

**HOUSING AUTHORITY OF THE
BOROUGH OF BUENA**

**REPORT OF AUDIT
FOR THE FISCAL YEARS ENDED
MARCH 31, 2021 AND 2020**

HOUSING AUTHORITY OF THE BOROUGH OF BUENA

Table of Contents

March 31, 2021 and 2020

| | Page Number |
|---|----------------|
| <u>FINANCIAL SECTION</u> | |
| Independent Auditor's Report | 2 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 4 |
| Management's Discussion and Analysis | 6 |
| Basic Financial Statements | |
| Statements of Net Position | 10 |
| Statements of Revenue, Expenses, and Changes in Net Position | 11 |
| Statements of Cash Flows | 12 |
| Notes to Financial Statements | 13 |
| Required Supplementary Information | |
| Schedule of the Authority's Proportionate Share of the Net OPEB Liability | 45 |
| Schedule of the Authority's OPEB Contributions | 46 |
| Note to Required Supplementary Information | 47 |
| Schedule of the Authority's Proportionate Share of the Net Pension Liability (PERS) | 48 |
| Schedule of the Authority's Contributions (PERS) | 49 |
| Note to Required Supplementary Information (PERS) | 50 |
| Supplementary Information | |
| Financial Data Schedule | 52 |
| Schedule of Findings | 59 |
| Summary Schedule of Prior Year Audit Findings | 60 |
| Appreciation | 61 |

HOUSING AUTHORITY OF THE BOROUGH OF BUENA

FINANCIAL SECTION

FOR THE FISCAL YEARS ENDED MARCH 31, 2021 AND 2020

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Borough of Buena

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the Borough of Buena, a component unit of the Borough of Buena (Authority), as of and for the fiscal years ended March 31, 2021 and 2020 and the related notes to the financial statements which collectively comprise the Authority's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and in compliance with the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Housing Authority of the Borough of Buena as of March 31, 2021 and 2020, and the changes in financial position and cash flows thereof for the fiscal years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
March 18, 2022

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

Board of Commissioners
Housing Authority of the Borough of Buena

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Housing Authority of the Borough of Buena ("Authority"), a component unit of the Borough of Buena, as of and for the fiscal year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated March 18, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
March 18, 2022

Housing Authority of the Borough of Buena
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
March 31, 2021

As management of the Housing Authority of the Borough of Buena, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activity of the Authority for the year ended March 31, 2021. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities as of March 31, 2021 by \$1,002,212 (net position).
- The Authority's cash balance as of March 31, 2021 was \$507,027 representing an increase of \$46,997 from March 31, 2020. \$196,419 of the balance has been designated as replacement reserves due to the conversion to RAD.
- The Authority had Housing Assistance Payment revenues of \$190,202 for the fiscal year ended March 31, 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY-WIDE)

New for recent years is the adjustment required by Government Accounting Standards Board (GASB) Statement No. 68 Accounting and Financial Reporting for Pensions as required by Generally Accepted Accounting Principles for government entities. Under the provisions of GASB 68, the Authority must include its proportionate share of the net pension liability of the Public Employees' Retirement System (PERS). The Authority was required to report \$34,916 of deferred outflows of resources, \$76,647 of deferred inflows of resources and the pension liability of \$190,654 for the current fiscal year.

Housing Authority of the Borough of Buena
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
March 31, 2021

Also new in recent years is the adjustment required by Government Accounting Standards Board (GASB) Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB) as required by Generally Accepted Accounting Principles for government entities. Under the provisions of GASB 75, the Authority must include its proportionate share of the net OPEB for health insurance. The Authority was required to report \$89,879 of deferred outflows of resources, \$187,174 of deferred inflows of resources and the OPEB liability of \$344,396 for the current fiscal year.

The following table summarizes the changes in net position between March 31, 2021, 2020 and 2019 for the Authority as a whole:

| ENTITY-WIDE | 2021 | 2020 | 2019 |
|--|--------------|--------------|--------------|
| Current Assets | \$ 526,971 | \$ 481,236 | \$ 408,490 |
| Capital Assets | 1,220,589 | 1,297,248 | 1,399,076 |
| Total Assets | 1,747,560 | 1,778,484 | 1,807,566 |
| Deferred Outflows of Resources | 124,795 | 47,463 | 59,956 |
| Total Assets and Deferred Outflows | 1,872,355 | 1,825,947 | 1,867,522 |
| Current Liabilities | 52,365 | 50,919 | 52,821 |
| Noncurrent Liabilities | 553,957 | 462,703 | 536,939 |
| Total Liabilities | 606,322 | 513,622 | 589,760 |
| Deferred Inflows of Resources | 263,821 | 285,056 | 244,841 |
| Total Liabilities and Deferred Inflows | 870,143 | 798,678 | 834,601 |
| Net Investment in Capital Assets | 1,220,589 | 1,297,248 | 1,399,076 |
| Restricted Net Position | 196,419 | 151,210 | 108,153 |
| Unrestricted Net Position | (414,796) | (421,189) | (474,308) |
| Total Net Position | \$ 1,002,212 | \$ 1,027,269 | \$ 1,032,921 |

Current assets increased by \$45,735 in 2021 from 2020 due to an increase in cash of \$46,997 and an increase in tenant receivables of \$276 offset by a decrease in other receivables of \$100 and a decrease in prepaid expenses of \$1,438.00.

Current assets increased by \$72,746 in 2020 from 2019 due to an increase in cash of \$59,179, an increase in tenant receivables of 1,837 and an increase in prepaid expenses of \$11,730.

Capital assets decreased by \$76,659 in 2021 from 2020 due to depreciation of \$76,659.

Capital assets decreased by \$101,828 in 2020 from 2019 due to depreciation of \$101,827.

Deferred Outflows of Resources increased by \$77,332 in 2021 from 2020 and decreased by \$12,493 in 2020 from 2019 per the required GASB 68 and GASB 75 year end accruals.

Current liabilities increased by \$1,446 in 2021 from 2020 primarily due to a increase in accounts payable. Current liabilities decreased by \$1,902 in 2020 from 2019 primarily due to a decrease in accounts payable.

Noncurrent liabilities increased by \$91,254 in 2021 from the prior year primarily due to the increase in the OPEB liability of \$102,192 and a decrease in the pension liability of \$11,743. Noncurrent liabilities decreased by \$74,236 in 2020 from the prior year primarily due to the decrease in the OPEB liability of \$60,318 and a decrease in the pension liability of \$16,735.

Housing Authority of the Borough of Buena
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
March 31, 2021

Deferred Inflows of Resources decreased by \$21,235 in 2021 from 2020 and increased by \$40,215 in 2020 from 2019 per the required GASB 68 and GASB 75 year end accruals.

The following table summarizes the changes in revenues and expenses between FYE 2021, 2020 and 2019 for the Authority as a whole (entity-wide):

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|---------------------|
| Operating Revenue: | | | |
| Tenant Rental Revenue | \$ 201,302 | \$ 223,891 | \$ 225,502 |
| Federal Grant Awards | - | - | - |
| Housing Assistance Payments | 190,202 | 196,772 | 181,397 |
| Other Income | 3,970 | 6,151 | 5,418 |
| Total Operating Revenue | <u>395,474</u> | <u>426,814</u> | <u>412,317</u> |
| Operating Expenses: | | | |
| Administrative | 116,335 | 92,532 | 112,524 |
| Utilities | 85,846 | 79,806 | 85,014 |
| Maintenance | 110,094 | 121,834 | 100,043 |
| General Expenses | 31,645 | 36,515 | 34,579 |
| Depreciation Expense | 76,659 | 101,827 | 104,222 |
| Total Operating Expenses | <u>420,579</u> | <u>432,514</u> | <u>436,382</u> |
| Nonoperating Revenue (Expenses): | | | |
| Investment Income | 48 | 48 | 125 |
| Net Nonoperating Revenue | <u>48</u> | <u>48</u> | <u>125</u> |
| Change in Net Position | <u>(25,057)</u> | <u>(5,652)</u> | <u>(23,940)</u> |
| Net Position, Beginning | <u>1,027,269</u> | <u>1,032,921</u> | <u>1,527,328</u> |
| Cumulative effect of change in accounting principle | <u>-</u> | <u>-</u> | <u>(470,467)</u> |
| Net Position, Ending | <u>\$ 1,002,212</u> | <u>\$ 1,027,269</u> | <u>\$ 1,032,921</u> |

Comparatively, 2021 revenue decreased by \$31,340 from 2020 due to an decrease in housing assistance payment revenues of \$6,570, a decrease in tenant rental revenue of \$22,589 and a decrease in other income of \$2,181.

