

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2016

**WITH
REPORT OF INDEPENDENT AUDITORS**

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
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REPORT OF INDEPENDENT AUDITORS

The Board of Commissioners
Housing Authority of the Borough of Keansburg:

Report on the Financial Statements

We have audited the financial statements of the Housing Authority of the Borough of Keansburg as of and for the year ended September 30, 2016, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on 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 auditors 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 auditors consider 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, 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 Housing Authority of the Borough of Keansburg, as of September 30, 2016, and the changes in its net position and its cash flows for the year then ended in accordance 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 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The schedule of expenditures of federal awards and financial data schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and financial data schedule are 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 May 11, 2017 on our consideration of the Housing Authority of the Borough of Keansburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the Borough of Keansburg's internal control over financial reporting and compliance.

Novogradac & Company LLP

May 11, 2017
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

As Management of the Keansburg Housing Authority ("the Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this Report.

A. Financial Highlights

1. The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$814,655 (net position) as opposed to \$653,696 for the prior fiscal year.
2. As of the close of the current fiscal year, the Authority's Proprietary Fund reported ending unrestricted net position (deficit) of (\$217,693), an increase of \$97,055 from the prior fiscal year.
3. The Authority's cash and cash equivalents (including restricted cash) at September 30, 2016 totaled \$399,482 representing an increase of \$50,072 from the prior fiscal year.
4. The Authority had total operating revenues of \$4,518,407 and total operating expenses of \$4,491,630 (including depreciation of \$91,146) for the year ended September 30, 2016.
5. The Authority's capital outlays for the fiscal year were \$132,364.
6. The Authority's expenditures of federal awards amounted to \$4,263,434 for the fiscal year.

B. Using the Annual Report

1. Management's Discussion and Analysis

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

2. Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

B. Using the Annual Report (continued)

2. Financial Statements (continued)

They consist of Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows.

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

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

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

The financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The financial statements can be found on pages 11 through 14.

3. Notes to Financial Statements

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

4. Supplemental Information

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

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

B. The Authority as a Whole

The Authority's net position increased during the fiscal year as detailed on page 7. The Authority's revenues are primarily subsidies and grants received from HUD. 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.

By far, the largest portion of the Authority's net position reflects its 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.

Significant Changes from September 30th, 2015 to September 30th, 2016

Cash and other current assets increased \$81,822 as the Authority's cash and security deposits increased \$37,385 and accounts receivable, net increased \$44,129.

Restricted cash increased \$12,687 as the Authority was overfunded in Housing Choice Voucher program for the fiscal year. The funds are restricted to pay tenant rents.

Capital assets, net increased \$41,218 as capital purchases of \$132,364 exceeded depreciation expense of \$91,146.

Total liabilities and deferred inflows of resources increased \$49,674, deferred inflows of resources decreased \$87,717 and the Authority's net pension liability increased \$152,535. The changes are the result of the Authority recording the results of the State of New Jersey's actuarial valuation of the State of New Jersey Public Employees Retirement System.

HUD operating grants increased from \$3,299,678 in 2015 to \$3,379,747 in 2016 or \$80,069. Specifically, Housing Choice Voucher program grant revenues increased \$69,602; Low Rent Public Housing program subsidy increased \$3,044 and; the portion of the Authority's capital fund that it uses for operations increased \$7,423.

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

C. The Authority as a Whole (continued)

Significant Changes from September 30th, 2015 to September 30th, 2016
(continued)

Other revenues increased \$33,603 from 2015 to 2016 primarily due to the Authority servicing more portable tenants in the Housing Choice Voucher program.

Total operating expenses (excluding depreciation and housing assistance payments) increased from \$787,768 in 2015 to \$829,446 in 2016 or \$41,678. This increase was primarily due to increases in administrative expenses (\$39,554) and ordinary repairs and maintenance (\$4,810).

