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Housing Authority of Plainfield

Financial Statements and
Supplementary Information

December 31, 2017

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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, 2017, 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, 2017 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, 2017 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 August 6, 2018 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

August 6, 2018

Frank G. Klein LLC, CPA

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS
Housing Authority of Plainfield
December 31, 2017

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, 2017. 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 \$1,934,744 (net position) as opposed to \$2,330,892 for the prior fiscal year. A decrease of \$396,148. This decrease is directly attributable to charges related to GASB 65 and OPEB of \$215,575 and \$347,681 respectively reflected in the current year's employee benefit expenses.
- 2 – As of the close of the current fiscal year, the Authority's proprietary fund reported a deficit in Unrestricted Net Position of \$ 5,343,269 vs \$4,510,221 in the prior year.
- 3 – The Authority's unrestricted cash balance at December 31, 2017 was \$1,455,988 representing a decrease of \$ 103,168 from the prior fiscal year.
- 4 – Restricted cash at December 31, 2017 totaled \$585,023 and consisted of \$ 259,051 Section 8 HAP reserves and FSS deposits, \$95,680 related to tenant security deposits and restricted cash of \$230,292 securing loans of our component unit.
- 5 – The Authority had total operating revenues of \$13,618,545 and total operating expenses of \$14,218,748 (including depreciation of \$291,161) for the year ended December 31, 2017.
- 6 – The Authority's capital outlays for the fiscal year ended December 31, 2017 totaled \$280,648 and represented additions to capital assets at Joanne Hollis Gardens and Richmond Towers and a constructions project at Premier Community Development Corporation.
- 7 – The Authority's expenditures of federal awards amounted to \$11,387,365 for the fiscal year.
- 8 – During 2015, the Authority implemented GASB 68 as well as adopting GASB 65 in 2016 which required the Authority to record the cumulative cost of future retirement and pension benefits to all eligible employees. Adopting these accounting pronouncements had the cumulative effect of reducing its Net Position by \$ 5,393,976 through December 31, 2017.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

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.

The Statement of Revenues, Expenses and Changes in Net Position present 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 decreased during the fiscal year by \$396,148 primarily due to the recording of employee benefit charges related to GASB 65 and GASB 68 which represented non-cash expenses associated with actuarially computed future benefit liabilities of \$607,000.

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, 2017, 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, 2017, the Authority's investment in capital assets for its Proprietary Fund was \$6,762,595 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

Major capital assets of \$ 280,648 for the proprietary fund and component unit 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, 2017 loans to acquire and rehabilitate property of Premier Community Development Corporation totaled \$817,848. \$57,731 of the loans is classified as current liabilities in the statement of net position, and \$760,117 is classified as long-term loans

F – Summary of Significant Changes

1. Unrestricted cash and cash equivalents increased by \$103,168. The primary reason for the increase was due to improved collections from the County related to our Shelter Plus Care Program.
2. Restricted cash decreased by \$695,815 and was directly attributable to the fact that in December 2016, HUD distributed the Authorities' January 2017 Section 8 Subsidy of \$699,320 which was recorded as unearned revenue and restricted cash.
3. HUD Operating Grants decrease by \$1,047,279 and was a result of the following factors a) fiscal year 2016 was the final year of Operating Subsidy related to the HUD approved demolition of the Elmwood Garden's property b) During 2016 the Authority received a CDGB Grant of \$200,000 , and c) In 2016 the Authority recognized additional Capital Fund operating revenue associated with the demolition costs of the Elmwood Garden property
4. Other revenues decreased by \$374,457 which was directly attributable to the fact that during 2016 the Authority recognized a debt forgiveness by Plainfield Finance Corporation.
5. Extraordinary maintenance decreased by \$1,122,173 and was directly attributable to the 2016 costs of demolition and disposal of the Elmwood Gardens property in 2016.

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, 2017.

- 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 and associated costs of demolishing and clearing the Elmwood Gardens property during 2016.

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

	Year Ended December 31,			
	2017	2016	Net Change	% Change
Cash and Other Current Assets	\$ 3,809,536	\$ 4,221,149	\$ (411,613)	-10%
Capital Assets - Net	7,687,131	7,697,644	(10,513)	0%
Total Assets	11,496,667	11,918,793	(422,126)	-4%
Less: Total Liabilities	(9,561,923)	(9,587,901)	25,978	0%
Net Position	1,934,744	2,330,892	(396,148)	-17%
Invested in Capital Assets	6,965,840	7,033,609	(67,769)	-1%
Restricted Net Assets	66,697	-	66,697	
Unrestricted net Assets	(5,097,793)	(4,702,717)	(395,076)	8%
Total Net Position	\$ 1,934,744	\$ 2,330,892	\$ (396,148)	-17%

Computations of Changes in Net Position are as follows:

