

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2018**

**WITH  
REPORT OF INDEPENDENT AUDITORS**

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
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FOR THE YEAR ENDED JUNE 30, 2018**

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CERTIFIED PUBLIC ACCOUNTANTS

## REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners of the  
Housing Authority of the Township of Brick:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Housing Authority of the Township of Brick (the "Authority") as of and for the year ended June 30, 2018, and the related notes to the 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### **Basis for Disclaimer of Opinion**

We were unable to obtain sufficient appropriate audit evidence regarding the Authority's postemployment benefit obligation other than pensions because the State of New Jersey has not issued their audited financial statements for the State Health Benefit Plan Local Government Retired Fund as of June 30, 2017.

### **Disclaimer of Opinion**

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements referred to in the first paragraph.

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## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the financial statements. The accompanying financial data schedule is also not a required part of the financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

The schedule of expenditures of federal awards and the financial data schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the significance of the matter described in the disclaimer of opinion paragraph, it is inappropriate to, and we do not, express an opinion on the supplementary information.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Novogradac & Company LLP*

April 17, 2019  
Toms River, New Jersey

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

As Management of the Housing Authority of the Township of Brick (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

**A. Financial Highlights**

1. The Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$5,679,811 (net position) as opposed to \$5,728,821 for the prior fiscal year.
2. At the close of the current fiscal year, the Authority reported ending unrestricted net position of \$559,569.
3. The Authority's unrestricted cash and cash equivalents and restricted cash balances at June 30, 2018 were \$5,306,823 representing an increase of \$87,442 from the prior fiscal year.
4. The Authority had total operating revenues of \$4,186,398 and total operating expenses of \$4,192,539 for the year ended June 30, 2018.
5. The Authority's capital outlays for the fiscal year were \$7,750.
6. The Authority's expenditures of federal awards amounted to \$3,336,245 for the fiscal year.
7. The Authority adopted GASB 68 *Accounting and Financial Reporting for Pensions* during the year ended June 30, 2016. As of June 30, 2018, the Authority reported a net pension liability of \$1,597,211, \$699,810 of deferred outflows of resources and \$596,453 of deferred inflows of resources.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**B. Using the Annual Report**

**1. Management's Discussion and Analysis**

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements and Notes to Financial Statements included in this Report were prepared in accordance with GAAP applicable to governmental entities in the United States of America.

**2. Financial Statements**

The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. They consist of the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and Statement of Cash Flows.

The Statement of Net Position presents information on all the Authority's assets and deferred outflows of resources less liabilities and deferred inflows of resources, with the difference between the two reported as net position. Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues Expenses and Changes in Net Position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of unrelated cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The Statement of Cash Flows present relevant information about the Authority's cash receipts and cash payments during the year.

The financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The financial statements can be found on pages 11 through 15 in this Report.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

B. Using the Annual Report (continued)

3. Notes to Financial Statements

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to Financial Statements can be found in this Report after the financial statements.

4. Supplemental Information

The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The Schedule of Expenditures of Federal awards can be found on page 36 of this report.

C. The Authority as a Whole

The Authority's net position decreased during the fiscal year as detailed on the following page. The Authority's revenues are primarily subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's revenues were sufficient to cover all expenses, excluding depreciation during the fiscal year.

A large portion of the Authority's net position reflects its net investment in capital assets (e.g., land, buildings, equipment and construction in progress). The Authority uses these capital assets to provide housing services for its tenants; consequently, these assets are not available for future spending. The Authority also maintains a large restricted net position balance, which consists of cash reserves that contain temporary constraints by grantors and creditors. The unrestricted net position of the Authority is available for future use to provide program services.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**C. The Authority as a Whole (continued)**

Computations of Net Position are as follows:

	As of	
	6/30/2018	6/30/2017
Cash and Other Assets	\$ 2,458,763	\$ 2,094,106
Restricted Cash	3,206,885	3,183,976
Capital Assets - Net	4,239,781	4,567,540
Deferred Outflows of Resources	669,810	460,209
Total Assets and Deferred Outflows	<u>10,575,239</u>	<u>10,305,831</u>
Less: Total Liabilities	4,298,975	4,208,448
Less: Deferred Inflows of Resources	596,453	368,562
Net Position	<u>\$ 5,679,811</u>	<u>\$ 5,728,821</u>
Net Investment in Capital Assets	\$ 1,913,357	\$ 2,191,610
Restricted Net Position	3,206,885	3,194,925
Unrestricted Net Position	559,569	342,286
Net Position	<u>\$ 5,679,811</u>	<u>\$ 5,728,821</u>

- Cash and other assets increased from \$2,094,106 in 2017 to \$2,458,763 in 2018. This increase was primarily due to the increase in accounts receivable miscellaneous, as part of the reimbursement of funds paid for fire damage.
- Restricted cash increased \$22,909 primarily due the deposit of funds into the Capital Reserve Escrow. These funds are restricted for capital improvements related to the Authority's participation in the Rental Assistance Demonstration program.
- Capital assets, net decreased from \$4,567,540 in 2017 to \$4,239,781 in 2018 as depreciation expense of \$335,509 exceeded capital purchases of \$7,750.
- Total liabilities increased \$90,527, primarily due to the increase of the accrued pension liability as part of GASB 68.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**C. The Authority as a Whole (continued)**

Computations of Changes in Net Position are as follows:

	Year Ended	
	6/30/2018	6/30/2017
<u>Revenues</u>		
Tenant Revenues	\$ 951,140	\$ 974,262
HUD Subsidies	2,672,186	3,103,276
Other Revenues	563,072	657,220
Total Operating Revenues	<u>4,186,398</u>	<u>4,734,758</u>
<u>Expenses</u>		
Other Operating Expenses	2,121,741	2,183,203
Housing Assistance Payments	1,735,289	1,852,045
Depreciation Expense	335,509	335,905
Total Operating Expenses	<u>4,192,539</u>	<u>4,371,153</u>
Operating Income (Loss)	<u>(6,141)</u>	<u>363,605</u>
<u>Non-Operating Revenues &amp; Expenses</u>		
Interest on Investments	31,717	14,831
Interest Expense	<u>(74,586)</u>	<u>(37,977)</u>
Loss before capital grants	(49,010)	340,459
Capital grants	<u>-</u>	<u>49,690</u>
Change in Net Position	(49,010)	390,149
Net Position - Beginning of Year	<u>5,728,821</u>	<u>5,338,672</u>
Net Position - End of Year	<u>\$5,679,811</u>	<u>\$ 5,728,821</u>

- Tenant revenue decreased from \$974,262 in 2017 to \$951,140 in 2018 due to a decrease in unit months leased.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

C. The Authority as a Whole (continued)

- HUD subsidies decreased from \$3,103,276 in 2017 to \$2,672,186 in 2018 or \$431,090. The primary reason for the decrease was due to a decrease in the funding of the Housing Choice Vouchers Program.
- Other operating expenses decreased from \$2,183,203 in 2017 to \$2,121,741 in 2018 or \$61,462. The decrease is primarily due to a decrease in administrative expenses of \$215,063 and ordinary repairs and maintenance of \$69,111, and an increase in general expenses of \$227,452.
- Capital fund grants decreased from \$49,690 in 2017 to \$0 in 2018 due to the conversion to the Rental Assistance Demonstration Program.

