THE HOUSING AUTHORITY OF THE CITY OF TRENTON, NEW JERSEY

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

YEAR ENDED DECEMBER 31, 2018

THE HOUSING AUTHORITY OF THE CITY OF
TRENTON, NEW JERSEY

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
The Housing Authority of the City of Trenton
Trenton, New Jersey

Report on the Financial Statements
We have audited the accompanying financial statements of The Housing Authority of the City of Trenton as of and for the year ended December 31, 2018, and the related notes to the financial statements as listed in the table of contents.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority'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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle
As discussed in Note J to the financial statements, as of January 1, 2018 the Authority adopted new accounting guidance, *Governmental Accounting Standards Board Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters
Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 7 through 15, the Schedules of Proportionate Share of Net Pension Liability and Employer's Required Contributions on pages 48 and 49, and the Schedules of Proportionate Share of Net OPEB Liability and Employer's Required Contributions on pages 50 and 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. Supplementary data is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Financial Data Schedule is presented for the Department of Housing and Urban Development's information and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented 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*, and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2019 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Aprio, LLP

Birmingham, Alabama
September 23, 2019

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

Board of Commissioners
The Housing Authority of the City of Trenton
Trenton, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Authority, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 23, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be *material weaknesses* or *significant deficiencies*. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be *material* weaknesses. However, *material weakness* 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, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aprio, LLP

Birmingham, Alabama
September 23, 2019

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

Board of Commissioners
The Housing Authority of the City of Trenton
Trenton, New Jersey

Report on Compliance for the Major Federal Program
We have audited the Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2018. The Authority's major federal program is 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 federal programs.

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

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

Opinion on the Major Program
In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2018.

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

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

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

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

Aprio, LLP

Birmingham, Alabama
September 23, 2019

The Trenton Housing Authority's ("the Authority") Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges), and (d) identify individual program issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements.

Financial Highlights

- The Authority's net position decreased $23.5 million during 2018. Net Position was $37.6 million and $14.1 million for 2017 and 2018, respectively.

- Revenues increased by $1.4 million during 2018, and were $16.1 million and $17.5 million for 2017 and 2018, respectively.

- Expenses increased by $1.1 million during 2018, and were $17.6 million and $18.7 million for 2017 and 2018, respectively.

- The Authority recognized a $22.4 million reduction to net position as a result of the adoption of *Governmental Accounting Standards Board Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASBS No. 75) which resulted in an accrual of its net other post-employment benefit (OPEB) liability and the related deferred outflows of resources and deferred inflows of resources.

USING THIS ANNUAL REPORT

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)", "Basic Financial Statements", and "Other Required Supplementary Information":

MD&A

~ Management Discussion and Analysis ~

Basic Financial Statements

~ Authority-wide Financial Statements ~
~ Notes to Financial Statements ~

Other Required Supplementary Information

~ Required Supplementary Information ~
(other than MD&A)

Authority-Wide Financial Statements

Statement of Net Position

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The statement is presented in the format in which assets and deferred outflows of resources, equal liabilities, deferred inflows of resources and "Net Position", formerly known as net assets. Assets and liabilities are presented in order of liquidity and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets and deferred outflows of resources, net of liabilities and deferred inflows of resources, for the entire Authority. Net Position (formerly net assets) is reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, 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: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that does not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position."

Statement of Revenues, Expenses, and Changes in Net Position

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Net Position (similar to an Income Statement). This Statement includes operating revenues such as rental income and operating grants; operating expenses such as administrative, utilities, maintenance, and depreciation; and non-operating revenue and expenses such as capital grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

Statement of Cash Flows

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, investing activities and from capital and related financing activities.

THE AUTHORITY'S MAIN PROGRAMS

Significant Programs – The focus of the Authority's Financial Statements should be on the significant programs of the Authority. The following are considered significant programs of the Authority.

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to offer housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Other – In addition to the significant programs above, the Authority also maintains the following reporting unit:

- Central Office Cost Center

TABLE 1
CONDENSED STATEMENT OF NET POSITION

The following table reflects the Condensed Statement of Net Position compared to the prior year.

	2018	2017	Variance
Assets and Deferred Outflows of Resources:			
Current Assets & Restricted Assets	$ 5,393,824	$ 6,731,342	$ (1,337,518)
Capital Assets	68,903,447	70,713,319	(1,809,872)
Deferred Outflows of Resources	2,215,121	2,584,606	(369,485)
Total Assets and Deferred Outflows of Resources	**$ 76,512,392**	**$ 80,029,267**	**$ (3,516,875)**
Liabilities and Deferred Inflows of Resources:			
Current Liabilities	$ 3,494,787	$ 3,313,001	$ 181,786
Non-Current Liabilities	47,452,022	35,767,736	11,684,286
Deferred Inflows of Resources	11,428,860	3,372,284	8,056,576
Total Liabilities and Deferred Inflows of Resources	**$ 62,375,669**	**$ 42,453,021**	**$ 19,922,648**
Net Position:			
Net Investment in Capital Assets	$ 42,765,532	$ 42,880,372	$ (114,840)
Restricted Net Position	300,484	581,449	(280,965)
Unrestricted Net Position	(28,929,293)	(5,885,575)	(23,043,718)
Total Net Position	**$ 14,136,723**	**$ 37,576,246**	**$ (23,439,523)**

Major Factors Affecting the Condensed Statement of Net Position

During 2018 there was a $1.3 million decrease in current and restricted assets due in part to the utilization of restricted debt proceeds and other restricted funds during the year. Unrestricted cash also decreased. See the Statement of Cash Flows for additional detail regarding cash inflows and outflows. Capital assets decreased due to depreciation exceeding capital expenditures on improvements to the Public Housing properties. For more detail see “Capital Assets” in Table 4 (below). Deferred outflows of resources decreased due primarily to changes of assumptions applied in the July 1, 2017 Annual Report of the Actuary used to determine the Authority’s net pension liability.

Current liabilities increased slightly due mainly to an increase of accrued wages as a result of the timing of payments at year-end. Non-current liabilities and deferred inflows of resources increased significantly due to the adoption of GASBS No. 75 and the resulting accruals of the OPEB liability and related deferral.

Restricted net position decreased as a result of a reduction of restricted Endowment Funds.

Table 2 presents details on the change in Unrestricted Net Position

TABLE 2

CHANGE OF UNRESTRICTED NET POSITION

Unrestricted Net Position, December 31, 2017	$	(5,885,575)
Results of Operations		(1,566,165)
Capital Asset Expenditures from Operations		(607,309)
Principal and Interest Expended on Capital Debt from Operations		(2,049,787)
Investment Income		1,267
Change in Restricted Net Position		280,965
Effect of Change in Accounting Principle Resulting from Accrued OPEB Liability		(22,163,775)
Depreciation Expense		3,061,086
Unrestricted Net Position, December 31, 2018	**$**	**(28,929,293)**

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer change in financial well-being.

TABLE 3

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The following Schedule compares the revenues and expenses for the current and previous years.