Revenues

Tenant Revenues	\$ 1,528,774	\$ 1,468,618	\$ 60,156	4%
HUD Subsidies	11,188,022	12,235,301	(1,047,279)	-9%
Other Income	901,749	1,276,206	(374,457)	-29%
Total Operating Revenues	13,618,545	14,980,125	(1,361,580)	-9%

Expenses

Administration	2,534,288	2,516,650	17,638	1%
Tenant Services	120,555	191,321	(70,766)	-37%
Utilities	1,149,871	1,107,905	41,966	4%
Maintenance	966,509	882,640	83,869	10%
Protective Services	54,776	73,390	(18,614)	-25%
Other General Expenses	244,527	237,176	7,351	3%
Insurance Premiums	286,358	206,000	80,358	39%
Interest Expense	42,505	46,674	(4,169)	-9%
Housing Assistance Payments	8,484,708	8,389,404	95,304	1%
Depreciation Expense	291,161	291,164	(3)	0%
Extraordinary Maintenance	43,490	1,165,663	(1,122,173)	-96%
Total Operating Expenses	14,218,748	15,107,987	(889,239)	-6%
Excess of Operating Revenues	(600,203)	(127,862)	(472,341)	369%

Non-Operating Revenues

Loss on disposition of Property	-	-	-	
Interest on Investments	4,712	4,977	(265)	-5%
Excess of Revenues Over Expenses	(595,491)	(122,885)	(472,606)	385%
Capital Grants	199,343	143,035	56,308	39%
Increase/(Decrease) in Net Assets	(396,148)	20,150	(416,298)	-2066%
Net Assets, Beginning of Year	2,330,892	2,310,742	20,150	1%
Total Position	\$ 1,934,744	\$ 2,330,892	\$ (396,148)	-17%

Financial Statements

Housing Authority of Plainfield
Statement of Net Position
As of December 31, 2017

Assets	Housing Authority	Component Unit	Total
Current assets			
Cash and cash equivalents-unrestricted	\$ 1,405,879	\$ 50,109	\$ 1,455,988
Cash and cash equivalents-restricted	352,565	232,458	585,023
Accounts receivable:			
Tenants, net	45,913	2,301	48,214
Due from HUD	17,143	-	17,143
Due from other governments	142,678	-	142,678
Other receivables	165,445	6,403	171,848
Inventories, net	17,009	435,117	452,126
Prepaid expenses	23,703	-	23,703
	<u>2,170,335</u>	<u>726,388</u>	<u>2,896,723</u>
Capital assets, net	6,762,595	924,536	7,687,131
Total assets	<u>8,932,930</u>	<u>1,650,924</u>	<u>10,583,854</u>
Deferred outflows of resources	912,813	-	912,813
	<u>\$ 9,845,743</u>	<u>\$ 1,650,924</u>	<u>\$ 11,496,667</u>
Liabilities			
Current liabilities			
Accounts payable and accrued	\$ 315,962	\$ 91,990	\$ 407,952
Accrued compensated absences-current portion	26,579	-	26,579
Tenant security deposits	93,514	2,166	95,680
Lines of credit payable	-	290,199	290,199
Long term debt-current portion	-	57,731	57,731
Deferred revenues	1,185,306	-	1,185,306
	<u>1,621,361</u>	<u>442,086</u>	<u>2,063,447</u>
Accrued compensated absences, non-current	239,216	-	239,216
Long term debt-less current portion	-	760,117	760,117
Accrued pension and OPEB liability	5,130,136	-	5,130,136
Other long term liabilities	192,354	-	192,354
Total Liabilities	<u>7,183,067</u>	<u>1,202,203</u>	<u>8,385,270</u>
Deferred inflows of resources	1,176,653	-	1,176,653
Net position			
Net investment in capital assets	6,762,595	203,245	6,965,840
Restricted	66,697	-	66,697
Unrestricted	(5,343,269)	245,476	(5,097,793)
Total net position	<u>1,486,023</u>	<u>448,721</u>	<u>1,934,744</u>
	<u>\$ 9,845,743</u>	<u>\$ 1,650,924</u>	<u>\$ 11,496,667</u>

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, 2017

	Housing Authority	Component Unit	Total
Operating revenues			
Tenant revenue	\$ 1,403,603	\$ 125,171	\$ 1,528,774
HUD operating grants	11,188,022	-	11,188,022
Other revenues	368,956	532,793	901,749
	<u>12,960,581</u>	<u>657,964</u>	<u>13,618,545</u>
Operating expenses			
Administrative	2,461,073	73,215	2,534,288
Tenant services	120,555	-	120,555
Utilities	1,139,623	10,248	1,149,871
Ordinary repairs and maintenance	958,597	7,912	966,509
Protective services	54,776	-	54,776
Insurance premiums	241,260	3,267	244,527
General expenses	223,620	62,738	286,358
Interest expense	-	42,505	42,505
Extraordinary maintenance	43,490	-	43,490
Housing assistance payments	8,484,708	-	8,484,708
Depreciation	267,230	23,931	291,161
	<u>13,994,932</u>	<u>223,816</u>	<u>14,218,748</u>
Operating income(loss)	(1,034,351)	434,148	(600,203)
Non-operating revenues			
Investment income	3,870	842	4,712
	<u>3,870</u>	<u>842</u>	<u>4,712</u>
Income(loss) before capital grants	(1,030,481)	434,990	(595,491)
Capital grants	199,343	-	199,343
	<u>199,343</u>	<u>-</u>	<u>199,343</u>
Change in net position	(831,138)	434,990	(396,148)
Net position at beginning of year	2,317,161	13,731	2,330,892
Net position at end of year	<u>\$ 1,486,023</u>	<u>\$ 448,721</u>	<u>\$ 1,934,744</u>