Computation of Net Position is as follows:

	September 30,		Variance	%
	2016	2015		
Cash and Other Current Assets	\$ 495,489	\$ 413,667	\$ 81,822	19.78%
Restricted Cash	12,806	119	12,687	10661.34%
Capital Assets, Net	1,204,542	1,163,325	41,217	3.54%
Deferred Outflows of Resources	<u>132,087</u>	<u>57,180</u>	<u>74,907</u>	n/a
Total Assets and Deferred Outflows	1,844,924	1,634,291	210,633	12.89%
Less: Total Liabilities and Deferred				
Inflows of Resources	<u>1,030,269</u>	<u>980,595</u>	<u>49,674</u>	5.07%
Net Position	<u>\$ 814,655</u>	<u>\$ 653,696</u>	<u>\$ 160,959</u>	24.62%
Net Investment in Capital Assets	\$ 1,019,542	\$ 968,325	\$ 51,217	5.29%
Restricted Net Position	12,806	119	12,687	10661.34%
Unrestricted Net Position	<u>(217,693)</u>	<u>(314,748)</u>	<u>97,055</u>	-30.84%
Total Net Position	<u>\$ 814,655</u>	<u>\$ 653,696</u>	<u>\$ 160,959</u>	24.62%

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

C. The Authority as a Whole (continued)

Computations of the Changes in Net position is as follows:

	September 30,		Variance	% Change
	2016	2015		
<u>Operating revenues:</u>				
Tenant Revenues	\$ 305,762	\$ 301,095	\$ 4,667	1.55%
HUD Operating Grants	3,379,747	3,299,678	80,069	2.43%
Other Revenues	<u>832,898</u>	<u>799,295</u>	<u>33,603</u>	4.20%
 Total Revenues	 <u>4,518,407</u>	 <u>4,400,068</u>	 <u>118,339</u>	 2.69%
<u>Operating Expenses:</u>				
Other Operating Expenses	829,446	787,768	41,768	5.29%
Housing Assistance Payments	3,571,038	3,524,484	46,554	1.32%
Depreciation	<u>91,146</u>	<u>91,337</u>	<u>(191)</u>	-0.21%
 Total Operating Expenses	 <u>4,491,630</u>	 <u>4,403,589</u>	 <u>88,041</u>	 2.00%
 Operating Loss	 <u>26,777</u>	 <u>(3,521)</u>	 <u>30,298</u>	 -860.49%
<u>Other Revenues (Expense):</u>				
Interest expense	(8,812)	(9,238)	426	-4.61%
Interest income	630	49	581	n/a
Capital Grants	<u>142,364</u>	<u>13,822</u>	<u>128,542</u>	929.98%
 Net Other Revenue	 <u>134,182</u>	 <u>4,633</u>	 <u>129,549</u>	 2796.22%
 Change in Net Position	 161,923	 1,112	 160,811	 14461.42%
 Net Position, Beginning of Year	 <u>653,696</u>	 <u>652,584</u>	 <u>1,112</u>	 0.17%
 Net Position, End of Year	 <u>\$ 814,655</u>	 <u>\$ 653,696</u>	 <u>\$ 160,959</u>	 24.62%

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

D. Budgetary Highlights

For the year ended September 30, 2016, individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. Also, the Authority adopted a comprehensive annual budget for the entity as a whole. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

As indicated by the positive change in net position the Authority's net position increased during the fiscal year.

E. Capital Assets and Debt Administration

1. Capital Assets

As of September 30, 2016, the Authority's capital assets for its Proprietary Fund totaled \$1,204,542 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

The Authority purchased \$132,364 of capital assets of which all were made from capital grants during the fiscal year ended September 30, 2016.

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

2. Long Term Debt

In December 2004, the Authority financed a portion of their future capital fund allocation through participation in a debt leveraging pool with various Housing Authorities in the State of New Jersey. The Capital Fund Program Revenue Bonds 2004 Series A "the Bonds" were sponsored by the New Jersey Housing and Mortgage Finance Agency. The leveraging provided the Authority with \$281,990 after closing costs to be used to fund various capital improvements throughout the Authority. The debt service on the bonds will be paid from future capital grants funded by the United States Department of Housing and Urban Development. The bonds began to mature in November 2005 and continue to be paid through November 2025. Bonds maturing during the fiscal year ended September 30, 2016 amounted to \$10,000.

