

**HOUSING AUTHORITY OF PLAINFIELD**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

*December 31, 2016*

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of  
Housing Authority of Plainfield

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

I have audited the accompanying financial statements of the aggregate enterprise funds, business type activities and the discretely presented component unit of the Housing Authority of Plainfield (the "Authority") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the accompanying table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each enterprise fund, business type activities and the discretely presented component unit of the Housing Authority of Plainfield as of December 31, 2016 and its changes in net position, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards for the year ended December 31, 2016 is presented on page 28 for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations(CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*(Uniform Guidance) and is not a required part of the basic financial statements. The accompanying Statement and Certification of Actual Capital Grant Costs presented on page 30 and the Financial Data Schedule presented on pages 31 through 37 are also not required parts of the financial statements are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Expenditures of Federal Awards, the Statement and Certification of Actual Capital Fund Grant Costs, and the Financial Data Schedule are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated September 18, 2017 on my consideration of the Housing Authority of Plainfield's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of Plainfield's internal control over financial reporting and compliance.

Cranford, New Jersey

*Frank Licon, LLC CPA*

September 18, 2017



## MANAGEMENT'S DISCUSSION AND ANALYSIS

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Housing Authority of Plainfield**  
**December 31, 2016**

As Management of Plainfield Housing 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 December 31, 2016. 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 assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$2,330,892 (net position) as opposed to \$2,310,742 for the prior fiscal year. An increase of \$20,150
- 2 – As of the close of the current fiscal year, the Authority's proprietary fund reported a deficit in Unrestricted Net Position of \$ 4,510,221 vs \$4,524,913 in the prior year.
- 3 – The Authority's unrestricted cash balance at December 31, 2016 was \$1,352,820 representing a decrease of \$ 823,052 from the prior fiscal year.
- 4 – Restricted cash at December 31, 2016 totaled \$1,244,838 and consisted of \$ 699,320 of Section 8 deferred revenue ( January 2017 HAP subsidy received in December 2016 ) as well as FSS escrow deposits of \$145,748, along with Tenant security deposits of \$88,009 and Component Unit restricted cash of \$311,761.
- 5 – The Authority had total operating revenues of \$14,980,125 and total operating expenses of \$15,107,987 (including depreciation of \$291,164) for the year ended December 31, 2016.
- 6 – The Authority's capital outlays for the fiscal year ended December, 2016 totaled \$143,035 and represented additions to capital assets at Joanne Hollis Gardens and Richmond Towers
- 7 – The Authority's expenditures of federal awards amounted to \$12,378,336 for the fiscal year.
- 8 – During 2015, the Authority implemented GASB 68 which required the Authority to record the cumulative cost of future retirement benefits to all eligible employees. Adopting this accounting pronouncement had the cumulative effect of reducing its Net Position by \$3,750,398 through December 31, 2016.

**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 the financial statements included in this report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for proprietary fund types.

**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 the 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 liabilities, 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.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

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 (e.g., depreciation and earned but unused vacation leave).

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.

### **3 – Notes to the Financial Statements**

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The Notes to the 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 purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). The schedule of expenditures of Federal awards can be found on page 28 of this report.

## **C – The Authority as a Whole**

The Authority's net position increased during the fiscal year by \$20,150 primarily due to the forgiveness of debt of \$617,733 by the Plainfield Finance Corporation. This debt was recorded as other revenue on the COCC of \$410,000 as well as other revenue on the Supplemental fund of \$207,733.

By far, the largest portion of the Authority's net assets reflects its investment in capital assets (e.g., land, buildings, equipment and construction on process). The Authority uses these capital assets to provide housing services to its tenants; consequently, these assets are not available for future spending. The unrestricted net assets of the Authority are available for future use to provide program services. Restricted net assets represent unexpended housing assistance payments subsidies which are available only to make housing assistance payments to eligible families.

## **D – Budgetary Highlights**

For the year ended December 31, 2016, individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

### **E – Capital Assets and Debt Administration**

#### Capital Assets

As of December 31, 2016, the Authority's investment in capital assets for its Proprietary Fund was \$6,827,382 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

Major capital assets of \$ 143,035 were purchased during the fiscal year.

Additional informational on the Authority's capital assets can be found in Note 6 to the Financial Statements which is included in this report.

#### Long Term Debt

As of December 31, 2016 loans to acquire and rehabilitate property of Premier Community Development Corporation totaled \$785,841. \$57,731 of the loans are classified as current liabilities in the statement of net position, and \$728,110 are classified as long-term loans. Other long-term debt of the component unit also included a \$310,000 non-interest bearing loan received from Plainfield Housing Finance Corporation. The loan is an advance on open account without a fixed maturity date.

### **F – Summary of Significant Changes**

1. Unrestricted cash and cash equivalents increased by \$175,822. The primary reason for the increase was due to the increase in restricted cash in Section 8 resulting from the advanced HAP subsidy received in December 2016.
2. Tenant revenue increased by \$72,932 or 5.4% due to improved occupancy in both properties. HUD operating grants increased by \$165,240 or 1.4 %. The increase was largely due to an increase in Capital Grant funding.
3. Other revenues increased by \$753,283 primarily due to the forgiveness of debt of \$617,733 by Plainfield Finance Corporation.
4. Utility costs decrease by \$219,118 primarily due to reduced gas and electric rates as well as an unusually warm winter season.
5. Extraordinary maintenance costs increased by \$543,040 and is directly attributable to the clean-up and removal of demolition residue associated with the Elmwood Gardens location.
6. Housing Assistance payments decreased by \$56,293 due to a reduction in the number of leased vouchers in the Authorities program.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

### **G – 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 December 31, 2016.

1 – The state of the economy, particularly its effect on tenant incomes, which are used in determining tenant rents paid to the Authority.

2 – The continued cutbacks effecting HUD subsidies and grants.

3 – The use of the Authority's net assets to fund any shortfalls arising from a possible economic downturn and reduced subsidies and grants. The Authority's net assets appear sufficient to cover any potential shortfall.

4- The closing of the Elmwood Gardens location during the latter part of 2013.

### **H – 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 the Executive Director, Plainfield Housing Authority 510 East Front Street, Plainfield, NJ 07060.

# **MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

	<u>Year Ended</u>			
	<u>Dec.31, 2016</u>	<u>Dec.31, 2015</u>	<u>Net Change</u>	<u>% Change</u>
Cash and Other Current Assets	\$ 4,221,149	\$ 3,226,036	\$ 995,113	31%
Capital Assets - Net	7,697,644	7,736,073	(38,429)	0%
Total Assets	11,918,793	10,962,109	956,684	9%
Less: Total Liabilities	(9,587,901)	(8,651,367)	(936,534)	11%
Net Position	2,330,892	2,310,742	20,150	1%
Invested in Capital Assets	7,033,609	7,163,133	(129,524)	-2%
Restricted Net Assets	-	26,399	(26,399)	
Unrestricted net Assets	(4,702,717)	(4,878,790)	176,073	-4%
Total Net Position	\$ 2,330,892	\$ 2,310,742	\$ 20,150	1%

Computations of Changes in Net Position are as follows:

	<u>Year Ended</u>			
	<u>Dec. 31,2016</u>	<u>Dec. 31,2015</u>	<u>Net Change</u>	
<u>Revenues</u>				
Tenant Revenues	\$ 1,468,618	\$ 1,395,686	\$ 72,932	5%
HUD Subsidies	12,235,301	12,070,061	165,240	1%
Other Income	1,276,206	522,923	753,283	144%
Total Operating Revenues	14,980,125	13,988,670	991,455	7%
<u>Expenses</u>				
Administration	2,516,650	2,400,163	116,487	5%
Tenant Services	191,321	194,808	(3,487)	-2%
Utilities	1,107,905	1,327,023	(219,118)	-17%
Maintenance	882,640	925,178	(42,538)	-5%
Protective Services	73,390	61,913	11,477	19%
Other General Expenses	237,176	244,371	(7,195)	-3%
Insurance Premiums	206,000	189,595	16,405	9%
Interest Expense	46,674	46,969	(295)	-1%
Housing Assistance Payments	8,389,404	8,445,697	(56,293)	-1%
Depreciation Expense	291,164	306,989	(15,825)	-5%
Extraordinary Maintenance	1,165,663	622,623	543,040	87%
Total Operating Expenses	15,107,987	14,765,329	342,658	2%
Excess of Operating Revenues	(127,862)	(776,659)	648,797	-84%
<u>Non-Operating Revenues</u>				
Loss on disposition of Property	-	(66,951)	66,951	
Interest on Investments	4,977	8,439	(3,462)	-41%
Excess of Revenues Over Expenses	(122,885)	(835,171)	712,286	-85%
Capital Grants	143,035	69,045	73,990	107%
Increase/(Decrease) in Net Assets	20,150	(766,126)	786,276	-103%
Net Assets, Beginning of Year	2,310,742	6,816,105	(4,505,363)	-66%
Prior period adjustment	-	(3,739,237)	3,739,237	
Total Position	\$ 2,330,892	\$ 2,310,742	\$ 20,150	1%

## FINANCIAL STATEMENTS

HOUSING AUTHORITY OF PLAINFIELD  
STATEMENT OF NET POSITION  
As of December 31, 2016

	Housing Authority of Plainfield	Component Unit Premier Community Development Corp.	Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents-unrestricted	\$ 1,193,842	\$ 158,978	\$ 1,352,820
Cash and cash equivalents-restricted	933,077	311,761	1,244,838
Accounts receivable:			
Tenants, net	70,690	270	70,960
HUD	11,009	-	11,009
Other governments	479,182	-	479,182
Other receivables	155,449	-	155,449
Inventories, net	17,009	292,426	309,435
Prepaid expenses	7,713	5,126	12,839
	2,867,971	768,561	3,636,532
Capital assets, net	6,827,382	870,262	7,697,644
Total Assets	9,695,353	1,638,823	11,334,176
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	584,617	-	584,617
	\$ 10,279,970	\$ 1,638,823	\$ 11,918,793
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued	\$ 179,271	\$ 15,524	\$ 194,795
Accrued compensated absences-current portion	23,129	-	23,129
Tenant security deposits	88,009	-	88,009
Lines of credit payable	-	469,265	469,265
Long term debt-current portion	-	57,731	57,731
Deferred revenues	1,944,249	-	1,944,249
	2,234,658	542,520	2,777,178
Accrued compensated absences, non-current	208,171	-	208,171
Long term debt-non current	-	728,110	728,110
Other long term debt	-	310,000	310,000
Accrued pension and OPEB liability	4,736,771	-	4,736,771
Other long term liabilities	145,748	44,462	190,210
Total Liabilities	7,325,348	1,625,092	8,950,440
<b>DEFERRED INFLOWS OF RESOURCES</b>	637,461	-	637,461
<b>NET POSITION</b>			
Net investment in capital assets	6,827,382	206,227	7,033,609
Restricted	-	-	-
Unrestricted	(4,510,221)	(192,496)	(4,702,717)
Total Net Position	2,317,161	13,731	2,330,892
	\$ 10,279,970	\$ 1,638,823	\$ 11,918,793

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



HOUSING AUTHORITY OF PLAINFIELD  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
For the Year Ended December 31, 2016

	Housing Authority of Plainfield	Component Unit Premier Community Development Corp.	Total
<b>OPERATING REVENUES</b>			
Tenant revenue	\$ 1,343,939	\$ 124,679	\$ 1,468,618
HUD operating grants	11,998,472	236,829	12,235,301
Other revenues	1,232,373	43,833	1,276,206
	14,574,784	405,341	14,980,125
<b>OPERATING EXPENSE</b>			
Administrative	2,443,830	72,820	2,516,650
Tenant services	191,321	-	191,321
Utilities	1,096,854	11,051	1,107,905
Ordinary repairs and maintenance	879,144	3,496	882,640
Protective services	73,390	-	73,390
Insurance premiums	231,154	6,022	237,176
General expenses	120,387	85,613	206,000
Interest expense	-	46,674	46,674
Extraordinary maintenance	1,165,663	-	1,165,663
Housing assistance payments	8,389,404	-	8,389,404
Depreciation	267,233	23,931	291,164
	14,858,380	249,607	15,107,987
Operating income(loss)	(283,596)	155,734	(127,862)
<b>NON OPERATING REVENUES</b>			
Investment income	4,657	320	4,977
	4,657	320	4,977
Income(loss) before capital grants	(278,939)	156,054	(122,885)
<b>CAPITAL GRANTS</b>			
	143,035	-	143,035
Change in net position	(135,904)	156,054	20,150
Net position at beginning of year	2,453,065	(142,323)	2,310,742
Net position at end of year	\$ 2,317,161	\$ 13,731	\$ 2,330,892

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

HOUSING AUTHORITY OF PLAINFIELD  
STATEMENT OF CASH FLOWS  
December 31, 2016

NET CASH PROVIDED BY(USED IN)	Housing Authority of Plainfield	Component Unit Premier Community Development Corp.	Total
<b>Operating activities:</b>			
Cash received from:			
Tenants	\$ 1,300,861	\$ 124,533	\$ 1,425,394
Grantors	11,998,472	236,829	12,235,301
Other	1,570,030	48,608	1,618,638
Cash paid for:			
Employees	(1,275,869)	(30,000)	(1,305,869)
Vendors and contractors	(3,535,908)	(267,677)	(3,803,585)
Utilities	(1,096,854)	(11,051)	(1,107,905)
Insurance	(227,291)	(3,865)	(231,156)
General expenses	(73,713)	(132,287)	(206,000)
Housing assistance payments	(8,389,404)	-	(8,389,404)
	270,324	(34,910)	235,414
<b>Capital and related financing activities:</b>			
Purchase of capital assets	(143,035)	(109,699)	(252,734)
Proceeds from capital grants	143,035	-	143,035
Other post employment benefits	239,200	-	239,200
Payment of long term debt	212,901	-	212,901
Payment of other long term liabilities	(812,440)	252,964	(559,476)
Proceeds from lines of credit	-	(1,600)	(1,600)
Deferred outflows of resources	(164,471)	-	(164,471)
	(524,810)	141,665	(383,145)
<b>Investing activities:</b>			
Deferred inflows of resources	318,577	-	318,577
Interest received on investments	4,656	320	4,976
	323,233	320	323,553
Net increase in cash and cash equivalents	68,747	107,075	175,822
Cash and cash equivalents, beginning of year	2,058,172	363,664	2,421,836
Cash and cash equivalents, end of year	\$ 2,126,919	\$ 470,739	\$ 2,597,658

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

HOUSING AUTHORITY OF PLAINFIELD  
STATEMENT OF CASH FLOWS(Continued)  
Year Ended December 31, 2016

	Housing Authority of Plainfield	Component Unit Premier Community Development Corp.	Total
Reconciliation of operating loss to net cash provided(used) by operating activities:			
Operating income(loss)	\$ (283,596)	\$ 155,734	\$ (127,862)
Items which did not use cash:			
Depreciation	267,233	23,931	291,164
Changes in operating assets and liabilities:			
Accounts receivable-HUD	(10,328)	-	(10,328)
Accounts receivable-tenants	(43,475)	(146)	(43,621)
Accounts receivable-other	(374,707)	2,157	(372,550)
Prepaid expenses	6,020	-	6,020
Inventories	-	(234,341)	(234,341)
Accounts payable	(42,303)	12,980	(29,323)
Accrued compensated absences	30,548	-	30,548
Tenant security deposits	397	-	397
Other liabilities	720,535	4,775	725,310
	<u>\$ 270,324</u>	<u>\$ (34,910)</u>	<u>\$ 235,414</u>

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

**HOUSING AUTHORITY OF PLAINFIELD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

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**Note 1. Nature of Organization and Description of Programs**

The Housing Authority of Plainfield (the "Authority") is a governmental, public corporation created under federal and state housing laws as defined by State statute (NJ, S.A. 4A: 12A-1, et. Seq., the "Housing Authority Act") for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the City of Plainfield, New Jersey. The Authority is responsible for operating certain low-rent housing 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 Authority is governed by a board of commissioners which 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.