D. Budgetary Highlights

For the year ended June 30, 2018, individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

As indicated by the surplus of revenues over expenses (when accounting for the non-budgeted depreciation expense), the Authority stayed within its operating budget.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**E. Capital Assets and Debt Administration**

**1. Capital Assets**

As of June 30, 2018, the Authority's net investment in capital assets, net of accumulated depreciation was \$4,239,781. This investment in capital assets includes land, buildings, equipment, and construction in progress and is shown net of accumulated depreciation.

Major capital assets purchased during the year totaled \$7,050.

Additional information on the Authority's capital assets can be found in the Notes to the Financial Statements, which is included in this Report.

The following table summarizes the change in capital assets as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Land	\$ 108,250	\$ 108,250	\$ -
Buildings and improvements	15,127,381	15,119,631	7,750
Furniture and equipment	665,739	665,739	-
Total fixed assets	<u>15,901,370</u>	<u>15,893,620</u>	<u>7,750</u>
Less: accumulated depreciation	11,661,589	11,326,080	335,509
Net capital assets	<u>\$ 4,239,781</u>	<u>\$ 4,567,540</u>	<u>\$ (327,759)</u>

**2. Long Term Debt**

On November 30, 2016, the Authority entered into a loan agreement with Lakeland Bank in the amount of \$2,400,000 in connection with the Authority's Rental Assistance Demonstration Program to provide long-term capital improvement funding for low-income properties in the Township of Brick, New Jersey. The loan term shall be twenty (20) years with a variable interest rate. The current interest rate is 3.125% with monthly principal and interest payments totaling \$10,341.

Further details can be found in the notes to the financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

F. Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Authority's budget for the fiscal year ending June 30, 2019:

1. The state of the national and local economy.
2. The need for Congress to fund the war on terrorism and the continued cut-back of funding of federal programs.
3. The Authority's use of unrestricted reserves to offset the possible proration of subsidy from HUD.

G. Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Jacob Naszimento, Executive Director, Housing Authority of the Township of Brick, 165 Chambers Bridge Road, Brick, NJ 08723.

**FINANCIAL STATEMENTS**

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

ASSETS

Current assets:	
Cash and cash equivalents	\$ 2,005,344
Tenant security deposits	94,594
Accounts receivable, net	307,646
Accrued interest receivable	6,758
Prepaid expenses	<u>44,421</u>
Total current assets	<u>2,458,763</u>
Non-current assets:	
Restricted cash	3,206,885
Capital assets, net	<u>4,239,781</u>
Total non-current assets	<u>7,446,666</u>
Total assets	<u>9,905,429</u>

DEFERRED OUTFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	<u>669,810</u>
Total assets and deferred outflows of resources	<u>\$ 10,575,239</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**STATEMENT OF NET POSITION (continued)**  
**JUNE 30, 2018**

**LIABILITIES**

Current liabilities:	
Accounts payable	\$ 211,753
Accrued expenses	2,534
Accrued compensated absences, current	38,057
Tenant security deposits	94,594
Mortgage payable, current	51,118
Other current liabilities	<u>311</u>
Total current liabilities	<u>398,367</u>
Non-current liabilities:	
Accrued compensated absences, non-current	28,091
Accrued pension liability	1,597,211
Mortgage payable, non-current	<u>2,275,306</u>
Total non-current liabilities	<u>3,900,608</u>
Total liabilities	<u>4,298,975</u>

**DEFERRED INFLOWS OF RESOURCES**

State of New Jersey P.E.R.S.	<u>596,453</u>
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**NET POSITION**

Net position:	
Net investment in capital assets	1,913,357
Restricted	3,206,885
Unrestricted	<u>559,569</u>
Total net position	<u>5,679,811</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 10,575,239</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2018**

Operating revenues:	
Tenant revenue	\$ 951,140
HUD operating grants	2,672,186
Other revenues	<u>563,072</u>
Total operating revenues	<u>4,186,398</u>
Operating expenses:	
Administrative	665,874
Tenant services	45,306
Utilities	423,262
Ordinary repairs and maintenance	605,286
Protective services	54,695
Insurance	90,482
General expenses	236,836
Housing assistance payments	1,735,289
Depreciation	<u>335,509</u>
Total operating expenses	<u>4,192,539</u>
Operating loss	<u>(6,141)</u>
Non-operating revenues (expenses):	
Investment income	31,717
Interest expense	<u>(74,586)</u>
Net non-operating revenues (expenses)	<u>(42,869)</u>
Change in net position	(49,010)
Net position, beginning of the year	<u>5,728,821</u>
Net position, end of the year	<u>\$ 5,679,811</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018**

Cash Flows from Operating Activities:	
Cash received from grantors	\$ 2,737,846
Cash received from tenants and other	1,212,610
Cash paid to employees	(665,874)
Cash paid to suppliers	<u>(3,101,206)</u>
Net cash provided by operating activities	<u>183,376</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of capital assets	(7,750)
Principal payments on long term debt	(49,506)
Interest paid on capital debt	<u>(74,586)</u>
Net cash used in capital and related financing activities	<u>(131,842)</u>
Cash Flows from Investing Activities:	
Investment income	<u>35,908</u>
Net cash provided by investing activities	<u>35,908</u>
Net increase in cash and cash equivalents	87,442
Cash and cash equivalents, beginning of year	<u>5,219,381</u>
Cash and cash equivalents, end of year	<u>\$ 5,306,823</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 2,005,344
Tenant security deposits	94,594
Restricted cash	<u>3,206,885</u>
Cash and cash equivalents, end of year	<u>\$ 5,306,823</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**STATEMENT OF CASH FLOWS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Reconciliation of operating loss to net cash provided by operating activities:	
Operating income	\$ (6,141)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	335,509
Bad debts	2,957
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Accounts receivable, net	(308,913)
Prepaid expenses	1,641
Deferred outflows of resources	(209,601)
Accounts payable	95,081
Accrued expenses	(70)
Accrued compensated absences	(17,243)
Tenant security deposits	(237)
Other current liabilities	(321)
Deferred inflows of resources	227,891
Accrued pension liability	<u>62,823</u>
Net cash provided by operating activities	<u>\$ 183,376</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The Housing Authority of the Township of Brick (the "Authority") is a governmental, public corporation created under federal and state housing laws as defined by State statute (N.J.S.A. 4A:12A-1, et. Seq., the "Housing Authority Act") for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the Township of Brick, New Jersey (the "Township"). The Authority is responsible for operating certain low-rent housing programs in the Township under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The governing board is essentially autonomous but is responsible to HUD and the State of New Jersey Department of Community Affairs. An executive director is appointed by the Authority's Board to manage the day-to-day operations of the Authority.