	2018	2017	Variance
Revenues:			
Tenant Rental Revenue	$ 5,284,754	$ 5,162,895	$ 121,859
Operating Grants	10,687,309	9,395,747	1,291,562
Capital Contributions	1,173,397	1,286,212	(112,815)
Investment Income	1,267	1,220	47
Other Revenue	330,484	218,719	111,765
Total Revenues	**$ 17,477,211**	**$ 16,064,793**	**$ 1,412,418**
Expenses:			
Administrative Expenses	$ 3,557,623	$ 3,679,890	$ (122,267)
Tenant Services	173,518	165,134	8,384
Utilities	2,808,348	2,814,728	(6,380)
Maintenance & Operations	5,332,787	4,435,047	897,740
Protective Services	1,382,389	1,227,747	154,642
General Expense	1,552,961	1,366,977	185,984
Interest Expense	884,247	945,513	(61,266)
Depreciation	3,061,086	2,968,422	92,664
Total Expenses	**$ 18,752,959**	**$ 17,603,458**	**$ 1,149,501**
Excess (Deficiency) of Revenues Over Expenses	**$ (1,275,748)**	**$ (1,538,665)**	**$ 262,917**
Effect of Change in Accounting Principle - OPEB	**(22,163,775)**	**-**	**(22,163,775)**
Change in Net Position	**$ (23,439,523)**	**$ (1,538,665)**	**$ (21,900,858)**

Major Factors Affecting the Schedule of Revenues, Expenses and Changes in Net Position

Overall, total revenues grew moderately due mainly to an increase of operating subsidies recognized through both the Public Housing and Capital Fund grant programs.

Maintenance and operations expense increased 20% and experienced increases in materials, external contracting and personnel costs due to a collective effort to improve unit-turnaround time, water leak repairs and various updates to dwelling units. General expenses increased due predominantly to increases of property and workmen’s compensation insurance premiums.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of year-end, the Authority had $68.9 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions and depreciation) of $1.8 million from the end of last year.

TABLE 4

CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)

	2018	2017	Variance	% Chang
Land	$ 1,993,866	$ 1,993,866	$ -	0%
Buildings and Improvements	166,498,840	165,919,918	578,922	0%
Furniture & Equipment	6,442,608	6,365,492	77,116	1%
Construction in Process	1,249,037	653,861	595,176	91%
Accumulated Depreciation	(107,280,904)	(104,219,818)	(3,061,086)	3%
Net Capital Assets	**$ 68,903,447**	**$ 70,713,319**	**$ (1,809,872)**	**-3%**

TABLE 5

CHANGE IN CAPITAL ASSETS

The following reconciliation summarizes the change in Capital Assets.

Beginning Balance, January 1, 2018	**$ 70,713,319**
Additions:	
Capital Fund Program - Improvements	493,397
Energy Project Expenditures - Improvements	150,508
Capital Asset Purchases from Operations	607,309
Depreciation Expense	(3,061,086)
Ending Balance, December 31, 2017	**$ 68,903,447**

Debt Outstanding

As of year-end, the Authority had $26.2 million in debt (bonds, notes, etc.) outstanding.

Table 6

Outstanding Debt, at Year-end

	2018	2017
Capital Fund Revenue Bonds	$ 5,750,000	$ 6,430,000
Energy Performance Contract - Capital Debt	20,400,591	21,566,131
Total	**$ 26,150,591**	**$ 27,996,131**

Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs

Financial Contact

The individual to be contacted regarding this report is Mr. Jelani Garrett, Executive Director, Trenton Housing Authority. Specific requests may be submitted to Trenton Housing Authority, 875 New Willow Street, Trenton, New Jersey 08638.

THE HOUSING AUTHORITY OF THE CITY OF TRENTON, NEW JERSEY
STATEMENT OF NET POSITION
DECEMBER 31, 2018

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Enterprise Fund
Current Assets	
Cash and Cash Equivalents	$ 4,183,748
Accounts Receivable - Grants	305,813
Tenants Accounts Receivable	150,119
Allowance for Doubtful Accounts	(18,319)
Prepaid Costs	266,635
Inventory	192,670
Total Current Assets	5,080,666
Restricted Assets	
Cash and Cash Equivalents	313,158
Total Restricted Assets	313,158
Capital Assets	
Land	1,993,866
Buildings and Improvements	166,498,840
Furniture & Equipment	6,442,608
Construction in Progress	1,249,037
	176,184,351
(Less): Accumulated Depreciation	(107,280,904)
Net Capital Assets	68,903,447
Total Assets	74,297,271
Deferred Outflows of Resources	
Deferred Outflows of Resources - Pension	1,982,666
Deferred Outflows of Resources - OPEB	232,455
Total Deferred Outflows of Resources	2,215,121
Total Assets and Deferred Outflows of Resources	$ 76,512,392

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF TRENTON, NEW JERSEY
STATEMENT OF NET POSITION
DECEMBER 31, 2018

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	Enterprise Fund
Current Liabilities	
Accounts Payable	$ 674,029
Accrued Wages and Payroll Taxes	268,808
Accrued Compensated Absences	145,910
Accrued Interest Payable	93,032
Tenant Security Deposits	360,937
Unearned Revenue	42,755
Current Portion of Capital Debt	1,909,316
Total Current Liabilities	3,494,787
Long Term Liabilities	
Long Term Capital Debt	24,241,275
Accrued Compensated Absences	105,248
Accrued Pension Liability	8,280,492
Accrued OPEB Liability	14,825,007
Total Long Term Liabilities	47,452,022
Total Liabilities	50,946,809
Deferred Inflows of Resources	
Deferred Inflows of Resources - Pension	3,850,487
Deferred Inflows of Resources - OPEB	7,578,373
Total Deferred Inflows of Resources	11,428,860
Total Liabilities and Deferred Inflows of Resources	62,375,669
Net Position	
Net Investment in Capital Assets	42,765,532
Restricted Net Position	300,484
Unrestricted Net Position	(28,929,293)
Total Net Position	14,136,723
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 76,512,392

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF TRENTON, NEW JERSEY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

	Enterprise Fund
Operating Revenues	
Dwelling Rent	$ 5,284,754
Operating Grants	10,687,309
Other Revenue	330,484
Total Operating Revenues	16,302,547
Operating Expenses	
Administrative	3,557,623
Tenant Services	173,518
Utilities	2,808,348
Maintenance and Operations	5,332,787
Protective Services	1,382,389
General Expense	1,552,961
Depreciation	3,061,086
Total Operating Expenses	17,868,712
Operating Income (Loss)	(1,566,165)
Non-Operating Revenues (Expenses)	
Investment Income	1,267
Interest Expense	(884,247)
Total Non-Operating Rev/(Exp)	(882,980)
Increase (decrease) before Capital Contributions	(2,449,145)
Capital Contributions	1,173,397
Increase (Decrease) in Net Position	(1,275,748)
Net Position, Beginning	37,576,246
Effect of Change in Accounting Principle - OPEB	(22,163,775)
Net Position, Ending	$ 14,136,723

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF THE CITY OF TRENTON, NEW JERSEY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Enterprise Fund
Cash flows from operating activities:	
Cash Received from Dwelling Rent	$ 5,180,454
Cash Received from Operating Grants	10,442,461
Cash Received from Other Sources	365,341
Cash Payments for Salaries and Benefits	(7,502,546)
Cash Payments to Vendors and Landlords	(7,291,304)
Net cash provided (used) by operating activities	1,194,406
Cash flows from capital and related financing activities:	
Capital Grants Received	1,231,154
Capital Outlay	(1,251,214)
Principal and Interest paid on Capital Debt	(2,737,496)
Net cash provided (used) by capital & related financing activities	(2,757,556)
Cash flows from investing activities:	
Interest earned from cash and cash equivalents	1,267
Net cash provided (used) by investing activities	1,267
Net decrease in cash and cash equivalents	**(1,561,883)**
Total cash and cash equivalents, beginning of year	6,058,789
Total cash and cash equivalents, end of year	**$ 4,496,906**
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating Income (Loss)	$ (1,566,165)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	3,061,086
Bad Debt Expense (Tenants)	84,672
Change in Tenant Accounts Receivable	(125,795)
Change in Accounts Receivable/Payable - Grants	(244,848)
Change in Other Accounts Receivable	9,061
Change in Prepaid Costs and Inventory	(5,212)
Change in Accounts Payable - Operating	(98,688)
Change in Pension and OPEB Liabilities	(6,238,750)
Change in Other Accrued Expenses	161,238
Change in Deferred Outflows/Inflows	6,110,516
Change in Unearned Revenue - Tenants	21,495
Change in Security Deposits Held	25,796
Net cash provided (used) by operating activities	$ 1,194,406

See the accompanying notes to financial statements.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority is a Special Purpose Government engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund, in accordance with GASB Statement 34 paragraph 138 and GASB Statement 63.

The Authority has multiple programs which are accounted for in one enterprise fund, which is presented as the "Enterprise Fund" in the basic financial statements as follows:

Enterprise Fund – In accordance with the Enterprise Fund Method, activity is recorded using the accrual basis of accounting and the measurement focus is on the flow of economic resources. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded when are incurred. This required the Housing Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

Governmental Accounting Standards – The Housing Authority has applied all applicable Governmental Accounting Standards Board pronouncements as well as applicable pronouncements issued by the Financial Accounting Standards Board.

Cash

The Housing Authority considers cash on hand and cash in checking to be cash equivalents. Cash on hand is not included in calculation of collateral required.

Accounts Receivable

Tenant accounts receivables are carried at the amount considered by management to be collectible. Other accounts receivable consists of amounts due from HUD for Grant Income and other miscellaneous receivables.

Prepaid Items and Inventory

Prepaid items and inventory consists of payments made to vendors for services and materials that will benefit future periods.

Unearned Revenue

The Authority recognizes revenues as earned. Funds received before the Authority is eligible to apply them are recorded as a liability under Unearned Revenue.

NOTE A - SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

Revenue Accounting Policies

Dwelling rent income, HUD Grants received for operations, other operating fund grants and operating miscellaneous income are shown as operating income. HUD grants received for capital assets and all other revenue is shown as non-operating revenue. These financial statements do not contain material inter-program revenues and expenses for internal activity. The policy is to eliminate any material inter-program revenues and expenses for these financial statements.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The costs of maintenance and repairs are expensed, while significant renewals and betterments are capitalized. Small dollar value minor equipment items are expensed. Depreciation on assets has been expensed in the statement of income and expenses. Estimated useful lives are as follows:

Buildings	30 years
Improvements	10 - 15 years
Furniture and equipment	5 - 10 years

Authority management has assessed the carrying values of capital asset balances as of December 31, 2018, and as of September 23, 2019. No significant capital asset value impairments exist as of the noted dates.

PILOT Agreement

The Authority has entered into a Payment-in-Lieu of Taxes (PILOT) Agreement with the City of Trenton, whereby the Partnership agrees to pay a negotiated sum in lieu of local real property taxes. The Authority incurred PILOT expense of $240,996 during 2018 and owes the City $240,996 as of December 31, 2018. This amount is included in the Accounts Payable accrual on the Authority's Statement of Net Position.

Deferred Outflows and Inflows of Resources

A Deferred Outflow of Resources is a consumption of assets by the Authority that is applicable to a future reporting period. Conversely, a Deferred Inflow of Resources is an acquisition of assets by the Authority that is applicable to a future reporting period.

Indirect Costs Recovery

Direct costs are charged to the Authority's applicable programs. The Authority charges indirect costs to its Central Office Cost Center and charges the programs management fees based on fee rates provided by the Department of Housing and Urban Development.

NOTE B - REPORTING ENTITY DEFINITION

The Housing Authority is a separate non-profit corporation with a Board of Directors. The applicable jurisdictions appoint the Board of Directors. However, the Housing Authority has complete legislative and administrative authority and it recruits and employs personnel. The Authority adopts a budget that is approved by the Board of Directors and submitted to the New Jersey Division of Local Government Services (DLGS). The Authority's budget is not funded by DLGS, but rather the U.S. Department of Housing and Urban Development (HUD) based upon performance funding and program and capital grants. Subsidies for operations are received primarily from HUD. The Authority has substantial legal authority to control its affairs without local government approval; therefore, all operations of the Authority are a separate reporting entity as reflected in this report. The Authority has no component units. The Authority is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority.

NOTE C - CASH DEPOSITS

Custodial Credit Risk – The Authority's policy is to limit credit risk by adherence to the list of HUD-permitted investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

Interest Rate Risk – The Authority's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate volatility.

The U.S. Department of HUD requires housing authorities to invest excess funds in obligations of the U.S., certificates of deposit or any other federally-insured investments.

The Housing Authority's cash and cash equivalents consist of funds held in interest bearing checking accounts totaling $4,496,406. The remaining $500 is held in the form of petty cash or a change fund. Bank deposits with financial institutions are secured as follows:

	Bank Deposits
Insured by FDIC	$ 643,539
Collateralized with specific securities pledged to the Authority and held by a third party financial institution	3,874,454
	$ 4,517,993

All investments are carried at cost plus accrued interest, which approximates market. The Authority had no realized gains or losses on the sale of investments. The calculation of realized gains or losses is independent of a calculation of the net change in the fair value of investments.

NOTE D – LONG-TERM CONTRACTUAL COMMITMENTS

The Authority had the following outstanding contractual commitments of as of December 31, 2018:

Type of Commitment:		
Renovations/ Modernizations	$	127,800
Professional Services		68,500
Maintenance and Operations		193,841
Total Outstanding Contractual Commitments	**$**	**390,141**

NOTE E – SIGNIFICANT ESTIMATES

These financial statements are prepared in accordance with generally accepted accounting principles. The financial statements include some amounts that are based on management's best estimates and judgments. The most significant estimates relate to depreciation and useful lives, and the net pension and OPEB liabilities and related expenses. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

NOTE F – CONCENTRATION OF RISK

The Housing Authority receives most of its funding from HUD. These funds and grants are subject to modification by HUD depending on the availability of funding.

NOTE G – RISK MANAGEMENT

The Housing Authority is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Housing Authority carries commercial insurance for all risks of loss, including workman's compensation and employee health and accident insurance. The Housing Authority has not had any significant reductions in insurance coverage or any claims not reimbursed.

NOTE H – INTER-PROGRAM ACTIVITY

The Housing Authority manages several programs. Many charges, i.e., payroll, benefits, insurance, etc. are paid by the Housing Authority's various funds and subsequently reimbursed. Balances due for such charges are reflected in the Inter-Program Due to/Due from account balances. Inter-programs at the year-end consisted of the following:

Central Office Cost Center	$	482,694
Public Housing		(482,694)
	$	**-**

NOTE I - PENSION PLAN

Public Employees' Retirement System

Plan Description – The Authority is a participating employer in the State of New Jersey Public Employees' Retirement System (PERS), a cost sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pension and Benefits. Benefits under PERS include retirement, death and disability benefits, and have been established and may be amended by action of the State legislature. For additional information about PERS, please refer to the 'Schedule of Employer Allocations and Schedule of Pension Amounts by Employer' and the 'Sixty-Second Annual Report of the Actuary' which can be found at www.state.nj.us/treasury/financial-reports.shtml.