The Authority maintains its accounting records by programs which include the following:

Low Rent Public Housing Program

The Low Rent Public Housing Program is designed to provide low-cost housing within the City of Plainfield. Under this program, HUD provides funding via an annual contributions contract. These funds, combined with the rental income received from tenants, are available solely to meet the operating expenses of the program.

Housing Assistance Payment Program - Section 8

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families 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 family.

Public Housing Capital Fund Program

The purpose of the Capital Fund Program is to provide another source of funding to cover the cost of physical and management improvements and rehabilitation on existing low-income housing and improving the central office facilities. Funding for this program is provided by grants from HUD.

Shelter Care Plus Program

This program offers grants to states and local governments, public housing authorities (PHAs) and other entities to provide rental assistance to homeless persons with disabilities. Rental assistance grants must be matched in aggregate by supportive services that are equal in value to the rental assistance and appropriate to the needs of the population served. It is a tenant-based program.

**HOUSING AUTHORITY OF PLAINFIELD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2016**

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**Note 1. Nature of Organization and Description of Programs(Continued)**

Congregate Housing Services Program

The Congregate Housing Services Program offers grants to states, units of general local government, PHAs, tribally designated housing entities, and local nonprofit housing sponsors to provide meals and other supportive services needed by frail elderly residents and residents with disabilities in federally subsidized housing. It is a project-based rather than a tenant-based program.

Resident Opportunity and Supportive Service Program

The Resident Opportunity and Supportive Services(ROSS) grant provides funds for job training and supportive services to help residents of public housing transition from welfare to work. The program also provides funding to connect elderly/disabled residents to critical services which help them continue to live independently.

**Note 2. Summary of Significant Accounting Policies**

Reporting Entity

In accordance with statement No. 39 Government Accounting Standards Board ("GASB"), the Authority's financial statements include those of the Housing Authority of Plainfield and its component unit. Components units are legally separate, tax-exempt organizations that meet all of the following criteria:

- The economic resources received by the separate organization are almost entirely for the direct benefit of the Authority.
- The Authority has the ability to access a majority of the economic resources held by the separate organization.
- The economic resources referred to above are significant to the Authority.

Based upon the application of these criteria, this report includes all programs and activities operated by the Authority, including the component unit described below. Also, the Authority is not included in any other reporting entity on the basis of such criteria.

Component Unit

Premier Community Development Corporation(f/k/a Plainfield Community Development Corporation) is a not-for profit corporation formed in 2007 by the Housing Authority of Plainfield to pursue the promotion and development of low and moderate income housing in the City of Plainfield, New Jersey. It is a legally separate entity and meets the criteria of a component unit as listed above. Based on the criteria and in accordance with GASB 39 Paragraph 5, the transactions of the Premier Community Development Corporation are included in the financial statements of the Authority as a discrete presentation. Separate financial statements of the component unit may be obtained as the Authority's main office 510 East Front Street, Plainfield, NJ 07060.

HOUSING AUTHORITY OF PLAINFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

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**Note 2. Summary of Significant Accounting Policies (Continued)**

Basis of Accounting

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, liabilities, 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 funds of the Authority are all considered enterprise funds that are used to account for activities that are operated in a manner similar to those found in the private sector.

All enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenue, expenses, gains, and losses resulting from exchange and exchange-like transactions are recognized when exchanges take place.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority had complied with the grant and subsidy requirements.

Administrative fee and Housing Assistance Payments(HAP) revenue under the Housing Choice Voucher program are also recognized under the guidelines of GASB Statement No. 33. Accordingly, both time and purpose restrictions as defined by GASB No. 33 are met when these funds are available and measurable, as opposed to when funds are expended. The Authority recognizes unspent administrative fee and HAP revenue in the reporting period as revenue for financial statement purposes. Investment income earned on these funds are reflected in the net asset class on which the investment income is earned.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities that Use Proprietary Fund Accounting*, the Authority has elected to apply all Financial Accounting Standards Board pronouncements, Accounting Principles Board Opinions and Accounting Research Bulletins issued that do not conflict with or contradict GASB Pronouncements.

Other Post Employment Benefits

In accordance with GASB Statement No. 45, the Authority is required to account for its "Other Post Employment Benefits" (OPEB) in essentially the same way as it accounts for pension benefits. The standard further requires a systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service.



HOUSING AUTHORITY OF PLAINFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

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**Note 2. Summary of Significant Accounting Policies (Continued)**

Pensions

The Authority has adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. Accordingly, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, 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. 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.

Use of Estimates

The preparation of financial statements in conformity 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 and liabilities, 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 used in these financial statements include the allowance for doubtful accounts, estimated pension and OPEB liability, and depreciable lives of property and equipment. Actual results could differ significantly from these estimates.

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 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 deposits 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 Federal Deposit Insurance Corporation and Federal Surety and Loans Insurance Corporation 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. It is the Authority's policy to maintain collateralization in accordance with state and HUD requirements.

HOUSING AUTHORITY OF PLAINFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

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**Note 2. Summary of Significant Accounting Policies (Continued)**

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.

Tenant 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 all 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.

Prepaid Expenses

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

Inventory

The Authority's inventory is comprised of office supplies and maintenance materials and supplies. Inventory is valued at the lower cost or market, and the Authority uses the first-in, first-out (FIFO) flow assumption in determining cost. If inventory falls below cost due to damage, deterioration or obsolescence, the Authority establishes an allowance for obsolete inventory. Inventory at December 31, 2016 is shown net of an allowance \$1,575.

Inventory also includes property held for resale by the component unit Premier Community Development Corp. and is valued at cost. No depreciation is being taken on this property.

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 capital 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 | 3-5 Years     |
| • Buildings               | 27.5-40 Years |

The Authority has established a capitalization threshold of \$1,000.

Impairment of Long Lived Assets

In accordance with GASB, 42 management reviews for the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. Management has not identified any such impairment losses.



HOUSING AUTHORITY OF PLAINFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

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**Note 2. Summary of Significant Accounting Policies (Continued)**

Deferred Revenues

Deferred revenue consists of the prepayment of rent by residents and the receipt of grant funding applicable to future years. Deferred revenue also consists of a lump sum payment for roof top rentals which is being amortized over a period of twenty years.

Compensated Absences

Compensated absences represent amounts to which employees are entitled to based on accumulated leave earned in accordance with the Authority's personnel policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service at the current salary. Employees may carry over 30 vacation days each year. Employees accrue sick days at the rate of one day per month for the first year and fifteen days per calendar year thereafter. On termination, regular employees with ten or more years of service are paid 33 1/3% of accrued sick time and all other employees who were terminated in good standing receive 25% of accrued sick time up to a maximum of \$15,000.

Inter-program Receivables and Payables

Inter-program receivables/payables are current, and are the result of the use of the public housing program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all inter-program balances net zero. In accordance with GASB Statement No. 34, inter-program receivables and payables are eliminated for financial statement purposes. However, they are reflected in the accompanying Financial Data Schedule as required by HUD.

Taxes

The Authority is a unit of local government under New Jersey law and is exempt from real estate, sales and income taxes.

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. 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.

Budgets and Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its enterprise funds receiving federal expenditure awards. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods.