Comparatively, 2020 revenue increased by \$14,497 from 2019 due to an increase in housing assistance payment revenues of \$15,375, an increase in other revenue of \$733 and offset by a decrease in tenant charges of \$1,611.

Interest income remained the same for 2021 and 2020 but decreased by \$77 in 2020 from 2019 due to lower balances in the bank accounts during the year.

Administrative expenses increased by \$23,803 in 2021 from 2020 primarily due to the negative GASB 75 adjustment of \$23,254 to employee benefits in 2020.

Administrative expenses decrease by \$19,992 in 2020 from 2019 primarily due to a decrease in health insurance benefits caused by the GASB 75 adjustment.

Housing Authority of the Borough of Buena
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
March 31, 2021

Utility expenses increased in 2021 from 2020 by \$6,040 due to an increase in utility costs and decreased in 2020 from 2019 by \$5,208 primarily due to a decrease in consumption.

Maintenance expenses decreased in 2021 from 2020 by \$11,740 primarily due to a decrease in material and supplies purchases of \$15,805 offset by an increase in salaries and benefits of \$4,262. Maintenance expenses increased in 2020 from 2019 by \$21,791 primarily due to an increase in supplies of \$11,039 for repair supplies and an increase in contract costs of \$9,490.00 for floor coverings.

Depreciation expense decreased in 2021 from 2020 by \$25,168 and decreased in 2020 from 2019 by \$2,395 due to more capital assets being fully depreciated.

CAPITAL ASSETS

The following table summarizes the changes in capital assets between March 31, 2021, 2020 and 2019:

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Land | \$ 313,978 | \$ 313,978 | \$ 313,978 |
| Buildings and Improvements | 3,518,402 | 3,518,402 | 3,518,402 |
| Equipment-Dwelling | 27,302 | 59,972 | 59,972 |
| Equipment-Nondwelling | <u>47,072</u> | <u>47,072</u> | <u>47,072</u> |
| TOTAL CAPITAL ASSETS | 3,906,754 | 3,939,424 | 3,939,424 |
| Accumulated depreciation | <u>2,686,165</u> | <u>2,642,176</u> | <u>2,540,348</u> |
| CAPITAL ASSETS, NET | <u><u>\$ 1,220,589</u></u> | <u><u>\$ 1,297,248</u></u> | <u><u>\$ 1,399,076</u></u> |

DEBT ADMINISTRATION

Debt:

As of March 31, 2021, the Authority had no outstanding debt.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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

Housing Authority of the Borough of Buena
Statements of Net Position
For the Fiscal Years Ended March 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| Current assets | | |
| Unrestricted cash and cash equivalents | \$ 286,061 | \$ 283,611 |
| Restricted cash and cash equivalents | 24,547 | 25,209 |
| Replacement reserve cash | 196,419 | 151,210 |
| Accounts receivable | 4,884 | 4,608 |
| Other receivables | 46 | 146 |
| Prepaid expenses | 15,014 | 16,452 |
| Total current assets | <u>526,971</u> | <u>481,236</u> |
| Non-current assets | | |
| Capital assets, net of accumulated depreciation | 1,220,589 | 1,297,248 |
| Total assets | <u>\$ 1,747,560</u> | <u>\$ 1,778,484</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Related to pensions | \$ 34,916 | \$ 37,752 |
| Related to OPEB | 89,879 | 9,711 |
| Total deferred outflows of resources | <u>\$ 124,795</u> | <u>\$ 47,463</u> |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable | \$ 5,019 | \$ 2,116 |
| Accrued expenses | 6,520 | 4,901 |
| Accrued compensated absences | 4,727 | 4,526 |
| Tenant security deposits | 24,547 | 25,209 |
| Due to other governments | 11,546 | 14,130 |
| Unearned revenue | 6 | 37 |
| Total current liabilities | <u>52,365</u> | <u>50,919</u> |
| Non-current liabilities | | |
| Accrued compensated absences | 18,907 | 18,102 |
| Pension liability - contribution subsequent to measurement date | 9,133 | 7,876 |
| Pension liability | 181,521 | 194,521 |
| Other postemployment benefits | 344,386 | 242,204 |
| Total non-current liabilities | <u>553,957</u> | <u>462,703</u> |
| Total liabilities | <u>\$ 606,322</u> | <u>\$ 513,622</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Related to pensions | \$ 187,174 | \$ 212,597 |
| Related to OPEB | 76,647 | 72,459 |
| Total deferred inflows of resources | <u>\$ 263,821</u> | <u>\$ 285,056</u> |
| NET POSITION | | |
| Net investment in capital assets | \$ 1,220,589 | \$ 1,297,248 |
| Restricted | 196,419 | 151,210 |
| Unrestricted (deficit) | <u>(414,796)</u> | <u>(421,189)</u> |
| Total net position | <u>\$ 1,002,212</u> | <u>\$ 1,027,269</u> |

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

Housing Authority of the Borough of Buena
Statements of Revenue, Expenses, and Changes in Net Position
For the Fiscal Years Ended March 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Operating revenue | | |
| Tenant charges | \$ 201,302 | \$ 223,891 |
| Housing assistance payments | 190,202 | 196,772 |
| Other income | <u>3,970</u> | <u>6,151</u> |
| Total operating revenue | <u>395,474</u> | <u>426,814</u> |
| Operating expenses | | |
| Administration | 116,335 | 92,532 |
| Utilities | 85,846 | 79,806 |
| Ordinary maintenance and operations | 110,094 | 121,834 |
| General expenses | 31,645 | 36,515 |
| Depreciation expense | <u>76,659</u> | <u>101,827</u> |
| Total operating expenses | <u>420,579</u> | <u>432,514</u> |
| Operating loss | <u>(25,105)</u> | <u>(5,700)</u> |
| Non-operating revenue: | | |
| Interest income | <u>48</u> | <u>48</u> |
| Decrease in net position | <u>(25,057)</u> | <u>(5,652)</u> |
| Net position at the beginning of the year, as restated | <u>1,027,269</u> | <u>1,032,921</u> |
| Net position at the end of the year | <u>\$ 1,002,212</u> | <u>\$ 1,027,269</u> |