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

Housing Authority of Plainfield
Statement of Cash Flows
December 31, 2017

<u>Net cash provided(used) by:</u>	<u>Housing Authority</u>	<u>Component Unit</u>	<u>Total</u>
Operating activities:			
Cash received from:			
Tenants	\$ 1,433,885	\$ 125,306	\$ 1,559,191
Grantors	11,030,374	157,648	11,188,022
Other	88,035	368,742	456,777
Cash paid for:			
Employees	(1,271,372)	(30,550)	(1,301,922)
Vendors and contractors	(2,238,448)	(116,792)	(2,355,240)
Utilities	(1,139,613)	(10,258)	(1,149,871)
Insurance	(257,250)	111,558	(145,692)
General expenses	(181,115)	(105,243)	(286,358)
Housing assistance payments	(8,484,708)	-	(8,484,708)
	<u>(1,020,212)</u>	<u>500,411</u>	<u>(519,801)</u>
Capital and related financing activities:			
Purchase of capital assets	(202,443)	(187,904)	(390,347)
Proceeds from capital grants	199,343	-	199,343
Other post employment benefits	393,365	-	393,365
Payment of long term debt	32,007	-	32,007
Payment of other long term liabilities	14,599	(322,455)	(307,856)
Proceeds from lines of credit	-	(179,066)	(179,066)
Deferred outflows of resources	(328,196)	-	(328,196)
	<u>108,675</u>	<u>(689,425)</u>	<u>(580,750)</u>
Investing activities:			
Deferred inflows of resources	539,192	-	539,192
Interest received on investments	3,550	1,162	4,712
	<u>542,742</u>	<u>1,162</u>	<u>543,904</u>
Net decrease in cash and cash equivalents	(368,795)	(187,852)	(556,647)
Cash and cash equivalents, beginning of year	2,127,239	470,419	2,597,658
Cash and cash equivalents, end of year	\$ 1,758,444	\$ 282,567	\$ 2,041,011
Supplemental Disclosures			
Cash paid for interest	\$ -	\$ 42,505	\$ 42,505

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

Housing Authority of Plainfield
Statement of Cash Flows(Continued)
December 31, 2017

	Housing Authority	Component Unit	Total
Reconciliation of operating loss to net cash provided(used) by operating activities:			
Operating income(loss)	\$ (1,034,351)	\$ 434,148	\$ (600,203)
Items which did not use cash:			
Depreciation	267,230	23,931	291,161
Changes in operating assets and liabilities:			
Accounts receivable-HUD	(6,134)	-	(6,134)
Accounts receivable-tenants	24,777	(2,031)	22,746
Accounts receivable-other	326,508	(6,403)	320,105
Prepaid expenses	98,835	-	98,835
Inventories	-	(142,691)	(142,691)
Accounts payable	136,691	76,466	213,157
Accrued compensated absences	34,495	-	34,495
Tenant security deposits	5,505	2,166	7,671
Other liabilities	(873,768)	114,825	(758,943)
	<u>\$ (1,020,212)</u>	<u>\$ 500,411</u>	<u>\$ (519,801)</u>

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

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 Choice Vouchers 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.

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. Component 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.

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 Vouchers 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 is 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.

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.

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, 2017 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.

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.

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.

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 2016, 2015 and 2014. 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, 2017, 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, 2017, the carrying amount of the Authority's cash was \$ 2,041,011 and the bank balances approximated \$2,172,129. Of the bank balances at December 31, 2017 \$1,496,591 covered by FDIC and the remaining \$675,358 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, 2017:

Level 1-Cash	\$ 1,932,841
Level 2-Certificates of deposit	108,170

Housing Authority of Plainfield
Notes to the Financial Statements
December 31, 2017

Note 5. Restricted Cash

As of December 31, 2017, restricted cash consisted of the following:

Tenant security deposits	\$ 95,680
Family self-sufficiency escrow	192,354
Collateral for secured loan	230,292
Section-8 advance payment	66,697
	\$ 585,023

Note 6. Accounts Receivable

As of December 31, 2017, accounts receivable consisted of the following:

Tenants, net	\$ 48,214
Due from HUD	17,143
Due from other governments	142,678
Other receivables	171,848

Accounts receivable-tenants- consist of rental money due the Authority for providing housing and are stated net of an allowance of \$ 84,679 at December 31, 2017.