Benefits Provided – PERS provides retirement benefits as well as death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

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

Contributions – The actuarial valuation as of July 1, 2017 reflects Chapter 78, P.L. 2011, which increased the member (employee) contribution rate from 5.5% to 6.5% of compensation effective October 2011. Further, beginning July 2012, the member contribution rate will increase by 1/7th of 1% each July until a 7.5% member contribution rate is reached in July of 2018. Contribution rates for employers are determined by an actuarial valuation. As of July 1, 2018, employees are required to contribute 7.50% of their annual salary and the Authority contributes an additional 13.52% of the employees' compensation.

During the years ended June 30, 2018, 2017 and 2016, the Authority's contributions to PERS required and made were approximately $418,314, $377,906, and $403,565, respectively.

Refund of Contributions – Eligible upon service termination prior to age 60 (age 62 for Tier 3 and Tier 4 members and age 65 for Tier 5 members) and prior to 10 years of service. Benefit equals refund of accumulated deductions plus, if the member has completed three years of service, interest allowed thereon.

NOTE I – PENSION PLAN - CONTINUED

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

At December 31, 2018, the Authority reported a liability of $8,280,492 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the pension liability was determined by an actuarial valuation as of July 1, 2017 rolled forward to the measurement date of June 30, 2018. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the contributions of all employers participating in PERS for the year ended June 30, 2018. At June 30, 2018, the Authority's proportion was .0420553641%, which was an increase of .0012621027% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Authority recognized pension expense of $282,930. At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	$ 157,910	$ 42,697
Changes of assumptions	1,364,488	2,647,661
Net difference between projected and actual earnings on plan investments	-	77,671
Changes in proportion and differences between employer contributions and proportionate share of contributions	460,268	1,082,458
Authority's contributions made subsequent to the measurement date of June 30, 2018	-	-
Total	**$ 1,982,666**	**$ 3,850,487**

The amounts below do not include deferred outflows of resources and deferred inflows of resources related to changes in proportion. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized in pension expense as follows:

Year Ended June 30:	
2019	$ 57,471
2020	(79,569)
2021	(570,576)
2022	(494,584)
2023	(158,373)
Total	**$ (1,245,631)**

NOTE I – PENSION PLAN - CONTINUED

Actuarial Assumptions – The collective total pension liability as of the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation	2.25%
Salary increases	
(through 2026)	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Tables for male and female active participants (setback 2 year for males and 7 years for females). Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables for male and female active participants (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base years of 2012 and 2013 using Projection Scale AA. The RP-2000 Disability Mortality Tables (setback 3 years for males and set forward 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Risk Migration Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
Total	**100.00%**	

NOTE I – PENSION PLAN – CONTINUED

Discount rate – The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046, and the municipal bond rate was applied to projected benefit payments after that date in determining that total pension liability.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate - The following table presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 5.66 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.66%) or 1 percentage point higher (66.66%) than the current rate:

	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Authority's Net Pension Liability	**10,411,764**	**8,280,492**	**6,492,490**

NOTE J – RETIRED EMPLOYEES HEALTH BENEFIT PLAN

Plan Description – The Authority is a participating employer in the State of New Jersey Local Government Retired Employees Health Benefit Plan (the Plan), a cost-sharing multiple employer defined benefit other post-employment benefit (OPEB) plan, which is administered as a trust. It covers employees of local government employers that have adopted a resolution to participate in the Plan. All of the Authority's eligible retirees receive health insurance benefits through the Plan. Obligations and benefits of the Plan are established and may be amended by State statute. Under the Plan; benefits risks and liabilities are pooled (shared) and Plan assets received from participating employers are legally used to pay benefits to participating retirees. All risks, rewards, and costs, including benefit costs, are shared and are not attributed individually to the various employers. Required contributions are actuarially determined. A single actuarial valuation covers all Plan members, and the same contribution rate applies for each employer. Plan financial statements and required supplementary information are reported with the State's PERS financial statements and can be found at www.state.nj.us/treasury/pensions/financial-reports.shtml. The Plan's net OPEB liability, deferred outflows of resources, deferred inflows of resources and fiduciary net position are accounted for and reported using the accrual basis under U.S. Generally Accepted Accounting Principles.

Benefits Provided – The Plan provides medical and prescription drugs to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 48, P.L. 1999, the employer may assume the cost of post-retirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit In a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer-paid obligations for retiree coverage may be determined by means of a Collective Negotiations Agreement.

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

Contributions – Required contributions made to, and recognized by the Plan during the year ended December 31, 2018 were actuarially determined under the authority of the State of New Jersey and totaled $449,241.

The funding policy for the Plan is pay-as-you-go; therefore, there is no pre-funding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the Plan are collected from participating local employers and retired members. Local employers and retired members remit contributions on a monthly basis.

NOTE J – RETIRED EMPLOYEES HEALTH BENEFIT PLAN - CONTINUED

Implementation of New Reporting Standard – GASB Statement No. 75 (GASBS No. 75) requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The Plan's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are allocated to the Authority based on the ratio of the Plan members of the Authority to the total members of the Plan during the measurement period of July 1, 2017 through June 30, 2018.

The Authority implemented GASBS No. 75 as of January 1, 2018. As of January 1, 2018 the Authority's proportionate share of the Plan's collective OPEB balances was as follows:

	OPEB Balances as of January 1, 2018
Deferred Outflows of Resources	$ 228,022
Net OPEB Liability	(19,848,230)
Deferred Inflows of Resources	(2,543,567)
Effect of Change in Accounting Principle	**$ (22,163,775)**

Investment of Plan Assets – The OPEB Plan only invests in the State of New Jersey Cash Management Fund. The long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00%.

Components of Net OPEB Liability – The components of the Authority's net OPEB liability of the Plan as of June 30, 2018 are as follows:

Components of Net OPEB Liability	
Total OPEB Liability	$ 15,122,598
Plan Fiduciary Net Position	297,591
Total	**$ 14,825,007**
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to the June 30, 2018 measurement date using standardized update procedures based on the assumptions applied to the June 30, 2017 actuarial valuation, identified below.

NOTE J – RETIRED EMPLOYEES HEALTH BENEFIT PLAN - CONTINUED

Actuarial Assumptions – This actuarial valuation used the following actuarial assumptions:

Inflation	2.50%
Salary increases	
(through 2026)	1.65 – 8.98% based on age
Thereafter	2.65 – 9.98% based on age

The actuarial assumptions have not changed since the June 30, 2017 measurement date.

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 Scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female Mortality Table with fully generational improvement projections from the central year using the MP-2017 Scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female Mortality Table with fully generational improvement projections from the central year using the MP-2017 Scale.

Certain actuarial assumptions used in the June 30, 2017 valuation were based on the results of the State of New Jersey Public Employees' Retirement System's (PERS) experience studies, which were prepared for the periods July 1, 2010 through June 30, 2013 and July 1, 2011 through June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Healthcare Trend Assumptions - For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Sensitivity of the Authority's proportionate share of the net OPEB liability to changes in the healthcare trend rate - The following table presents the Authority's proportionate share of the net OPEB liability calculated using the healthcare trend rate as disclosed above, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	**Healthcare Cost Trend Rate**	**1% Increase**
Authority's Net OPEB Liability (Asset)	**12,366,433**	**14,825,007**	**18,006,768**

NOTE J – RETIRED EMPLOYEES HEALTH BENEFIT PLAN - CONTINUED

Discount rate – The discount rate used to measure the net OPEB liability was 3.87% as of June 30, 2018. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate. The discount rate increased .29% from the discount rate as of the June 30, 2017 measurement date of 3.58%.

Sensitivity of the Authority's proportionate share of the net OPEB liability to changes in the discount rate - The following table presents the Authority's proportionate share of the net OPEB liability calculated using the discount rate of 3.87%, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87%) or 1 percentage point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Authority's Net OPEB Liability (Asset)	**17,393,653**	**14,825,007**	**12,773,241**

NOTE J – RETIRED EMPLOYEES HEALTH BENEFIT PLAN - CONTINUED

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

The Authority's proportion of the net OPEB liability was based on the ratio of the Authority's Plan members relative to the total number of members to the Plan during the measurement period of July 1, 2017 through June 30, 2018. At June 30, 2018, the Authority's proportion was .094628%, which was a decrease of .002592% from its proportion measured as of June 30, 2017 of .097220%.

For the year ended December 31, 2018, the Authority recognized OPEB expense of $456,391. At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	$ -	$ 3,010,005
Changes of assumptions	-	3,760,557
Net difference between projected and actual earnings on plan investments	7,834	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	807,811
Authority's contributions made subsequent to the measurement date of June 30, 2018	224,621	-
Total	**$ 232,455**	**$ 7,578,373**

The amounts below do not include deferred outflows of resources related to the Authority's contributions subsequent to the measurement date. These amounts will be recognized as a reduction to the collective net OPEB liability. Additionally, deferred inflows of resources related to changes in proportion are excluded from the amounts below. These amounts will be recognized (amortized) by each employer over the average remaining service lives of all Plan members, which is 8.14 years. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in OPEB expense as follows:

Year Ended June 30:	
2019	$ (993,017)
2020	(993,017)
2021	(993,017)
2022	(993,844)
2023	(995,182)
Thereafter	(1,794,651)
Total	**$ (6,762,728)**

NOTE K – COMPENSATED ABSENCES

The Authority's policy allows employees to accumulate and carry-over up to one year of earned vacation. This policy also allows for full payment of earned leave upon termination.

The sick leave policy, which is in accordance with state laws, allows employees to accumulate unused sick leave. Upon normal retirement under the Public Employees Retirement System, employees shall be entitled to receive a lump sum payment as supplemental compensation for each full day of earned and unused accumulated sick leave of one-half (1/2) of the eligible employee's daily rate of pay. No lump sum payment shall exceed $15,000. Leave accrued but not yet paid as of December 31, 2018, is reported as a liability allocated between current and noncurrent.

NOTE L – LONG TERM DEBT

The Housing Authority pledged a portion of its annual Capital Fund Grant from HUD to secure the Authority's allocable portion of Bonds issued jointly by the Authority and other participating New Jersey housing authorities. The Authority's allocable share of the net proceeds, $12,453,954 was used to acquire, construct, equip, renovate and improve public housing developments owned and operated by the Authority for rental to, and occupancy by qualified tenants under the applicable HUD rules and regulations. The Bonds are designated "Capital Fund Program Revenue Bonds, 2004 Series A." The Bonds bear interest at a rate not to exceed 4.7%, are paid semi-annually and mature in 2025. Interest expense incurred during the year was $285,433. The principal balance at December 31, 2018 was $5,750,000. The Bonds are payable as follows:

	Principal	Interest	Balance Due
2019	$ 710,000	$ 260,077	$ 5,040,000
2020	745,000	228,185	4,295,000
2021	780,000	192,818	3,515,000
2022	815,000	155,805	2,700,000
2023	860,000	116,913	1,840,000
2024 - 2025	1,840,000	109,157	-
	$ 5,750,000	**$ 1,062,955**	**$ -**

NOTE L – LONG TERM DEBT - CONTINUED

In March of 2009 the Authority obtained financing, under a lease purchase agreement, from TD Bank to fund the installation & maintenance of energy efficient equipment and fixtures in the Authority's public housing units. In July of 2015, the Authority refinanced the principal balance of $18,990,959 with a $23,590,959 lease purchase agreement with TD Bank. The agreement bears interest at a rate of 2.86%. Monthly principal and interest payments are payable through 2029. The agreement is secured by the equipment and fixtures. Interest expense incurred during the year was $598,814. The principal balance at December 31, 2018 was $20,400,591. Debt service requirements are as follows:

	Principal	Interest	Balance Due
2019	$ 1,199,316	$ 567,817	$ 19,201,275
2020	1,296,737	532,246	17,904,538
2021	1,399,174	493,824	16,505,364
2022	1,506,849	452,403	14,998,515
2023	1,619,994	407,832	13,378,521
2024 - 2028	10,006,019	1,248,736	3,372,502
2029	3,372,502	64,792	-
	$ 20,400,591	**$ 3,767,650**	**$ -**

A summary of long-term liabilities is as follows at December 31, 2018:

	January 1, 2018 Balance	Increase	Decrease	December 31, 2018 Balance	Due Within One Year
Bonds Payable	$ 6,430,000	$ -	$ 680,000	$ 5,750,000	$ 710,000
EPC Lease Purchase Agreement	21,566,131	-	1,165,540	20,400,591	1,199,316
Compensated Absences	242,253	251,159	242,254	251,158	145,910
Accrued Pension Liability	9,496,019	282,930	1,498,457	8,280,492	-
Accrued OPEB Liability	-	14,825,007	-	14,825,007	-
Less: Current portion	(1,966,667)			(2,055,226)	
Long Term Liabilities	**$ 35,767,736**	**$ 15,359,096**	**$ 3,586,251**	**$ 47,452,022**	**$ 2,055,226**

NOTE M – COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

NOTE N – RESTRICTED CASH AND RESTRICTED NET POSITION

The Authority's restricted cash consists of the following as of the end of the year:

Debt Proceeds Restricted for Development	$	12,674
Other Funds Restricted for Development		204,471
HOPE VI Endowment Proceeds		96,013
Total Restricted Cash	**$**	**313,158**

Other Funds Restricted for Development consists of sales proceeds from the disposition of Kearney Homes (Project NJ005004) during 2006. The proceeds are to be used for redevelopment purposes and there is no off-setting liability. Similarly, there is no off-setting liability for the HOPE VI Endowment Proceeds. Due to the restriction of these assets by HUD, $300,484 is reported as Restricted Net Position in the Statement of Net Position.

NOTE O – HOPE VI PROJECT EXPENSE

Through the end of 2015, the Authority loaned $13,519,310 to Carl Miller Associates, LLC to fund development costs of the Miller Homes Site Revitalization Project, under three non-interest-bearing Loan Agreements dated in December of 2012. Upon expiration of the 90-year Land Lease (see Note P below), ownership of any remaining structures and improvements will transfer to the Authority. Due to uncertainties regarding collectability, the advances have been fully reserved. Any assets received as reimbursement of this loan will be recognized as revenue upon receipt. No funds were loaned, and no reimbursements were received during 2018.

NOTE P – CAPITAL ASSETS

Summaries of Capital Asset balances and activity as of, and for the year ended December 31, 2018 are as follows:

	PUBLIC HOUSING & CFP	COCC	TOTAL
Land	$ 1,976,466	$ 17,400	$ 1,993,866
Building and Improvements	166,111,828	387,012	166,498,840
Furniture, Fixtures and Equipment	4,272,334	2,170,274	6,442,608
Construction in Process	1,249,037	-	1,249,037
Less Accumulated Depreciation	(104,873,473)	(2,407,431)	(107,280,904)
Total Capital Assets	**$ 68,736,192**	**$ 167,255**	**$ 68,903,447**

	January 1, 2018 Balance	Additions	Transfers & Deletions	December 31, 2018 Balance
Land	$ 1,993,866	$ -	$ -	$ 1,993,866
Construction in Process	653,861	645,176	(50,000)	1,249,037
Total Assets not being depreciated	2,647,727	645,176	(50,000)	3,242,903
Buildings and Improvements	165,919,918	528,922	50,000	166,498,840
Furniture and Equipment	6,365,492	77,116	-	6,442,608
Total Capital Assets	174,933,137	1,251,214	-	176,184,351
Less Accumulated Depreciation				
Buildings and Improvements	(97,959,996)	(3,027,826)	-	(100,987,822)
Furniture and Equipment	(6,259,822)	(33,260)	-	(6,293,082)
Net Book Value	**$ 70,713,319**	**$ (1,809,872)**	**$ -**	**$ 68,903,447**

Land Lease: In April of 2010, the Authority entered into a 90-year land lease in which the Authority leased land, with a book value of $510,000, to Carl Miller Associates, LLC for a one-time rental payment of $10 (see Note O for additional information).

NOTE Q – SUBSEQUENT EVENTS

In preparing the financial statements, management evaluated subsequent events through September 23, 2019, the date the financial statements were available to be issued and determined that no other significant subsequent events have occurred.

THE HOUSING AUTHORITY OF THE CITY OF TRENTON
STATEMENT AND CERTIFICATION OF PROGRAM COSTS - CAPITAL FUND PROGRAM
FOR THE YEAR ENDED DECEMBER 31, 2018

	NJ39P005501-15
Funds Approved	$ 1,988,700
Funds Expended	1,988,700
Excess of Funds Approved	$ -
Funds Advanced	$ 1,988,700
Funds Expended	1,988,700
Excess of Funds Advanced	$ -

1. The distribution of costs as shown on the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the Housing Authority's records.

2. All Modernization costs have been paid and all related liabilities have been discharged through payment.

THE HOUSING AUTHORITY OF THE CITY OF
TRENTON, NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2018

EXPENDITURES

Low Rent Public Housing Expenditures	
Total CFDA Number 14.850a	$ 8,715,413
Public Housing Capital Fund Program	
Total CFDA Number 14.872	3,145,293
TOTAL HUD EXPENDITURES	11,860,706
TOTAL FEDERAL EXPENDITURES	**$ 11,860,706**

NOTE 1 – BASIS OF PRESENATION

The above Schedule of Expenditures of Federal Awards includes the federal award activity of the Authority under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the financial net position, changes in net position, or cash flows of the Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COST RATE

The Authority has elected not to use the 10% *De Minimus Indirect Cost Rate* allowed under the Uniform Guidance.

Trenton Housing Authority (NJ005)

TRENTON, NJ

Entity Wide Balance Sheet Summary

Fiscal Year
End: 12/31/2018

	Project Total	COCC	ELIM	Total Enterprise Fund
111 Cash - Unrestricted	$ 3,359,390	$ 463,421	$ -	$ 3,822,811
112 Cash - Restricted - Modernization and Development	12,674	-	-	12,674
113 Cash - Other Restricted	300,484	-	-	300,484
114 Cash - Tenant Security Deposits	360,937	-	-	360,937
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-
100 Total Cash	**$ 4,033,485**	**$ 463,421**	**$ -**	**$ 4,496,906**
121 Accounts Receivable - PHA Projects	-	-	-	-
122 Accounts Receivable - HUD Other Projects	305,813	-	-	305,813
124 Accounts Receivable - Other Government	-	-	-	-
125 Accounts Receivable - Miscellaneous	-	-	-	-
126 Accounts Receivable - Tenants	150,119	-	-	150,119
126.1 Allowance for Doubtful Accounts -Tenants	(18,319)	-	-	(18,319)
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-
128 Fraud Recovery	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-
129 Accrued Interest Receivable	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	**$ 437,613**	**$ -**	**$ -**	**$ 437,613**
131 Investments - Unrestricted	-	-	-	-
132 Investments - Restricted	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-
142 Prepaid Expenses and Other Assets	-	266,635	-	266,635
143 Inventories	201,187	-	-	201,187
143.1 Allowance for Obsolete Inventories	(8,517)	-	-	(8,517)
144 Inter Program Due From	-	482,694	(482,694)	-
145 Assets Held for Sale	-	-	-	-
150 Total Current Assets	**$ 4,663,768**	**$ 1,212,750**	**$ (482,694)**	**$ 5,393,824**
161 Land	1,976,466	17,400	-	1,993,866
162 Buildings	166,111,828	387,012	-	166,498,840
163 Furniture, Equipment & Machinery - Dwellings	3,258,720	-	-	3,258,720
164 Furniture, Equipment & Machinery - Administration	1,013,614	2,170,274	-	3,183,888
165 Leasehold Improvements	-	-	-	-
166 Accumulated Depreciation	(104,873,473)	(2,407,431)	-	(107,280,904)
167 Construction in Progress	1,249,037	-	-	1,249,037
168 Infrastructure	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	**$ 68,736,192**	**$ 167,255**	**$ -**	**$ 68,903,447**
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-
174 Other Assets	-	-	-	-
176 Investments in Joint Ventures	-	-	-	-
180 Total Non-Current Assets	**$ 68,736,192**	**$ 167,255**	**$ -**	**$ 68,903,447**
200 Deferred Outflow of Resources	**$ 1,555,190**	**$ 659,931**	**$ -**	**$ 2,215,121**
290 Total Assets and Deferred Outflow of Resources	**$ 74,955,150**	**$ 2,039,936**	**$ (482,694)**	**$ 76,512,392**

Trenton Housing Authority (NJ005)

TRENTON, NJ

Entity Wide Balance Sheet Summary

Fiscal Year
End: 12/31/2018

	Project Total	COCC	ELIM	Total Enterprise Fund
311 Bank Overdraft	-	-	-	-
312 Accounts Payable <= 90 Days	86,101	20,220	-	106,321
313 Accounts Payable >90 Days Past Due	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	209,179	59,629	-	268,808
322 Accrued Compensated Absences - Current Portion	90,408	55,502	-	145,910
324 Accrued Contingency Liability	-	-	-	-
325 Accrued Interest Payable	93,032	-	-	93,032
331 Accounts Payable - HUD PHA Programs	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-
333 Accounts Payable - Other Government	240,996	-	-	240,996
341 Tenant Security Deposits	360,937	-	-	360,937
342 Unearned Revenue	42,755	-	-	42,755
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	1,909,316	-	-	1,909,316
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-
345 Other Current Liabilities	-	-	-	-
346 Accrued Liabilities - Other	326,200	512	-	326,712
347 Inter Program - Due To	482,694	-	(482,694)	-
348 Loan Liability - Current	-	-	-	-
310 Total Current Liabilities	**$ 3,841,618**	**$ 135,863**	**$ (482,694)**	**$ 3,494,787**
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	24,241,275	-	-	24,241,275
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-
353 Non-current Liabilities - Other	-	-	-	-
354 Accrued Compensated Absences - Non Current	99,081	6,167	-	105,248
355 Loan Liability - Non Current	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-
357 Accrued Pension and OPEB Liabilities	18,094,746	5,010,753	-	23,105,499
350 Total Non-Current Liabilities	**$ 42,435,102**	**$ 5,016,920**	**$ -**	**$ 47,452,022**
300 Total Liabilities	**$ 46,276,720**	**$ 5,152,783**	**$ (482,694)**	**$ 50,946,809**
400 Deferred Inflow of Resources	**$ 9,376,879**	**$ 2,051,981**	**$ -**	**$ 11,428,860**
508.4 Net Investment in Capital Assets	42,598,277	167,255	-	42,765,532
511.4 Restricted Net Position	300,484	-	-	300,484
512.4 Unrestricted Net Position	(23,597,210)	(5,332,083)	-	(28,929,293)
513 Total Equity - Net Assets / Position	**$ 19,301,551**	**$ (5,164,828)**	**$ -**	**$ 14,136,723**
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	**$ 74,955,150**	**$ 2,039,936**	**$ (482,694)**	**$ 76,512,392**

Trenton Housing Authority (NJ005)
TRENTON, NJ
Entity Wide Revenue and Expense Summary

Fiscal Year
End: 12/31/2018

	Project Total	COCC	ELIM	Total Enterprise Fund
70300 Net Tenant Rental Revenue	$ 5,128,066	$ -	$ -	$ 5,128,066
70400 Tenant Revenue - Other	156,688	-	-	156,688
70500 Total Tenant Revenue	**$ 5,284,754**	**$ -**	**$ -**	**$ 5,284,754**
70600 HUD PHA Operating Grants	10,687,309	-	-	10,687,309
70610 Capital Grants	1,173,397	-	-	1,173,397
70710 Management Fee	-	1,417,933	(1,417,116)	817
70720 Asset Management Fee	-	117,840	(117,840)	-
70730 Book Keeping Fee	-	117,900	(117,819)	81
70740 Front Line Service Fee	-	-	-	-
70750 Other Fees	-	-	-	-
70700 Total Fee Revenue	**$ 11,860,706**	**$ 1,653,673**	**$ (1,652,775)**	**$ 11,861,604**
70800 Other Government Grants	-	-	-	-
71100 Investment Income - Unrestricted	1,217	-	-	1,217
71200 Mortgage Interest Income	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-
71400 Fraud Recovery	-	-	-	-
71500 Other Revenue	260,137	69,449	-	329,586
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-
72000 Investment Income - Restricted	50	-	-	50
70000 Total Revenue	**$ 17,406,864**	**$ 1,723,122**	**$ (1,652,775)**	**$ 17,477,211**
91100 Administrative Salaries	980,712	865,066	-	1,845,778
91200 Auditing Fees	39,224	-	-	39,224
91300 Management Fee	1,417,116	-	(1,417,116)	-
91310 Book-keeping Fee	117,900	-	(117,819)	81
91400 Advertising and Marketing	1,218	9,915	-	11,133
91500 Employee Benefit contributions - Administrative	522,204	293,153	-	815,357
91600 Office Expenses	159,872	88,159	-	248,031
91700 Legal Expense	89,661	113,495	-	203,156
91800 Travel	4,342	15,208	-	19,550
91810 Allocated Overhead	-	-	-	-
91900 Other	214,492	156,433	-	370,925
91000 Total Operating - Administrative	**$ 3,546,741**	**$ 1,541,429**	**$ (1,534,935)**	**$ 3,553,235**
92000 Asset Management Fee	**$ 117,840**	**$ -**	**$ (117,840)**	**$ -**
92100 Tenant Services - Salaries	136,324	-	-	136,324
92200 Relocation Costs	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	9,946	-	-	9,946
92400 Tenant Services - Other	27,327	125	-	27,452
92500 Total Tenant Services	**$ 173,597**	**$ 125**	**$ -**	**$ 173,722**
93100 Water	348,628	1,086	-	349,714
93200 Electricity	1,270,857	20,536	-	1,291,393
93300 Gas	889,876	4,600	-	894,476
93400 Fuel	-	-	-	-
93500 Labor	-	-	-	-
93600 Sewer	272,487	278	-	272,765
93700 Employee Benefit Contributions - Utilities	-	-	-	-
93800 Other Utilities Expense	-	-	-	-
93000 Total Utilities	**$ 2,781,848**	**$ 26,500**	**$ -**	**$ 2,808,348**

Trenton Housing Authority (NJ005)
TRENTON, NJ
Entity Wide Revenue and Expense Summary

Fiscal Year
End: 12/31/2018

	Project Total	COCC	ELIM	Total Enterprise Fund
94100 Ordinary Maintenance and Operations - Labor	1,967,302	-	-	1,967,302
94200 Ordinary Maintenance and Operations - Materials and Other	951,765	6,666	-	958,431
94300 Ordinary Maintenance and Operations Contracts	1,198,379	13,009	-	1,211,388
94500 Employee Benefit Contributions - Ordinary Maintenance	1,183,611	-	-	1,183,611
94000 Total Maintenance	**$ 5,301,057**	**$ 19,675**	**$ -**	**$ 5,320,732**
95100 Protective Services - Labor	828,068	-	-	828,068
95200 Protective Services - Other Contract Costs	57,556	-	-	57,556
95300 Protective Services - Other	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	498,004	-	-	498,004
95000 Total Protective Services	**$ 1,383,628**	**$ -**	**$ -**	**$ 1,383,628**
96110 Property Insurance	350,206	-	-	350,206
96120 Liability Insurance	262,229	-	-	262,229
96130 Workmen's Compensation	167,360	71,045	-	238,405
96140 All Other Insurance	63,655	6,183	-	69,838
96100 Total insurance Premiums	**$ 843,450**	**$ 77,228**	**$ -**	**$ 920,678**
96200 Other General Expenses	55,456	-	-	55,456
96210 Compensated Absences	189,490	61,669	-	251,159
96300 Payments in Lieu of Taxes	240,996	-	-	240,996
96400 Bad debt - Tenant Rents	84,672	-	-	84,672
96500 Bad debt - Mortgages	-	-	-	-
96600 Bad debt - Other	-	-	-	-
96800 Severance Expense	-	-	-	-
96000 Total Other General Expenses	**$ 570,614**	**$ 61,669**	**$ -**	**$ 632,283**
96710 Interest of Mortgage (or Bonds) Payable	598,814	-	-	598,814
96720 Interest on Notes Payable (Short and Long Term)	285,433	-	-	285,433
96730 Amortization of Bond Issue Costs	-	-	-	-
96700 Total Interest Expense and Amortization Cost	**$ 884,247**	**$ -**	**$ -**	**$ 884,247**
96900 Total Operating Expenses	**$ 15,603,022**	**$ 1,726,626**	**$ (1,652,775)**	**$ 15,676,873**
97000 Excess of Operating Revenue over Operating Expenses	**$ 1,803,842**	**$ (3,504)**	**$ -**	**$ 1,800,338**
97100 Extraordinary Maintenance	-	-	-	-
97200 Casualty Losses - Non-capitalized	15,000	-	-	15,000
97300 Housing Assistance Payments	-	-	-	-
97350 HAP Portability-In	-	-	-	-
97400 Depreciation Expense	3,039,130	21,956	-	3,061,086
97500 Fraud Losses	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-
90000 Total Expenses	**$ 18,657,152**	**$ 1,748,582**	**$ (1,652,775)**	**$ 18,752,959**
10010 Operating Transfer In	1,423,436	-	(1,423,436)	-
10020 Operating transfer Out	(1,423,436)	-	1,423,436	-
10030 Operating Transfers from/to Primary Government	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-

Trenton Housing Authority (NJ005)

TRENTON, NJ

Entity Wide Revenue and Expense Summary

Fiscal Year
End: 12/31/2018

	Project Total	COCC	ELIM	Total Enterprise Fund
10060 Proceeds from Property Sales	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-
10091 Inter Project Excess Cash Transfer In	1,730,000	-	(1,730,000)	-
10092 Inter Project Excess Cash Transfer Out	(1,730,000)	-	1,730,000	-
10093 Transfers between Program and Project - In	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-
10100 Total Other financing Sources (Uses)	**$ -**	**$ -**	**$ -**	**$ -**
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	**$ (1,250,288)**	**$ (25,460)**	**$ -**	**$ (1,275,748)**
11020 Required Annual Debt Principal Payments	$ 1,845,540	$ -	$ -	$ 1,845,540
11030 Beginning Equity	**$ 38,701,692**	**$ (1,125,446)**	**$ -**	**$ 37,576,246**
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	(18,149,853)	(4,013,922)	-	(22,163,775)
11050 Changes in Compensated Absence Balance	-	-	-	-
11060 Changes in Contingent Liability Balance	-	-	-	-
11070 Changes in Unrecognized Pension Transition Liability	-	-	-	-
11080 Changes in Special Term/Severance Benefits Liability	-	-	-	-
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-	-
11170 Administrative Fee Equity	$ -	$ -	$ -	$ -
11180 Housing Assistance Payments Equity	$ -	$ -	$ -	$ -
11190 Unit Months Available	16,553	-	-	16,553
11210 Number of Unit Months Leased	15,546	-	-	15,546
11610 Land Purchases	$ -	$ -	$ -	$ -
11620 Building Purchases	493,397	-	-	493,397
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-
13510 CFFP Debt Service Payments	978,680	-	-	978,680
13901 Replacement Housing Factor Funds	-	-	-	-

THE HOUSING AUTHORITY OF THE CITY OF TRENTON
TRENTON, NEW JERSEY

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

DECEMBER 31, 2018

Section I: Summary of Auditor's Results:

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified	
Internal Control over financial reporting:		
Are material weaknesses identified?	____Yes	__X__No
Are significant deficiencies that are not considered to be material weaknesses identified?	____Yes	__X__None Reported
Is noncompliance that could have a material effect on the financial statements identified?	____Yes	__X__No

FEDERAL AWARDS

Internal control over major programs:		
Are material weaknesses identified?	_____Yes	__X__No
Are significant deficiencies that are not considered to be material weaknesses identified?	_____Yes	__X__None Reported
Type of report issued on compliance with requirements applicable to each major program:	Unmodified	
Are there any audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance?	______Yes	__X__No

Identification of major programs:

Name of Federal Program	CFDA No.
Public Housing Program	14.850a

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Is the auditee identified as a low-risk auditee?	____Yes	__X__No

THE HOUSING AUTHORITY OF THE CITY OF TRENTON
TRENTON, NEW JERSEY

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

DECEMBER 31, 2018

Section II: Financial Statement Findings:

Summary Schedule of Prior Year Findings:

Finding 2017-001 – Internal Controls Over Payroll Processing

Condition, Cause and Effect

The Authority over-paid an employee by $710,017 on the March 16, 2018 payroll. The over-payment was a result of a data entry error. The Authority does have a managerial review process implemented prior to releasing the payroll, which would provide reasonable assurance that an error of this nature would have been corrected prior to the release of the payroll. However, the Authority did not effectively execute this managerial review.

Questioned Costs – None

Current Year Status

The Authority has effectively executed its Corrective Action Plan, including a managerial review process consisting of reviews and approvals of two Directors of each payroll since the March 16, 2018 payroll. This Finding is not restated.

Current Year Findings and Questioned Costs:

None

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

DECEMBER 31, 2018

Section III: Federal Award Findings and Questioned Costs:

Summary Schedule of Prior Year Findings:

None

Current Year Findings and Questioned Costs:

None

REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLAN

Schedule of Proportionate Share of Net Pension Liability

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2018
Authority's proportion of the net pension liability (%)	0.0486602913%	0.0454267772%	0.0407932614%	0.0420553641%
Authority's proportionate share of the net pension liability ($)	$ 10,923,260	$ 13,454,108	$ 9,496,019	$ 8,280,492
Authority's covered payroll*	$ 3,536,331	$ 3,281,016	$ 2,970,959	$ 3,094,038
Authority's proportionate share of the net pension liability as a percentage of its covered payroll*	308.89%	410.06%	319.63%	267.63%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	40.14%	48.09%	46.40%

Schedule of Employer's Required Contributions

	Year Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2018
Contractually required contribution	$ 418,348	$ 403,565	$ 377,906	$ 418,314
Contributions in relation to the contractually required contribution	418,348	403,565	377,906	418,314
Contribution deficiency (excess)	**$ -**	**$ -**	**$ -**	**$ -**
Authority's covered payroll*	$ 3,466,015	$ 3,225,939	$ 2,880,381	$ 3,154,706
Contributions as a percentage of covered-payroll*	**12.07%**	**12.51%**	**13.12%**	**13.26%**

* Covered Payroll is defined in GASBS No. 82, Paragraph 5 (an Amendment to GASBS No. 68) as the payroll on which contributions to the plan are based.

Note: GASBS No. 68 was implemented as of the year ended 2015. These schedules are being built prospectively. Ultimately, ten years of data will be shown.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLAN

Changes in Plan benefit terms and changes in assumptions applied since the previous actuarial valuation are summarized below in the following Schedule:

Schedule of Changes in Benefit Terms and Assumptions Applied

	Actuarial Valuation as of July 1, 2014	**Actuarial Valuation as of July 1, 2015**	**Actuarial Valuation as of July 1, 2016**	**Actuarial Valuation as of July 1, 2017**
Change in Benefit Terms	None	None	None	None
Change in Assumptions				
Inflation Rate	**3.04%**	**3.08%**	**2.25%**	**2.25%**
Salary Increases				
Through 2026	2.15 - 4.40%	1.65 - 4.15%	1.65 - 4.15%	1.65 - 4.15%
Thereafter	3.15 - 5.40%	2.65 - 5.15%	2.65 - 5.15%	2.65 - 5.15%
Investment Rate of Return	**7.90%**	**7.65%**	**7.00%**	**7.00%**

REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLAN

Schedule of Proportionate Share of Net OPEB Liability

		Fiscal Year Ended June 30, 2018
Authority's proportion of the net OPEB liability (%)		0.094628%
Authority's proportionate share of the net OPEB liability ($)	$	14,825,007
Authority's covered-employee payroll*	$	4,196,309
Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll*		353.29%
Plan fiduciary net position as a percentage of the total OPEB liability		1.97%

Schedule of Employer's Required Contributions

		Year Ended December 31, 2018
Contractually required contribution	$	449,241
Contributions in relation to the contractually required contribution		449,241
Contribution deficiency (excess)	**$**	**-**
Authority's covered-employee payroll*	$	4,230,768
Contributions as a percentage of covered-employee payroll*		**10.62%**

* Covered-employee Payroll is defined in GASBS No. 75, Paragraph 246 as the payroll of employees that are provided with OPEB through the plan.

Note: GASBS No. 75 was implemented as of the year ended 2018. These schedules are being built prospectively. Ultimately, ten years of data will be shown.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLAN

Changes in Plan benefit terms and changes in assumptions applied since the previous actuarial valuation are summarized below in the following Schedule:

Schedule of Changes in Benefit Terms and Assumptions Applied

	Actuarial Valuation as of June 30, 2017	
Change in Benefit Terms	None	
Change in Assumptions		
Inflation Rate	**2.50%**	(No Change)
Salary Increases		
Through 2026	1.65 - 8.98%	(No Change)
Thereafter	2.65 - 9.98%	(No Change)