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

Housing Authority of the Borough of Buena
Statements of Cash Flows
For the Fiscal Years Ended March 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|--|--------------------------|--------------------------|
| Cash flows from operating activities | | |
| Cash received from housing assistance payments | \$ 190,202 | \$ 196,772 |
| Cash received from tenants | 200,333 | 221,209 |
| Other operating cash receipts | 3,970 | 6,151 |
| Payments to employees | (118,050) | (106,263) |
| Payments for goods and services | <u>(229,506)</u> | <u>(258,738)</u> |
| Net cash provided by operating activities | <u>46,949</u> | <u>59,131</u> |
| Cash flows from investing activities | | |
| Interest income received | <u>48</u> | <u>48</u> |
| Increase in cash and cash equivalents | 46,997 | 59,179 |
| Cash and cash equivalents, beginning of year | <u>460,030</u> | <u>400,851</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 507,027</u></u> | <u><u>\$ 460,030</u></u> |
| Reconciliation of operating loss to net cash provided by operating activities | | |
| Operating loss | \$ (25,105) | \$ (5,700) |
| Adjustments to reconcile operating loss to net cash provided by operating activities | | |
| Depreciation | 76,659 | 101,827 |
| Adjustment to actuarial pension expense | 1,257 | 166 |
| Adjustment to actuarial accounts payable amount | (3,043) | (1,256) |
| Adjustment to actuarial other postemployment benefits | (6,332) | (23,254) |
| (Increase) decrease in assets | | |
| Accounts receivable | (276) | (1,984) |
| Other receivables | 100 | 147 |
| Prepaid expenses | 1,438 | (11,730) |
| Increase (decrease) in liabilities | | |
| Accounts payable | 2,903 | (2,697) |
| Accrued expenses | 1,619 | 634 |
| Tenant security deposits | (662) | 240 |
| Due to other governments | (2,584) | 154 |
| Unearned revenue | (31) | (938) |
| Accrued compensated absences | <u>1,006</u> | <u>3,522</u> |
| Net cash provided by operating activities | <u><u>\$ 46,949</u></u> | <u><u>\$ 59,131</u></u> |
| Reconciliation of cash and cash equivalents to the statements of net position | | |
| Cash and cash equivalents - unrestricted | \$ 286,061 | \$ 283,611 |
| Cash and cash equivalents - restricted | 24,547 | 25,209 |
| Replacement reserve | <u>196,419</u> | <u>151,210</u> |
| | <u><u>\$ 507,027</u></u> | <u><u>\$ 460,030</u></u> |

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

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

Note 1: ORGANIZATION AND ACTIVITY

Reporting entity

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

As of March 31, 2021, the activities of the Authority include the ownership and/or management of the following housing projects in Buena, New Jersey:

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

Component unit

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit would be reported in a separate column in the financial statements to emphasize that it is legally separate from the government.

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

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

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

Note 1: ORGANIZATION AND ACTIVITY (continued)

Component unit (continued)

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

As of March 31, 2021, it has been determined by the Authority that no component units exist.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

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

Basis of accounting

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

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting (continued)

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

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

Budgets and budgetary control

The Authority prepares an annual budget as required by N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current fiscal year and to adopt not later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the fiscal year. The Authority's budget includes all operations of the Authority. Planned Capital Fund expenditures are included in a capital budget, which is part of the annual budget. The original budget and budget amendments must be approved by Board resolution. Budget amendments during the fiscal years ended March 31, 2021 and 2020 were not significant.

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

The Authority's annual budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by function and nature. The total amount of appropriations constitutes the legal level of control.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents and investments

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

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey governmental units. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services, Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

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

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

Restricted assets

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

Prepaid expenses

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

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

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

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

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

Deferred outflows and deferred inflows of resources

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

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

Compensated absences

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

Amounts accrued are charged to expense with a corresponding liability.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pensions

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

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

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

Net position

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

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

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

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

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

Revenue

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

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

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

Housing assistance payments – Housing assistance payments consist of amounts received related to project based vouchers held by tenants. Charges are determined and billed monthly and recognized as revenues when assessed because they are measurable and are collectible within the current period. Amounts not received by year-end are considered to be accounts receivable, and amounts paid for the subsequent year are recorded as unearned revenue.

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

Use of estimates

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

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards adopted

Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The adoption of this Statement had no impact on the Authority's financial statements.

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The adoption of this Statement had no impact on the Authority's financial statements.

Statement No. 90, *Major Equity Interests*. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The adoption of this Statement had no impact on the Authority's financial statement.

New accounting standards to be implemented in the future

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

Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement originally would have become effective for the Authority in the year ending March 31, 2021, but as a result of GASB Statement 95 will become effective in the year March 31, 2022. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement originally would have become effective for the Authority in the year ending March 31, 2021, but as a result of GASB Statement 95 will become effective in the year ending March 31, 2022. Management has not yet determined the impact of this Statement on the financial statements.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement originally would have become effective for the Authority in the year ending December 31, 2021, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2022. Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statements are effective as follows:

1. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
2. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 originally would have become effective for the Authority in the year ending December 31, 2021, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2022.
3. The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities originally would have become effective for the Authority in the year ending December 31, 2021, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2022.
4. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition originally would have become effective for the Authority in the year ending December 31, 2021, but as a result of GASB Statement 95 will become effective in the year ending December 31, 2022.

Management has not yet determined the impact of this Statement on the financial statements.

Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. This Statement will become effective for the Authority in the year ending December 31, 2021. GASB Statement 95 changed the effective date for paragraphs 13 and 14 to the year ending December 31, 2022. Management does not expect this Statement will have an impact on the financial statements.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The Statement will become effective for the Authority in the year ending December 31, 2023. Management does not expect this Statement will have an impact on the financial statements.

Statement 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Statement will become effective for the Authority in the year ending December 31, 2023. Management does not expect this Statement will have an impact on the financial statements.

Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The portions of the statement effect component unit criteria are effective immediately, but the other portions of the Statement will become effective for the Authority in the fiscal year ending March 31, 2023. Management does not expect this Statement will have an impact on the financial statements.

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

Note 3: CASH AND CASH EQUIVALENTS

Custodial credit risk related to deposits – Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. The Authority's formal policy regarding custodial credit risk is the same as described in Note 2 and included in its cash management plan. N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. As of March 31, 2021 and 2020, the Authority's bank balances of \$250,000 and \$250,000, respectively, were insured by Federal depository insurance and \$256,827 and \$209,830, respectively, were insured by GUDPA.

Note 4: RESTRICTED ASSETS

The Authority established restricted cash accounts as required by HUD to report the cash associated with holding tenant security deposits and the replacement reserve, required by RAD (see note 1). As of March 31, 2021 and 2020, the Authority's restricted cash balances are \$220,966 and \$176,419, respectively.

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

Note 5: CAPITAL ASSETS

The Authority's capital asset activity for the fiscal years ended March 31, 2021 and 2020 was as follows:

| | Balance March 31, 2020 | Additions | Reductions | Balance March 31, 2021 |
|--|------------------------------|---------------------|-------------|------------------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 313,978 | \$ - | \$ - | \$ 313,978 |
| Capital assets being depreciated | | | | |
| Buildings | 3,518,403 | - | - | 3,518,403 |
| Furniture & equipment – dwelling | 59,972 | (32,670) | - | 27,302 |
| Furniture & equipment – nondwelling | 47,071 | - | - | 47,071 |
| | 3,939,424 | - | - | 3,906,754 |
| Less accumulated depreciation | 2,642,176 | 43,989 | - | 2,686,165 |
| Net capital assets | <u>\$ 1,297,248</u> | <u>\$ (76,659)</u> | <u>\$ -</u> | <u>\$ 1,220,589</u> |
| | Balance March 31, 2019 | Additions | Reductions | Balance March 31, 2020 |
| Capital assets not being depreciated | | | | |
| Land | \$ 313,978 | \$ - | \$ - | \$ 313,978 |
| Capital assets being depreciated | | | | |
| Buildings | 3,518,403 | - | - | 3,518,403 |
| Furniture, equipment – dwelling | 59,972 | - | - | 59,972 |
| Furniture & equipment – nondwelling | 47,071 | - | - | 47,071 |
| | 3,939,424 | - | - | 3,939,424 |
| Less accumulated depreciation | 2,540,348 | 101,828 | - | 2,642,176 |
| Net capital assets | <u>\$ 1,399,076</u> | <u>\$ (101,828)</u> | <u>\$ -</u> | <u>\$ 1,297,248</u> |

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

Note 6: PENSION PLAN

Public Employees' Retirement System

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

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

General Information about the Pension Plan

Plan Description

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

Vesting and Benefit Provisions

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

The following represents the membership tiers for PERS:

Tier Definition

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

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

Note 6: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

Vesting and Benefit Provisions (continued)

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

Contributions

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, C. 78, the member contribution rate was 7.50% in effective July 1, 2018. The rate for members who are eligible for the Prosecutors Part of PERS (P.L. 2001, C. 366) was 10.0% in State fiscal year 2020. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

The Authority's contractually required contribution rate for the fiscal years ended March 31, 2021 and 2020 was 14.40% and 13.04% of the Authority's covered payroll, respectively. These amounts were actuarially determined as an amount that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2020, the Authority's contractually required contribution to the pension plan for the fiscal year ended March 31, 2021 was \$12,177, and was payable by April 1, 2021. Based on the PERS measurement date of June 30, 2019, the Authority's contractually required contribution to the pension plan for the fiscal year ended March 31, 2020 was \$10,501, and was payable by April 1, 2020. Employee contributions to the pension plan during the fiscal years ended March 31, 2021 and 2020 were \$6,343 and \$6,041, respectively.