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 \$12,213.

Accounts receivable - other- contains the following:

Due from sub-recipient	\$ 94,495
Due from Premier CDC	54,803
Due from Plainfield Housing Finance	7,885
Due from Richmond Towers Resident Association	14,665
	\$ 171,848

Note 7. Capital Assets

A summary of the changes in capital assets during 2017 is as follows:

	January 1, 2017	Additions	Retirements	Transfers	December 31, 2017
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	(15,549,950)	(291,161)	-	-	(15,841,111)
	6,937,572	(291,161)	-	-	6,646,411
Construction in progress	760,072	280,648	-	-	1,040,720
	\$ 7,697,644	\$ (10,514)	\$ -	\$ -	\$ 7,687,131

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.	\$ 155,355
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.	157,946
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.	220,086
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.	284,461
	<hr/> 817,848
Less: current portion	(57,731)
	<hr/> \$ 760,117 <hr/>

Note 9. Long Term Debt(Continued)

As of December 31, 2017 annual principal and interest payments on the notes are as follows:

<u>Year end 12/31</u>	<u>Amount</u>
2018	\$ 57,731
2019	57,731
2020	57,731
2021	57,731
2022	57,731
2023 and thereafter	<u>529,193</u>
	<u>\$ 817,848</u>

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 certificate of deposits totaling \$ 103,369 and other assets of the Corporation. As of December 31, 2017 the Corporation had \$290,199 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, 2017 the Authority incurred PILOT expense of 35,212.

Note 12. Housing Choice Voucher Program -Net Position

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, 2017, the Housing Choice Voucher Program maintained the following components of Net Position:

Restricted Net Position-HAP Equity	\$ 66,687
Unrestricted Administrative Fee	(927,099)
	<u>\$ (850,412)</u>

Note 13. 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.

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. Employees 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, 2017 amounted to \$146,196.

Note 13. Pension Plan(Continued)

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

At December 31, 2017, the Authority reported a liability of \$ 3,702,133 for its proportionate share of the pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the Authority's proportion was 0.193 per cent.

For the year ended December 31, 2017, the Authority recognized pension expense of \$215,576. The Authority also reported deferred outflows of resources of \$912,813 and deferred inflows of resources of \$1,176,654.

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 14. 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

Note 14. 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	1,080,109
Net OPEB Obligation - end of year	\$ 1,427,000

The Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2017 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
12/31/2014	\$ 180,973	38%	101,309
12/31/2015	477,027	34%	732,338
12/31/2016	347,681	47%	1,080,019
12/31/2017	347,681	47%	1,427,000

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.

Note 14. 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 opening 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 15. Risks and Uncertainties

Contingencies

The Authority receives financial assistance from HUD and other grantors 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, including grants passed to sub-recipients, are subject to financial and compliance audits by HUD or other granting agencies. As a result of these audits, costs previously reimbursed could be disallowed and would require payments to the grantor.

Note 15. Risks and Uncertainties(Continued)

Department of Justice Audit

The Authority is currently involved with an ongoing audit conducted by the U.S. Department of Justice (the "DOJ") concerning a grant received by the Authority from the DOJ. The audit disclosed, among other things, \$ 244,233 in questioned costs which represent unsupported funds that were passed to a sub-recipient whose accounting records could not account for the funds spent. The DOJ is requiring significant accounting records, which the Authority has requested from the sub-recipient, but has not nor may not be able to obtain. The DOJ has taken the position that if the documentation cannot be provided, the Authority must return the funds. The Authority continues to work with the DOJ to resolve the issues, however in the opinion of the Authority's counsel, "...it is as likely as not that the Authority would be required to return some or all of the \$244,233 in questioned costs..." The Authority has made a partial provision of \$94,495 for this contingency.

Internal Revenue Service Audit

The Internal Revenue Service (the "IRS") conducted an audit which resulted in a proposed 89,201 increase to the federal employment tax owed by the Authority for the 2016 and 2017 tax periods. The Authority has appealed the adjustment and plans to work with the IRS to reduce the amount of the increase in tax. In the opinion of the Authority's counsel "...it is likely that the Authority would be required to pay some or all of the \$89, 201 to the IRS..." Management believes that the ultimate amount due the IRS, if any, will be less than \$89,201, but is not readily determinable and cannot be reasonably estimated. Accordingly, no provision in the financial statements has been made for this contingency.

Note 16. Transactions with Component Unit

There were no transactions with the component unit, Premier CDC, in the year ended December 31, 2017.

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 August 6, 2018 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, 2017

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Current Year Expenditures
U.S Department of Housing and Urban Development		
Direct programs:		
Congregate Housing Service	14.170	\$ 85,371
Low-Income Public Housing	14.850	1,628,356
Section 8 Housing Choice Vouchers	14.871	8,388,009
Public Housing Capital Fund	14.872	399,674
Resident Opportunity and Supportive Service	14.870	69,000
Passed through:		
County of Union-Dept of Human Services/ Shelter Plus Care	14.238	816,955
		\$ 11,387,365

See accompanying notes to Schedule of Expenditures of Federal Awards.

