

**Housing Authority of the
City of Orange**

**Financial Statements and
Supplementary Information**

March 31, 2018

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Independent Auditor's Report

To the Board of Commissioners of
Housing Authority of the City of Orange

Report on the Financial Statements

I have audited the accompanying financial statements of the aggregate enterprise funds and business type activities of the Housing Authority of the City of Orange (the "Authority") which comprise the statements of net position as of March 31, 2018 and 2017, and the related statements of revenue, expenses and changes in net position, and statements of cash flows for the years then ended and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each enterprise fund and business type activities of the Housing Authority of the City of Orange as of March 31, 2018 and 2017 and its changes in net position, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards for the year ended March 31, 2018 is presented on page 25 for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. The accompanying Statement and Certification of Actual Capital Grant Costs presented on page 27 and the Financial Data Schedule presented on pages 28 through 34 are also not required parts of the financial statements are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Expenditures of Federal Awards, the Statement and Certification of Actual Capital Grant Costs and the Financial Data Schedule are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 26, 2018 on my consideration of the Housing Authority of the City of Orange's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Orange's internal control over financial reporting and compliance.

 FRANK GLIEN, LLC CPA

FRANK GLIEN, LLC, CPA
Cranford, New Jersey

November 26, 2018

Management's Discussion and Analysis

**Housing Authority of the City of Orange
Management Discussion and Analysis
March 31, 2018**

As management of the Housing Authority of the City of Orange, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2018. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

A. Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$310,659 (net position) as opposed to \$610,081 for the prior fiscal year.
- As of the close of the current fiscal year, the Authority's Proprietary Fund reported a deficit in in unrestricted net position of \$4,245,568 (a decrease of \$429,381 from the previous year).
- The Authority's unrestricted cash and cash equivalent balances at March 31, 2018 were \$1,207,500 representing a decrease of \$86,440 from the prior fiscal year.
- The Authority's restricted cash balance of \$878,099 at March 31, 2018 reflects an increase of \$131,261 from the prior year. Restricted cash includes \$607,329 of Replacement Housing Factor funds received as a part of HUD's capital fund program; unexpended housing assistance payments of \$133,800 received from HUD which may be used in the future only to make housing assistance payments on behalf of eligible families; family self-sufficiency escrow funds of \$76,551 and tenant security deposits of \$60,419.
- The Authority had Total Operating Revenues of \$9,204,737 and Total Operating Expenses of \$9,617,354 (including depreciation of \$115,129) for the year ended March 31, 2018. Operating Revenues increased by \$278,951 when compared to the prior fiscal year. Tenant revenue increased \$638 HUD operating grants increased \$500,044, and other revenue decreased \$221,731. These changes are discussed in detail later in this analysis.
- The Authority's capital outlays for the fiscal year totaled \$117,240. \$111,465 of these additions was funded by HUD capital grants.
- The Authority's Expenditures of Federal Awards amounted to \$8,122,181 for the fiscal year.

B. Using the Annual Report

Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's Financial Statements and Notes to Financial Statements included in this Report were prepared in accordance with Generally Accepted Accounting Principles (GAAP) applicable to governmental entities in the United States of America for Proprietary Fund types.

Financial Statements

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

**Housing Authority of the City of Orange
Management Discussion and Analysis (Continued)
March 31, 2018**

B. Using the Annual Report (Continued)

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

The Statement of Revenue, Expenses and Changes in Net Position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g.; depreciation and earned but unused vacation leave).

The Statement of Cash Flows presents information showing how the Authority's cash and cash equivalents position changed during the year. The statement classifies cash receipts and payments as resulting from operating activities, capital and related financing activities and investing activities.

The financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The financial statements can be found on pages 9 through 12.

Notes to Financial Statements

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

Supplemental Information

The schedule of expenditures of Federal awards is presented for purpose of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Expenditures of Federal Awards can be found on page 25 of this report.

C. The Authority as a Whole

The Authority's Net Position decreased by \$299,422 during the fiscal year ended March 31, 2018. The decrease in Net Position is attributable primarily to the adoption of Government Accounting Standards Board Statement No. 68 "Accounting and Financial Reporting for Pensions" (GASB 68). GASB 68 requires government entities to include its net unfunded pension liability and the related deferred inflows and deferred outflows of resources in its financial statements. During the fiscal year ended March 31, 2018, the Authority recorded an expense of \$709,804 related to the increase in accrued pension and OPEB liabilities. The Authority experienced a current operating loss of \$412,617 which is offset by the receipt of capital grants of \$111,465. The operating loss of \$412,617 includes depreciation expense of \$115,129.

**Housing Authority of the City of Orange
Management Discussion and Analysis (Continued)
March 31, 2018**

C. The Authority as a Whole (Continued)

The Authority's revenues consist primarily of subsidies and grants received from HUD and rental payments received from tenants. The Authority receives subsidies each month based on an amount pre-approved by HUD. Grants are drawn down based on need against a pre-authorized funding level. Management's budgets indicate that the housing authority has been able to manage its cash flows now that Walter G. Alexander Development has been officially removed from its inventory.

By far, the largest portion of the Authority's net position reflects its net investment in capital assets (e.g., land, buildings, equipment and construction in progress). The Authority uses these capital assets to provide housing services to its tenants. Consequently, these assets are not available for future spending. The unrestricted net position of the Authority is available for future use to provide program services.

D. Budgetary Highlights

For the year ended March 31, 2018 individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. Also, the Authority adopted a comprehensive annual budget for the General Fund. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

During the fiscal year ended March 31, 2018, the Authority was able to operate within its budgetary guideline.

E. Capital Assets and Debt Administration

Capital Assets

As of March 31, 2018, the Authority's investment in capital assets for its Proprietary Fund was \$4,422,427 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

Major capital assets purchased from grants of \$111,465 during the fiscal year pertained to expenditures made in accordance with the Authority's Capital Fund Programs. These activities are funded by grants from HUD.