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

Note 6: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

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

At March 31, 2021, the Authority's proportionate share of the net pension liability was \$181,521. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2020 measurement date, the Authority's proportion was 0.0011131226%, which was an increase of 0.0000335563% from its proportion measured as of June 30, 2019.

At March 31, 2020, the Authority's proportionate share of the net pension liability was \$194,521. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2019. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2019 measurement date, the Authority's proportion was 0.0010795663%, which was an increase of 0.0000072583% from its proportion measured as of June 30, 2018.

For the fiscal years ended March 31, 2021 and 2020, the Authority recognized pension expense of \$7,458 and \$9,410, respectively. These amounts were based on the plan's June 30, 2020 and 2019 measurement dates, respectively.

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

Note 6: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At March 31, 2021 and 2020, the Authority had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>March 31, 2021</u> | | <u>March 31, 2020</u> | |
|--|---|---|---|--|
| | <u>Measurement Date June 30, 2020</u> | | <u>Measurement Date June 30, 2019</u> | |
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experience | \$ 3,305 | \$ 642 | \$ 3,491 | \$ 859 |
| Change of assumptions | 5,889 | 76,005 | 19,424 | 67,518 |
| Net difference between projected and actual earnings on pension plan investments | 6,205 | - | - | 3,071 |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | 10,384 | - | 6,961 | 1,011 |
| Authority contributions subsequent to the measurement date | <u>9,133</u> | <u>-</u> | <u>7,876</u> | <u>-</u> |
| | <u>\$ 34,916</u> | <u>\$ 76,647</u> | <u>\$ 37,752</u> | <u>\$ 72,459</u> |

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

Note 6: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

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

The deferred outflows of resources related to pensions totaling \$9,133 and \$7,876 will be included as a reduction of the net pension liability in the years ended March 31, 2022 and 2021, respectively. These amounts are based on an estimated April 1, 2022 and April 1, 2021 contractually required contribution, prorated from the pension plans measurement date of June 30, 2020 and June 30, 2019 to the Authority's fiscal year end of March 31, 2021 and 2020.

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

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|--|--|
| Differences between expected and actual experience | | |
| Year of pension plan deferral: | | |
| June 30, 2014 | - | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| June 30, 2017 | 5.48 | - |
| June 30, 2018 | - | 5.63 |
| June 30, 2019 | 5.21 | - |
| June 30, 2020 | 5.16 | - |
| Changes of assumptions | | |
| Year of pension plan deferral: | | |
| June 30, 2014 | 6.44 | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| June 30, 2017 | - | 5.48 |
| June 30, 2018 | - | 5.63 |
| June 30, 2019 | - | 5.21 |
| June 30, 2020 | - | 5.16 |
| Net difference between projected and actual earnings on pension plan investments | | |
| Year of pension plan deferral: | | |
| June 30, 2014 | - | - |
| June 30, 2015 | - | - |
| June 30, 2016 | 5.00 | - |
| June 30, 2017 | 5.00 | - |
| June 30, 2018 | 5.00 | - |
| June 30, 2019 | 5.00 | - |
| June 30, 2020 | 5.00 | - |

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

Note 6: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

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

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|--|--|
| Changes in proportion and differences between Authority contributions and proportionate share of contributions Year of pension plan deferral: | | |
| June 30, 2014 | 6.44 | 6.44 |
| June 30, 2015 | 5.72 | 5.72 |
| June 30, 2016 | 5.57 | 5.57 |
| June 30, 2017 | 5.48 | 5.48 |
| June 30, 2018 | 5.63 | 5.63 |
| June 30, 2019 | 5.21 | 5.21 |
| June 30, 2020 | 5.16 | 5.16 |

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

| <u>Fiscal Year Ending March 31,</u> | |
|---|--------------------|
| 2021 | \$ (18,875) |
| 2022 | (17,963) |
| 2023 | (9,955) |
| 2024 | (3,267) |
| 2025 | <u>(804)</u> |
| | <u>\$ (50,864)</u> |

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

Note 6: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

Actuarial Assumptions

The net pension liability was measured as of June 30, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020 and 2019. These actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

| | <u>Measurement Date June 30, 2020</u> | <u>Measurement Date June 30, 2019</u> |
|---|---|---|
| Inflation rate: | | |
| Price | 2.75% | 2.75% |
| Wage | 3.25% | 3.25% |
| Salary increases: | | |
| Through 2026 | 2.00% - 6.00% | 2.00% - 6.00% |
| | Based on years of service | Based on years of service |
| Thereafter | 3.00% - 7.00% | 3.00% - 7.00% |
| | Based on years of service | Based on years of service |
| Investment rate of return | 7.00% | 7.00% |
| Period of actuarial experience | | |
| Study upon which actuarial assumptions were based | July 1, 2014 – June 30, 2018 | July 1, 2014 – June 30, 2018 |

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

Note 6: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

Actuarial Assumptions (continued)

For the June 30, 2020 measurement date, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

For the June 30, 2019 measurement date, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020 and 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2020 and 2019 are summarized in the table on the following page.

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

Note 6: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

Actuarial Assumptions (continued)

| Asset Class | Measurement Date June 30, 2020 | | Measurement Date June 30, 2019 | |
|-----------------------------------|-----------------------------------|---|-----------------------------------|---|
| | Target Allocation | Long-Term Expected Real Rate of Return | Target Allocation | Long-Term Expected Real Rate of Return |
| Risk Mitigation Strategies | 3.00% | 4.40% | 3.00% | 4.67% |
| Cash Equivalents | 4.00% | 0.50% | 5.00% | 2.00% |
| U.S. Treasuries | 5.00% | 1.94% | 5.00% | 2.68% |
| Investment Grade Credit | 8.00% | 2.67% | 10.00% | 4.25% |
| High Yield | 2.00% | 5.95% | 2.00% | 5.37% |
| Private Credit | 8.00% | 7.59% | 6.00% | 7.92% |
| Global Diversified Credit | - | - | - | - |
| Credit Oriented Hedge Funds | - | - | - | - |
| Debt Related Private Equity | - | - | - | - |
| Debt Related Real Estate | - | - | - | - |
| Real Assets | 3.00% | 9.73% | 2.50% | 9.31% |
| Real Estate | 8.00% | 9.56% | 7.50% | 8.33% |
| U.S. Equity | 27.00% | 7.71% | 28.00% | 8.26% |
| Non-U.S. Developed Markets Equity | 13.50% | 8.57% | 12.50% | 9.00% |
| Emerging Markets Equity | 5.50% | 10.23% | 6.50% | 11.37% |
| Buyouts/Venture Capital | - | - | - | - |
| Private Equity | 13.00% | 11.42% | 12.00% | 10.85% |
| | <u>100.00%</u> | | <u>100.00%</u> | |

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2020 was 7.00%. The single blended discount rate as based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020, 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 pension plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current pension plan members through 2057. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

Note 6: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

Discount Rate (continued)

The discount rate used to measure the total pension liability at June 30, 2019 was 6.28%. The respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from pension plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 70% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current pension plan members through 2046; therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

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

The following presents the Authority's proportionate share of the net pension liability at June 30, 2020, the pension plan's measurement date, calculated using a discount rate of 7.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|--|---------------------------|-------------------------------------|---------------------------|
| Proportionate share of the net pension liability | \$ 253,122 | \$ 181,251 | \$ 155,951 |

The following presents the Authority's proportionate share of the net pension liability at June 30, 2019, the pension plan's measurement date, calculated using a discount rate of 6.28%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

| | 1% Decrease (5.28%) | Current Discount Rate (6.28%) | 1% Increase (7.28%) |
|--|---------------------------|-------------------------------------|---------------------------|
| Proportionate share of the net pension liability | \$ 267,271 | \$ 194,521 | \$ 166,663 |

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

Note 6: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

Pension Plan Fiduciary Net Position

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

Note 7: OTHER POST-RETIREMENT BENEFITS

State Health Benefits Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided - The Authority contributes to the State Health Benefits Local Government Retired Employees Plan (the "Plan"), which is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits.