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, 2017.

Note 4. Loan Guarantees

At December 31, 2017, the Authority is not the guarantor of any loans outstanding.

Note 5. Sub-Recipients

Of the federal and state expenditures presented in this schedule, no expenditures were used to provide federal or state awards to sub-recipients.

Note 6. Indirect Cost Rate

The Organization has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

Housing Authority of Plainfield
Statement and Certification of Actual Capital Grant Costs
For the Year Ended December 31, 2017

There were no Capital Fund Program grants that were closed
in the year ended December 31, 2017

Plainfield Housing Authority (NJ039)
 PLAINFIELD, NJ
 Entity Wide Balance Sheet Summary

Submission Type:

Fiscal Year End:

	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	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,097,940			\$236,761	\$50,109			\$71,178		\$1,455,988		\$1,455,988
112 Cash - Restricted - Modernization and Development												
113 Cash - Other Restricted				\$259,051	\$230,292					\$489,343		\$489,343
114 Cash - Tenant Security Deposits	\$93,514				\$2,166					\$95,680		\$95,680
115 Cash - Restricted for Payment of Current Liabilities												
100 Total Cash	\$1,191,454	\$0	\$0	\$495,812	\$282,567	\$0	\$0	\$71,178	\$0	\$2,041,011	\$0	\$2,041,011
121 Accounts Receivable - PHA Projects												
122 Accounts Receivable - HUD Other Projects	\$17,143									\$17,143		\$17,143
124 Accounts Receivable - Other Government						\$154,891				\$154,891		\$154,891
125 Accounts Receivable - Miscellaneous	\$14,665	\$94,495			\$6,403			\$7,885	\$48,400	\$171,848		\$171,848
126 Accounts Receivable - Tenants	\$130,592				\$2,301					\$132,893		\$132,893
126.1 Allowance for Doubtful Accounts - Tenants	-\$84,679				\$0			\$0		-\$84,679		-\$84,679
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0			\$0			\$0	\$0	-\$12,213		-\$12,213
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 A	\$77,721	\$94,495	\$0	\$0	\$8,704	\$142,678	\$0	\$7,885	\$48,400	\$379,883	\$0	\$379,883
131 Investments - Unrestricted												
132 Investments - Restricted												
135 Investments - Restricted for Payment of Current Lia												
142 Prepaid Expenses and Other Assets												
143 Inventories	\$18,584								\$23,703	\$23,703		\$23,703
143.1 Allowance for Obsolete Inventories	-\$1,575									\$18,584		\$18,584
144 Inter Program Due From	\$2,498,700							\$1,220,634		\$3,719,334	-\$3,719,334	\$0
145 Assets Held for Sale					\$435,117					\$435,117		\$435,117
150 Total Current Assets	\$3,784,884	\$94,495	\$0	\$495,812	\$726,388	\$142,678	\$0	\$1,299,697	\$72,103	\$6,616,057	-\$3,719,334	\$2,896,723
161 Land	\$1,141,554									\$1,374,499		\$1,374,499
162 Buildings	\$19,816,837				\$232,945					\$20,484,616		\$20,484,616
163 Furniture, Equipment & Machinery - Dwellings	\$374,850				\$667,779					\$375,658		\$375,658

	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	COCC	Subtotal	ELIM	Total
164 Furniture, Equipment & Machinery - Administration				\$19,758				\$86,435	\$59,297	\$252,749		\$252,749
165 Leasehold Improvements												
166 Accumulated Depreciation				-\$19,758	-\$164,900			-\$86,435	-\$59,297	-\$15,841,111		-\$15,841,111
167 Construction in Progress										\$852,816		\$852,816
168 Infrastructure												
160 Total Capital Assets, Net of Accumulated Depreciation		\$0	\$0	\$0	\$736,632	\$0	\$0	\$0	\$0	\$7,499,227	\$0	\$7,499,227
171 Notes, Loans and Mortgages Receivable - Non-Current												
172 Notes, Loans & Mortgages Receivable - Non Current												
173 Grants Receivable - Non Current												
174 Other Assets					\$187,904					\$187,904		\$187,904
176 Investments in Joint Ventures												
180 Total Non-Current Assets		\$0	\$0	\$0	\$924,536	\$0	\$0	\$0	\$0	\$7,687,131	\$0	\$7,687,131
200 Deferred Outflow of Resources				\$180,127					\$262,606	\$912,813		\$912,813
290 Total Assets and Deferred Outflow of Resources		\$94,495	\$0	\$675,939	\$1,650,924	\$142,678	\$0	\$1,299,697	\$334,709	\$15,216,001	-\$3,719,334	\$11,496,667
311 Bank Overdraft												
312 Accounts Payable <= 90 Days				\$1,936	\$50,196				\$75,995	\$322,832		\$322,832
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				\$2,818				\$958	\$13,323	\$26,579		\$26,579
324 Accrued Contingency Liability												
325 Accrued Interest Payable										\$41,794		\$41,794
331 Accounts Payable - HUD PHA Programs												
332 Account Payable - PHA Projects												
333 Accounts Payable - Other Government												
341 Tenant Security Deposits					\$2,166					\$35,216		\$35,216
342 Unearned Revenue										\$95,680		\$95,680
343 Current Portion of Long-term Debt - Capital Projects										\$1,185,306		\$1,185,306
344 Current Portion of Long-term Debt - Operating Borr												
345 Other Current Liabilities					\$57,731					\$57,731		\$57,731
346 Accrued Liabilities - Other										\$566		\$566
347 Inter Program - Due To										\$4,850		\$4,850
348 Loan Liability - Current									\$2,549,328	\$3,719,334	-\$3,719,334	\$0
310 Total Current Liabilities		\$94,495	\$0	\$4,754	\$442,086	\$101,316	\$0	\$8,298	\$2,641,340	\$5,782,781	-\$3,719,334	\$2,063,447
		\$2,490,492	\$0	\$4,754	\$290,199	\$101,316	\$0	\$8,298	\$2,641,340	\$5,782,781	-\$3,719,334	\$2,063,447