Additional informational on the Authority's capital assets can be found in Note 5 to the Financial Statements which is included in this Report.

Long Term Debt

The Authority does not have any long-term debt outstanding at this time.

**Housing Authority of the City of Orange
Management Discussion and Analysis (Continued)
March 31, 2018**

F. Significant Changes from FYE March 31, 2017 to March 31, 2018

Changes in the Statement of Net Position

Total cash and cash equivalents (restricted and unrestricted) increased by \$46,821. The primary reason for the increase is the Housing Choice Voucher Housing Assistance Payments received that exceeded the expense. This increase in cash is restricted for the purpose of providing housing assistance to qualified Housing Choice Voucher recipients.

As of March 31, 2018, the Authority had a deficit in unrestricted net position of \$4,245,568, a decrease of \$419,381 from its deficit of \$3,826,187 at March 31, 2017. As previously noted, the Authority recorded an expense of \$709,804 related to the increase in accrued pension and OPEB liabilities. The Authority experienced a current operating loss of \$412,617 which is offset by the receipt of capital grants of \$111,465 and investment income of \$1,730. The operating loss of \$412,617 includes depreciation expense of \$115,129. As noted in previous discussions, the Authority recorded a payable to HUD of \$1,138,200 in 2006 due to an error in its operating subsidy computation for the fiscal year ended March 31, 2005 and for the nine-month period ended December 31, 2005. Those requisitions contained errors in the allowable utilities expense levels that resulted in the over-funding of subsidy and a recapture in subsidy for those periods of \$757,500 and \$380,700. Thus, the Authority is required to refund the overpayment of \$1,138,200 to HUD over a forty-year period without interest. Annual payments under the repayment agreement are \$28,455. Management has requested that HUD forgive this debt in order to give the Authority the ability to move forward in its efforts to restructure its operations. The Authority continues to await a response to its request to have this debt forgiven.

Changes in the Statement of Revenues, Expenses and Changes in Net Position

Operating revenue increased from \$8,925,786 for the fiscal year ended March 31, 2017 to \$9,204,737 for the fiscal year ended March 31, 2018, an increase of \$278,951 because of the following:

- HUD operating grants within the housing choice voucher program increased by \$361,379 due to the rental subsidies paid within the program.
- Public Housing Operating Fund increased by \$167,964 due to Congress holding back less subsidy due to proration.

Operating expenses (including depreciation expense) increased from \$9,577,334 for the fiscal year ended March 31, 2017 to \$9,617,354 for the fiscal year ended March 31, 2018. This increase of \$40,020 (.075%) is due primarily to an increase in utilities.

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

The following factors were considered in preparing the Authority's budget for the fiscal year ending March 31, 2018.

- The state of the economy, particularly its effect on tenant incomes, which are used in determining tenant rents paid to the Authority.
- Funding allocations from HUD can not be predetermined before the expense budget is prepared.

**Housing Authority of the City of Orange
Management Discussion and Analysis (Continued)
March 31, 2018**

H. Relationship between Orange Housing Authority and the Orange Housing Development Corporation

The Housing Authority and the Orange Housing Development Corporation (OHDC) have had a relationship since 2008. The Orange Housing Development Corporation is an affiliate of the Orange Housing Authority. It has a separate Board of Directors of nine members, two of which are members of the board of commissioners of the housing authority. One member is appointed by the housing authority (nonmember). Two of the members are appointed by the mayor of the township. One member is appointed by the city council. One member is appointed by the executive director of the Housing Authority. One Member is the executive director of the housing authority. One member is appointed by the Board of Directors of the Orange Housing Development Corporation. The affiliate relationship defines the OHDC as an independent not for profit entity. However, the agencies have the common goal to redevelop the east ward of the city of Orange. The Orange Housing Development Corporation is a joint owner of the Walter G. Alexander Urban Renewal Corporations, I, II and III. They are in development with Walter G. Alexander IV, with all the development plans approved by the City and we are waiting to submit an application to the New Jersey Housing and Mortgage Finance Agency for funding for this \$13,000,000 development. If successful, the Housing Development Corporation will develop 42 units of new affordable housing. This development will also generate close to \$1.4 million in developer fees that will be shared with the housing authority. The OHDC also manages most of the Housing Authority's scattered site units (close to 25 units). These units are deeded to the housing authority; however, most are paid for with OHDC funds. Eventually these properties will be sold to program participants in Family Self Sufficiency Homeownership Program.

The OHDC through its development has changed the face of the neighborhood by using architecturally sound building principals.

I. Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Housing Authority of the City of Orange, 340 Thomas Boulevard, Orange, New Jersey 07051, or call (973) 675-1250.