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

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

Note 7: OTHER POST-RETIREMENT BENEFITS (continued)

State Health Benefits Local Government Retired Employees Plan (continued)

General Information about the OPEB Plan (continued)

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

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

The Authority was billed monthly by the Plan and for the fiscal years ended March 31, 2021 and 2020, the Authority paid \$0 and \$6,978, respectively. These amounts represent 0.00% and 8.66% of the Authority's covered payroll. During the fiscal years ended March 31, 2021 and 2020, the Authority had no retirees receiving healthcare benefits.

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

OPEB Liability - At March 31, 2021, the Authority's proportionate share of the net OPEB liability was \$344,396. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The Authority's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan during the measurement period July 1, 2019 through June 30, 2020. For the June 30, 2020 measurement date, the Authority's proportion was 0.001919% which was an increase of 0.000131% from its proportion measured as of the June 30, 2019 measurement date.

At March 31, 2020, the Authority's proportionate share of the net OPEB liability was \$242,204. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The Authority's proportion of the net OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan during the measurement period July 1, 2018 through June 30, 2019. For the June 30, 2019 measurement date, the Authority's proportion was 0.001788% which was a decrease of 0.000143% from its proportion measured as of the June 30, 2018 measurement date.

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

Note 7: OTHER POST-RETIREMENT BENEFITS (continued)

State Health Benefits Local Government Retired Employees Plan (continued)

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

OPEB (Benefit) Expense - At March 31, 2021, the Authority's proportionate share of the OPEB benefit, calculated by the Plan as of the June 30, 2020 measurement date is (\$2,349). As previously mentioned, for the fiscal year ended March 31, 2021, the Authority made no contributions to the Plan.

At March 31, 2020, the Authority's proportionate share of the OPEB expense, calculated by the Plan as of the June 30, 2019 measurement date is (\$11,043). As previously mentioned, for the fiscal year ended March 31, 2020, the Authority made contributions to the Plan totaling \$6,978.

Deferred Outflows of Resources and Deferred Inflows of Resources

At March 31, 2021 and 2020, the Authority had deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

| | March 31, 2021 | | March 31, 2020 | |
|--|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | Measurement Date June 30, 2020 | | Measurement Date June 30, 2019 | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 9,071 | \$ 64,133 | \$ - | \$ 70,830 |
| Change of assumptions | 51,511 | 76,588 | - | 85,832 |
| Net difference between projected and actual earnings on OPEB plan investments | 219 | - | 200 | - |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | 29,078 | 46,453 | 4,277 | 55,935 |
| Authority contributions subsequent to the measurement date | - | - | 5,234 | - |
| | <u>\$ 89,879</u> | <u>\$ 187,174</u> | <u>\$ 9,711</u> | <u>\$ 212,597</u> |

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

Note 7: OTHER POST-RETIREMENT BENEFITS (continued)

State Health Benefits Local Government Retired Employees Plan (continued)

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

The deferred outflows of resources related to OPEB totaling \$0 and \$5,234 were the result of the Authority's contributions subsequent to the Plan's measurement date of June 30, 2020 and June 30, 2019, respectively. These amounts will be included as a reduction of the Authority's net OPEB liability during the year ending March 31, 2022 and March 31, 2021, respectively.

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

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|--|--|
| Differences between expected and actual experience | | |
| Year of OPEB plan deferral: | | |
| June 30, 2019 | - | 8.05 |
| June 30, 2020 | 7.87 | - |
| Changes of assumptions | | |
| Year of OPEB plan deferral: | | |
| June 30, 2019 | - | 8.05 |
| June 30, 2020 | 7.87 | - |
| Net difference between projected and actual earnings on OPEB plan investments | | |
| Year of OPEB plan deferral: | | |
| June 30, 2019 | 5.00 | - |
| June 30, 2020 | 5.00 | - |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | | |
| Year of OPEB plan deferral: | | |
| June 30, 2019 | 8.05 | 8.05 |
| June 30, 2020 | 7.87 | 7.87 |

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

Note 7: OTHER POST-RETIREMENT BENEFITS (continued)

State Health Benefits Local Government Retired Employees Plan (continued)

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

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

| Fiscal Year Ending March 31, | |
|---|--------------------|
| 2022 | \$ (23,587) |
| 2023 | (23,604) |
| 2024 | (23,631) |
| 2025 | (23,656) |
| 2026 | (12,535) |
| Thereafter | <u>9,718</u> |
| | <u>\$ (97,925)</u> |

Actuarial Assumptions

The actuarial valuation at June 30, 2020 and 2019 used the following actuarial assumptions, applied to all periods in the measurement:

| | Measurement Date June 30, 2020 | Measurement Date June 30, 2019 |
|------------------------------|---|---|
| Inflation | 2.50% | 2.50% |
| Salary increases* | | |
| PERS | | |
| Initial fiscal year applied: | | |
| Rate through 2026 | 2.00% - 6.00% | 2.00% - 6.00% |
| Rate thereafter | 3.00% - 7.00% | 3.00% - 7.00% |

* Salary increases are based on years of service within the respective plan

For the June 30, 2020 measurement date, mortality rates were based on Pub-2010 General classification headcount weighted mortality with fully generational morality improvement projections from the central year using Scale MP-2020. For the June 30, 2019 measurement date, mortality rates were based on Pub-2010 General classification headcount weighted mortality with fully generational morality improvement projections from the central year using Scale MP-2019

Actuarial assumptions used in the June 30, 2019 and June 30, 2018 valuation were based on the results of the PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Note 7: OTHER POST-RETIREMENT BENEFITS (continued)

State Health Benefits Local Government Retired Employees Plan (continued)

Actuarial Assumptions (continued)

100% of active members in both the June 30, 2020 and June 30, 2019 measurement dates are considered to participate in the Plan upon retirement.

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

Discount Rate - The discount rate used to measure the OPEB Liability at June 30, 2020 and 2019 were 2.21% and 3.50%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Health Care Trend Assumptions - For the June 30, 2020 measurement date, the trend rate for pre-Medicare medical benefits is initially 5.6% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decreases to a 4.5% long-term trend rate after seven years.