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

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

The following factors were considered in preparing the Authority's budget for the fiscal year ending September 30, 2017.

1. The need for Congress to fund the war on terrorism, the Federal budget deficit and the possible cut-back on HUD subsidies and grants.
2. The availability of program reserves to fund any shortfalls rising from a possible economic turndown and reduced subsidies and grants. The Authority's liquidity in the HCV program and the LRP program appears sufficient to cover any shortfall.

G. Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Douglas Dzema, Executive Director, Housing Authority of the Borough of Keansburg, 1 Church St., Keansburg, NJ 07734.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2016

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 362,673
Tenant security deposits	24,003
Accounts receivable, net	95,760
Prepaid expenses	<u>13,053</u>
Total current assets	<u>495,489</u>
Non-current assets:	
Restricted cash	12,806
Capital assets, net	<u>1,204,542</u>
Total non-current assets	<u>1,217,348</u>
Total assets	<u>1,712,837</u>

DEFERRED OUTFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	<u>132,087</u>
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LIABILITIES	
Current liabilities:	
Accounts payable	38,662
Accrued wages and payroll taxes	26,385
Accrued compensated absences, current portion	10,537
Tenant security deposits	24,003
Prepaid tenant rent	180
Current portion of revenue bonds	<u>15,000</u>
Total current liabilities	<u>114,767</u>
Non-current liabilities:	
Revenue bonds, net of current portion	170,000
Accrued compensated absences, net of current portion	8,618
Net pension liability	<u>580,851</u>
Total non-current liabilities	<u>759,469</u>
Total liabilities	<u>874,236</u>

DEFERRED INFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	<u>156,033</u>
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NET POSITION	
Net position:	
Net investment in capital assets	1,019,542
Restricted	12,806
Unrestricted	<u>(217,693)</u>
Total net position	<u>\$ 814,655</u>

**HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2016**

Operating revenues:	
Tenant revenue	\$ 305,762
HUD operating grants	3,379,747
Other revenues	<u>832,898</u>
Total operating revenue	<u>4,518,407</u>
Operating expenses:	
Administrative	306,899
Tenant services	2,380
Utilities	226,345
Ordinary repairs and maintenance	225,199
Insurance and other general	68,623
Housing assistance payments	3,571,038
Depreciation	<u>91,146</u>
Total operating expenses	<u>4,491,630</u>
Operating income	<u>26,777</u>
Non-operating revenues (expenses):	
Interest expense	(8,812)
Interest income	<u>630</u>
Net non-operating revenues (expenses)	<u>(8,182)</u>
Income before capital grants	18,595
Capital grants	<u>142,364</u>
Changes in net position	160,959
Net position, beginning of year	<u>653,696</u>
Net position, end of year	<u><u>\$ 814,655</u></u>

**HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016**

Cash Flows from Operating Activities:	
Cash received from tenants	\$ 1,139,116
Cash received from grantors	3,336,160
Cash paid to employees	(205,767)
Cash paid to vendors	<u>(4,211,255)</u>
Net cash provided by operating activities	<u>58,254</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(132,364)
Interest paid on capital debt	(8,812)
Principal payments on long term debt	(10,000)
Proceeds from capital grants	<u>142,364</u>
Net cash used by capital and related financing activities	<u>(8,812)</u>
Cash Flows from Investing Activities:	
Interest received	<u>630</u>
Net cash flows provided by investing activities	<u>630</u>
Net increase in cash and cash equivalents	50,072
Cash and cash equivalents, beginning of year	<u>349,410</u>
Cash and cash equivalents, end of year	<u><u>\$ 399,482</u></u>

A reconciliation of cash and cash equivalents to the Statement of Net Position is as follows:

Cash and cash equivalents	\$ 362,673
Tenant security deposits	24,003
Restricted cash	<u>12,806</u>
	<u><u>\$ 399,482</u></u>

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
STATEMENT OF CASH FLOWS (continued)
YEAR ENDED SEPTEMBER 30, 2016

Reconciliation of operating income to net cash
provided by operating activities:

Operating income	\$	26,777
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Adjustments to reconcile operating income to net cash
provided by operating activities:

Depreciation		91,146
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Changes in assets and liabilities:

Accounts receivable - HUD		48,009
Accounts receivable - other government		(91,221)
Accounts receivable - tenants		737
Accounts receivable - miscellaneous		(1,654)
Prepaid expenses		(308)
Accounts payable		(14,975)
Accrued wages and payroll taxes		17,828
Accrued compensated absences		(8,994)
Tenant security deposits		1,373
Prepaid tenant rent		(375)
Deferred inflows of resources		(87,717)
Deferred outflows of resources		(74,907)
Net pension liability		<u>152,535</u>

Net cash provided by operating activities	\$	<u><u>58,254</u></u>
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**HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

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

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

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

B. Basis of Accounting

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

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

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

The Authority has also adopted GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The Statement 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. Grants and subsidies revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

**HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Accounting (continued)

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

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

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

Any investment income earned on these funds are reflected in the net position account on which the investment income was earned. That is, investment income earned on HAP cash balances are credited to the HAP restricted net position account and investment income earned on administrative fee cash balances are credited to the unrestricted net position account.

New Accounting Standards Adopted

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

**HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity

In accordance with Statement No. 61 of the Government Accounting Standards Board (“GASB”), the Authority’s basic financial statements include those of the Housing Authority of the Borough of Keansburg and any component units. Component units are legally separate, tax-exempt organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government. An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

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

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

D. Description of Programs

Public and Indian Housing

The public and Indian housing program is designed to provide low-cost housing within the Borough of Keansburg. 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.

Section 8 Housing Choice Vouchers

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.

**HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Use of Management 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, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of properties and equipment, amortization of leasehold improvements and contingencies. Actual results could differ significantly from these estimates.

F. Cash and Cash Equivalents

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

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

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

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

For the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase.

It is the Authority's policy to maintain collateralization in accordance with state and HUD requirements.

**HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Accounts Receivable, Net

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and vacated units. 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.

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

H. Prepaid Expenses

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

I. Capital Assets, Net

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

◆	Furniture, Fixtures and Equipment	3 - 5 Years
◆	Site Improvements	15 Years
◆	New Buildings	40 Years

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

J. Compensated Absences

Compensated absences represent amounts to which employees are entitled 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 their current salary. Accumulated sick leave will be paid up to 50% of an employee's accumulated sick days up to \$7,500.

**HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Unearned Revenue

The Authority's unearned revenue consists of the prepayment of rent by residents.

L. Inter-program Receivables and Payables

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

M. 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.

N. Taxes

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

O. Equity Classifications

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

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

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

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

**HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. 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 Authority also adopts an annual entity wide budget which is filed with the State of New Jersey Department of Community Affairs.

NOTE 2. CASH ON DEPOSIT

As of September 30, 2016, the carrying amount of the Authority's cash deposits was \$399,482, and the bank balances approximated \$406,402.

Of the bank balances, \$250,135 was covered by federal depository insurance and the remaining \$156,267 was collateralized with the pledging financial institution for the fiscal year ended September 30, 2016.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of September 30, 2016, the Authority's bank balances were not exposed to custodial credit risk.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following at September 30, 2016:

<u>Description</u>	<u>Amount</u>
Tenant receivables, net	\$ 2,885
Accounts receivable - miscellaneous	1,654
Accounts receivable - Other Government	<u>91,221</u>
	<u>\$ 95,760</u>

A. Accounts receivable - tenants

Accounts receivable - tenants, net equals \$2,885, and is recorded net of an allowance for doubtful accounts of \$2,886 as of September 30, 2016.