**B. Basis of Accounting / Financial Statement Presentation**

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The programs of the Authority are organized as separate accounting entities. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The programs of the Authority are combined and considered an enterprise fund. An enterprise fund is used to account for activities that are operated in a manner similar to those found in the private sector.

The Authority's enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended ("GASB 34"). GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplementary Information.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Basis of Accounting / Financial Statement Presentation (continued)**

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions* ("GASB 33"), grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

On January 30, 2008, HUD issued PIH Notice 2008-9 which requires that unused housing assistance payments ("HAP") under proprietary fund reporting should be reported as restricted net position, with the associated cash and investments also being reported as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported on the financial data schedule as unrestricted.

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

In accordance with 2 CFR 200.305(b)(9), any investment income earned up to \$500 on these funds may be retained by the Authority. Amounts in excess of \$500 must be remitted annually to the Department of Health and Human Services, Payment Management System.

The Authority adopted GASB 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"). GASB 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures associated with pension plans of State and Local Governments. For defined benefit pensions, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actual present value, and attribute that present value to periods of employee service. In addition, GASB 68 details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions.

**C. Disclaimer of Opinion**

GAAP requires that GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75") be implemented for State and Local governments that provide postemployment benefits other than pensions ("OPEB") for fiscal years beginning after June 15, 2017. For cost sharing employers such as the Authority, in order to implement GASB 75, the Authority must rely on the audited financial statements of the State of New Jersey State Health Benefits Plan (the "Plan") prepared in accordance with GASB 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Disclaimer of Opinion (continued)**

As of March 20, 2019, the Plan has not issued their audited financial statements for the applicable period (the year ended June 30, 2017) and as such, the Authority cannot record the applicable transactions (assets, liabilities, deferred inflows of resources, deferred outflows of resources, revenues or expenses) associated with the Plan. Because of the pervasive effect on the Authority's financial statements that the omission of the Plan transactions represents, the auditors' cannot express an opinion on the Authority's financial statements.

**D. Reporting Entity**

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statement No. 14 and No. 34*, the Authority's basic financial statements include those of the Authority and any component units. Component units are legally separate organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government. An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

Based on the application of the above criteria, this report includes all programs and activities operated by the Authority. There were no additional entities required to be included in the reporting entity under these criteria in the current fiscal year. Furthermore, the Authority is not included in any other reporting entity on the basis of such criteria.

**E. Description of Programs**

The Authority maintains its accounting records by program. A summary of the significant programs operated by the Authority is as follows:

Section 8 Housing Choice Voucher

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income households under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Description of Programs (continued)**

Business Activities

The Business Activities Fund is utilized as part of the RAD program. RAD was created in order to give public housing authorities ("PHA") a powerful tool to preserve and improve public housing properties. RAD allows PHA's to leverage public and private debt and equity in order to reinvest in public housing stock. Public housing units move to a Section 8 platform with a long-term contract under which residents continue to pay 30% of their income towards rent. The Business Activities Fund holds the mortgage notes from the Authority's discretely presented component units and also provides management services to other PHA's and affiliate entities.

**F. Use of Management Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of properties and equipment, and contingencies. Actual results could differ significantly from these estimates.

**G. Cash and Cash Equivalents**

New Jersey Authorities are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States, or the State of New Jersey, or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey Authorities. The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires governmental units to deposit public funds only in public depositories located in New Jersey, when the funds are secured in accordance with the act.

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit, or any other federally insured investment.

HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

For the Statement of Cash Flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase. It is the Authority's policy to maintain collateralization in accordance with state and HUD requirements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. Accounts Receivable, Net**

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and vacated tenants. An allowance for doubtful accounts is established to provide for accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts. Also included in accounts receivable are those amounts that tenants owe the Authority as payment for committing fraud or misrepresentation.

The Authority recognizes a receivable from HUD and other governmental agencies for amounts earned and billed but not received and for amounts unbilled, but earned as of year end.

**I. Allowance for Doubtful Accounts**

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

**J. Prepaid Expenses**

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

**K. Capital Assets**

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of fixed assets, the cost and related accumulated depreciation is eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position.

Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

◆ Furniture and Equipment	5 Years
◆ Site Improvements	15 Years
◆ New Buildings	40 Years

The Authority has established a capitalization threshold of \$500.

**L. Impairment of Long Lived Assets**

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. During the year ended June 30, 2018, there were no impairments losses incurred.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**M. Inter-program Receivables and Payables**

Inter-program receivables and payables are all classified as either current assets or current liabilities, and are the result of the use of a concentrated account depository as the common paymaster for most of the programs of the Authority. Cash settlements are made monthly. All inter-program balances are reconciled, and inter-program receivables and payables balances net to zero. In accordance with GASB 34, inter-program receivables and payables are eliminated for financial statement purposes. Detail balances by program are found in the Financial Data Schedule of this report.

**N. Accounts Payable and Accrued Liabilities**

The Authority recognizes a liability for goods and services received but not paid for as of year-end. It also recognizes a liability for wages and fringe benefits related to services performed at year-end but not yet paid to employees or taxing authorities.

**O. Prepaid Rent**

The Authority's prepaid rents primarily consists of the prepayment of rent by residents applicable to future periods.

**P. Accrued Compensated Absences**

Compensated absences are those absences for which employees will be paid in accordance with the Authority's Personnel Policy. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such event take place.

**Q. 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 PERS. 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.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**R. Operating Revenues and Expenses**

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. The Authority receives annual operating subsidies from HUD, subject to limitations prescribed by HUD. Operating subsidies from HUD are recorded when received and are accounted for as revenue. Other contributions from HUD that are for development and modernization of capital assets are reflected separately in the accompanying financial statements as capital grants. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues and expenses as non-operating.

**S. Equity Classifications**

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of resources including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

**T. Taxes**

The Authority is a unit of local government under the New Jersey law and is exempt from real estate, sales and income taxes by both the federal and state governments. However, the Authority will pay a payment in lieu of taxes to cover municipal services provided by the local government for certain properties owned throughout the Township.

**U. Budgets and Budgetary Accounting**

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its Enterprise Funds receiving federal awards. All budgets are prepared on a HUD basis, which is materially consistent with GAAP. All appropriations lapse at HUD's program year end or at the end of grant periods.

Pursuant to N.J.S.A 40A:5A-10 and N.J.A.C. 5:31 each authority is required to submit a budget for each fiscal year to the Director of the Division of Local Government Services 60 days prior to the beginning of the fiscal year.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 2. CASH AND CASH EQUIVALENTS**

As of June 30, 2018, the Authority had funds on deposit in checking, savings, and money market accounts. The carrying amount of the Authority's cash and cash equivalents (including restricted cash) was \$5,306,823, and the bank balances approximated \$5,386,479.

<u>Cash Category</u>	<u>Amount</u>
Unrestricted	\$ 2,005,344
Tenant security deposits	94,594
Restricted	<u>3,206,885</u>
Total cash and cash equivalents	<u>\$ 5,306,823</u>

Of the bank balance, \$1,000,000 was covered by federal depository insurance and the remaining \$4,386,479 was collateralized with the pledging financial institutions as of June 30, 2018.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of June 30, 2018, the Authority's bank balances were not exposed to custodial credit risk.

**NOTE 3. ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net consists of the following as of June 30, 2018:

<u>Description</u>	<u>Amount</u>
Accounts receivable - HUD	\$ 2,785
Accounts receivable - tenants, net	3,217
Accounts receivable - other government	1,806
Accounts receivable - miscellaneous	<u>299,838</u>
Total accounts receivable, net	<u>\$ 307,646</u>

Accounts Receivable - HUD

Accounts receivable - HUD represents amounts due to the Authority for amounts expended under the Section 8 Housing Choice Vouchers program that have not been reimbursed as of June 30, 2018. Management estimates the amount to be fully collectible and as such has made no allowance for doubtful accounts.

Accounts Receivable - Tenants, Net

Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent. The Authority considers this amount fully collectible and accordingly, has made no allowance for doubtful accounts.

Accounts Receivable - Other Government

Accounts receivable - other government represents amounts owed to the PHA by other federal agencies. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 3. ACCOUNTS RECEIVABLE, NET (continued)**

Accounts Receivable - Miscellaneous

Accounts receivable - miscellaneous consists of amounts due from other housing authorities for portable tenants in the Section 8 Housing Choice Vouchers program. The Authority considers this amount fully collectible and accordingly, has made no allowance for doubtful accounts.

**NOTE 4. RESTRICTED DEPOSITS**

As of June 30, 2018, restricted deposits consisted of the following:

<u>Cash Category</u>	<u>Amount</u>
Capital reserves escrow	\$ 3,206,885
Tenant security deposits	<u>94,594</u>
Total restricted deposits	<u>\$ 3,301,479</u>

Capital reserve escrow funds are restricted for capital improvements related to the properties participating in the Rental Assistance Demonstration program.

Tenant security deposits represent amounts held by the Authority on behalf of tenants. Upon termination from the program, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

**NOTE 5. CAPITAL ASSETS, NET**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2018:

<u>Description</u>	<u>June 30,</u> <u>2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>June 30,</u> <u>2018</u>
<u>Non-depreciable capital assets</u>					
Land	\$ 108,250	\$ -	\$ -	\$ -	\$ 108,250
Total	<u>108,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,250</u>
<u>Depreciable capital assets</u>					
Buildings and improvements	15,119,631	7,750	-	-	15,127,381
Furniture and equipment	<u>665,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>665,739</u>
Total	<u>15,785,370</u>	<u>7,750</u>	<u>-</u>	<u>-</u>	<u>15,793,120</u>
Less: accumulated depreciation	<u>11,326,080</u>	<u>335,509</u>	<u>-</u>	<u>-</u>	<u>11,661,589</u>
Net capital assets	<u>\$ 4,567,540</u>	<u>\$ (327,759)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,239,781</u>

Depreciation expense for the year ended June 30, 2018 amounted to \$335,509.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 6. MORTGAGE PAYABLE**

<u>Description</u>	<u>Amount</u>
On November 30, 2016, the Authority entered into a loan agreement with Lakeland Bank in the amount of \$2,400,000 in connection with the Authority's Rental Assistance Demonstration Program to provide long-term capital improvement funding for low income properties in the Township. The loan term is twenty (20) years and interest will be calculated at 3.125% per annum with monthly principal and interest payments totaling \$10,341. A balloon payment of \$1,072,640 is due on December 1, 2036. The loan is secured by a first mortgage on the underlying land and buildings.	\$ 2,326,424
Less: current portion	51,118
Mortgage payable, net of current portion	\$ 2,275,306

Maturities of long-term debt over the next five years and in five year increments consist of the following:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 51,118	\$ 72,976	\$ 124,094
2020	52,566	71,527	124,093
2021	54,452	69,641	124,093
2022	56,202	67,891	124,093
2023	58,009	66,084	124,093
2024 - 2028	314,052	306,413	620,465
2029 - 2033	368,234	252,231	620,465
2034 - 2037	1,371,791	158,489	1,530,280
	\$ 2,326,424	\$ 1,065,252	\$ 3,391,676

Interest expense for the year ended June 30, 2018 totaled \$74,586.

**NOTE 7. NON-CURRENT LIABILITIES**

Financial activity for non-current liabilities for the year ended June 30, 2018 consisted of the following:

	<u>June 30,</u> <u>2017</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30,</u> <u>2018</u>	<u>Due within</u> <u>one Year</u>
Compensated absences	\$ 83,391	\$ 42,264	\$ (59,507)	\$ 66,148	\$ 38,057
Accrued pension liability	1,534,388	62,823	-	1,597,211	-
Mortgage payable	2,375,930	-	(49,506)	2,326,424	51,118
Total non-current liabilities	\$ 3,993,709	\$ 105,087	\$ (109,013)	\$ 3,989,783	\$ 89,175

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 8. PAYMENTS IN LIEU OF TAXES**

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes ("PILOT") for Authority owned properties in accordance with the provisions of its Cooperation Agreement with the Township. Under the Cooperation Agreement, the Authority must pay the Township the lesser of 10% of its net shelter rent or the approximate full real property taxes. For the year ended June 30, 2018, the Authority incurred PILOT expense in the amount of \$21,082.