For the June 30, 2019 measurement date, the trend rate for pre-Medicare medical benefits is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

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

The net OPEB liability as of June 30, 2020, the plans measurement date, for the Authority calculated using a discount rate of 2.21%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

| | 1% Decrease (1.21%) | Current Discount Rate (2.21%) | 1% Increase (3.21%) |
|--|---------------------------|-------------------------------------|---------------------------|
| Proportionate share of the net OPEB liability | \$ 407,149 | \$ 344,396 | \$ 294,721 |

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

Note 7: OTHER POST-RETIREMENT BENEFITS (continued)

State Health Benefits Local Government Retired Employees Plan (continued)

Sensitivity of the net OPEB Liability to Changes in the Discount Rate (continued)

The net OPEB liability as of June 30, 2019, the plans measurement date, for the Authority calculated using a discount rate of 3.50%, as well as using a discount rate that is 1% lower or 1% higher than the current rates used is as follows:

| | 1% Decrease (2.50%) | Current Discount Rate (3.50%) | 1% Increase (4.50%) |
|---|---------------------------|-------------------------------------|---------------------------|
| Proportionate share of the net OPEB liability | \$ 280,049 | \$ 242,204 | \$ 211,450 |

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

The Authority's proportionate share of the net OPEB Liability as of June 30, 2020, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|---|----------------|-----------------------------------|----------------|
| Proportionate share of the net OPEB liability | \$ 407,149 | \$ 344,396 | \$ 294,721 |

The Authority's proportionate share of the net OPEB Liability as of June 30, 2019, using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate used is as follows:

| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|---|----------------|-----------------------------------|----------------|
| Proportionate share of the net OPEB liability | \$ 204,390 | \$ 242,204 | \$ 290,442 |

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

Note 8: LONG-TERM DEBT

The following summarizes compensated absences at year end:

| | March 31, | |
|-------------------|------------------|------------------|
| | 2021 | 2020 |
| Beginning balance | \$ 22,628 | \$ 19,106 |
| Increase | 12,408 | 11,088 |
| Decrease | <u>11,402</u> | <u>7,566</u> |
| Ending balance | <u>\$ 23,634</u> | <u>\$ 22,628</u> |
| Current portion | <u>\$ 4,727</u> | <u>\$ 4,526</u> |

Note 9: MANAGEMENT AGREEMENT

The Housing Authority of the Borough of Buena entered into an agreement to retain management services from the Housing Authority of the City of Vineland and has agreed to pay \$29,500 annually and to be invoiced monthly. The Housing Authority of the City of Vineland provides management services and additional services on an as-needed basis for the Housing Authority of the Borough of Buena. The current agreement became effective as of January 1, 2013, and was effective until December 31, 2017. This agreement will renew one additional five year term through December 31, 2022 unless written notice is received 30 days prior to expiration. The total management fees paid were \$29,500 and \$30,848 for the fiscal years ended March 31, 2021 and 2020, respectively.

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

Note 10: RISK MANAGEMENT

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

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

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

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

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

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

Note 11: OTHER MATTERS

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

Note 12: COVID-19 PANDEMIC

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Authority, its performance, and its financial results.

Note 13: SUBSEQUENT EVENTS

Management of the Housing Authority of the Borough of Buena has evaluated subsequent events through March 18, 2022, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2021

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

| | <u>2021</u> | <u>2020</u> |
|---|-------------|-------------|
| Authority's Proportion of the Net OPEB Liability | 0.001919% | 0.001788% |
| Authority's Proportionate Share of the Net OPEB Liability | \$ 344,396 | \$ 242,204 |
| Authority's Covered Payroll (Plan Measurement Period) | \$ 84,576 | \$ 80,552 |
| Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll | 300.68% | 300.68% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 0.91% | 1.98% |

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

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Required Supplementary Information
Schedule of the Authority's OPEB Contributions
State Health Benefits Local Government Retired Employees Plan
Last Two Fiscal Years

| | <u>2021</u> | <u>2020</u> |
|---|-------------|-------------------|
| Authority's Required Contributions | \$ - | \$ 6,978 |
| Authority's Contributions in Relation to the Required Contribution | <u>\$ -</u> | <u>\$ (6,978)</u> |
| Authority's Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> |
| Authority's Covered Payroll (Fiscal Year) | \$ 84,576 | \$ 80,552 |
| Authority's Contributions as a Percentage of Covered Payroll | 0.00% | 8.66% |

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

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Note to Required Supplementary Information
State Health Benefits Local Government Retired Employees Plan
For the Fiscal Year Ended March 31, 2021

Note to Required Supplementary Information

Changes in Benefit Terms:

The actuarial valuation as of June 30, 2020 included updates to the provisions of Chapter 48, along with newly adopted changes in different levels of subsidy for employers.

Changes in Assumptions:

The discount rate used as of the June 30 measurement date is as follows:

| <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
|-------------|-------------|-------------|-------------|
| 2020 | 2.21% | 2018 | 3.87% |
| 2019 | 3.50% | 2017 | 3.58% |

The expected investment rate of return is based on guidance provided by the State. These expected rates of return are the same as the discount rates listed above.

In addition to changes in the discount rate, other factors that affected the valuation of the net OPEB liability included changes in the trend, repealment of the excise tax, and updated mortality improvement

The health care trend assumption is used to project the growth of the expected claims over the lifetime of the health care recipients. Medical and prescription drug trend rates are determined by utilizing experience data, industry experience which includes surveys and Aon trend guidance. These rates are adjusted further to be appropriate with respect to the plan provisions. For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage rates for Plan Years 2019 through 2022 are reflected. For Plan Year 2023 the Medicare Advantage trend rate includes an assumed increase in the premiums based on recent experience and discussions with the Medicare Advantage vendor. The assumed post-65 medical trend is 4.50% for all future years. For prescription drug benefits, the initial trend rate is 7.00% decreasing to a 4.50% long-term trend rate after seven years.

On October 21, 2020, the Society of Actuaries (SOA) released an updated set of life expectancy mortality improvement assumptions, Scale MP-2020. The MP-2020 scale reflects more recent mortality data for the U.S. population.

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

| | <u>Measurement Date Ending June 30,</u> | | | | | | |
|--|---|---------------|---------------|---------------|---------------|---------------|---------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| Proportion of the net pension liability | 0.0011131226% | 0.0017956630% | 0.0010723080% | 0.0010670415% | 0.0010245550% | 0.0010136882% | 0.0010111773% |
| Proportionate share of the net pension liability | \$ 181,521 | \$ 194,521 | \$ 211,132 | \$ 248,390 | \$ 303,444 | \$ 227,553 | \$ 189,320 |
| Covered payroll (plan measurement period) | \$ 80,552 | \$ 76,712 | \$ 75,304 | \$ 73,924 | \$ 70,480 | \$ 69,928 | \$ 69,928 |
| Proportionate share of the net pension liability as a percentage of it's covered payroll | 225.35% | 253.57% | 280.37% | 336.01% | 430.54% | 325.41% | 270.74% |
| Plan fiduciary net position as a percentage of the total pension liability | 58.32% | 56.27% | 53.60% | 48.10% | 40.14% | 47.93% | 52.08% |

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

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

| | Year Ended March 31, | | | | | | |
|--|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Contractually required contribution | \$ 12,177 | \$ 10,501 | \$ 10,666 | \$ 9,885 | \$ 9,102 | \$ 8,715 | \$ 8,336 |
| Contributions in relation to the contractually required contribution | (12,177) | (10,501) | (10,666) | (9,885) | (9,102) | (8,715) | (8,336) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Authority's covered payroll | \$ 84,576 | \$ 80,552 | \$ 76,712 | \$ 75,304 | \$ 73,924 | \$ 72,055 | \$ 70,066 |
| Contributions as a percentage of covered payroll | 14.40% | 13.04% | 13.90% | 13.13% | 12.31% | 12.09% | 11.90% |

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

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Note to Required Supplementary Information
For the Fiscal Years Ended March 31, 2021 and 2020

Note to Required Supplementary Information

Changes in benefit terms: The June 30, 2020 measurement date included two changes to the plan provisions. Chapter 157, P.L. 2019 expanded the definition of regular or assigned duties for purposes of accidental disability. The Division of Pension and Benefits (DPB) also adopted a new policy regarding the crediting of interest on member contributions for the purpose of refund of accumulated deductions.