**Housing Authority of the City of Orange
Management Discussion and Analysis
For the Year Ended March 31, 2018**

Composition of Net Position is as follows:	March 31, 2018	March 31, 2017	Increase / (Decrease)	% Change
Cash and Other Current Assets	\$ 2,532,557	\$ 2,421,891	\$ 110,666	4.4%
Capital Assets - Net and Other Assets	4,560,147	4,551,916	8,231	0.2%
Deferred Outflows of Resources	736,976	1,073,080	(336,104)	-45.6%
Total Assets and Deferred Outflows of Resources	7,829,680	8,046,887	(217,207)	-2.8%
Total Liabilities and Deferred Inflows of Resources	7,519,021	7,436,806	82,215	1.1%
Net Position	\$ 310,659	\$ 610,081	\$ (299,422)	-96.4%
Net Investment in Capital Assets	\$ 4,422,427	\$ 4,420,316	\$ 2,111	0.0%
Restricted Net Position	133,800	15,952	117,848	88.1%
Unrestricted Net Position	(4,245,568)	(3,826,187)	(419,381)	-9.9%
Total Net Position	\$ 310,659	\$ 610,081	\$ (299,422)	-96.4%
Computations of Changes in Net Position are as follows:	March 31, 2018	March 31, 2017	Increase / Decrease	% Change
<u>Revenues</u>				
Tenant Revenue	\$ 1,087,515	\$ 1,086,877	\$ 638	0.1%
HUD Operating Grants	8,010,716	7,510,672	500,044	6.2%
Other Income	106,506	328,237	(221,731)	-208.2%
Total Operating Revenues	9,204,737	8,925,786	\$ 278,951	3.0%
<u>Expenses</u>				
Operating Expenses excluding depreciation	9,502,225	9,455,634	46,591	0.5%
Depreciation Expense	115,129	121,700	(6,571)	-5.7%
Total Operating Expenses	9,617,354	9,577,334	\$ 40,020	0.4%
Deficiency of Operating Revenues Over Expenses	(412,617)	(651,548)	238,931	125.0%
<u>Non-Operating Revenues</u>				
Investment Income	1,730	553	1,177	68.0%
Net Income Before Capital Grants	(410,887)	(650,995)	240,108	-36.9%
Capital Grants	111,465	62,914	48,551	77.2%
Change in Net Position	(299,422)	(588,081)	288,659	-96.4%
Prior Period Adjustments	-	(36,582)	36,582	100.0%
Net Position at Beginning of Period	610,081	1,234,744	(624,663)	-102.4%
Total Net Position	\$ 310,659	\$ 610,081	\$ (299,422)	-96.4%

Financial Statements

Housing Authority of the City of Orange

Statements of Net Position

As of March 31,

	2018	2017
Assets		
<u>Current assets:</u>		
Cash and cash equivalents-unrestricted	\$ 1,207,500	\$ 1,293,940
Cash and cash equivalents-restricted	878,099	744,838
Accounts receivable tenants, net	7,572	6,893
Due from HUD	21,252	1,114
Other receivables	368,483	329,252
Inventories	23,629	19,532
Prepaid expenses	26,022	26,322
Total current assets	<u>2,532,557</u>	<u>2,421,891</u>
Capital assets, net	4,422,427	4,420,316
Other assets	137,720	131,600
Total assets	<u>\$ 7,092,704</u>	<u>\$ 6,973,807</u>
Deferred outflows of resources	<u>\$ 736,976</u>	<u>\$ 1,073,080</u>
Liabilities and net position		
<u>Current liabilities:</u>		
Accounts payable	\$ 302,994	\$ 541,239
Accrued wages and payroll taxes	37,161	27,533
Accrued compensated absences-current portion	45,109	39,490
Accounts payable-other governments	226,237	180,427
Tenant security deposits	60,419	59,100
Unearned revenue	611,064	609,724
Other current liabilities	284,550	256,095
Total current liabilities	<u>1,567,534</u>	<u>1,713,608</u>
Accrued pension and OPEB liability	3,898,998	4,316,578
Accrued compensated absences, non-current	405,974	357,330
Other long term liabilities	965,201	944,562
Total liabilities	<u>\$ 6,837,707</u>	<u>\$ 7,332,078</u>
Deferred inflows of resources	<u>\$ 681,314</u>	<u>\$ 104,728</u>
<u>Net position:</u>		
Invested in capital assets, net of related debt	4,422,427	4,420,316
Restricted	133,800	15,952
Unrestricted	(4,245,568)	(3,826,187)
Total net position	<u>\$ 310,659</u>	<u>\$ 610,081</u>

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

Housing Authority of the City of Orange
 Statements of Revenues, Expenses and Changes in Net Position
 For the Year Ended March 31,

	2018	2017
Operating revenues		
Tenant revenue	\$ 1,087,515	\$ 1,086,877
HUD operating grants	8,010,716	7,510,672
Other revenues	106,506	328,237
Total operating revenues	<u>9,204,737</u>	<u>8,925,786</u>
Operating expenses		
Administrative	1,772,800	2,132,567
Tenant services	56,067	115,852
Utilities	410,029	395,867
Ordinary repairs and maintenance	705,310	569,859
Protective services	247,131	242,227
General expenses	511,412	344,440
Housing assistance payments	5,799,476	5,654,822
Depreciation	115,129	121,700
Total operating expenses	<u>9,617,354</u>	<u>9,577,334</u>
Operating loss	(412,617)	(651,548)
Non operating revenues		
Investment income	<u>1,730</u>	<u>553</u>
Net loss before capital grants	(410,887)	(650,995)
Capital grants	<u>111,465</u>	<u>62,914</u>
Change in net position	(299,422)	(588,081)
Net position at beginning of year	610,081	1,234,744
Prior period adjustment	-	(36,582)
Net position at end of year	<u>\$ 310,659</u>	<u>\$ 610,081</u>

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

Housing Authority of the City of Orange

Statements of Cash Flows

March 31,

2018

2017

Net cash provided by(used in)

Operating activities:

Cash received from:

Tenants	\$ 1,155,430	\$ 1,448,688
Grantors	7,990,578	7,590,907

Cash paid for:

Employees	(1,189,878)	(1,189,667)
Vendors and contractors	(1,673,637)	(1,532,857)
Utilities	(410,029)	(395,867)
Insurance	300	(113,372)
General expenses	(928,992)	852,069
Housing assistance payments	(5,799,476)	(5,654,822)

Cash flows from operating activities	(855,704)	1,005,079
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Capital and related financing activities:

Purchase of capital assets	(117,240)	(64,292)
Capital grants	111,465	62,914
Deferred outflows of resources	336,104	(686,724)
Increase in insurance reserve	(6,120)	(44,955)
Cash flows from capital and financing activities	324,209	(733,057)

Investing activities:

Interest received on investments	1,730	553
Deferred inflows of resources	576,586	(70,848)
Cash flows from investing activities	578,316	(70,295)

Net increase in cash and cash equivalents	46,821	201,727
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Cash and cash equivalents, beginning of year	2,038,778	1,837,051
Cash and cash equivalents, end of year	\$ 2,085,599	\$ 2,038,778

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

Housing Authority of the City of Orange
 Statements of Cash Flows
 March 31,

	2018	2017
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating loss	\$ (412,617)	\$ (651,548)
Items which did not (provide) use cash:		
Depreciation	115,129	121,700
Increase(decrease) in cash from:		
Accounts receivable	(60,048)	114,287
Inventories	(4,097)	(3,104)
Prepaid expenses	1,640	1,418
Accounts payable	(155,853)	333,873
Accrued expenses	63,891	55,831
Security deposits	1,319	(478)
Unfunded pension and OPEB obligation	(454,162)	1,043,996
Other liabilities	49,094	(10,896)
	<u>\$ (855,704)</u>	<u>\$ 1,005,079</u>

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

Note 1. Nature of Organization and Description of Programs

The Housing Authority of the City of Orange (the "Authority") is a governmental, public corporation created under federal and state housing laws as defined by State statute (NJ, S.A. 4A: 12A-1, et. Seq., the "Housing Authority Act") for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the City of Orange, New Jersey. The Authority is governed by a board of seven members who serve five year terms. The governing board is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An Executive Director is appointed by the housing authority's Board to manage the day-to-day operations of the Authority. The Authority is responsible for operating certain low-rent housing programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended. The primary programs of the Authority include:

Low Rent Public Housing Program

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

Housing Choice Vouchers Program - Section 8

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

Public Housing Capital Fund Program

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

Congregate Housing Services Program

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

Note 2. Summary of Significant Accounting Policies

Reporting Entity

The Authority's financial statements include those of the Housing Authority of the City of Orange and any component unit. Component units are legally separate, tax-exempt organizations that meet all of the following criteria:

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

Note 2. Summary of Significant Accounting Policies(Continued)

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

Basis of Accounting

Financial statements of the Authority are prepared in accordance the Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The GASB is responsible for establishing GAAP for state and local governments through its pronouncements. In following this Standard, the Authority prepares its financial statements using the economic resources measurement focus and the accrual basis of accounting. The Standard requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows and it requires the Authority to include Management's Discussion and Analysis as Required Supplementary Information.

The Authority's financial statements are also prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Authority has adopted GASB Statement 62 and accordingly has elected to apply all of the applicable pre-November 30, 1989 FASB and AICPA standards.

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

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

The Authority has also adopted GASB Statement 33, *Accounting and Financial Reporting for Non-exchange Transactions*, which establishes accounting and financial reporting standards for non-exchange transactions, including financial or capital resources. The Authority's primary source of non-exchange revenue relates to grants and subsidies. Grant and subsidy revenues are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

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

Note 2. Summary of Significant Accounting Policies(Continued)

In January 2008, HUD issued *PIH Notice 2008-9*. In applying this notice, the Authority reports unused HAP under proprietary fund reporting as restricted net position, with the associated cash and investments also being reported on HUD's Financial Data Schedule (FDS) as restricted. Unused administrative fees are required to be reported as unrestricted net position, with the associated cash and investments being reported on the FDS as unrestricted.

Budgets and Budgetary Accounting

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its enterprise funds receiving federal expenditure awards. The budgets are submitted to the State of New Jersey Department of Community Affairs (DCA) in accordance with New Jersey statute. After the New Jersey DCA approves the budget, it is formally adopted by resolution by the Authority's Board of Commissioners. Once adopted, the Board of Commissioners may amend the adopted budget when unexpected modifications are required in estimated revenues and expenses. All budgets are prepared on a HUD basis, which is materially consistent with accounting principles generally accepted in the United States of America. All appropriations lapse at HUD's program year end or at the end of grant periods.

Use of Estimates

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

Taxes

The Authority is a Federally subsidized unit of local government under New Jersey law and is not subject to Federal or state income , real estate, or sales taxes.

Cash and Cash Equivalents

For the statement of cash flows, cash and cash equivalents include all cash in banks, petty cash, certificates of deposit, and other highly liquid investments with a maturity of three months or less at time of purchase.

Accounts Receivable and Collection Losses

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and vacated tenants. An allowance for doubtful accounts is established to provide for all accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts.

Prepaid Expenses

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

Inventory

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

Note 2. Summary of Significant Accounting Policies(Continued)

Capital Assets

Fixed assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of fixed assets, the cost and related accumulated depreciation is eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

- Furniture and Equipment 3-5 Years
- Site Improvements 15 Years
- Buildings 40 Years

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

Asset Impairment

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset, and long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell. As of March 31, 2018, the Authority has not recognized any reduction in the carrying value of its fixed assets.

Compensated Absences

Compensated absences represent amounts to which employees are entitled to based on accumulated leave earned in accordance with the Authority's personnel policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service at the current salary up to a maximum of 25 days. Employees may be compensated for sick leave at retirement at the current salary to a maximum of 120 days, plus 20% of the days in excess of 120.

Unearned Revenue

The Authority's unearned revenue primarily consists of the prepayment of rent by residents and the receipt of HUD and other governmental program funding applicable to future periods.

Inter-program Receivables and Payables

Inter-program receivables/payables are current, and are the result of the use of the Public Housing program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all inter-program balances net zero. Inter-program receivables and payables are eliminated for financial statement purposes. However, they are reflected in the accompanying Financial Data Schedule as required by HUD.

Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues as non-operating.

Note 2. Summary of Significant Accounting Policies(Continued)

Equity Classifications

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

Invested In Capital Assets, Net Of Related Debt - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted Net Position includes the Housing Assistance Payment reserve.

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

Pensions

The Authority has adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. Accordingly, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the Public Employees Retirement System(PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. Benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post Employment Benefits(OPEB)

The Authority accounts for its other postemployment benefits in essentially the same way as it accounts for pension benefits and in accordance with GASB Statement No. 45. Other post employment benefits include medical, prescription drug, dental, vision, life insurance and disability benefits provided to retirees and certain terminated employees.

New GASB Pronouncements

The Authority is in the process of reviewing recent GASB pronouncements that are expected to become effective in year 2018 and thereafter. Currently, the Authority has not determined whether or not the adoption of any of these pronouncements will have a material effect on the Authority's financial statements. A final determination will be made upon the completion of the evaluation.

Note 3. Cash and Cash Equivalents

At March 31, 2018 and 2017, the Authority had funds on deposit in checking and money market accounts. All bank deposits as of the balance sheet date are covered by the Government Unit Depository Protection Act of the State of New Jersey, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the Authority's name.

For the fiscal years ended March 31, 2018 and 2017, the carrying amount of the Authority's cash was \$2,085,599 and \$2,038,778 and the bank balances approximated \$ 2,185,547 and \$2,114,414 respectively.

Housing Authority of the City of Orange
Notes to the Financial Statements
March 31, 2018 and 2017

Note 4. Accounts Receivable

As of March 31, accounts receivable consisted of the following:

	<u>2018</u>	<u>2017</u>
Accounts receivable – HUD	\$ 21,252	\$ 1,114
Accounts receivable – tenants, net	7,572	6,893
Accounts receivable – other	368,483	329,252

Accounts receivable – HUD

These receivables consist of expenditures from the Capital Fund Program that are due to be reimbursed to the Authority from HUD. The Authority considers these amounts fully collectible and accordingly, has made no allowance for doubtful accounts.

Accounts receivable – tenants, net

Is stated net of an allowance of \$ 11,215 and \$ 6,894 at March 31, 2018 and 2017.

Accounts receivable – other

Accounts receivable –other at March 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Due from State of NJ Congregate Housing	\$ 1,240	\$ 8,479
Due from Orange Housing Development Corp.	331,265	320,773
Telephones	24,508	-
Checks cashed in error	11,470	-
	<u>\$ 368,483</u>	<u>\$ 329,252</u>

Note 5. Capital Assets

A summary of the changes in fixed assets during the period ended March 31, 2018 is as follows:

	March 31, 2017	Additions (Retirements)	Transfers	March 31 2018
Land	\$ 772,671	\$ -	\$ -	\$ 772,671
Building and improvements	6,818,227	-	-	6,818,227
Furniture and equipment	341,214	5,775	-	346,989
	7,932,112	5,775	-	7,937,887
Less: accumulated depreciation	(5,465,015)	(115,129)	-	(5,580,144)
	2,467,097	(109,354)	-	2,357,743
Construction in progress	1,953,219	111,465	-	2,064,684
	<u>\$ 4,420,316</u>	<u>\$ 2,111</u>	<u>\$ -</u>	<u>\$ 4,422,427</u>

Note 6. Other Assets

Other assets consist of surplus insurance deposits held with the Housing Authority Risk Retention Group & Housing Authority Property Insurance, Inc. Amounts are initially invested to provide excess insurance to Housing Authorities and equity dividends are earned and reinvested annually.

Note 7. Tenant Security Deposits

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

Note 8. Payments in Lieu of Taxes

Under Federal, state, and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Housing Program in accordance with the provisions of its Cooperation Agreement with the City of Orange. Under the Cooperation Agreement, the Authority must pay the City the smaller of 10% of its net shelter rent or the approximate full real property taxes. For the years ended March 31, 2018 and 2017 liability for PILOT amounted to \$ 45,811 and \$46,736 respectively. The Authority is currently negotiating with the city of Orange to have the PILOT forgiven.

Note 9. Accounts Payable-HUD and Other

During the fiscal year ending March 31, 2007, the Authority received \$1,138,200 in excess funding due to an error in calculating utility expenses. During the same fiscal year, the Authority reached a preliminary agreement to pay the amount back to HUD over a period of 40 years at 0% interest, with payments of \$ 28,455 due annually. As of March 31, 2016 and 2016, the Authority has recorded current amounts due of \$ 284,550 and \$ 256,095, recorded as Other Current Liabilities and non-current amounts due of \$ 853,650 and \$ 882,105 recorded as Other Liabilities in relation to this agreement.

Management has requested that HUD forgive this debt in order to give the Authority the ability to move forward in its efforts to restructure its operations in light of the demolition of one of its low income housing projects. The Authority continues to await a response to have this debt forgiven.

Note 10. Pension Plan

General Information about the Pension Plan

Plan Description - The Authority participates in the New Jersey Public Employees Retirement System (PERS) which is sponsored and administered by the New Jersey Division of Pensions and Benefits. PERS is a cost-sharing, multiple-employer, defined benefits pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). PERS issues a publicly available report that can be obtained at the following website: www.state.nj.us/terasury/pensions/annrpts.shtml.

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

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

Note 10. Pension Plan (Continued)

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

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

The local employers' contribution amounts are based on the actuarially determined rate which includes normal cost and unfunded accrued liability. Chapter 9, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Contributions to the pension plan from the Authority for the year ended March 31, 2018 amounted to \$146,196.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions- At March 31, 2018 and 2017, the Authority reported \$2,817,778 and \$2,655,513, respectively, for its proportionate share of the net pension liability. The Authority's portion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's allocation percentages as of March 31, 2018 and 2107 were 0.01210% and .01183%, respectively. For the year ended March 31, 2018, the Authority recognized pension expense of \$295,069. At March 31, 2018 the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 567,685	\$ (565,604)
Net differences between projected and actual earnings on plan investments	85,536	-
Changes in proportion	83,756	(115,710)
Total	\$ 736,977	\$ (681,314)

Note 10. Pension Plan (Continued)

There is no amount reported as deferred outflows of resources resulting from Authority contributions subsequent to the measurement date and \$37,824 reported as deferred outflows related to changes in the housing authority's proportion will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods.

Actuarial Assumptions - The total pension liability for the June 30, 2017 measurement date was determined by an actuarial evaluation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial evaluation as of July 1, 2015. That actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases through 2026	1.65%-4.15% based on age
Salary increases thereafter	2.65%-5.16% based on age
Investment rate of return	7.00%

Mortality rates were based on the RP-2000 Combined Healthy and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on projection Scale AA. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer after consultation with the Director of the Division of Pensions and Benefits, the board of trustees and the actuaries.

Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target allocation as of June 30, 2014 are summarized in the following table:

Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Allocation	Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75	1.64
Investment Grade Credit	10.00	1.79
Mortgages	2.10	1.62
High Yield Bonds	2.00	4.03
Inflation-Indexed Bonds	1.50	3.25
Broad U.S. Equities	27.25	8.25
Developed Foreign Equities	12.00	6.88
Emerging Market Equities	6.40	10.00
Private Equity	9.25	12.41
Real Estate(Property)	2.00	6.83
Commodities	1.00	5.32
Global Debt ex U.S.	3.50	-0.40
REITs	4.25	5.12

Note 10. Pension Plan (Continued)

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

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate - The following presents the collective net pension liability of the Authority as of June 30, 2017, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<u>At 1% decrease(4.00%)</u>	<u>At current discount rate(5.00%)</u>	<u>At 1% increase (6.00%)</u>
\$ 3,276,276	\$2,817,778	2,436,951

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Note 11. Construction Commitments

At March 31, 2018, the Authority retained outstanding construction commitments pertaining to its capital fund. The costs pertaining to such commitments will be paid by grants approved and committed to the Authority by the U.S. Department of Housing and Urban Development.

Note 12. Economic Dependency

The Housing Choice Voucher and the Low Rent Public Housing Programs are economically dependent on annual grants from HUD.

Note 13. Risk Management

Significant losses are covered by commercial insurance for all major programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in any of the past three fiscal years.

Note 14. Contingencies

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of March 31, 2018 and 2017, the Authority estimates that no material liabilities will result from such audits.

Note 15. Restricted Net Position

As of March 31, 2018, the Authority's restricted net position consisted of the Housing Assistance Payments reserves which are restricted for rent payments to landlords part of the Housing Choice Vouchers program.

Note 16. Other Post-Employment Benefits (OPEB)

The Housing Authority provides subsidized benefits at retirement for medical insurance and reimbursement for Medicare Part B premium reimbursement for individuals meeting eligibility requirements for the coverage. All benefits are provided for the lifetime of the retiree. The funding policy for the Authority's OPEB contributions was established by and may be amended only by Board resolution.

The Authority's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of the working lifetime of the individual employee.

The following table shows the components of the Authority's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Authority's net OPEB obligation to the plan:

Annual required contribution	\$ 86,017
Interest on OPEB obligation	-
Adjustment to annual required contribution	<u>328,718</u>
Annual OPEB cost (expense)	<u>414,735</u>
Increase in net OPEB obligation	414,735
Net OPEB obligation-beginning of year	<u>666,485</u>
Net OPEB obligation-end of year	<u>\$ 1,081,220</u>

The Authority's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2017 fiscal year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
3/31/2016	\$ 85,998	0.0%	\$ 580,468
3/31/2016	86,017	0.0	666,485
3/31/2017	414,735	0.0	1,081,220

Note 16. Other Post-Employment Benefits (OPEB)

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

Note 17. Related Parties

The Housing Authority of the City of Orange and the Orange Housing Development Corporation (OHDC) are related parties. The Authority appoints the majority of OHDC's governing board and shares common management. Management has determined that OHDC does not meet the requirement of a component unit as set forth by GASB 39. Consequently these financial statements do not include the activities of OHDC.

Since 2009, the OHDC has been involved with numerous housing construction projects throughout the City of Orange, New Jersey. These projects involve construction and/or rehabilitation of low income, multi-family and single family dwelling units with funding from the U.S. Department of Housing and Urban Development, State of New Jersey and the County of Essex. From time to time the Authority advances funds to the OHDC as initial funding for the projects. There were no significant transactions between the two organizations for the years ended March 31, 2018 and 2017. However, as of March 31, 2018 and 2017 the Authority had advanced approximately \$ 331,265 and \$ 320,773 respectively to OHDC for the development of various properties. These amounts are reflected in Other Receivables in the financial statements.

Note 18. Litigation

The Housing Authority and the Orange Housing Development Corporation are two of multiple defendants in a case entitled Feld vs. The City of Orange, Orange Housing Development Corporation, Orange Housing Authority, et al. Among other actions, Feld has challenged the City of Orange's ordinances that granted tax abatements for certain construction projects undertaken by the Orange Housing Development Corporation and has challenged the payment in lieu of taxes agreement related to these projects. Feld is seeking the have the ordinances rescinded. Although the lower and appellate courts have dismissed most of these claims, Feld continues to file suits challenging the ordinances. The Authority is not directly involved with the litigation. However significant amounts of time and legal counsel have been required in preparing a defense. Most of the legal costs will be borne by the OHDC but the Authority could incur legal expenses if Feld continues to pursue legal action in this matter. No amount has been reflected in the financial statements for potential legal costs as the amount is not readily determinable and cannot be reasonably estimated.

Note 19. Subsequent Events

No events or transactions have occurred subsequent to the date of the financial statements that would require adjustment to, or disclosure in the financial statements.

All subsequent events have been evaluated by management through November 26, 2018, which is the date of the financial statements.