**NOTE 9. PENSION PLAN**

**A. Plan Description**

The PERS is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about PERS, please refer to the Division's Comprehensive Annual Financial Report, which can be found at [www.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

**B. Benefits**

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

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 on or after May 22, 2010 and prior to June 28, 2011
5. Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 before reaching age 60, tiers 3 and 4 before age 62 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month 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.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 9. PENSION PLAN (continued)**

**C. Contributions**

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

The local employers' contribution amounts are based on the actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

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

At June 30, 2018, the Authority reported a liability of \$1,597,211, for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017.

For the year ended June 30, 2018, the Authority recognized pension expense of \$180,318. At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes of Assumptions	\$ 321,783	\$ 320,603
Changes in Proportion	299,542	275,850
Differences between expected and actual experience	37,609	-
Net differences between Expected and Actual Investments	<u>10,876</u>	<u>-</u>
Total	<u>\$ 669,810</u>	<u>\$ 596,453</u>

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 9. PENSION PLAN (continued)**

**D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	<u>Amount</u>
2019	55,537
2020	83,807
2021	50,783
2022	(67,541)
2023	<u>(49,229)</u>
	<u>\$ 73,357</u>

**E. Actuarial Assumptions**

The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2016	1.65-4.15% based on age
Thereafter	2.65-5.15% based on age
Investment rate of return	7.00%

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 9. PENSION PLAN (continued)**

**F. Long-Term Expected Rate of Return**

The long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and the Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**G. Discount Rate**

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 9. PENSION PLAN (continued)**

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 5.00 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.00 percent) or 1 percentage point higher (6.00 percent) than the current rate.

	1% Decrease (4.00%)	Discount Rate (5.00%)	1% Increase (6.00%)
Authority's proportionate share of the net pension liability	\$ <u>1,981,448</u>	\$ <u>1,597,211</u>	\$ <u>1,277,093</u>

**NOTE 10. OTHER POST EMPLOYMENT BENEFITS**

The Authority participates in New Jersey State Health Benefits Program (the "SHBP"), which qualifies as a cost-sharing, multiple-employer plan in accordance with GASB 45 *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. The SHBP is administered by the State of New Jersey, Department of Treasury, Division of Pension and Benefits.

Under the SHBP, retirees may continue the health benefits programs in which they are enrolled at the time of retirement, provided the retiree pays the costs of the benefits (at group rates) for themselves and their eligible dependents.

A retiree may also receive Authority-paid health benefits in accordance with labor agreements if they have twenty-five (25) or more years enrolled in the pension system.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the SHBP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The SHBP is established under the authority of N.J.S.A. 52:14-17.25 et seq. and regulations adopted by the State Health Benefits Commission. The required contribution rate is determined on an annual pay as you go basis. The following were the required contributions:

<u>Year</u>	<u>Amount</u>
June 30, 2016	\$ <u>61,611</u>
June 30, 2017	\$ <u>52,564</u>
June 30, 2018	\$ <u>53,786</u>

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2018**

**NOTE 11. RESTRICTED NET POSITION**

Restricted net position amounted to \$3,206,885 and consisted of capital reserve escrow funds as of June 30, 2018. These funds are restricted for capital improvements related to the properties contained in the Rental Assistance Demonstration program.

**NOTE 12. ECONOMIC DEPENDENCY**

The Section 8 Housing Choice Voucher program of the Authority is economically dependent on grants and subsidies from HUD. The program operates at a loss prior to receiving the grants.

**NOTE 13. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Authority is a member of the New Jersey Public Housing Authorities Joint Insurance Fund ("JIF"). The joint insurance pool is both an insured and self-administered group of housing authorities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The JIF will be self-sustaining through member premiums. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage except for deductibles for the previous three years.

**NOTE 14. CONTINGENCIES**

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes.

Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of June 30, 2018, the Authority estimates that no material liabilities will result from such audits.

**NOTE 15. SUBSEQUENT EVENTS**

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through April 17, 2019 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.



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

To the Board of Commissioners of the  
Housing Authority of the Township of Brick:

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Housing Authority of the Township of Brick (the "Authority") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated April 17, 2019. Our report disclaims an opinion on such financial statements because we were unable to obtain sufficient appropriate audit evidence regarding the Authority's postemployment benefit obligation other than pensions because the State of New Jersey has not issued their audited financial statements for the State Health Benefit Plan Local Government Retired Fund as of June 30, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

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### **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*. Additionally, if the scope of our work had been sufficient to enable us to express an opinion on the basic financial statements, instances of noncompliance or other matters may have been identified and reported herein.

### **Purpose of this Report**

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

*Novogradac & Company LLP*

April 17, 2019  
Toms River, New Jersey



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CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND  
STATE OF NEW JERSEY OMB CIRCULAR 15-08**

To the Board of Commissioners of the  
Housing Authority of the Township of Brick:

**Report on Compliance for Each Major Federal Program**

We have audited the Housing Authority of the Township of Brick's (the "Authority") compliance with the types of compliance requirements described in the OMB Compliance Supplement and the State of New Jersey OMB Circular 15-08 that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2018. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of New Jersey OMB Circular 15-08. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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### **Opinion on Each Major Federal Program**

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

### **Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

*Novogradac & Company LLP*

April 17, 2019  
Toms River, New Jersey

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/Program Title	Federal CFDA Number	State Pass-through Number	Grant Period		Grant Award	Fiscal Year Expenditures	Cumulative Expenditures
			From	To			
<u>U.S. Department of Housing and Urban Development</u>							
Housing Voucher Cluster							
Section 8 Housing Choice Voucher	14-871	N/A	7/1/17	6/30/18	\$ 2,671,139	\$ 3,344,270	\$ 3,344,270
Total Housing Voucher Cluster					<u>2,671,139</u>	<u>3,344,270</u>	<u>3,344,270</u>
Public and Indian Housing Program	14-850	N/A	1/1/16	12/31/16	<u>761,898</u>	<u>1,047</u>	<u>761,989</u>
Total U.S. Department of Housing and Urban Development					<u>\$ 3,433,037</u>	<u>\$ 3,345,317</u>	<u>\$ 4,106,259</u>

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2018**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey OMB Circular 15-08. Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in the Uniform Guidance, OMB Circular A-87, and the State of New Jersey OMB Circular 15-08, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**NOTE 3. INDIRECT COST RATE**

The Authority has not elected to use the ten percent de minimus indirect cost rate allowed under the Uniform Guidance.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018**

**I. Summary of Auditors' Results**

**Financial Statement Section**

- |    |   |            |
|----|---|------------|
| 1. | Type of auditors' report issued:                    | Disclaimer |
| 2. | Internal control over financial reporting           |            |
|    | a. Material weakness(es) identified?                | No         |
|    | b. Significant deficiency(ies) identified?          | No         |
| 3. | Noncompliance material to the financial statements? | No         |

**Federal Awards Section**

- |    |  |                                   |
|----|--|-----------------------------------|
| 1. | Internal Control over compliance:  |                                   |
|    | a. Material weakness(es) identified?   | No                                |
|    | b. Significant deficiency(ies) identified?   | No                                |
| 2. | Type of auditors' report on compliance for major programs:   | Unmodified                        |
| 3. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No                                |
| 4. | Identification of major programs:  |                                   |
|    | <u>CFDA Number</u>   | <u>Name of Federal Program</u>    |
|    | 14.871   | Section 8 Housing Choice Vouchers |
| 5. | Dollar threshold used to distinguish between Type A and Type B Programs:                           | \$750,000                         |
| 6. | Auditee qualified as low-risk Auditee?   | Yes                               |

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**YEAR ENDED JUNE 30, 2018**

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

III. Federal Award Findings and Questioned Costs

There were no findings or questioned costs relating to federal awards.

IV. Summary of Prior Audit Findings

There were no findings or questioned costs in the prior year.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
REQUIRED PENSION INFORMATION  
YEAR ENDED JUNE 30, 2018**

**SCHEDULE OF AUTHORITY CONTRIBUTIONS FOR THE LAST TEN FISCAL YEARS\*\*\***

	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Contractually required contribution	\$ 60,130	\$ 58,403	\$ 53,366	\$ 46,025	\$ 63,563	Not Available
Contributions in relation to the contractually required contribution	<u>60,130</u>	<u>58,403</u>	<u>53,366</u>	<u>46,025</u>	<u>63,563</u>	Not Available
(Over) / under funded	<u>\$ -</u>					
District's covered-employee payroll	<u>\$ 487,811</u>	<u>\$ 469,583</u>	<u>\$ 394,584</u>	<u>\$ 474,649</u>	<u>\$ 593,309</u>	<u>\$ 515,361</u>
Contributions as a percentage of covered-employee payroll	<u>12.33 %</u>	<u>12.44 %</u>	<u>13.52 %</u>	<u>9.70 %</u>	<u>10.71 %</u>	<u>Not Available</u>

**SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THEIR NET PENSION LIABILITY FOR THE LAST TEN FISCAL YEARS\*\*\***

	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Authority's proportion of the net pension liability	<u>0.0080 %</u>	<u>0.0080 %</u>	<u>0.0071 %</u>	<u>0.0062 %</u>	<u>0.0069 %</u>	<u>Not Available</u>
Authority's proportionate share of the net pension liability	<u>\$ 1,525,196</u>	<u>\$ 1,326,399</u>	<u>\$ 1,393,411</u>	<u>\$ 1,534,388</u>	<u>\$ 1,597,211</u>	<u>Not Available</u>
Authority's covered-employee payroll	<u>\$ 487,811</u>	<u>\$ 469,583</u>	<u>\$ 394,584</u>	<u>\$ 474,649</u>	<u>\$ 593,309</u>	<u>\$ 515,361</u>
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>312.66 %</u>	<u>282.46 %</u>	<u>353.13 %</u>	<u>323.27 %</u>	<u>269.20 %</u>	<u>Not Available</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>48.72 %</u>	<u>52.08 %</u>	<u>40.14 %</u>	<u>40.14 %</u>	<u>48.10 %</u>	<u>Not Available</u>

\*\*\* = Until a full 10 year trend is compiled the Authority is presenting information for those years that are available.

Housing Authority of the Township of Brick							
NJ065							
Financial Data Schedule (FDS)							
June 30, 2018							
Line Item #	Account Description	Projects	Housing Choice Vouchers	Business Activities	BA -BHCDC	Elimination	TOTAL
<b>ASSETS:</b>							
<b>CURRENT ASSETS:</b>							
	Cash:						
111	Cash - unrestricted	\$ -	\$ 462,640	\$ 1,513,560	\$ 29,144	\$ -	\$ 2,005,344
112	Cash - restricted - modernization and developmen	-	-	-	-	-	-
113	Cash - other restricted	-	-	3,206,885	-	-	3,206,885
114	Cash - tenant security deposit	-	-	94,594	-	-	94,594
115	Cash - restricted for payment of current liabilities	-	-	-	-	-	-
100	Total cash	-	462,640	4,815,039	29,144	-	5,306,823
	Accounts and notes receivables						
121	Accounts receivable - PHA projects	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	-	2,785	-	-	-	2,785
124	Accounts receivable - other government	-	1,806	-	-	-	1,806
125	Accounts receivable - miscellaneous	-	-	299,838	-	-	299,838
126	Accounts receivable- tenant	-	-	3,217	-	-	3,217
126.1	Allowance for doubtful accounts - tenant	-	-	-	-	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-	-
128	Fraud recovery	-	11,280	-	-	-	11,280
128.1	Allowance for doubtful accounts - fraud	-	(11,280)	-	-	-	(11,280)
129	Accrued interest receivable	-	-	6,758	-	-	6,758
120	Total receivables, net of allowances for doubtful account	-	4,591	309,813	-	-	314,404
	Current investments						
131	Investments - unrestricted	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-
135	Investments - restricted for payment of current liability	-	-	-	-	-	-
142	Prepaid expenses and other assets	-	-	44,421	-	-	44,421
143	Inventories	-	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	-	-
145	Assets held for sale	-	-	-	-	-	-
150	TOTAL CURRENT ASSETS	-	467,231	5,169,273	29,144	-	5,665,648
<b>NONCURRENT ASSETS:</b>							
	Fixed assets:						
161	Land	-	-	108,250	-	-	108,250
162	Buildings	-	-	13,864,690	-	-	13,864,690
163	Furniture, equipment & machinery - dwelling	-	-	-	-	-	-
164	Furniture, equipment & machinery - administration	-	-	665,739	-	-	665,739
165	Leasehold improvement	-	-	1,262,691	-	-	1,262,691
166	Accumulated depreciation	-	-	(11,661,589)	-	-	(11,661,589)
167	Construction in Progress	-	-	-	-	-	-
168	Infrastructure	-	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	-	-	4,239,781	-	-	4,239,781
	Other non-current assets:						
171	Notes and mortgages receivable - non-current	-	-	-	-	-	-
172	Notes and mortgages receivable-non-current - past due	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-
175	Undistributed debits	-	-	-	-	-	-
176	Investment in joint venture	-	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	-	-	4,239,781	-	-	4,239,781
200	Deferred Outflows of Resources	-	200,818	468,992	-	-	669,810
290	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ 668,049	\$ 9,878,046	\$ 29,144	\$ -	\$ 10,575,239

Housing Authority of the Township of Brick							
NJ065							
Financial Data Schedule (FDS)							
June 30, 2018							
Line Item #	Account Description	Projects	Housing Choice Vouchers	Business Activities	BA -BHCDC	Elimination	TOTAL
<b>LIABILITIES AND EQUITY:</b>							
<b>Liabilities:</b>							
<b>Current Liabilities:</b>							
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	-	-	118,387	-	-	118,387
313	Accounts payable > 90 days past due	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	635	1,899	-	-	2,534
322	Accrued compensated absences - current portion	-	15,897	22,160	-	-	38,057
324	Accrued contingency liability	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-
331	Accounts payable - HUD PHA program	-	72,284	-	-	-	72,284
332	Accounts payable - PHA project	-	-	-	-	-	-
333	Accounts payable - other government	-	-	21,082	-	-	21,082
341	Tenant security deposit	-	-	94,594	-	-	94,594
342	Deferred revenue	-	-	232	-	-	232
343	Current portion of L-T debt - capital project	-	-	-	-	-	-
344	Current portion of L-T debt - operating borrowing	-	-	-	-	-	-
345	Other current liabilities	-	-	79	-	-	79
346	Accrued liabilities - other	-	-	-	-	-	-
347	Interprogram - due to	-	-	-	-	-	-
348	Loan liability - current	-	-	51,118	-	-	51,118
310	<b>TOTAL CURRENT LIABILITIES</b>	-	<b>88,816</b>	<b>309,551</b>	-	-	<b>398,367</b>
<b>NONCURRENT LIABILITIES:</b>							
351	Long-term debt, net of current - capital project	-	-	-	-	-	-
352	Long-term debt, net of current - operating borrowing	-	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	-	-
354	Accrued compensated absences - noncurrent	-	3,905	24,186	-	-	28,091
355	Loan Liability - Non Current	-	-	2,275,306	-	-	2,275,306
356	PASB 5 Liabilities	-	-	-	-	-	-
357	Accrued pension and OPEB liabilities	-	479,163	1,118,048	-	-	1,597,211
350	<b>TOTAL NONCURRENT LIABILITIES</b>	-	<b>483,068</b>	<b>3,417,540</b>	-	-	<b>3,900,608</b>
300	<b>TOTAL LIABILITIES</b>	-	<b>571,884</b>	<b>3,727,091</b>	-	-	<b>4,298,975</b>
400	Deferred Inflows of Resource	-	178,943	417,510	-	-	596,453
<b>EQUITY:</b>							
508.1	Invested in Capital Assets, Net of Related Debt	-	-	1,913,337	-	-	1,913,337
511.1	Restricted Net Assets	-	-	3,206,885	-	-	3,206,885
512.1	Unrestricted Net Assets	-	(82,778)	613,203	29,144	-	559,569
513	<b>TOTAL EQUITY</b>	-	<b>(82,778)</b>	<b>5,733,445</b>	<b>29,144</b>	-	<b>5,679,811</b>
600	<b>TOTAL LIABILITIES AND EQUITY</b>	\$ -	\$ <b>668,049</b>	\$ <b>9,878,046</b>	\$ <b>29,144</b>	\$ -	\$ <b>10,575,239</b>
	Proof of concept	-	-	-	-	-	-

Housing Authority of the Township of Brick								
NJ065								
Financial Data Schedule (FDS)								
June 30, 2018								
Line Item #	Account Description	Operating	Capital	Housing Choice Vouchers	Business Activities	BA- BHDC	Elimination	TOTAL
<b>REVENUE:</b>								
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ 951,140	\$ -	\$ -	\$ 951,140
70400	Tenant revenue - other	-	-	-	-	-	-	-
70500	Total tenant revenue	-	-	-	951,140	-	-	951,140
70600	HUD PHA grants	1,047	-	2,671,139	-	-	-	2,672,186
70610	Capital grants	-	-	-	-	-	-	-
70800	Other government grants	-	-	-	1,079,368	-	(1,079,368)	-
71100	Investment income - unrestricted	-	-	2,264	5,934	-	-	8,198
71200	Mortgage interest income	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-
71301	Cost of sale of assets	-	-	-	-	-	-	-
71400	Fraud recovery	-	-	6,274	138	-	-	6,412
71500	Other revenue	-	-	491,842	35,674	29,144	-	556,660
71600	Gain or loss on sale of fixed assets	-	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	23,519	-	-	23,519
70000	<b>TOTAL REVENUE</b>	<b>1,047</b>	<b>-</b>	<b>3,171,519</b>	<b>2,095,773</b>	<b>29,144</b>	<b>(1,079,368)</b>	<b>4,218,115</b>
<b>EXPENSES:</b>								
<b>Administrative</b>								
91100	Administrative salaries	-	-	157,995	80,328	-	-	238,323
91200	Auditing fees	-	-	2,100	9,907	-	-	12,007
91300	Outside management fees	-	-	27,279	59,429	-	-	86,708
91310	Book-keeping fee	-	-	-	-	-	-	-
91400	Advertising and marketing	-	-	-	-	-	-	-
91500	Employee benefit contributions- administrative	-	-	118,652	106,603	-	-	225,255
91600	Office expenses	-	-	3,459	48,304	-	-	51,763
91700	Legal expenses	-	-	-	21,988	-	-	21,988
91800	Travel	-	-	866	979	-	-	1,845
91810	Allocated overhead	-	-	-	-	-	-	-
91900	Other	-	-	6,465	21,520	-	-	27,985
	Total administrative	-	-	316,816	349,058	-	-	665,874
92000	Asset Management Fee	-	-	-	-	-	-	-
<b>Tenant services</b>								
92100	Tenant services - salaries	-	-	-	33,838	-	-	33,838
92200	Relocation costs	-	-	-	-	-	-	-
92300	Employee benefit contributions- tenant service	-	-	-	1,750	-	-	1,750
92400	Tenant services - other	-	-	-	9,718	-	-	9,718
	Total tenant services	-	-	-	45,306	-	-	45,306
<b>Utilities</b>								
93100	Water	-	-	-	55,550	-	-	55,550
93200	Electricity	-	-	-	171,345	-	-	171,345
93300	Gas	-	-	-	82,104	-	-	82,104
93400	Fuel	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-
93600	Sewer	-	-	-	-	-	-	-
93700	Employee benefit contributions- utilities	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	114,263	-	-	114,263
	Total utilities	-	-	-	423,262	-	-	423,262
<b>Ordinary maintenance &amp; operation:</b>								
94100	Ordinary maintenance and operations - labor	-	-	-	243,200	-	-	243,200
94200	Ordinary maintenance and operations - materials & other	-	-	-	28,546	-	-	28,546
94300	Ordinary maintenance and operations - contract cost	-	-	-	305,436	-	-	305,436
94500	Employee benefit contributions- ordinary maintenance	-	-	-	28,104	-	-	28,104
	Total ordinary maintenance & operation	-	-	-	605,286	-	-	605,286
<b>Protective services:</b>								
95100	Protective services - labor	-	-	-	-	-	-	-
95200	Protective services- other contract cost	-	-	-	-	-	-	-
95300	Protective services - other	-	-	-	54,695	-	-	54,695
95500	Employee benefit contributions- protective service	-	-	-	-	-	-	-
	Total protective services	-	-	-	54,695	-	-	54,695