Changes in Assumptions:

The discount rate used as of June 30 measurement date is as follows:

| <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
|-------------|-------------|-------------|-------------|
| 2020 | 7.00% | 2016 | 3.98% |
| 2019 | 6.28% | 2015 | 4.90% |
| 2018 | 5.66% | 2014 | 5.39% |
| 2017 | 5.00% | | |

The long-term expected rate of return used as of June 30 measurement date is as follows:

| <u>Year</u> | <u>Rate</u> | <u>Year</u> | <u>Rate</u> |
|-------------|-------------|-------------|-------------|
| 2020 | 7.00% | 2016 | 7.65% |
| 2019 | 7.00% | 2015 | 7.90% |
| 2018 | 7.00% | 2014 | 7.90% |
| 2017 | 7.00% | | |

The mortality assumption was updated upon direction from the DPB.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA

SUPPLEMENTARY INFORMATION

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

MARCH 31, 2021

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2021

| | Project Total | 1 Business Activities | Subtotal | Total |
|--|---------------|-----------------------|--------------|--------------|
| 111 Cash - Unrestricted | | \$286,061 | \$286,061 | \$286,061 |
| 112 Cash - Restricted - Modernization and Development | | | | |
| 113 Cash - Other Restricted | | \$196,419 | \$196,419 | \$196,419 |
| 114 Cash - Tenant Security Deposits | | \$24,547 | \$24,547 | \$24,547 |
| 115 Cash - Restricted for Payment of Current Liabilities | | | | |
| 100 Total Cash | \$0 | \$507,027 | \$507,027 | \$507,027 |
| | | | | |
| 121 Accounts Receivable - PHA Projects | | | | |
| 122 Accounts Receivable - HUD Other Projects | | | | |
| 124 Accounts Receivable - Other Government | | | | |
| 125 Accounts Receivable - Miscellaneous | \$0 | \$46 | \$46 | \$46 |
| 126 Accounts Receivable - Tenants | | \$4,884 | \$4,884 | \$4,884 |
| 126.1 Allowance for Doubtful Accounts - Tenants | | \$0 | \$0 | \$0 |
| 126.2 Allowance for Doubtful Accounts - Other | | \$0 | \$0 | \$0 |
| 127 Notes, Loans, & Mortgages Receivable - Current | | | | |
| 128 Fraud Recovery | | | | |
| 128.1 Allowance for Doubtful Accounts - Fraud | | | | |
| 129 Accrued Interest Receivable | | | | |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$0 | \$4,930 | \$4,930 | \$4,930 |
| | | | | |
| 131 Investments - Unrestricted | | | | |
| 132 Investments - Restricted | | | | |
| 135 Investments - Restricted for Payment of Current Liability | | | | |
| 142 Prepaid Expenses and Other Assets | | \$15,014 | \$15,014 | \$15,014 |
| 143 Inventories | | | | |
| 143.1 Allowance for Obsolete Inventories | | | | |
| 144 Inter Program Due From | | | | |
| 145 Assets Held for Sale | | | | |
| 150 Total Current Assets | \$0 | \$526,971 | \$526,971 | \$526,971 |
| | | | | |
| 161 Land | | \$313,978 | \$313,978 | \$313,978 |
| 162 Buildings | | \$3,518,402 | \$3,518,402 | \$3,518,402 |
| 163 Furniture, Equipment & Machinery - Dwellings | | \$27,302 | \$27,302 | \$27,302 |
| 164 Furniture, Equipment & Machinery - Administration | | \$47,072 | \$47,072 | \$47,072 |
| 165 Leasehold Improvements | | | | |
| 166 Accumulated Depreciation | | -\$2,686,165 | -\$2,686,165 | -\$2,686,165 |
| 167 Construction in Progress | | | | |
| 168 Infrastructure | | | | |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$0 | \$1,220,589 | \$1,220,589 | \$1,220,589 |
| | | | | |

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2021

| | Project Total | 1 Business Activities | Subtotal | Total |
|---|---------------|-----------------------|-------------|-------------|
| 171 Notes, Loans and Mortgages Receivable - Non-Current | | | | |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due | | | | |
| 173 Grants Receivable - Non Current | | | | |
| 174 Other Assets | | | | |
| 176 Investments in Joint Ventures | | | | |
| 180 Total Non-Current Assets | \$0 | \$1,220,589 | \$1,220,589 | \$1,220,589 |
| | | | | |
| 200 Deferred Outflow of Resources | | \$124,795 | \$124,795 | \$124,795 |
| | | | | |
| 290 Total Assets and Deferred Outflow of Resources | \$0 | \$1,872,355 | \$1,872,355 | \$1,872,355 |
| | | | | |
| 311 Bank Overdraft | | | | |
| 312 Accounts Payable <= 90 Days | | \$5,019 | \$5,019 | \$5,019 |
| 313 Accounts Payable >90 Days Past Due | | | | |
| 321 Accrued Wage/Payroll Taxes Payable | | \$1,102 | \$1,102 | \$1,102 |
| 322 Accrued Compensated Absences - Current Portion | | \$4,727 | \$4,727 | \$4,727 |
| 324 Accrued Contingency Liability | | | | |
| 325 Accrued Interest Payable | | | | |
| 331 Accounts Payable - HUD PHA Programs | | | | |
| 332 Account Payable - PHA Projects | | | | |
| 333 Accounts Payable - Other Government | | \$11,546 | \$11,546 | \$11,546 |
| 341 Tenant Security Deposits | | \$24,547 | \$24,547 | \$24,547 |
| 342 Unearned Revenue | \$0 | \$6 | \$6 | \$6 |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue | | | | |
| 344 Current Portion of Long-term Debt - Operating Borrowings | | | | |
| 345 Other Current Liabilities | | | | |
| 346 Accrued Liabilities - Other | | \$5,418 | \$5,418 | \$5,418 |
| 347 Inter Program - Due To | | | | |
| 348 Loan Liability - Current | | | | |
| 310 Total Current Liabilities | \$0 | \$52,365 | \$52,365 | \$52,365 |
| | | | | |

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2021

| | Project Total | 1 Business Activities | Subtotal | Total |
|--|---------------|-----------------------|-------------|-------------|
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | | | | |
| 352 Long-term Debt, Net of Current - Operating Borrowings | | | | |
| 353 Non-current Liabilities - Other | | | | |
| 354 Accrued Compensated Absences - Non Current | | \$18,907 | \$18,907 | \$18,907 |
| 355 Loan Liability - Non Current | | | | |
| 356 FASB 5 Liabilities | | | | |
| 357 Accrued Pension and OPEB Liabilities | \$0 | \$535,050 | \$535,050 | \$535,050 |
| 350 Total Non-Current Liabilities | \$0 | \$553,957 | \$553,957 | \$553,957 |
| | | | | |
| 300 Total Liabilities | \$0 | \$606,322 | \$606,322 | \$606,322 |
| | | | | |
| 400 Deferred Inflow of Resources | | \$263,821 | \$263,821 | \$263,821 |
| | | | | |
| 508.4 Net Investment in Capital Assets | | \$1,220,589 | \$1,220,589 | \$1,220,589 |
| 511.4 Restricted Net Position | | \$196,419 | \$196,419 | \$196,419 |
| 512.4 Unrestricted Net Position | \$0 | -\$414,796 | -\$414,796 | -\$414,796 |
| 513 Total Equity - Net Assets / Position | \$0 | \$1,002,212 | \$1,002,212 | \$1,002,212 |
| | | | | |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | \$0 | \$1,872,355 | \$1,872,355 | \$1,872,355 |