B. Accounts receivable - miscellaneous

Accounts receivable - miscellaneous consist of amounts due from other housing authorities for portable tenants in the Housing Choice Voucher program. Management estimates that all accounts receivable - miscellaneous are collectable, and as such has made no allowance for doubtful accounts.

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED SEPTEMBER 30, 2016

NOTE 3. ACCOUNTS RECEIVABLE, NET (continued)

C. Accounts receivable - Other Government

Accounts receivable - other government represents amounts due from the Federal Emergency Management Agency (FEMA) for reimbursements related purchase and installation of new generator. Management estimates that all accounts receivable - other government are collectable, and as such has made no allowance for doubtful accounts.

NOTE 4. RESTRICTED DEPOSITS

<u>Cash Category</u>	<u>Amount</u>
Housing assistance payment reserves	\$ 12,671
Tenant security deposits	24,003
Series A Capital Fund Revenue bond Interest	<u>135</u>
	<u>\$ 36,809</u>

Housing assistance payment reserves are restricted for use only in the Housing Choice Vouchers Program for tenant rents.

Tenant security deposits are held in trust and restricted for refund at the time the tenant vacates the apartment, provided the apartment's physical condition is satisfactory.

Series A capital fund revenue bond interest is restricted for certain capital improvements in accordance with the Authority's approved annual plan.

NOTE 5. 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) in accordance with the provisions of its Cooperation Agreement with the Borough of Keansburg. Under the Cooperation Agreement, the Authority must pay the Borough the lesser of 10% of its net shelter rent or the approximate full real property taxes. For the year ended September 30, 2016, the Authority incurred PILOT expenses in the amount of \$7,942, which are included in accounts payable in the Statement of Net Position.

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED SEPTEMBER 30, 2016

NOTE 6. CAPITAL ASSETS, NET

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

Description	September 30, 2015	Additions	Disposals	Transfers	September 30, 2016
<u>Non-depreciable capital assets:</u>					
Land	\$ 61,690	\$ -	\$ -	\$ -	\$ 61,690
Construction in Progress	<u>3,822</u>	<u>41,143</u>	<u>-</u>	<u>-</u>	<u>44,965</u>
Total	<u>65,512</u>	<u>41,143</u>	<u>-</u>	<u>-</u>	<u>106,655</u>
<u>Depreciable capital assets:</u>					
Buildings and Improvements	3,311,783	-	-	-	3,311,783
Furniture and Equipment	<u>184,546</u>	<u>91,221</u>	<u>-</u>	<u>-</u>	<u>275,767</u>
Total	<u>3,496,329</u>	<u>91,221</u>	<u>-</u>	<u>-</u>	<u>3,587,550</u>
Less: accumulated depreciation	<u>(2,398,517)</u>	<u>(91,146)</u>	<u>-</u>	<u>-</u>	<u>(2,489,663)</u>
Net capital assets	<u>\$ 1,163,324</u>	<u>\$ 41,218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,204,542</u>

Depreciation expense for the year ended September 30, 2016 amounted to \$91,146.

NOTE 7. PENSION PLAN

A. Plan Description

The State of New Jersey, Public Employees Retirement System (PERS) is a cost-sharing multiple employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR), which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

B. Benefits

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

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

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED SEPTEMBER 30, 2016

NOTE 7. PENSION PLAN (continued)

B. Benefits (continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 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 one and two before reaching age 60, tiers 3 and 4 before age 62 with 25 years or more 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 a member retires prior to the age at which a member 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.

C. Contributions

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

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

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED SEPTEMBER 30, 2016

NOTE 7. PENSION PLAN (continued)

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

At September 30, 2016, the Authority reported a liability of \$580,851 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended September 30, 2016 the Authority recognized pension expense of \$11,053. At September 30, 2016 the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes of Assumptions	\$ 120,321	\$ -
Net differences between expected and actual experience	10,802	-
Changes in Proportion	-	(177,345)
Net differences between actual and projected earnings on pension plan investments	-	22,148
Difference between proportionate share and actual contribution	<u>964</u>	<u>(836)</u>
Total	<u>\$ 132,087</u>	<u>\$ (156,033)</u>

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

Year ended September 30:

2017	\$ (15,314)
2018	(15,314)
2019	(6,717)
2020	1,572
2021	<u>11,827</u>
	<u>\$ (23,946)</u>

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED SEPTEMBER 30, 2016

NOTE 7. PENSION PLAN (continued)

E. Actuarial Assumptions

The total pension liability at the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2015. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate	3.08%
Salary increases:	
Through 2026	1.65 - 4.15%, based on age
Thereafter	2.65 - 5.15%, based on age
Investment rate of return	7.65%

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

F. Long-term expected rate of return

The long-term expected rate of return is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and the Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class includes the PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED SEPTEMBER 30, 2016

NOTE 7. PENSION PLAN (continued)

F. Long-term expected rate of return(continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

G. Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on the pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members will be made based on the contribution rate in the most recent fiscal year. The state employer contributed 30% 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016**

NOTE 7. PENSION PLAN (continued)

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 3.98 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 (2.98 percent) or 1 percentage point higher (4.98 percent) than the current rate.

	1% Decrease (2.98%)	Discount Rate (3.98%)	1% Increase (4.98%)
Authority's proportionate share of the net pension liability	\$ <u>711,764</u>	\$ <u>580,851</u>	\$ <u>472,770</u>

NOTE 8. OTHER POST-RETIREMENT BENEFITS

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

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

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

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

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

<u>Year</u>	<u>Amount</u>
2016	\$ <u>13,747</u>
2015	\$ <u>19,878</u>
2014	\$ <u>22,995</u>

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016

NOTE 9. NON-CURRENT LIABILITIES

During 2004, the Authority entered into a Capital Fund leveraging pool. The New Jersey Housing and Mortgage Finance Agency issued tax exempt, twenty year Capital Fund Program Revenue Bonds, 2004 Series A on December 23, 2004. The Authority's share of funds from the bond issue pool amounted to \$290,000. Interest accrues at 4.418% and is payable semi-annually on May 1st and November 1st. Repayment of the funds shall be paid solely from Capital Fund allocations received by the Authority from HUD.

Outstanding balances at September 30, 2016 totaled \$185,000. Annual debt service for principal and interest over the next five years and in five year increments are as follows:

Year	Principal	Interest	Total
2017	\$ 15,000	\$ 8,374	\$ 23,374
2018	20,000	7,509	27,509
2019	20,000	6,734	26,734
2020	20,000	5,859	25,859
2021	20,000	4,935	24,935
2022 - 2026	<u>90,000</u>	<u>10,555</u>	<u>100,555</u>
	<u>\$ 185,000</u>	<u>\$ 43,966</u>	<u>\$ 228,966</u>

Non-current liabilities activity for the year ended September 30, 2016 consisted of the following:

Description	September 30, 2015	Additions	Reductions	September 30, 2016	Amounts due within one year
Capital fund revenue bonds	\$ 195,000	\$ -	\$ (10,000)	\$ 185,000	\$ 15,000
Net pension liability	428,316	169,658	(17,123)	580,851	-
Accrued compensated absences	<u>28,149</u>	<u>24,851</u>	<u>(33,845)</u>	<u>19,155</u>	<u>10,537</u>
Total	<u>\$ 651,465</u>	<u>\$ 194,509</u>	<u>\$ (60,968)</u>	<u>\$ 785,006</u>	<u>\$ 25,537</u>

NOTE 10. ECONOMIC DEPENDENCY

The Housing Choice Vouchers and Public and Indian Housing programs are economically dependent on annual grants from HUD.

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016

NOTE 11. RISK MANAGEMENT

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

NOTE 12. 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 September 30, 2016, the Authority estimates that no material liabilities will result from such audits.

NOTE 13. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through May 11, 2017 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.