Housing Authority of the Township of Brick								
NJ065								
Financial Data Schedule (FDS)								
June 30, 2018								
Line Item #	Account Description	Operating	Capital	Housing Choice Vouchers	Business Activities	BA- BHDCD	Elimination	TOTAL
	<b>General expenses</b>							
96100	Insurance premiums	-	-	-	-	-	-	-
96149	All other insurance	-	-	-	-	-	-	-
96200	Other general expenses	-	-	-	90,482	-	-	90,482
96210	Compensated absences	-	-	197,572	-	-	-	197,572
96300	Payments in lieu of taxes	-	-	15,225	-	-	-	15,225
96400	Bad debt - tenant rents	-	-	-	21,082	-	-	21,082
96500	Bad debt - mortgages	-	-	-	2,957	-	-	2,957
96600	Bad debt - other	-	-	-	-	-	-	-
96700	Interest expense	-	-	-	-	-	-	-
96710	Amortization of bond issue cost	-	-	-	74,586	-	-	74,586
96800	Severance expense	-	-	-	-	-	-	-
	<b>Total general expenses</b>	-	-	212,797	189,107	-	-	401,904
96900	<b>TOTAL OPERATING EXPENSES</b>	-	-	529,613	1,666,714	-	-	2,196,327
97000	<b>EXCESS OPERATING REVENUE OVER OPERATING EXPENSES</b>	1,047	-	2,641,906	429,059	29,144	(1,079,368)	2,021,788
97100	Extraordinary maintenance	-	-	-	-	-	-	-
97200	Casualty losses - non capitalized	-	-	-	-	-	-	-
97300	Housing assistance payments	-	-	2,350,681	-	-	(1,079,368)	1,271,313
97350	HAP Portability - in	-	-	463,976	-	-	-	463,976
97400	Depreciation expense	-	-	-	335,509	-	-	335,509
97500	Fraud losses	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-
90000	<b>TOTAL EXPENSES</b>	-	-	3,344,270	2,002,223	-	(1,079,368)	4,267,125
	<b>OTHER FINANCING SOURCES (USES)</b>							
10010	Operating transfers in	-	-	-	-	-	-	-
10020	Operating transfers out	-	-	-	-	-	-	-
10030	Operating transfers from/to primary government	-	-	-	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-	-	-	-
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	-	-	-	1,047	-	-	1,047
10094	Transfers between program and project out	(1,047)	-	-	-	-	-	(1,047)
10100	<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(1,047)	-	-	1,047	-	-	-
10000	<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	-	-	(172,751)	94,597	29,144	-	(49,010)
	<b>MEMO ACCOUNT INFORMATION:</b>							
11020	Required annual debt principal payments	-	-	-	-	-	-	-
11030	Beginning equity	-	-	89,973	5,638,848	-	-	5,728,821
11040	Prior period adjustments and equity transfers	-	-	-	-	-	-	-
11170	Administrative fee equity	-	-	(66,116)	-	-	-	(66,116)
11180	Housing assistance payments equity	-	-	(66,116)	-	-	-	(66,116)
11190	Unit months available	-	-	4,896	3,192	-	-	8,088
11210	Number of unit months leased	-	-	4,626	3,158	-	-	7,784
	<b>Equity Roll Forward Test:</b>							
	Calculation from R/B Statement	\$ -	\$ -	\$ (82,778)	\$ 5,733,445	\$ 29,144	\$ -	\$ 5,679,811
	B/S Line 513	\$ -	\$ -	\$ (82,778)	\$ 5,733,445	\$ 29,144	\$ -	\$ 5,679,811
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

## HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK

Synopsis of the Housing Authority of the Township of Brick audit report for the fiscal year ended June 30, 2018 as required by NJSA 40A: 5A-16. The Housing Authority of the Township of Brick primarily administers a Section 8 Housing Choice Voucher Program consisting of approximately 408 units and manages 266 units of project based vouchers in the community.

### STATEMENT OF NET POSITION

As of June 30, 2018

Cash and Other Assets	\$ 2,458,763
Restricted Cash	3,206,885
Capital Assets – Net	4,239,781
Deferred Outflows of Resources	<u>669,810</u>
Total Assets and Deferred Outflows of Resources	10,575,239
Less: Total Liabilities and Deferred Inflows of Resources	<u>4,895,428</u>
Net Position	<u>\$ 5,679,811</u>
Net Position:	
Invested in Capital Assets	1,913,357
Restricted	3,206,885
Unrestricted	<u>559,569</u>
Total Net Position	<u>\$ 5,679,811</u>

STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION

For the year ended June 30, 2018

Operating Revenues:	
HUD Operating Grants	\$ 2,672,186
Tenant and Other Revenue	<u>1,514,212</u>
Total Operating Revenue	4,186,398
Operating Expenses	<u>4,192,539</u>
Operating Income	<u>(6,141)</u>
Non-Operating Revenues (Expenses):	
Interest Expense	(74,586)
Interest on Investments	<u>31,717</u>
Net non-operating revenue (expenses)	<u>(42,869)</u>
Change in Net Position	(49,010)
Total Net Position, Beginning of Year	<u>5,728,821</u>
Total Net Position, End of Year	<u>\$ 5,679,811</u>

The above synopsis was prepared from the audit report of the Housing Authority of the Township of Brick as of and for the year ended June 30, 2018 as submitted by Novogradac & Company, LLP, Certified Public Accountants. It is on file at the Authority's office at 165 Chambers Bridge Road, Brick, NJ 08723 and is available for review by the public during regular office hours.

Jacob Naszimento  
Executive Director