Supplementary Information

Housing Authority of the City of Orange
 Schedule of Expenditures of Federal Awards
 Year Ended March 31, 2018

Federal Grantor Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/Contract Number	Current Year Expenditures
U.S. Department of Housing and Urban Development			
<u>Direct programs:</u>			
Low-Income Public Housing	14.850	NA	\$ 945,276
Section 8 Housing Choice Vouchers	14.871	NA	6,532,227
Public Housing Capital Fund	14.872	NA	571,104
Resident Opportunity and Supportive Services	14.870	NA	68,119
<u>Passed through:</u>			
New Jersey Department of Health and Senior Services			
Congregate Housing Service	14.170	11-2586-CHP-M-0	5,455
			\$ 8,122,181

See accompanying notes to schedule of expenditures of federal awards.

Housing Authority of the City of Orange
Notes to the Schedule of Expenditures of Federal Awards
March 31, 2018

Note 1. General Information

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

Note 2. Basis of Accounting

The accompanying schedule is presented on the accrual basis of accounting. The amounts reported in this schedule are presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 3. Non-Cash Federal Assistance

The Authority did not receive any non-cash federal assistance for the year ended March 31, 2018.

Note 4. Loan Guarantees

At March 31, 2018, the Authority is not the guarantor of any loans outstanding.

Note 5. Sub-Recipients

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

Note 6. Indirect Cost Rate

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

Housing Authority of the City of Orange
Statement and Certification of Actual Capital Grant Costs
For the Year Ended March 31, 2018

There were no Capital Grant Fund projects closed in the fiscal year ended March 31, 2018

Housing Authority of the City of Orange (NJ025)

ORANGE, NJ

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.170 Congregate Housing Service Program	1 Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$748,988		\$292,396			\$166,116	\$1,207,500		\$1,207,500
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted		\$76,551	\$133,800				\$210,351		\$210,351
114 Cash - Tenant Security Deposits	\$58,691				\$1,728		\$60,419		\$60,419
115 Cash - Restricted for Payment of Current Liabilities	\$607,329						\$607,329		\$607,329
100 Total Cash	\$1,415,008	\$76,551	\$426,196	\$0	\$1,728	\$166,116	\$2,085,599	\$0	\$2,085,599
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects	\$21,252						\$21,252		\$21,252
124 Accounts Receivable - Other Government									
125 Accounts Receivable - Miscellaneous	\$11,470		\$1,240			\$355,773	\$368,483		\$368,483
126 Accounts Receivable - Tenants	\$15,244				\$7,524		\$22,768		\$22,768
126.1 Allowance for Doubtful Accounts - Tenants	-\$7,453				-\$3,762		-\$11,215		-\$11,215
126.2 Allowance for Doubtful Accounts - Other	-\$3,981		\$0			\$0	-\$3,981		-\$3,981
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	\$36,532	\$0	\$1,240	\$0	\$3,762	\$355,773	\$397,307	\$0	\$397,307
131 Investments - Unrestricted									
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets	\$17,620		\$6,419		\$500	\$1,483	\$26,022		\$26,022
143 Inventories	\$29,383						\$29,383		\$29,383
143.1 Allowance for Obsolete Inventories	-\$5,754						-\$5,754		-\$5,754
144 Inter Program Due From	\$875,403	\$938	\$612,718				\$1,489,059	-\$1,489,059	\$0
145 Assets Held for Sale						\$35,000	\$35,000		\$35,000
150 Total Current Assets	\$2,368,192	\$77,489	\$1,046,573	\$0	\$5,990	\$558,372	\$4,056,616	-\$1,489,059	\$2,567,557

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.170 Congregate Housing Service Program	1 Business Activities	COCC	Subtotal	ELIM	Total
161 Land	\$472,671				\$300,000		\$772,671		\$772,671
162 Buildings	\$6,173,816				\$446,668		\$6,620,484		\$6,620,484
163 Furniture, Equipment & Machinery - Dwellings	\$47,534						\$47,534		\$47,534
164 Furniture, Equipment & Machinery - Administration	\$237,717		\$32,994			\$28,744	\$299,455		\$299,455
165 Leasehold Improvements	\$197,743						\$197,743		\$197,743
166 Accumulated Depreciation	-\$5,436,070		-\$32,008		-\$83,322	-\$28,744	-\$5,580,144		-\$5,580,144
167 Construction in Progress	\$2,064,684						\$2,064,684		\$2,064,684
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,758,095	\$0	\$986	\$0	\$663,346	\$0	\$4,422,427	\$0	\$4,422,427
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	\$92,448					\$10,272	\$102,720		\$102,720
176 Investments in Joint Ventures									
180 Total Non-Current Assets	\$3,850,543	\$0	\$986	\$0	\$663,346	\$10,272	\$4,525,147	\$0	\$4,525,147
200 Deferred Outflow of Resources	\$236,137		\$185,911			\$314,928	\$736,976		\$736,976
290 Total Assets and Deferred Outflow of Resources	\$6,454,872	\$77,489	\$1,233,470	\$0	\$669,336	\$883,572	\$9,318,739	-\$1,489,059	\$7,829,680
311 Bank Overdraft									
312 Accounts Payable <= 90 Days	\$31,201		\$102,486			\$169,307	\$302,994		\$302,994
313 Accounts Payable >90 Days Past Due									
321 Accrued Wage/Payroll Taxes Payable	\$12,734	\$938	\$3,535			\$19,954	\$37,161		\$37,161
322 Accrued Compensated Absences - Current Portion	\$11,289		\$9,245			\$24,575	\$45,109		\$45,109
324 Accrued Contingency Liability									
325 Accrued Interest Payable									
331 Accounts Payable - HUD PHA Programs									
332 Account Payable - PHA Projects									
333 Accounts Payable - Other Government	\$226,237						\$226,237		\$226,237
341 Tenant Security Deposits	\$58,691				\$1,728		\$60,419		\$60,419
342 Unearned Revenue	\$610,959				\$105		\$611,064		\$611,064
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue									