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2021

| | Project Total | 1 Business Activities | Subtotal | Total |
|---|---------------|-----------------------|-----------|-----------|
| 70300 Net Tenant Rental Revenue | | \$201,302 | \$201,302 | \$201,302 |
| 70400 Tenant Revenue - Other | | \$3,970 | \$3,970 | \$3,970 |
| 70500 Total Tenant Revenue | \$0 | \$205,272 | \$205,272 | \$205,272 |
| | | | | |
| 70600 HUD PHA Operating Grants | | | | |
| 70610 Capital Grants | | | | |
| 70710 Management Fee | | | | |
| 70720 Asset Management Fee | | | | |
| 70730 Book Keeping Fee | | | | |
| 70740 Front Line Service Fee | | | | |
| 70750 Other Fees | | | | |
| 70700 Total Fee Revenue | | | | |
| | | | | |
| 70800 Other Government Grants | | \$190,202 | \$190,202 | \$190,202 |
| 71100 Investment Income - Unrestricted | | \$48 | \$48 | \$48 |
| 71200 Mortgage Interest Income | | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | |
| 71310 Cost of Sale of Assets | | | | |
| 71400 Fraud Recovery | | | | |
| 71500 Other Revenue | | | | |
| 71600 Gain or Loss on Sale of Capital Assets | | | | |
| 72000 Investment Income - Restricted | | | | |
| 70000 Total Revenue | \$0 | \$395,522 | \$395,522 | \$395,522 |
| | | | | |
| 91100 Administrative Salaries | | \$36,135 | \$36,135 | \$36,135 |
| 91200 Auditing Fees | | \$7,800 | \$7,800 | \$7,800 |
| 91300 Management Fee | | \$29,500 | \$29,500 | \$29,500 |
| 91310 Book-keeping Fee | | | | |
| 91400 Advertising and Marketing | | \$568 | \$568 | \$568 |
| 91500 Employee Benefit contributions - Administrative | | \$12,756 | \$12,756 | \$12,756 |
| 91600 Office Expenses | | \$2,484 | \$2,484 | \$2,484 |
| 91700 Legal Expense | | \$5,000 | \$5,000 | \$5,000 |
| 91800 Travel | | \$743 | \$743 | \$743 |
| 91810 Allocated Overhead | | | | |
| 91900 Other | | \$21,349 | \$21,349 | \$21,349 |
| 91000 Total Operating - Administrative | \$0 | \$116,335 | \$116,335 | \$116,335 |
| | | | | |

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2021

| | Project Total | 1 Business Activities | Subtotal | Total |
|---|---------------|-----------------------|-----------|-----------|
| 92000 Asset Management Fee | | | | |
| 92100 Tenant Services - Salaries | | | | |
| 92200 Relocation Costs | | | | |
| 92300 Employee Benefit Contributions - Tenant Services | | | | |
| 92400 Tenant Services - Other | | | | |
| 92500 Total Tenant Services | \$0 | \$0 | \$0 | \$0 |
| 93100 Water | | \$15,494 | \$15,494 | \$15,494 |
| 93200 Electricity | | \$8,456 | \$8,456 | \$8,456 |
| 93300 Gas | | \$28,651 | \$28,651 | \$28,651 |
| 93400 Fuel | | | | |
| 93500 Labor | | | | |
| 93600 Sewer | | \$33,245 | \$33,245 | \$33,245 |
| 93700 Employee Benefit Contributions - Utilities | | | | |
| 93800 Other Utilities Expense | | | | |
| 93000 Total Utilities | \$0 | \$85,846 | \$85,846 | \$85,846 |
| 94100 Ordinary Maintenance and Operations - Labor | | \$54,464 | \$54,464 | \$54,464 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | | \$15,582 | \$15,582 | \$15,582 |
| 94300 Ordinary Maintenance and Operations Contracts | | \$31,852 | \$31,852 | \$31,852 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | | \$8,196 | \$8,196 | \$8,196 |
| 94000 Total Maintenance | \$0 | \$110,094 | \$110,094 | \$110,094 |
| 95100 Protective Services - Labor | | | | |
| 95200 Protective Services - Other Contract Costs | | | | |
| 95300 Protective Services - Other | | | | |
| 95500 Employee Benefit Contributions - Protective Services | | | | |
| 95000 Total Protective Services | \$0 | \$0 | \$0 | \$0 |
| 96110 Property Insurance | | \$9,457 | \$9,457 | \$9,457 |
| 96120 Liability Insurance | | \$4,182 | \$4,182 | \$4,182 |
| 96130 Workmen's Compensation | | \$642 | \$642 | \$642 |
| 96140 All Other Insurance | | \$4,812 | \$4,812 | \$4,812 |
| 96100 Total Insurance Premiums | \$0 | \$19,093 | \$19,093 | \$19,093 |
| 96200 Other General Expenses | | \$0 | \$0 | \$0 |
| 96210 Compensated Absences | | \$1,006 | \$1,006 | \$1,006 |
| 96300 Payments in Lieu of Taxes | | \$11,546 | \$11,546 | \$11,546 |
| 96400 Bad debt - Tenant Rents | | | | |
| 96500 Bad debt - Mortgages | | | | |
| 96600 Bad debt - Other | | | | |
| 96800 Severance Expense | | | | |
| 96000 Total Other General Expenses | \$0 | \$12,552 | \$12,552 | \$12,552 |

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2021

| | Project Total | 1 Business Activities | Subtotal | Total |
|---|---------------|-----------------------|-----------|-----------|
| 96710 Interest of Mortgage (or Bonds) Payable | | | | |
| 96720 Interest on Notes Payable (Short and Long Term) | | | | |
| 96730 Amortization of Bond Issue Costs | | | | |
| 96700 Total Interest Expense and Amortization Cost | \$0 | \$0 | \$0 | \$0 |
| 96900 Total Operating Expenses | \$0 | \$343,920 | \$343,920 | \$343,920 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$0 | \$51,602 | \$51,602 | \$51,602 |
| 97100 Extraordinary Maintenance | | | | |
| 97200 Casualty Losses - Non-capitalized | | | | |
| 97300 Housing Assistance Payments | | | | |
| 97350 HAP Portability-In | | | | |
| 97400 Depreciation Expense | | \$76,660 | \$76,660 | \$76,660 |
| 97500 Fraud Losses | | | | |
| 97600 Capital Outlays - Governmental Funds | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | |
| 97800 Dwelling Units Rent Expense | | | | |
| 90000 Total Expenses | \$0 | \$420,580 | \$420,580 | \$420,580 |
| 10010 Operating Transfer In | | | | |
| 10020 Operating transfer Out | | | | |
| 10030 Operating Transfers from/to Primary Government | | | | |
| 10040 Operating Transfers from/to Component Unit | | | | |
| 10050 Proceeds from Notes, Loans and Bonds | | | | |
| 10060 Proceeds from Property Sales | | | | |
| 10070 Extraordinary Items, Net Gain/Loss | | | | |
| 10080 Special Items (Net Gain/Loss) | | | | |
| 10091 Inter Project Excess Cash Transfer In | | | | |
| 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 |

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2021

| | Project Total | 1 Business Activities | Subtotal | Total |
|---|---------------|-----------------------|-------------|-------------|
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | \$0 | -\$25,058 | -\$25,058 | -\$25,058 |
| 11020 Required Annual Debt Principal Payments | \$0 | \$0 | \$0 | \$0 |
| 11030 Beginning Equity | \$0 | \$1,027,270 | \$1,027,270 | \$1,027,270 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | | | | |
| 11050 Changes in Compensated Absence Balance | | | | |
| 11060 Changes in Contingent Liability Balance | | | | |
| 11070 Changes in Unrecognized Pension Transition Liability | | | | |
| 11080 Changes in Special Term/Severance Benefits Liability | | | | |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents | | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | | |
| 11170 Administrative Fee Equity | | | | |
| 11180 Housing Assistance Payments Equity | | | | |
| 11190 Unit Months Available | 0 | 720 | 720 | 720 |
| 11210 Number of Unit Months Leased | 0 | 621 | 621 | 621 |
| 11270 Excess Cash | \$0 | | \$0 | \$0 |
| 11610 Land Purchases | \$0 | | \$0 | \$0 |
| 11620 Building Purchases | \$0 | | \$0 | \$0 |
| 11630 Furniture & Equipment - Dwelling Purchases | \$0 | | \$0 | \$0 |
| 11640 Furniture & Equipment - Administrative Purchases | \$0 | | \$0 | \$0 |
| 11650 Leasehold Improvements Purchases | \$0 | | \$0 | \$0 |
| 11660 Infrastructure Purchases | \$0 | | \$0 | \$0 |
| 13510 CFFP Debt Service Payments | \$0 | | \$0 | \$0 |
| 13901 Replacement Housing Factor Funds | \$0 | | \$0 | \$0 |

**Housing Authority of the Borough of Buena
Schedule of Findings
For the Fiscal Year Ended March 31, 2021**

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

Schedule of Current Year Findings

No Current Year Findings.

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

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

No Prior Year Findings.

APPRECIATION

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

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants