2020	499,684	27,617	27,617	499,684
NJ39P022501-17	14.872	8/16/2017	8/15/2021	526,457	53,811	53,811	401,362
NJ39P022501-18	14.872	8/16/2018	8/15/2022	860,445	556,758	556,758	556,758
NJ39P022501-19	14.872	8/16/2019	8/15/2023	904,073	285,688	285,688	285,688
Grant Subtotal				<u>2,790,659</u>	<u>923,873</u>	<u>923,873</u>	<u>1,743,492</u>
<u>Housing Choice Voucher Program</u>							
NJ39P022	14.871	7/1/2018	6/30/2019	10,250,365	10,250,365	10,250,365	10,250,365
Grant Subtotal				<u>10,250,365</u>	<u>10,250,365</u>	<u>10,250,365</u>	<u>10,250,365</u>
Total Expenditures of Federal Awards				<u>\$ 18,349,252</u>	<u>\$ 13,134,932</u>	<u>\$ 13,134,932</u>	<u>\$ 16,208,787</u>

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2019**

Note 1. Presentation:

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Housing Authority of the City of New Brunswick is under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Housing Authority of the City of New Brunswick, it is not intended to and does not present the financial position, change in net position, or cash flows of the Housing Authority of the City of New Brunswick.

Note 2. Summary of Significant Accounting Policies:

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

Note 3. Indirect Cost Rate

The Housing Authority of the City of New Brunswick has not elected to use the 10 percent de minimis indirect cost rate as allowable under the Uniform Guidance.

Note 4. Loans Outstanding:

The Housing Authority of the City of New Brunswick had \$8,610,000 as a loan balance outstanding at June 30, 2019. Note 16 presented on page 45-47 of this report have full disclosure regarding the loan activity for the Housing Authority of the City of New Brunswick.

Note 5. Non- Cash Federal Assistance:

The Authority did not receive any non-cash Federal assistance for the year ended June 30, 2019.

Note 6. Sub recipients:

Of the federal expenditures presented in the schedule above, the Housing Authority of the City of New Brunswick did not provide federal awards to any sub recipients.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
STATEMENT AND CERTIFICATION OF
ACTUAL CAPITAL FUND GRANT COST
AS OF JUNE 30, 2019**

NJ39P022501-13

	Approved Budget	Actual Cost	Overrun
Operations	\$ 69,566	\$ 69,566	\$ -
Management Improvements	34,783	34,783	-
Administration	34,783	34,783	-
Fees & Costs	95,000	95,000	-
Site Improvement	30,000	30,000	-
Dwelling Structures	60,000	60,000	-
Dwelling Equipment	6,000	6,000	-
Non-dwelling Equipment	17,702	17,702	-
Bond Debt Obligation	197,986	197,986	-
Total	\$ 545,820	\$ 545,820	\$ -
Funds Advanced	\$ 545,820		
Funds Expended	545,820		
Excess of Funds Advanced	<u>\$ -</u>		

1. The distribution of cost by project and account classification accompanying the Actual Capital Fund Cost Certificates submitted to HUD for approval were in agreement with the Authority's records.
2. All Capital Fund cost have been paid and all related liabilities have been discharged through payment.
3. The Capital Fund Program 501-13 was completed on May 7, 2019.
4. There were no budget overruns noted.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
STATEMENT AND CERTIFICATION OF
ACTUAL CAPITAL FUND GRANT COST
AS OF JUNE 30, 2019**

	NJ39P022501-14		
	Approved Budget	Actual Cost	Overrun
Operations	\$ 105,094	\$ 105,094	\$ -
Management Improvements	30,000	30,000	-
Administration	37,036	37,036	-
Fees & Costs	90,000	90,000	-
Site Improvement	21,000	21,000	-
Dwelling Equipment	49,789	49,789	-
Non-dwelling Equipment	35,445	35,445	-
Bond Debt Obligation	198,009	198,009	-
Total	\$ 566,373	\$ 566,373	\$ -
 Funds Advanced	 \$ 566,373		
Funds Expended	566,373		
 Excess of Funds Advanced	 \$ -		

1. The distribution of cost by project and account classification accompanying the Actual Capital Fund Cost Certificates submitted to HUD for approval were in agreement with the Authority's records.
2. All Capital Fund cost have been paid and all related liabilities have been discharged through payment.
3. The Capital Fund Program 501-14 was completed on June 27 2019.
4. There were no budget overruns noted.

**HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK
STATEMENT AND CERTIFICATION OF
ACTUAL CAPITAL FUND GRANT COST
AS OF JUNE 30, 2019**

	NJ39P022501-15		
	Approved Budget	Actual Cost	Overrun
Operations	\$ 69,746	\$ 69,746	\$ -
Management Improvements	44,637	44,637	-
Administration	27,898	27,898	-
Fees & Costs	90,000	90,000	-
Site Improvement	30,000	30,000	-
Dwelling Structures	16,706	16,706	-
Bond Debt Obligation	197,519	197,519	-
Total	\$ 476,506	\$ 476,506	\$ -
Funds Advanced	\$ 476,506		
Funds Expended	476,506		
Excess of Funds Advanced	\$ -		

1. The distribution of cost by project and account classification accompanying the Actual Capital Fund Cost Certificates submitted to HUD for approval were in agreement with the Authority's records.
2. All Capital Fund cost have been paid and all related liabilities have been discharged through payment.
3. The Capital Fund Program 501-15 was completed on June 27, 2019.
4. There were no budget overruns noted.

New Brunswick Housing Authority (NJ022)
 NEW BRUNSWICK, NJ
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit Fiscal Year End: 06/30/2019

	Project Total	Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$738,685	\$109,532	\$83,660	\$159,524	\$1,091,401		\$1,091,401
112 Cash - Restricted - Modernization and Development	\$788		\$6,325		\$7,113		\$7,113
113 Cash - Other Restricted		\$413,047	\$3,866,250		\$4,279,297		\$4,279,297
114 Cash - Tenant Security Deposits	\$105,327				\$105,327		\$105,327
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	\$844,800	\$522,579	\$3,956,235	\$159,524	\$5,483,138	\$0	\$5,483,138
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects	\$187,559				\$187,559		\$187,559
124 Accounts Receivable - Other Government							
125 Accounts Receivable - Miscellaneous			\$2,066		\$2,066		\$2,066
126 Accounts Receivable - Tenants	\$124,134				\$124,134		\$124,134
126.1 Allowance for Doubtful Accounts - Tenants	-\$54,176				-\$54,176		-\$54,176
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current							
128 Fraud Recovery	\$27,453		\$3,675,000		\$3,675,000		\$3,675,000
128.1 Allowance for Doubtful Accounts - Fraud	-\$21,945				-\$21,945		-\$21,945
129 Accrued Interest Receivable			\$188,250		\$188,250		\$188,250
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$263,025	\$0	\$3,865,316	\$0	\$4,128,341	\$0	\$4,128,341
131 Investments - Unrestricted							
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets	\$63,449	\$8,669		\$8,671	\$80,789		\$80,789
143 Inventories							
143.1 Allowance for Obsolete Inventories							
144 Inter Program Due From	\$2,051			\$23,341	\$25,392	-\$25,392	\$0
145 Assets Held for Sale							
150 Total Current Assets	\$1,173,325	\$531,248	\$7,821,551	\$191,536	\$9,717,660	-\$25,392	\$9,692,268
161 Land	\$1,499,991				\$1,499,991		\$1,499,991
162 Buildings	\$2,333,317				\$2,333,317		\$2,333,317
163 Furniture, Equipment & Machinery - Dwellings	\$277,618				\$277,618		\$277,618
164 Furniture, Equipment & Machinery - Administration	\$1,091,259	\$65,689	\$33,163	\$30,474	\$1,220,585		\$1,220,585
165 Leasehold Improvements	\$8,864,442				\$8,864,442		\$8,864,442

New Brunswick Housing Authority (NJ022)
 NEW BRUNSWICK, NJ
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	Project Total	Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
		14,871					
166 Accumulated Depreciation	\$-7,979,855						
167 Construction in Progress	\$313,285						
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	\$6,400,057	\$7,759	\$0	\$0	\$6,407,816	\$0	\$6,407,816
171 Notes, Loans and Mortgages Receivable - Non-Current							
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due			\$4,216,792		\$4,216,792		\$4,216,792
173 Grants Receivable - Non Current							
174 Other Assets							
176 Investments in Joint Ventures							
180 Total Non-Current Assets	\$6,400,057	\$7,759	\$4,216,792	\$0	\$10,624,608	\$0	\$10,624,608
200 Deferred Outflow of Resources	\$310,159	\$132,534	\$12,551	\$174,480	\$629,724		\$629,724
290 Total Assets and Deferred Outflow of Resources	\$7,883,541	\$671,541	\$12,050,894	\$366,016	\$20,971,992	-\$25,392	\$20,946,600
311 Bank Overdraft							
312 Accounts Payable <= 90 Days	\$27,296	\$24,081			\$51,377		\$51,377
313 Accounts Payable >90 Days Past Due							
321 Accrued Wage/Payroll Taxes Payable	\$25,200	\$8,328		\$20,925	\$54,453		\$54,453
322 Accrued Compensated Absences - Current Portion	\$5,317	\$667		\$4,688	\$10,672		\$10,672
324 Accrued Contingency Liability							
325 Accrued Interest Payable	\$8,755		\$188,250		\$197,005		\$197,005
331 Accounts Payable - HUD PHA Programs							
332 Account Payable - PHA Projects	\$15,104				\$15,104		\$15,104
333 Accounts Payable - Other Government	\$105,327				\$105,327		\$105,327
341 Tenant Security Deposits	\$5,366				\$3,680,366		\$3,680,366
342 Unearned Revenue	\$130,000		\$3,675,000		\$3,805,000		\$3,805,000
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue							
344 Current Portion of Long-term Debt - Operating Borrowings							
345 Other Current Liabilities			\$94,815		\$94,815		\$94,815
346 Accrued Liabilities - Other	\$295,352				\$295,352		\$295,352
347 Inter Program - Due To	\$2,051		\$23,341		\$25,392	-\$25,392	\$0

New Brunswick Housing Authority (NJ022)
 NEW BRUNSWICK, NJ
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	14,871	Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
348 Loan Liability - Current							
310 Total Current Liabilities	\$619,768	\$33,076	\$7,656,406	\$25,613	\$8,334,863	-\$25,392	\$8,309,471
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$950,000		\$3,855,000		\$4,805,000		\$4,805,000
352 Long-term Debt, Net of Current - Operating Borrowings	\$2,198		\$553,042		\$555,240		\$555,240
353 Non-current Liabilities - Other	\$47,857	\$5,994		\$42,194	\$96,045		\$96,045
354 Accrued Compensated Absences - Non Current							
355 Loan Liability - Non Current							
356 FASB 5 Liabilities							
357 Accrued Pension and OPEB Liabilities	\$7,481,769	\$3,477,367	\$476,837	\$3,811,969	\$15,247,942		\$15,247,942
350 Total Non-Current Liabilities	\$8,481,824	\$3,483,361	\$4,884,879	\$3,854,163	\$20,704,227	\$0	\$20,704,227
300 Total Liabilities	\$9,101,592	\$3,516,437	\$12,541,285	\$3,879,776	\$29,039,090	-\$25,392	\$29,013,698
400 Deferred Inflow of Resources	\$681,842	\$330,297	\$35,452	\$351,503	\$1,399,094		\$1,399,094
508.4 Net Investment in Capital Assets	\$5,320,057	\$7,759	\$0		\$5,327,816		\$5,327,816
511.4 Restricted Net Position	\$788	\$413,047	\$0		\$413,835		\$413,835
512.4 Unrestricted Net Position	-\$7,220,738	-\$3,595,999	-\$525,843	-\$3,865,263	-\$15,207,843		-\$15,207,843
513 Total Equity - Net Assets / Position	-\$1,899,893	-\$3,175,193	-\$525,843	-\$3,865,263	-\$9,466,192	\$0	-\$9,466,192
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$7,883,541	\$671,541	\$12,050,894	\$366,016	\$20,971,992	-\$25,392	\$20,946,600

New Brunswick Housing Authority (NJ022)
 NEW BRUNSWICK, NJ
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	Project Total	Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,366,650	14,871			\$1,366,650		\$1,366,650
70400 Tenant Revenue - Other	\$22,210				\$22,210		\$22,210
70500 Total Tenant Revenue	\$1,388,860	\$0	\$0	\$0	\$1,388,860	\$0	\$1,388,860
70600 HUD PHA Operating Grants	\$2,563,063	\$10,250,365			\$12,813,428		\$12,813,428
70610 Capital Grants	\$321,504				\$321,504		\$321,504
70710 Management Fee				\$427,825	\$427,825		\$427,825
70720 Asset Management Fee					\$0	-\$427,825	-\$427,825
70730 Book Keeping Fee				\$92,520	\$92,520	-\$92,520	\$0
70740 Front Line Service Fee							
70750 Other Fees							
70700 Total Fee Revenue				\$520,345	\$520,345	-\$520,345	\$0
70800 Other Government Grants							
71100 Investment Income - Unrestricted	\$6,188		\$23		\$10,269		\$10,269
71200 Mortgage Interest Income		\$4,058					
71300 Proceeds from Disposition of Assets Held for Sale							
71310 Cost of Sale of Assets							
71400 Fraud Recovery		\$10,946			\$10,946		\$10,946
71500 Other Revenue	\$119,029	\$16,389	\$147,975	\$42,910	\$326,303		\$326,303
71600 Gain or Loss on Sale of Capital Assets							
72000 Investment Income - Restricted	\$26		\$80,870		\$80,896		\$80,896
70000 Total Revenue	\$4,398,670	\$10,281,758	\$228,868	\$563,255	\$15,472,551	-\$520,345	\$14,952,206
91100 Administrative Salaries	\$398,274	\$214,776	\$12,500	\$291,596	\$917,146		\$917,146
91200 Auditing Fees		\$7,000	\$1,245		\$8,245		\$8,245
91300 Management Fee	\$454,083	\$110,292			\$564,375	-\$427,825	\$136,550
91310 Book-keeping Fee	\$22,005	\$70,515			\$92,520	-\$92,520	\$0
91400 Advertising and Marketing							
91500 Employee Benefit contributions - Administrative	\$415,282	\$194,270	\$5,829	\$136,781	\$752,162		\$752,162
91600 Office Expenses		\$63,988			\$63,988		\$63,988
91700 Legal Expense	\$55,385				\$55,385		\$55,385
91800 Travel	\$4,403			\$11,577	\$15,980		\$15,980
91810 Allocated Overhead							
91900 Other	\$209,344	\$40,110	\$40,248	\$19,338	\$309,040		\$309,040

New Brunswick Housing Authority (NJ022)
 NEW BRUNSWICK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	Project Total	Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
91000 Total Operating - Administrative	\$1,558,776	14,871 \$700,951	\$59,822	\$459,292	\$2,778,841	-\$520,345	\$2,258,496
92000 Asset Management Fee							
92100 Tenant Services - Salaries							
92200 Relocation Costs							
92300 Employee Benefit Contributions - Tenant Services							
92400 Tenant Services - Other	\$108				\$108		\$108
92500 Total Tenant Services	\$108	\$0	\$0	\$0	\$108	\$0	\$108
93100 Water	\$448,790				\$448,790		\$448,790
93200 Electricity	\$302,751				\$302,751		\$302,751
93300 Gas	\$249,761				\$249,761		\$249,761
93400 Fuel							
93500 Labor							
93600 Sewer	\$236,518				\$236,518		\$236,518
93700 Employee Benefit Contributions - Utilities							
93800 Other Utilities Expense							
93000 Total Utilities	\$1,237,820	\$0	\$0	\$0	\$1,237,820	\$0	\$1,237,820
94100 Ordinary Maintenance and Operations - Labor	\$218,596				\$218,596		\$218,596
94200 Ordinary Maintenance and Operations - Materials and Other	\$147,162				\$147,162		\$147,162
94300 Ordinary Maintenance and Operations Contracts	\$147,140		\$22,146		\$169,286		\$169,286
94500 Employee Benefit Contributions - Ordinary Maintenance	\$109,387				\$109,387		\$109,387
94000 Total Maintenance	\$622,285	\$0	\$22,146	\$0	\$644,431	\$0	\$644,431
95100 Protective Services - Labor							
95200 Protective Services - Other Contract Costs	\$2,969				\$2,969		\$2,969
95300 Protective Services - Other							
95500 Employee Benefit Contributions - Protective Services							
95000 Total Protective Services	\$2,969	\$0	\$0	\$0	\$2,969	\$0	\$2,969
96110 Property Insurance							
96120 Liability Insurance							
96130 Workmen's Compensation							

New Brunswick Housing Authority (NJ022)
NEW BRUNSWICK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	Project Total	Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
96140 All Other Insurance	\$119,672	\$16,462		\$16,467	\$152,601		\$152,601
96100 Total Insurance Premiums	\$119,672	\$16,462	\$0	\$16,467	\$152,601	\$0	\$152,601
96200 Other General Expenses	\$2,429				\$2,429		\$2,429
96210 Compensated Absences							
96300 Payments in Lieu of Taxes	\$15,104				\$15,104		\$15,104
96400 Bad debt - Tenant Rents	\$6,985				\$6,985		\$6,985
96500 Bad debt - Mortgages							
96600 Bad debt - Other							
96800 Severance Expense							
96000 Total Other General Expenses	\$24,518	\$0	\$0	\$0	\$24,518	\$0	\$24,518
96710 Interest of Mortgage (or Bonds) Payable	\$54,439		\$74,870		\$129,309		\$129,309
96720 Interest on Notes Payable (Short and Long Term)							
96730 Amortization of Bond Issue Costs							
96700 Total Interest Expense and Amortization Cost	\$54,439	\$0	\$74,870	\$0	\$129,309	\$0	\$129,309
96900 Total Operating Expenses	\$3,620,587	\$717,413	\$156,838	\$475,759	\$4,970,597	-\$520,345	\$4,450,252
97000 Excess of Operating Revenue over Operating Expenses	\$778,083	\$9,564,345	\$72,030	\$87,496	\$10,501,954	\$0	\$10,501,954
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized							
97300 Housing Assistance Payments		\$9,343,081			\$9,343,081		\$9,343,081
97350 HAP Portability-In							
97400 Depreciation Expense	\$617,819	\$11,060			\$628,879		\$628,879
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							
90000 Total Expenses	\$4,238,406	\$10,071,554	\$156,838	\$475,759	\$14,942,557	-\$520,345	\$14,422,212
10010 Operating Transfer In	\$350,746				\$350,746		\$350,746
10020 Operating Transfer Out	-\$350,746				-\$350,746		-\$350,746
10030 Operating Transfers from/to Primary Government							

New Brunswick Housing Authority (NJ022)
NEW BRUNSWICK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	Project Total	Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
		14,871					
10040 Operating Transfers from/to Component Unit							
10050 Proceeds from Notes, Loans and Bonds							
10060 Proceeds from Property Sales							
10070 Extraordinary Items, Net Gain/Loss							
10080 Special Items (Net Gain/Loss)							
10091 Inter Project Excess Cash Transfer In							
10092 Inter Project Excess Cash Transfer Out							
10093 Transfers between Program and Project - In							
10094 Transfers between Project and Program - Out							
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under)	\$160,264	\$210,204	\$72,030	\$87,496	\$529,994	\$0	\$529,994
Total Expenses							
11020 Required Annual Debt Principal Payments	\$130,000	\$0	\$0	\$0	\$130,000		\$130,000
11030 Beginning Equity	-\$2,188,215	-\$3,385,397	-\$476,140	-\$3,952,759	-\$10,002,511		-\$10,002,511
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$128,058		-\$121,733	\$0	\$6,325		\$6,325
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		-\$3,425,362			-\$3,425,362		-\$3,425,362
11180 Housing Assistance Payments Equity		\$250,169			\$250,169		\$250,169
11190 Unit Months Available	3420	11268	0		14688		14688
11210 Number of Unit Months Leased	2702	9402	0		12104		12104
11270 Excess Cash	\$220,652				\$220,652		\$220,652
11610 Land Purchases	\$0			\$0	\$0		\$0
11620 Building Purchases	\$0			\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0			\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$114,706			\$0	\$114,706		\$114,706
11650 Leasehold Improvements Purchases	\$128,059			\$0	\$128,059		\$128,059

New Brunswick Housing Authority (NJ022)
 NEW BRUNSWICK, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2019

	14.871 Housing Choice Vouchers	1 Business Activities	COCC	Subtotal	ELIM	Total
11660 Infrastructure Purchases	\$0		\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$140,000		\$0	\$140,000		\$140,000
13901 Replacement Housing Factor Funds	\$0		\$0	\$0		\$0



Hymanson, Parnes & Giampaolo

Certified Public Accountants

tele: 732-842-4550

fax: 732-842-4551

467 Middletown-Lincroft Rd.

Lincroft, NJ 07738

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

Board of Commissioners
Housing Authority of the City of New Brunswick
7 Vandyke Avenue
New Brunswick, New Jersey 08901

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Housing Authority of the City of New Brunswick (hereafter referred to as the Authority), which comprise the statement of net position as of June 30, 2019 and the related statements of revenue, expenses and changes in net position, statement of cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 24, 2020.