	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	COCC	Subtotal	ELIM	Total
	Project Total											
351 Long-term Debt, Net of Current - Capital Projects/M												
352 Long-term Debt, Net of Current - Operating Borrow												
353 Non-current Liabilities - Other				\$192,354						\$192,354		\$192,354
354 Accrued Compensated Absences - Non Current	\$85,319			\$25,365				\$8,625	\$119,907	\$239,216		\$239,216
355 Loan Liability - Non Current					\$760,117					\$760,117		\$760,117
356 FASB 5 Liabilities												
357 Accrued Pension and OPEB Liabilities	\$2,983,397			\$1,081,677					\$1,065,062	\$5,130,136		\$5,130,136
350 Total Non-Current Liabilities	\$3,068,716	\$0	\$0	\$1,299,396	\$760,117	\$0	\$0	\$8,625	\$1,184,969	\$6,321,823	\$0	\$6,321,823
300 Total Liabilities	\$5,559,208	\$94,495	\$0	\$1,304,150	\$1,202,203	\$101,316	\$0	\$16,923	\$3,826,309	\$12,104,604	-\$3,719,334	\$8,385,270
400 Deferred Inflow of Resources	\$605,952			\$232,191					\$338,510	\$1,176,653		\$1,176,653
508.4 Net Investment in Capital Assets	\$6,762,595				\$203,245					\$6,965,840		\$6,965,840
511.4 Restricted Net Position	\$0	\$0	\$0	\$66,697						\$66,697		\$66,697
512.4 Unrestricted Net Position	-\$1,910,196	\$0	\$0	-\$927,099	\$245,476	\$41,362	\$0	\$1,282,774	-\$3,830,110	-\$5,097,793		-\$5,097,793
513 Total Equity - Net Assets / Position	\$4,852,399	\$0	\$0	-\$860,402	\$448,721	\$41,362	\$0	\$1,282,774	-\$3,830,110	\$1,934,744	\$0	\$1,934,744
600 Total Liabilities, Deferred Inflows of Resources and	\$11,017,559	\$94,495	\$0	\$675,939	\$1,650,924	\$142,678	\$0	\$1,299,697	\$334,709	\$15,216,001	-\$3,719,334	\$11,496,667

Plainfield Housing Authority (NJ039)
PLAINFIELD, NJ

Entity Wide Revenue and Expense Summary

Submission Type:

Fiscal Year End: 12/31/2017

	Audited/Spont	Juvenile Justice and Delinquency Prevention	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	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,377,865				\$125,171					\$1,503,036		\$1,503,036
70400 Tenant Revenue - Other	\$25,738									\$25,738		\$25,738
70500 Total Tenant Revenue	\$1,403,603	\$0	\$0	\$0	\$125,171	\$0	\$0	\$0	\$0	\$1,528,774	\$0	\$1,528,774
70600 HUD PHA Operating Grants	\$1,828,687		\$69,000	\$8,388,009		\$816,955	\$85,371			\$11,188,022		\$11,188,022
70610 Capital Grants	\$199,343									\$199,343		\$199,343
70710 Management Fee									\$458,323	\$458,323	-\$458,323	\$0
70720 Asset Management Fee									\$20,841	\$20,841	-\$20,841	\$0
70730 Book Keeping Fee									\$97,553	\$97,553	-\$97,553	\$0
70740 Front Line Service Fee												
70750 Other Fees												
70700 Total Fee Revenue									\$576,717	\$576,717	-\$576,717	\$0
70800 Other Government Grants					\$157,648					\$157,648		\$157,648
71100 Investment Income - Unrestricted				\$712	\$842				\$2,801	\$4,712		\$4,712
71200 Mortgage Interest Income								\$357				
71300 Proceeds from Disposition of Assets Held												
71310 Cost of Sale of Assets												
71400 Fraud Recovery				\$19,498						\$19,498		\$19,498
71500 Other Revenue	\$138,780			\$141,294	\$375,145		\$5,880	\$47,416	\$16,088	\$724,603		\$724,603
71600 Gain or Loss on Sale of Capital Assets												
72000 Investment Income - Restricted												
70000 Total Revenue	\$3,570,413	\$0	\$69,000	\$8,549,513	\$658,806	\$816,955	\$91,251	\$47,773	\$595,606	\$14,399,317	-\$576,717	\$13,822,600
91100 Administrative Salaries	\$189,770		\$47,191	\$258,153	\$30,550	\$25,154	\$25,000		\$484,989	\$1,060,807		\$1,060,807
91200 Auditing Fees	\$9,750			\$5,000	\$3,850				\$3,000	\$21,600		\$21,600
91300 Management Fee	\$307,589			\$150,734						\$458,323	-\$458,323	\$0
91310 Book-keeping Fee	\$30,150			\$67,403						\$97,553	-\$97,553	\$0
91400 Advertising and Marketing												
91500 Employee Benefit contributions - Admin	\$297,613		\$21,809	\$263,573	\$3,346	\$16,500	\$8,206		\$326,344	\$937,391		\$937,391
91600 Office Expenses	\$37,021			\$30,574	\$6,631				\$38,629	\$112,855		\$112,855
91700 Legal Expense	\$27,332			\$4,840	\$825				\$46,078	\$79,075		\$79,075
91800 Travel	\$2,620			\$979	\$378				\$11,108	\$15,085		\$15,085
91810 Allocated Overhead												

	Project Total	Juvenile Justice and Delinquency Prevention	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	COCC	Subtotal	ELIM	Total
91900 Other	\$57,117			\$64,521	\$27,635			\$28,395	\$129,807	\$307,475		\$307,475
91000 Total Operating - Administrative	\$958,962	\$0	\$69,000	\$845,777	\$73,215	\$41,654	\$33,206	\$28,395	\$1,039,955	\$3,090,164	-\$555,876	\$2,534,288
92000 Asset Management Fee	\$20,841						\$15,730			\$20,841	-\$20,841	\$0
92100 Tenant Services - Salaries										\$15,730		\$15,730
92200 Relocation Costs												
92300 Employee Benefit Contributions - Tenant							\$5,454			\$5,454		\$5,454
92400 Tenant Services - Other	\$60,167						\$36,861	\$1,498	\$845	\$99,371		\$99,371
92500 Total Tenant Services	\$60,167	\$0	\$0	\$0	\$0	\$0	\$58,045	\$1,498	\$845	\$120,555	\$0	\$120,555
93100 Water	\$144,181				\$10,248					\$154,429		\$154,429
93200 Electricity	\$545,962									\$545,962		\$545,962
93300 Gas	\$102,556									\$102,556		\$102,556
93400 Fuel	\$488									\$488		\$488
93500 Labor	\$99,478									\$99,478		\$99,478
93600 Sewer												
93700 Employee Benefit Contributions - Utilities	\$78,350									\$78,350		\$78,350
93800 Other Utilities Expense	\$168,608									\$168,608		\$168,608
93000 Total Utilities	\$1,139,623	\$0	\$0	\$0	\$10,248	\$0	\$0	\$0	\$0	\$1,149,871	\$0	\$1,149,871
94100 Ordinary Maintenance and Operations -	\$231,836									\$231,836		\$231,836
94200 Ordinary Maintenance and Operations -	\$182,648				\$7,912					\$190,560		\$190,560
94300 Ordinary Maintenance and Operations -	\$249,586									\$249,586		\$249,586
94500 Employee Benefit Contributions - Ordinary	\$294,527									\$294,527		\$294,527
94000 Total Maintenance	\$958,597	\$0	\$0	\$0	\$7,912	\$0	\$0	\$0	\$0	\$966,509	\$0	\$966,509
95100 Protective Services - Labor	\$36,276									\$36,276		\$36,276
95200 Protective Services - Other Contract Cos												
95300 Protective Services - Other												
95500 Employee Benefit Contributions - Protective	\$18,500				\$0	\$0	\$0	\$0	\$0	\$18,500		\$18,500
95000 Total Protective Services	\$54,776	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$54,776	\$0	\$54,776
96110 Property Insurance												
96120 Liability Insurance												
96130 Workmen's Compensation												
96140 All Other Insurance	\$161,992			\$18,556	\$3,267				\$60,712	\$244,527		\$244,527
96100 Total Insurance Premiums	\$161,992	\$0	\$0	\$18,556	\$3,267	\$0	\$0	\$0	\$60,712	\$244,527	\$0	\$244,527
96200 Other General Expenses				\$53,024	\$29,227				\$7,102	\$89,353		\$89,353

	Project Total	Juvenile Justice and Delinquency Prevention	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	COCC	Subtotal	ELIM	Total
96210 Compensated Absences	\$12,763								\$17,937	\$30,700		\$30,700
96300 Payments in Lieu of Taxes	\$35,216				\$33,511					\$68,727		\$68,727
96400 Bad debt - Tenant Rents	\$97,578									\$97,578		\$97,578
96500 Bad debt - Mortgages												
96600 Bad debt - Other												
96800 Severance Expense												
96000 Total Other General Expenses	\$145,557	\$0	\$0	\$53,024	\$62,738	\$0	\$0	\$0	\$25,039	\$286,358	\$0	\$286,358
96710 Interest of Mortgage (or Bonds) Payable												
96720 Interest on Notes Payable (Short and Long Term)					\$28,714					\$28,714		\$28,714
96730 Amortization of Bond Issue Costs					\$13,791					\$13,791		\$13,791
96700 Total Interest Expense and Amortization	\$0	\$0	\$0	\$0	\$42,505	\$0	\$0	\$0	\$0	\$42,505	\$0	\$42,505
96900 Total Operating Expenses	\$3,500,515	\$0	\$69,000	\$917,357	\$199,885	\$41,654	\$91,251	\$29,893	\$1,126,551	\$5,976,106	-\$576,717	\$5,399,389
97000 Excess of Operating Revenue over Operating Expenses	\$69,898	\$0	\$0	\$7,632,156	\$458,921	\$775,301	\$0	\$17,880	-\$530,945	\$8,423,211	\$0	\$8,423,211
97100 Extraordinary Maintenance	\$43,490									\$43,490		\$43,490
97200 Casualty Losses - Non-capitalized												
97300 Housing Assistance Payments				\$7,577,391		\$775,301				\$8,352,692		\$8,352,692
97350 HAP Portability-In				\$132,016						\$132,016		\$132,016
97400 Depreciation Expense	\$267,230				\$23,931					\$291,161		\$291,161
97500 Fraud Losses												
97600 Capital Outlays - Governmental Funds												
97700 Debt Principal Payment - Governmental												
97800 Dwelling Units Rent Expense												
90000 Total Expenses	\$3,811,235	\$0	\$69,000	\$8,626,764	\$223,816	\$816,955	\$91,251	\$29,893	\$1,126,551	\$14,795,465	-\$576,717	\$14,218,748
10010 Operating Transfer In	\$136,000									\$136,000		\$136,000
10020 Operating transfer Out	-\$136,000									-\$136,000		-\$136,000
10030 Operating Transfers from/to Primary Governmental												
10040 Operating Transfers from/to Component Governmental												
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												

	Project Total	Juvenile Justice and Delinquency Prevention	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	COCC	Subtotal	ELIM	Total
10094 Transfers between Project and Program												
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over Expenditures	-\$240,822	\$0	\$0	-\$77,251	\$434,990	\$0	\$0	\$17,880	-\$530,945	-\$396,148	\$0	-\$396,148
11020 Required Annual Debt Principal Payment	\$0	\$0	\$0	\$0	\$57,731	\$0	\$0	\$0	\$0	\$57,731		\$57,731
11030 Beginning Equity	\$5,093,221	\$0	\$0	-\$783,151	\$13,731	\$41,362	\$0	\$1,264,894	-\$3,299,165	\$2,330,892		\$2,330,892
11040 Prior Period Adjustments, Equity Transfers												
11050 Changes in Compensated Absence Balance												
11060 Changes in Contingent Liability Balance												
11070 Changes in Unrecognized Pension Transfers												
11080 Changes in Special Term/Severance Benefits												
11090 Changes in Allowance for Doubtful Accounts												
11100 Changes in Allowance for Doubtful Accounts												
11170 Administrative Fee Equity				-\$927,099						-\$927,099		-\$927,099
11180 Housing Assistance Payments Equity				\$66,697						\$66,697		\$66,697
11190 Unit Months Available	4152			9250	72	1032				14506		14506
11210 Number of Unit Months Leased	4020			8987	70	1012				14089		14089
11270 Excess Cash	\$987,412									\$987,412		\$987,412
11610 Land Purchases	\$0								\$0	\$0		\$0
11620 Building Purchases	\$0								\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$86,852								\$0	\$86,852		\$86,852
11640 Furniture & Equipment - Administrative	\$0								\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$112,491								\$0	\$112,491		\$112,491
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

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, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated August 6, 2018.

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

August 6, 2018

Frank Glenn LLC, CPA

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, 2017. 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, 2017.

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

August 6, 2018

Frank Klein LLC, CPA

Housing Authority of Plainfield
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2017

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 | \$ 187,500 |
| 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

CFDA Number

14.871

Name of Federal Program

Section-8 Housing Choice Voucher Program

Housing Authority of Plainfield
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

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, 2017**

Section IV-Follow Up Of Prior Audit Findings

There were no findings, financial statement or Federal awards, in the year ended December 31, 2016.