HOUSING AUTHORITY OF PLAINFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

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**Note 2. Summary of Significant Accounting Policies (Continued)**

Economic Dependency

The Section-8 and Low Rent Housing Program of the Authority are economically dependent on operating grants and subsidies from HUD. The programs operate at a loss prior to receiving grants.

Equity Classifications

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

Net investment in capital assets - Consists of capital assets 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 - Consist of net position 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. Net position restricted by law includes housing assistance payment reserve.

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

Fair Value Measurements

The Authority accounts for fair value measurements in accordance with FASB ASC 820, *Fair Value Measurements*, which establishes a hierarchy for the inputs used to measure fair value based on the nature of the data input, which generally ranges from Level 1 to Level 3. Multiple inputs may be used to measure fair value.

*Level 1* - Measurements that are most observable are based on quoted prices of identical instruments obtained from principal markets in which they are traded. Closing prices are both readily available and representative of fair value. Market transactions occur with sufficient frequency and volume to ensure liquidity

*Level 2* - Measurements derived indirectly from observable inputs or from quoted prices from markets that are less liquid. Measurements may consider inputs that other market participants would use in valuing a portfolio, quoted market prices for similar securities, interest rates credit risks and others.

*Level 3* - Measurements that are least observable are estimated from related market data, determined from sources with little or no activity from comparable contracts, or are positions with longer durations.

HOUSING AUTHORITY OF PLAINFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

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**Note 2. Summary of Significant Accounting Policies (Continued)**

Risk Management

Significant losses are covered by commercial insurance for all major programs. There have been no reductions in insurance coverage for 2015, 2014 and 2013. Settlement amounts, except for deductibles, have not exceeded insurance coverage for the past three years.

Deferred Outflows/Inflows of Resources and Net Position

The Authority has adopted Government Accounting Standards Board Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, which was issued in June 2011. This Statement, among other things, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources as defined by Concepts Statement No. 4, *Elements of Financial Statements*. The Statement further identifies net position as the residual of all other elements presented in the statement of financial position.

New GASB Pronouncements

Management actively reviews all newly issued GASB pronouncements. Although it does not believe that the adoption of any recently issued pronouncements will have a material effect on the Authority's financial statements, a final determination cannot be made until the evaluation is complete.

**Note 3. Cash and Cash Equivalents**

At December 31, 2016, the Authority had funds on deposit in checking and money market accounts. All bank deposits as of the balance sheet date are covered by the Government Unit Depository Protection Act of the State of New Jersey, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the Authority's name.

For the fiscal year ended December 31, 2016, the carrying amount of the Authority's cash was \$ 2,597,658 and the bank balances approximated \$2,753,863. Of the bank balances at December 31, 2016 \$1,650,815 was covered by FDIC and the remaining \$1,103,048 was collateralized by the financial institutions.

The Authority believes it is not exposed to any custodial credit risks, that is, the risk that in the event of a bank failure the Authority's deposits may not be returned.

**Note 4. Financial Instruments at Fair Value**

The following table presents the fair value hierarchy of the Authority's financial instruments at December 31, 2016:

Level 1-Cash	\$ 2,285,644
Level 2-Certificates of Deposit	\$ 312,014

HOUSING AUTHORITY OF PLAINFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 5. Restricted Cash**

As of December 31, 2016, restricted cash consisted of the following:

Tenant security deposits	\$ 88,009
Family self-sufficiency escrow	145,748
Collateral for secured loan	311,761
Section-8 advance payment	699,320
	<u>\$ 1,244,838</u>

**Note 6. Accounts Receivable**

As of December 31, 2016, accounts receivable consisted of the following:

Tenants, net	\$ 70,690
HUD	11,009
Other governments	479,182
Other receivables	155,449

Accounts receivable-tenants- consist of rental money due the Authority for providing housing and are stated net of an allowance of \$ 28,127 at December 31, 2016.

Accounts receivable-other governments - represents amounts due from the County of Union under the Shelter Care Plus Program and is stated net of an allowance of \$28,014.

Accounts receivable - other- contains the following:

Due from sub-recipient	\$ 94,495
Due from Premier CDC	46,289
Due from Richmond Towers Resident Association	14,665
	<u>\$ 155,449</u>

**Note 7. Capital Assets**

A summary of the changes in capital assets during 2016 is as follows:

	January 1, 2016	Additions	Retirements	Transfers	December 31, 2016
Land	\$ 1,374,499	\$ -	\$ -	\$ -	\$ 1,374,499
Building	20,484,616	-	-	-	20,484,616
Furniture and equipment	628,407	-	-	-	628,407
	22,487,522	-	-	-	22,487,522
Less: accum. depreciation	(15,258,787)	(291,163)	-	-	(15,549,950)
	7,228,735	(291,163)	-	-	6,937,572
Construction in progress	507,338	252,734	-	-	760,072
	<u>\$ 7,736,073</u>	<u>\$ (38,429)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,697,644</u>

HOUSING AUTHORITY OF PLAINFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

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**Note 7. Capital Assets(Continued)**

Property and equipment purchased with U.S. Department of HUD funds are restricted to use in HUD programs and may revert to the Federal funding source. HUD has a reversionary interest in such restricted property.

**Note 8. Tenant Security Deposits**

Tenant security deposits represent amounts held by the Authority on behalf of tenants participating in the Low Rent Public Housing Program. Upon termination from the program, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit. This account is maintained in a separate bank account and is matched with an offsetting liability.

**Note 9. Long Term Debt**

Notes Payable

Notes payable at December 31, consisted of the following debt incurred by the Premier Community Development Corporation:

Mortgage payable to Unity Bank, bearing interest rate of 6.0% per annum; due January 2035; monthly interest and principal payments in amounts to amortize loan; secured by properties located in Plainfield, New Jersey. \$ 160,935

Mortgage payable to PNC Bank; dated June 9, 2011; amount \$200,000; fixed rate at 5.23% per annum; monthly principal payment in amounts to amortize loan; maturity date June 9, 2021 secured by property located in Plainfield, New Jersey. 165,631

Mortgage payable to Unity Bank, bearing interest rate of 4.25% per annum; monthly principal and interest payments; secured by properties located in Plainfield, New Jersey. 227,769

Loan payable to NJRA, bearing interest rate of 4.25% per annum; monthly principal and interest payments; secured by properties located in Plainfield, New Jersey. 231,506

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	785,841
Less: current portion	(57,731)
	<hr/> \$ 728,110 <hr/>

HOUSING AUTHORITY OF PLAINFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

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**Note 9. Long Term Debt(Continued)**

As of December 31, 2016 annual principal and interest payments on the notes are as follows:

<u>Year end 12/31</u>	<u>Amount</u>
2017	\$ 50,762
2018	50,762
2019	50,762
2020	50,762
2021	50,762
2022 and thereafter	<u>532,031</u>
	<u>\$ 785,841</u>

Other Long Term Debt

*Loan to Premier Community Development Corporation*

Loan payable represents a \$ 310,000 non-interest bearing open advance from the Plainfield Housing Finance Company, an affiliate of Plainfield Housing Authority, to the component unit. The advance was used to purchase two certificates of deposit that in turn were used to secure the two lines of credit referred to in Note 8. In year 2010 this advance was converted into a long term loan with a maturity date of December 31, 2019. Premier CDC's management will seek to convert this debt into a grant.

**Note 10. Lines of Credit Payable**

The component unit, Premier Community Development Corporation, has lines of credit at two banks in the aggregate amount of \$ 661,975. The lines bear variable interest rates ranging from 4.75% to 6.0%. The lines are secured by a two certificates of deposits totaling \$307,300 and other assets of the Corporation. As of December 31, 2016 the Corporation had \$469,265 of borrowings outstanding under the lines of credit. These borrowings are essentially construction loans used to finance the improvements of acquired properties. Accordingly, they are considered current liabilities.

**Note 11. 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 the Authority's owned housing program in accordance with the provisions of its cooperation agreement with the City of Plainfield. 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 December 31, 2016 the Authority incurred PILOT expense of 28,618.



HOUSING AUTHORITY OF PLAINFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

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**Note 12. Pension Plan**

Plan description

The Authority participates in the Public Employees Retirement System (PERS), a cost-sharing multiple employer defined benefit pension plan administered by the Division of Pensions within the Department of Treasury, State of New Jersey. PERS provides retirement, death and disability benefits, as well as medical benefits for certain qualified members and beneficiaries. The PERS was established on January 1, 1955 under the provisions of N.J.S.A. 43:15A. The PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of New Jersey, Division of Pensions CN-295, Trenton, NJ 08625, (609) 777-1777 or at [www.state.nj.us.treasury/pensions/pdf/financial/2016divisioncombined.pdf](http://www.state.nj.us.treasury/pensions/pdf/financial/2016divisioncombined.pdf).

Vesting and benefits provisions

The vesting and benefits provisions for PERS are set by NJSA 43:15A and 43:3B. All benefits vest after ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years prior to retirement (or highest three years' compensation if other than the final three years).

Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement achieving ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. Members are always fully vested for their own contributions and, after three years of service credit, become vested 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Contributions

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employer contributions are actuarially determined annually by the Division of Pensions. Employee are required to make contributions currently set at 6.78% of base wages. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. Contributions to the pension plan from the Authority for the year ended December 31, 2016 amounted to \$150,794.

HOUSING AUTHORITY OF PLAINFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

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**Note 12. Pension Plan(Continued)**

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At December 31, 2016, the Authority reported a liability of \$ 3,710,910 for its proportionate share of the pension liability. The net pension liability was measured as of January 1, 2014, and the total pension used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating housing authorities, school districts and municipalities that participate in the plan and is actuarially determined. At December 31, 2016, the Authority's proportion was 0.193 per cent.

For the year ended December 31, 2016, the Authority recognized pension expense of \$180,922. The Authority also reported deferred outflows of resources of \$584,617 and deferred inflows of resources of \$636,461.

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in a separate report issued by the State of New Jersey Division Pension and Benefits, Public Employees Retirement System, Employer Allocations and Schedules of Pension Amounts.

**Note 13. Other Post-Employment Benefits (OPEB)**

Annual OPEB cost and net OPEB obligation

The Authority provides subsidized benefits at retirement for medical insurance and reimbursement for Medicare Part B premium reimbursement for individuals meeting eligibility requirements for the coverage. All benefits are provided for the lifetime of the retiree. The funding policy for the Authority's OPEB contributions was established by and may be amended only by Board resolution. The Authority's annual other postemployment benefit ("OPEB") cost ( expense) is calculated based on the annual required contribution of the employer ("ARC") , an amount actuarially determined in accordance with parameters of GASB Statement No. 45.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of the working lifetime of the individual employee. The following table shows the components of the Authority's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Authority's net OPEB obligation to the plan



HOUSING AUTHORITY OF PLAINFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

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**Note 13. Other Post-Employment Benefits (OPEB)(Continued)**

Annual Required Contribution	\$ 303,515
Interest on net OPEB obligation	\$ 29,294
Adjustment to annual required contribution	\$ 177,233
Annual OPEB cost (expense)	\$ 510,042
Contributions made	\$ 162,361
Increase in net OPEB obligation	\$ 347,681
Net OPEB Obligation - beginning of year	\$ 732,338
Net OPEB Obligation - end of year	\$ 1,080,019

The Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2016 fiscal year and the three preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	\$180,973	38%	\$ 101,309
12/31/2014	180,973	38%	101,309
12/31/2015	477,027	34%	732,338
12/31/2016	347,681	47%	1,080,019

Funded Status and Funding Progress

As of January 1, 2015, the most recent valuation date, the plan was not funded. The actuarial liability for benefits was \$ 5,924,782.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented in the required supplementary information following the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

HOUSING AUTHORITY OF PLAINFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

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**Note 13. Other Post-Employment Benefits (OPEB)(Continued)**

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by employer and plan members) and include the types of benefits provided at the time each valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The results were prepared and based on the projected unit credit method. Valuation assumptions are based on a discount rate of 4% and the annual health care cost inflation rates of 10% declining to 1% per year to an ultimate trend assumption of 5%. The results are based on reviewing electronic census information (record-by-record review), retiree plan information, benefit cost information, and other summary information of retiree benefits and eligibility.

Actuarial value of assets:                      Market value  
Amortization of initial UAAL:              Amortized over thirty years.  
Reconciliation of plan participation as of January 1, 2015  
Active employees:

	January 1, 2011	January 1, 2015
A. Average age at hire	37.7	37.1
B. Average service	13.5	14.9
C. Average current age	51.2	52.0

Detailed summaries of assumptions, benefit provisions and demographic census information included in the actuarial report are prepared by Aquarius Capital. The opining actuary, Michael Frank, President at Aquarius Capital, is a member of the American Academy of Actuaries, Associate of the Society of Actuaries, and Fellow of the Conference of Consulting Actuaries, and meets the qualification standards of the American Academy of Actuaries to render the actuarial opinion on the Housing Authority of Plainfield.

**Note 14. Risks and Uncertainties**

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 the 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 December 31, 2016, the Authority estimates that no material liabilities will result from such audits.

HOUSING AUTHORITY OF PLAINFIELD  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2016

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**Note 15. Housing Choice Voucher Program -Net Position**

Pursuant to HUD PIH Notices 2006-03, 2006-09 and 2008-15, the Authority reports unused housing assistance payments under proprietary fund reporting as restricted net position, with the associated cash and investments also being reported on HUD's Financial Data Schedule (FDS) as restricted. Unused administrative fees are required to be reported as unrestricted net position, with the associated cash and investments being reported on the FDS as unrestricted. As of December 31, 2016, the Housing Choice Voucher Program maintained the following components of Net Position:

Restricted Net Position-HAP Equity	\$ -
Unrestricted Administrative Fee	(783,151)
	<u>\$ (783,151)</u>

**Note 16. Transactions with Component Unit**

In 2016 the Authority advanced the component unit, Premier CDC, \$40,000 to cover the cost of salaries. The Authority has recorded a receivable on its books of \$ 40,000 and the Premier CDC has recorded a liability of \$40,000.

**Note 17. Subsequent Events**

There were no events or transactions that have occurred subsequent to the date of the financial statements that would require adjustment to, or disclosure in the financial statements. Subsequent events have been evaluated through September 18, 2017 which is the date the financial statements were available to be issued.

## SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF PLAINFIELD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Current Year Expenditures
<u>U.S Department of Housing and Urban Development</u>		
Direct programs:		
Congregate Housing Service	14.170	\$ 88,615
Low-Income Public Housing	14.850	1,915,232 (m)
Section 8 Housing Choice Vouchers	14.871	8,123,229 (m)
Public Housing Capital Fund	14.872	1,098,972
Resident Opportunity and Supportive Service	14.870	69,000
Community Development Block Grant	14.218	200,000
Passed through:		
County of Union-Dept of Human Services/ Shelter Plus Care	14.238	883,288
		\$ 12,378,336

(m)=Major program

See accompanying notes to Schedule of Expenditures of Federal Awards.

**HOUSING AUTHORITY OF PLAINFIELD**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**December 31, 2016**

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**Note 1. General Information**

The accompanying Schedule of Expenditures of Federal Awards presents the activities in all the federal programs of Housing Authority of Plainfield. All financial assistance received directly from federal agencies as well as financial assistance passed through other governmental agencies is included on the schedule.

**Note 2. Basis of Accounting**

The information in the accompanying schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations(CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*(Uniform Guidance). Accordingly, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**Note 3. Non-Cash Federal Assistance**

The Authority did not receive any non-cash Federal assistance for the year ended December 31, 2016.

**Note 4. Loan Guarantees**

At December 31, 2016, the Authority is not the guarantor of any loans outstanding.

**HOUSING AUTHORITY OF PLAINFIELD**  
**STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL GRANT COSTS**  
**For the Year Ended December 31, 2016**

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There were not Capital Fund Program grants that were closed  
in the year ended December 31, 2016

Plainfield Housing Authority (NJ039)  
PLAINFIELD, NJ

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single  
Audit

Fiscal Year End: 12/31/2016

	Project Total	16.541 Juvenile Justice and Delinquency Prevention Special Emphasis	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.238 Shelter Plus Care	14.170 Congregat e Housing Service Program	1 Business Activities	14.218 Community Developmen t Block Grants/Entitl ement Grants	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$837,904			\$272,232	\$158,978			\$83,706		\$0	\$1,352,820		\$1,352,820
112 Cash - Restricted - Modernization and Development													
113 Cash - Other Restricted				\$845,068	\$311,761						\$1,156,829		\$1,156,829
114 Cash - Tenant Security Deposits	\$88,009										\$88,009		\$88,009
115 Cash - Restricted for Payment of Current Liabilities													
100 Total Cash	\$925,913	\$0	\$0	\$1,117,300	\$470,739	\$0	\$0	\$83,706	\$0	\$0	\$2,597,658	\$0	\$2,597,658
121 Accounts Receivable - PHA Projects													
122 Accounts Receivable - HUD Other Projects				\$11,009							\$11,009		\$11,009
124 Accounts Receivable - Other Government				\$0		\$507,196					\$507,196		\$507,196
125 Accounts Receivable - Miscellaneous	\$14,665	\$94,495						\$0		\$46,289	\$155,449		\$155,449
126 Accounts Receivable - Tenants	\$98,817				\$270						\$99,087		\$99,087
126.1 Allowance for Doubtful Accounts - Tenants	-\$28,127				\$0						-\$28,127		-\$28,127
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0		-\$28,014		\$0		\$0	-\$28,014		-\$28,014
127 Notes, Loans, & Mortgages Receivable - Current													
128 Fraud Recovery													
128.1 Allowance for Doubtful Accounts - Fraud													
129 Accrued Interest Receivable													
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$85,355	\$94,495	\$0	\$11,009	\$270	\$479,182	\$0	\$0	\$0	\$46,289	\$716,600	\$0	\$716,600
131 Investments - Unrestricted													
132 Investments - Restricted													
135 Investments - Restricted for Payment of Current Liability													
142 Prepaid Expenses and Other Assets										\$7,713	\$7,713		\$7,713
143 Inventories	\$18,584										\$18,584		\$18,584
143.1 Allowance for Obsolete Inventories	-\$1,575										-\$1,575		-\$1,575
144 Inter Program Due From	\$2,462,109			\$437,820				\$1,197,060			\$4,096,989	-\$4,096,989	\$0
145 Assets Held for Sale					\$292,426						\$292,426		\$292,426
150 Total Current Assets	\$3,490,386	\$94,495	\$0	\$1,566,129	\$763,435	\$479,182	\$0	\$1,280,766	\$0	\$54,002	\$7,728,395	-\$4,096,989	\$3,631,406
161 Land	\$1,141,554				\$232,945						\$1,374,499		\$1,374,499
162 Buildings	\$19,816,837				\$667,779						\$20,484,616		\$20,484,616
163 Furniture, Equipment & Machinery - Dwellings	\$374,850				\$808						\$375,658		\$375,658



	Project Total	16.541 Juvenile Justice and Delinquency Prevention Special Emphasis	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.238 Shelter Plus Care	14.170 Congregat e Housing Service Program	1 Business Activities	14.218 Community Developmen t Block Grants/Entitl ement Grants	COCC	Subtotal	ELIM	Total
164 Furniture, Equipment & Machinery - Administration	\$87,259			\$19,758				\$86,435		\$59,297	\$252,749		\$252,749
165 Leasehold Improvements													
166 Accumulated Depreciation	-\$15,243,491			-\$19,758	-\$140,969			-\$86,435		-\$59,297	-\$15,549,950		-\$15,549,950
167 Construction in Progress	\$650,373										\$650,373		\$650,373
168 Infrastructure													
160 Total Capital Assets, Net of Accumulated Depreciation	\$6,827,382	\$0	\$0	\$0	\$760,563	\$0	\$0	\$0	\$0	\$0	\$7,587,945	\$0	\$7,587,945
171 Notes, Loans and Mortgages Receivable - Non-Current													
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due													
173 Grants Receivable - Non Current													
174 Other Assets					\$114,825						\$114,825		\$114,825
176 Investments in Joint Ventures													
180 Total Non-Current Assets	\$6,827,382	\$0	\$0	\$0	\$875,388	\$0	\$0	\$0	\$0	\$0	\$7,702,770	\$0	\$7,702,770
200 Deferred Outflow of Resources	\$301,067			\$115,363						\$168,187	\$584,617		\$584,617
290 Total Assets and Deferred Outflow of Resources	\$10,618,835	\$94,495	\$0	\$1,681,492	\$1,638,823	\$479,182	\$0	\$1,280,766	\$0	\$222,189	\$16,015,782	-\$4,096,989	\$11,918,793
311 Bank Overdraft													
312 Accounts Payable <= 90 Days	\$28,028			\$7,992	\$3,741			\$6,289		\$13,616	\$59,666		\$59,666
313 Accounts Payable >90 Days Past Due													
321 Accrued Wage/Payroll Taxes Payable										\$2,694	\$2,694		\$2,694
322 Accrued Compensated Absences - Current Portion	\$8,203			\$2,439				\$958		\$11,529	\$23,129		\$23,129
324 Accrued Contingency Liability													
325 Accrued Interest Payable					\$11,783						\$11,783		\$11,783
331 Accounts Payable - HUD PHA Programs													
332 Account Payable - PHA Projects													
333 Accounts Payable - Other Government	\$28,618										\$28,618		\$28,618
341 Tenant Security Deposits	\$88,009										\$88,009		\$88,009
342 Unearned Revenue	\$1,150,434	\$94,495		\$699,320							\$1,944,249		\$1,944,249
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue					\$57,731						\$57,731		\$57,731
344 Current Portion of Long-term Debt - Operating Borrowings					\$469,265						\$469,265		\$469,265
345 Other Current Liabilities	\$47,384							\$0		\$11,250	\$58,634		\$58,634
346 Accrued Liabilities - Other	\$33,400										\$33,400		\$33,400
347 Inter Program - Due To	\$1,051,547			\$476,256		\$437,820				\$2,131,366	\$4,096,989	-\$4,096,989	\$0
348 Loan Liability - Current													
310 Total Current Liabilities	\$2,435,623	\$94,495	\$0	\$1,186,007	\$542,520	\$437,820	\$0	\$7,247	\$0	\$2,170,455	\$6,874,167	-\$4,096,989	\$2,777,178

	Project Total	16.541 Juvenile Justice and Delinquency Prevention Special Emphasis	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.238 Shelter Plus Care	14.170 Congrega- te Housing Service Program	1 Business Activities	14.218 Community Developmen- t Block Grants/Entitl- ement Grants	COCC	Subtotal	ELIM	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					\$496,604						\$496,604		\$496,604
352 Long-term Debt, Net of Current - Operating Borrowings					\$0						\$0		\$0
353 Non-current Liabilities - Other				\$145,748	\$44,462			\$0		\$0	\$190,210		\$190,210
354 Accrued Compensated Absences - Non Current	\$73,832			\$21,950				\$8,625		\$103,764	\$208,171		\$208,171
355 Loan Liability - Non Current					\$541,506						\$541,506		\$541,506
356 FASB 5 Liabilities													
357 Accrued Pension and OPEB Liabilities	\$2,687,879			\$985,147						\$1,063,745	\$4,736,771		\$4,736,771
350 Total Non-Current Liabilities	\$2,761,711	\$0	\$0	\$1,152,845	\$1,082,572	\$0	\$0	\$8,625	\$0	\$1,167,509	\$6,173,262	\$0	\$6,173,262
300 Total Liabilities	\$5,197,334	\$94,495	\$0	\$2,338,852	\$1,625,092	\$437,820	\$0	\$15,872	\$0	\$3,337,964	\$13,047,429	-\$4,096,989	\$8,950,440
400 Deferred Inflow of Resources	\$328,280			\$125,791						\$183,390	\$637,461		\$637,461
508.4 Net Investment in Capital Assets	\$6,827,382				\$206,227						\$7,033,609		\$7,033,609
511.4 Restricted Net Position				\$0							\$0		\$0
512.4 Unrestricted Net Position	-\$1,734,161	\$0	\$0	-\$783,151	-\$192,496	\$41,362	\$0	\$1,264,894	\$0	-\$3,299,165	-\$4,702,717		-\$4,702,717
513 Total Equity - Net Assets / Position	\$5,093,221	\$0	\$0	-\$783,151	\$13,731	\$41,362	\$0	\$1,264,894	\$0	-\$3,299,165	\$2,330,892	\$0	\$2,330,892
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$10,618,835	\$94,495	\$0	\$1,681,492	\$1,638,823	\$479,182	\$0	\$1,280,766	\$0	\$222,189	\$16,015,782	-\$4,096,989	\$11,918,793

## Plainfield Housing Authority (NJ039)

PLAINFIELD, NJ

## Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single  
Audit

Fiscal Year End: 12/31/2016

	Project Total	16.541 Juvenile Justice and Delinquency Prevention_ Special Emphasis	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.238 Shelter Plus Care	14.170 Congregate Housing Service Program	1 Business Activities	14.218 Community Developme nt Block Grants/Entit lement Grants	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,307,225				\$124,654						\$1,431,879		\$1,431,879
70400 Tenant Revenue - Other	\$36,714				\$25						\$36,739		\$36,739
70500 Total Tenant Revenue	\$1,343,939	\$0	\$0	\$0	\$124,679	\$0	\$0	\$0	\$0	\$0	\$1,468,618	\$0	\$1,468,618
70600 HUD PHA Operating Grants	\$2,871,169		\$69,000	\$8,123,229		\$883,288	\$88,615		\$200,000		\$12,235,301		\$12,235,301
70610 Capital Grants	\$143,035										\$143,035		\$143,035
70710 Management Fee										\$418,070	\$418,070	-\$418,070	\$0
70720 Asset Management Fee													
70730 Book Keeping Fee										\$97,643	\$97,643	-\$97,643	\$0
70740 Front Line Service Fee													
70750 Other Fees													
70700 Total Fee Revenue										\$515,713	\$515,713	-\$515,713	\$0
70800 Other Government Grants					\$236,829						\$236,829		\$236,829
71100 Investment Income - Unrestricted				\$429	\$320			\$466		\$3,762	\$4,977		\$4,977
71200 Mortgage Interest Income													
71300 Proceeds from Disposition of Assets Held for Sale													
71310 Cost of Sale of Assets													
71400 Fraud Recovery				\$10,818							\$10,818		\$10,818
71500 Other Revenue	\$127,184			\$177,782	\$43,833		\$4,565	\$254,753		\$460,442	\$1,068,559	-\$40,000	\$1,028,559
71600 Gain or Loss on Sale of Capital Assets													
72000 Investment Income - Restricted													
70000 Total Revenue	\$4,485,327	\$0	\$69,000	\$8,312,258	\$405,661	\$883,288	\$93,180	\$255,219	\$200,000	\$979,917	\$15,683,850	-\$555,713	\$15,128,137
91100 Administrative Salaries	\$293,630		\$48,473	\$249,537	\$30,000	\$40,000	\$40,300			\$394,772	\$1,096,712		\$1,096,712
91200 Auditing Fees	\$10,000			\$5,000	\$3,250					\$7,532	\$25,782		\$25,782
91300 Management Fee	\$261,195			\$150,395	\$0	\$6,480					\$418,070	-\$418,070	\$0
91310 Book-keeping Fee	\$30,143			\$66,420		\$1,080					\$97,643	-\$97,643	\$0
91400 Advertising and Marketing													
91500 Employee Benefit contributions - Administrative	\$222,413		\$20,527	\$248,222	\$3,375	\$13,039	\$8,502			\$306,411	\$822,489		\$822,489
91600 Office Expenses	\$36,779			\$35,228	\$14,522					\$30,831	\$117,360		\$117,360
91700 Legal Expense	\$50,543			\$1,225	\$1,319					\$41,308	\$94,395		\$94,395
91800 Travel	\$3,702			\$3,645				\$950		\$34,636	\$42,933		\$42,933
91810 Allocated Overhead													

	Project Total	16.541 Juvenile Justice and Delinquency Prevention Special Emphasis	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.238 Shelter Plus Care	14.170 Congregate Housing Service Program	1 Business Activities	14.218 Community Developme nt Block Grants/Entit lement Grants	COCC	Subtotal	ELIM	Total
91900 Other	\$43,472			\$70,202	\$20,354			\$32,909		\$150,042	\$316,979		\$316,979
91000 Total Operating - Administrative	\$951,877	\$0	\$69,000	\$829,874	\$72,820	\$60,599	\$48,802	\$33,859	\$0	\$965,532	\$3,032,363	-\$515,713	\$2,516,650
92000 Asset Management Fee													
92100 Tenant Services - Salaries	\$42,000						\$2,470				\$44,470		\$44,470
92200 Relocation Costs													
92300 Employee Benefit Contributions - Tenant Services	\$47,252										\$47,252		\$47,252
92400 Tenant Services - Other	\$47,528						\$41,908	\$6,224		\$3,939	\$99,599		\$99,599
92500 Total Tenant Services	\$136,780	\$0	\$0	\$0	\$0	\$0	\$44,378	\$6,224	\$0	\$3,939	\$191,321	\$0	\$191,321
93100 Water	\$156,220				\$11,051						\$167,271		\$167,271
93200 Electricity	\$498,988										\$498,988		\$498,988
93300 Gas	\$74,356										\$74,356		\$74,356
93400 Fuel													
93500 Labor	\$97,811										\$97,811		\$97,811
93600 Sewer	\$165,316										\$165,316		\$165,316
93700 Employee Benefit Contributions - Utilities	\$104,163										\$104,163		\$104,163
93800 Other Utilities Expense													
93000 Total Utilities	\$1,096,854	\$0	\$0	\$0	\$11,051	\$0	\$0	\$0	\$0	\$0	\$1,107,905	\$0	\$1,107,905
94100 Ordinary Maintenance and Operations - Labor	\$226,590				\$3,496						\$230,086		\$230,086
94200 Ordinary Maintenance and Operations - Materials and Other	\$167,048										\$167,048		\$167,048
94300 Ordinary Maintenance and Operations Contracts	\$244,163										\$244,163		\$244,163
94500 Employee Benefit Contributions - Ordinary Maintenance	\$241,343										\$241,343		\$241,343
94000 Total Maintenance	\$879,144	\$0	\$0	\$0	\$3,496	\$0	\$0	\$0	\$0	\$0	\$882,640	\$0	\$882,640
95100 Protective Services - Labor	\$35,868										\$35,868		\$35,868
95200 Protective Services - Other Contract Costs													
95300 Protective Services - Other													
95500 Employee Benefit Contributions - Protective Services	\$37,522										\$37,522		\$37,522
95000 Total Protective Services	\$73,390	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$73,390	\$0	\$73,390
96110 Property Insurance					\$6,022						\$6,022		\$6,022
96120 Liability Insurance	\$22,743							\$3,850			\$26,593		\$26,593
96130 Workmen's Compensation													
96140 All Other Insurance	\$166,740			\$18,453						\$19,368	\$204,561		\$204,561
96100 Total insurance Premiums	\$189,483	\$0	\$0	\$18,453	\$6,022	\$0	\$0	\$3,850	\$0	\$19,368	\$237,176	\$0	\$237,176
96200 Other General Expenses	\$9,015			\$49,110	\$59,244					\$22,181	\$139,550	-\$40,000	\$99,550
96210 Compensated Absences	\$8,527			\$11,695						\$10,327	\$30,549		\$30,549