Internal Control over Financial Reporting

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

Purpose of this Report

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

Hymanson, Parnes & Giampaolo

Lincroft, New Jersey

Date: January 24, 2020



Hymanson, Parnes & Giampaolo

Certified Public Accountants

tele: 732-842-4550
fax: 732-842-4551

467 Middletown-Lincroft Rd.
Lincroft, NJ 07738

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

Board of Commissioners
Housing Authority of the City of New Brunswick
7 Vandyke Avenue
New Brunswick, New Jersey 08901

Report on Compliance for Each Major Federal Program

We have audited Housing Authority of the City of New Brunswick compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Housing Authority of the City of New Brunswick major federal programs for the year ended June 30, 2019. Housing Authority of the City of New Brunswick major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Housing Authority of the City of New Brunswick major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Housing Authority of the City of New Brunswick compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Housing Authority of the City of New Brunswick compliance.

Opinion on Each Major Federal Program

In our opinion, Housing Authority of the City of New Brunswick complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Housing Authority of the City of New Brunswick is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Housing Authority of the City of New Brunswick's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Housing Authority of the City of New Brunswick internal control over compliance.

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

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

Purpose of This Report

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

Hymanson, Parnes & Giampaolo

Lincroft, New Jersey

Date: January 24, 2020

HOUSING AUTHORITY OF THE CITY OF NEW BRUNSWICK

Schedule of Findings and Questioned Cost

Year Ended June 30, 2019

Prior Audit Findings

None reported

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued:

Unmodified

Internal Control over Financial Reporting:

Material Weakness (es) Identified? _____ yes X no

Significant Deficiency(ies) identified that are considered to be material weakness(es)? _____ yes X none reported

Noncompliance Material to Financial Statements Noted? _____ yes X no

Federal Awards

Internal Control over Major Programs:

Material Weakness (es) Identified? _____ yes X no

Significant Deficiency(ies) identified that are considered to be material weakness(es)? _____ yes X none reported

Type of audit report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, _____ yes X no

Identification of Major Programs

CFDA#	Name of Federal Program	Amount
14.850	Public and Indian Housing Program	\$ 1,960,694
14.872	Public Housing Capital Fund Program	\$ 923,873

Dollar threshold used to Distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as a low-risk auditee X yes _____ no

FINDINGS – FINANCIAL STATEMENT AUDIT

None reported

FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAM AUDIT

None reported



Hymanson, Parnes & Giampaolo

Certified Public Accountants

tele: 732-842-4550
fax: 732-842-4551

467 Middletown-Lincroft Rd.
Lincroft, NJ 07738

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Housing Authority of the City of New Brunswick
7 Vandyke Avenue
New Brunswick, New Jersey 08901

We have performed the procedure described in the second paragraph of this report, which was agreed to by Housing Authority of the City of New Brunswick and the U.S. Department of Housing and Urban Development, Public Indian Housing-Real Estate Assessment Center (PIH-REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the OMB Uniform Guidance reporting package. Housing Authority of the City of New Brunswick is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

We were engaged to perform an audit in accordance with the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), by Housing Authority of the City of New Brunswick as of and for the year ended June 30, 2019, and have issued our reports thereon dated January 24, 2020. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated June 30, 2019, was expressed in relation to the basic financial statements of Housing Authority of the City of New Brunswick taken as a whole.

A copy of the reporting package required by OMB Uniform Guidance, which includes the auditor's reports, is available in its entirety from Housing Authority of the City of New Brunswick. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, PIH-REAC.

This report is intended solely for the information and use of Housing Authority of the City of New Brunswick and the U.S. Department of Housing and Urban Development, PIH-REAC, and is not intended to be and should not be used by anyone other than these specified parties.

Hymanson, Parnes & Giampaolo

Lincroft, New Jersey
January 24, 2020

**ATTACHMENT TO INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON
PROCEDURE**

PROCEDURE	UFRS RULE INFORMATION	HARD COPY DOCUMENTS	AGREES	DOES NOT AGREE
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's	<input checked="" type="radio"/>	<input type="radio"/>
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	<input checked="" type="radio"/>	<input type="radio"/>
3	Type of opinion on FDS (data element G3100-040)	Auditor's supplemental report on FDS	<input checked="" type="radio"/>	<input type="radio"/>
4	Audit findings narrative (data element G5200-010)	Schedule of Findings and Questioned costs	<input checked="" type="radio"/>	<input type="radio"/>
5	General information (data element series G2000,G2100,G2200,G9000,G9100)	OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned costs,Part 1 and OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned costs,Part 1 and OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
9	Basic financial statements and auditor's reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	<input checked="" type="radio"/>	<input type="radio"/>