Housing Authority of the City of Orange (NJ025)
ORANGE, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/Single Audit

Fiscal Year End: 03/31/2018

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.170 Congregate Housing Service Program	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$864,118				\$177,607		\$1,041,725		\$1,041,725
70400 Tenant Revenue - Other	\$45,790						\$45,790		\$45,790
70500 Total Tenant Revenue	\$909,908	\$0	\$0	\$0	\$177,607	\$0	\$1,087,515	\$0	\$1,087,515
70600 HUD PHA Operating Grants	\$1,404,915	\$68,119	\$6,532,227	\$5,455			\$8,010,716		\$8,010,716
70610 Capital Grants	\$111,465						\$111,465		\$111,465
70710 Management Fee						\$372,949	\$372,949	-\$372,949	\$0
70720 Asset Management Fee						\$30,600	\$30,600	-\$30,600	\$0
70730 Book Keeping Fee						\$76,455	\$76,455	-\$76,455	\$0
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue						\$480,004	\$480,004	-\$480,004	\$0
70800 Other Government Grants									
71100 Investment Income - Unrestricted	\$78		\$1,609			\$43	\$1,730		\$1,730
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery			\$285				\$285		\$285
71500 Other Revenue	\$17,068		\$10,754	\$651		\$77,748	\$106,221		\$106,221
71600 Gain or Loss on Sale of Capital Assets									
72000 Investment Income - Restricted									
70000 Total Revenue	\$2,443,434	\$68,119	\$6,544,875	\$6,106	\$177,607	\$557,795	\$9,797,936	-\$480,004	\$9,317,932
91100 Administrative Salaries	\$166,657	\$44,488	\$167,381		\$89,796	\$341,707	\$810,029		\$810,029
91200 Auditing Fees	\$6,280		\$976			\$11,761	\$19,017		\$19,017
91300 Management Fee	\$247,956		\$124,993				\$372,949	-\$372,949	\$0
91310 Book-keeping Fee	\$22,035		\$54,420				\$76,455	-\$76,455	\$0
91400 Advertising and Marketing									
91500 Employee Benefit contributions - Administrative	\$137,036	\$23,631	\$151,516		\$23,895	\$297,127	\$633,205		\$633,205
91600 Office Expenses	\$53,367		\$32,675			\$51,568	\$137,610		\$137,610
91700 Legal Expense	\$8,407					\$41,609	\$50,016		\$50,016
91800 Travel	\$14,385		\$974			\$8,190	\$23,549		\$23,549

	Project Total	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.170 Congregate Housing Service Program	1 Business Activities	COCC	Subtotal	ELIM	Total
96200 Other General Expenses	\$310,236						\$310,236		\$310,236
96210 Compensated Absences	\$21,551		\$11,314			\$21,396	\$54,261		\$54,261
96300 Payments in Lieu of Taxes	\$45,811						\$45,811		\$45,811
96400 Bad debt - Tenant Rents	\$422						\$422		\$422
96500 Bad debt - Mortgages									
96600 Bad debt - Other	\$300						\$300		\$300
96800 Severance Expense									
96000 Total Other General Expenses	\$378,320	\$0	\$11,314	\$0	\$0	\$21,396	\$411,030	\$0	\$411,030
96710 Interest of Mortgage (or Bonds) Payable									
96720 Interest on Notes Payable (Short and Long Term)									
96730 Amortization of Bond Issue Costs									
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$2,451,212	\$68,119	\$614,656	\$6,106	\$163,611	\$879,049	\$4,182,753	-\$480,004	\$3,702,749
97000 Excess of Operating Revenue over Operating Expenses	-\$7,778	\$0	\$5,930,219	\$0	\$13,996	-\$321,254	\$5,615,183	\$0	\$5,615,183
97100 Extraordinary Maintenance									
97200 Casualty Losses - Non-capitalized									
97300 Housing Assistance Payments			\$5,789,555				\$5,789,555		\$5,789,555
97350 HAP Portability-In			\$9,921				\$9,921		\$9,921
97400 Depreciation Expense	\$104,407		\$197		\$10,283	\$242	\$115,129		\$115,129
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	\$2,555,619	\$68,119	\$6,414,329	\$6,106	\$173,894	\$879,291	\$10,097,358	-\$480,004	\$9,617,354
10010 Operating Transfer In	\$69,590						\$69,590		\$69,590
10020 Operating transfer Out	-\$69,590						-\$69,590		-\$69,590
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									

Compliance and Internal Control

FRANK GLIEN, LLC

Certified Public Accountant

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

To the Board of Commissioners of
Housing Authority of the City of Orange

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the aggregate enterprise funds and business activities of the Housing Authority of the City of Orange (the "Authority") as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated November 26, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result 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.

Cranford, New Jersey

November 26, 2018


FRANK GLIEN, LLC, CPA

Report on Compliance for Each Major Program and on Internal Control over Compliance
as Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Commissioners of
Housing Authority of the City of Orange

Report on Compliance for Each Major Federal Program

I have audited the Housing Authority of the City of Orange's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended March 31, 2018. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In my opinion, the Housing Authority of the City of Orange complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended March 31, 2018.

Report on Internal Control over Compliance

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

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

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

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

Cranford, New Jersey

November 26, 2018


FRANK GLIEN, LLC, CPA

Housing Authority of the City of Orange
 Schedule of Findings and Questioned Costs
 For the Year Ended March 31, 2018

Section I-Summary of Auditor's Results

Financial Statement Section

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

Federal Awards Section

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

6. Identification of major programs

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

Housing Authority of the City of Orange
Schedule of Findings and Questioned Costs
For the Year Ended March 31, 2018

Section II- Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Follow up on Prior Audit Findings

There were no Federal awards findings or questioned costs in the March 31, 2017 audit.