	Project Total	16.541 Juvenile Justice and Delinquency Prevention Special Emphasis	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.238 Shelter Plus Care	14.170 Congregate Housing Service Program	1 Business Activities	14.218 Community Developme nt Block Grants/Entit lement Grants	COCC	Subtotal	ELIM	Total
96300 Payments in Lieu of Taxes	\$26,618				\$26,369						\$54,987		\$54,987
96400 Bad debt - Tenant Rents	\$20,914										\$20,914		\$20,914
96500 Bad debt - Mortgages													
96600 Bad debt - Other													
96800 Severance Expense													
96000 Total Other General Expenses	\$67,074	\$0	\$0	\$60,805	\$85,613	\$0	\$0	\$0	\$0	\$32,508	\$246,000	-\$40,000	\$206,000
96710 Interest of Mortgage (or Bonds) Payable					\$29,499						\$29,499		\$29,499
96720 Interest on Notes Payable (Short and Long Term)					\$17,175						\$17,175		\$17,175
96730 Amortization of Bond Issue Costs													
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$46,674	\$0	\$0	\$0	\$0	\$0	\$46,674	\$0	\$46,674
96900 Total Operating Expenses	\$3,394,602	\$0	\$69,000	\$909,132	\$225,676	\$60,599	\$93,180	\$43,933	\$0	\$1,021,347	\$5,817,469	-\$555,713	\$5,261,756
97000 Excess of Operating Revenue over Operating Expenses	\$1,090,725	\$0	\$0	\$7,403,126	\$179,985	\$822,689	\$0	\$211,286	\$200,000	-\$41,430	\$9,866,381	\$0	\$9,866,381
97100 Extraordinary Maintenance	\$965,663								\$200,000		\$1,165,663		\$1,165,663
97200 Casualty Losses - Non-capitalized													
97300 Housing Assistance Payments				\$7,403,061		\$822,689					\$8,225,750		\$8,225,750
97350 HAP Portability-In				\$163,654							\$163,654		\$163,654
97400 Depreciation Expense	\$267,230				\$23,931					\$3	\$291,164		\$291,164
97500 Fraud Losses													
97600 Capital Outlays - Governmental Funds													
97700 Debt Principal Payment - Governmental Funds													
97800 Dwelling Units Rent Expense													
90000 Total Expenses	\$4,627,495	\$0	\$69,000	\$8,475,847	\$249,607	\$883,288	\$93,180	\$43,933	\$200,000	\$1,021,350	\$15,663,700	-\$555,713	\$15,107,987
10010 Operating Transfer In	\$129,800										\$129,800		\$129,800
10020 Operating transfer Out	-\$129,800										-\$129,800		-\$129,800
10030 Operating Transfers from/to Primary Government													
10040 Operating Transfers from/to Component Unit													
10050 Proceeds from Notes, Loans and Bonds													
10060 Proceeds from Property Sales													
10070 Extraordinary Items, Net Gain/Loss													
10080 Special Items (Net Gain/Loss)													
10091 Inter Project Excess Cash Transfer In													
10092 Inter Project Excess Cash Transfer Out													
10093 Transfers between Program and Project - In													
10094 Transfers between Project and Program - Out													
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

	Project Total	16.541 Juvenile Justice and Delinquency Prevention Special Emphasis	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.238 Shelter Plus Care	14.170 Congregate Housing Service Program	1 Business Activities	14.218 Community Developme nt Block Grants/Entit lement Grants	COCC	Subtotal	ELIM	Total
11000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$142,168	\$0	\$0	-\$163,589	\$156,054	\$0	\$0	\$211,286	\$0	-\$41,433	\$20,150	\$0	\$20,150
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$57,731	\$0	\$0	\$0	\$0	\$0	\$57,731		\$57,731
11030 Beginning Equity	\$5,235,389	\$0	\$0	-\$619,562	-\$142,323	\$41,362	\$0	\$1,053,608	\$0	-\$3,257,732	\$2,310,742		\$2,310,742
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors				\$0							\$0		\$0
11050 Changes in Compensated Absence Balance													
11060 Changes in Contingent Liability Balance													
11070 Changes in Unrecognized Pension Transition Liability													
11080 Changes in Special Term/Severance Benefits Liability													
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents													
11100 Changes in Allowance for Doubtful Accounts - Other													
11170 Administrative Fee Equity				-\$783,151							-\$783,151		-\$783,151
11180 Housing Assistance Payments Equity				\$0							\$0		\$0
11190 Unit Months Available	4140			9350	72	1012			0		14574		14574
11210 Number of Unit Months Leased	4019			8987	70	990			0	0	14066		14066
11270 Excess Cash	\$762,119										\$762,119		\$762,119
11610 Land Purchases	\$0									\$0	\$0		\$0
11620 Building Purchases	\$0									\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$76,133									\$0	\$76,133		\$76,133
11640 Furniture & Equipment - Administrative Purchases	\$0									\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$66,902									\$0	\$66,902		\$66,902
11660 Infrastructure Purchases	\$0									\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0									\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0									\$0	\$0		\$0

## COMPLIANCE AND INTERNAL CONTROL



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**FRANK GLIEN, LLC**

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Certified Public Accountant

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Cranford, NJ 07016  
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fgliencpa@gmail.com

**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**

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of  
Housing Authority of Plainfield

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the aggregate enterprise funds, business activities and the discretely presented component unit of the Housing Authority of Plainfield (the "Authority") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated September 18, 2017.

**Internal Control over Financial Reporting**

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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.

Cranford, New Jersey

September 18, 2017

*Frank Glien, LLC. CPA*

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**FRANK GLIEN, LLC**

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Certified Public Accountant

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of  
Housing Authority of Plainfield

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

I have audited the Housing Authority of Plainfield's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2016. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs.

**Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I 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 I considered necessary in the circumstances.

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

## Opinion on Each Major Federal Program

In my opinion, the Housing Authority of Plainfield 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 December 31, 2016.

## Report on Internal Control over Compliance

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

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cranford, New Jersey

*Francis G. Green, LLC, CPA*

September 18, 2017

HOUSING AUTHORITY OF PLAINFIELD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2016

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SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

1. Type of auditor's report issued	Unmodified
2. Internal control over financial reporting	
Material weakness (es) identified?	None
Were significant deficiencies identified not considered to be material weaknesses?	None
3. Non-compliance material to the financial statements?	None

Federal Awards Section

1. Dollar threshold used to determine Type A programs	\$ 750,000
2. Dollar threshold used to determine Type B programs	N/A
3. Auditee qualified as a low-risk auditee	Yes
4. Type of auditor's report on compliance	Unmodified
5. Internal control over compliance	
• Material weakness (es) identified?	None noted
• Were significant deficiencies identified not considered to be material weaknesses?	None noted
• Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	None noted

6. Identification of major programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.850	Low Rent Public Housing
14.871	Section-8 Housing Choice Voucher Program

**HOUSING AUTHORITY OF PLAINFIELD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2016**

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**SECTION II-FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings.

**SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no federal award findings or questioned costs.

**HOUSING AUTHORITY OF PLAINFIELD**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2016**

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**SECTION IV-FOLLOW UP OF PRIOR AUDIT FINDINGS**

There were no findings, financial statement or Federal awards, in the year ended December 31, 2015.