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

Board of Commissioners
Housing Authority of the Borough of Keansburg:

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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Housing Authority of the Borough of Keansburg ("the Authority") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated May 11, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Novogradac & Company LLP

May 11, 2017
Toms River, New Jersey



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

Board of Commissioners
Housing Authority of the Borough of Keansburg:

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the Borough of Keansburg'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 September 30, 2016. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the Borough of Keansburg complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001, that we consider to be a significant deficiency.

Report on Internal Control Over Compliance (continued)

The Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Novogradac & Company LLP

May 11, 2017
Toms River, New Jersey

**HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Federal Grantor/Program Title	Federal CFDA Number	State Pass-through Number	Grant Period From / To		Grant Award	Fiscal Year Expenditures	Cumulative Expenditures
<u>U.S. Department of Housing and Urban Development</u>							
Public and Indian Housing:							
NJ060-00000116D	14.850	N/A	1/1/16	12/31/16	\$ 254,082	\$ 208,246	\$ 208,246
NJ060-00000115D	14.850	N/A	1/1/15	12/31/15	<u>277,064</u>	<u>69,096</u>	<u>277,064</u>
Subtotal					<u>531,146</u>	<u>277,342</u>	<u>485,310</u>
Section 8 Housing Choice Vouchers Program:							
NJ0460-2FPH-2013	14.871	N/A	10/1/15	09/30/16	<u>3,069,346</u>	<u>3,810,669</u>	<u>3,810,669</u>
Public Housing Capital Fund Program:							
NJ39P048501-13	14.872	N/A	9/9/13	9/8/17	59,908	19,089	59,908
NJ39P048501-14	14.872	N/A	5/13/14	5/12/18	62,164	52,390	62,164
NJ39P048501-15	14.872	N/A	4/13/15	4/12/19	<u>61,469</u>	<u>12,723</u>	<u>12,723</u>
Subtotal					<u>183,541</u>	<u>84,202</u>	<u>134,795</u>
Total U.S. Department of Housing and Urban Development					<u>3,784,033</u>	<u>4,172,213</u>	<u>4,430,774</u>
<u>U.S. Department of Homeland Security</u>							
FEMA - Hazard Mitigation Grant Program	97.039	FEMA-DR-4086-NJ-157	10/1/15	09/30/16	<u>95,700</u>	<u>91,221</u>	<u>91,221</u>
Total expenditures of federal awards					<u>\$ 3,879,733</u>	<u>\$ 4,263,434</u>	<u>\$ 4,521,995</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

**HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Housing Authority of the Borough of Keansburg under programs of the federal government for the year ended September 30, 2016. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Housing Authority of the Borough of Keansburg, it is not intended to and does not present the financial position, changes in net position or cash flows of the Housing Authority of the Borough of Keansburg. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Passthrough entity identifying numbers are presented where available.

NOTE 3. INDIRECT COST RATE

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

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 4. STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

	<u>501-13</u>	<u>501-14</u>	<u>501-15</u>	<u>Totals</u>
Budget	\$ <u>59,908</u>	\$ <u>62,164</u>	\$ <u>61,469</u>	\$ <u>183,541</u>
<u>Advances:</u>				
Cumulative through 10/1/15	\$ 40,819	\$ 9,774	\$ -	\$ 50,593
Current Year	<u>19,089</u>	<u>52,390</u>	<u>12,723</u>	<u>84,202</u>
Cumulative through 9/30/16	<u>59,908</u>	<u>62,164</u>	<u>12,723</u>	<u>134,795</u>
<u>Costs:</u>				
Cumulative through 10/1/15	40,819	9,774	-	50,593
Current Year	<u>19,089</u>	<u>52,390</u>	<u>12,723</u>	<u>84,202</u>
Cumulative through 9/30/16	<u>59,908</u>	<u>62,164</u>	<u>12,723</u>	<u>134,795</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

1) The total amount of Capital Fund Program Costs and Advances incurred and earned by the Housing Authority of the Borough of Keansburg as of and for the year ended September 30, 2016 are provided herein.

**HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2016**

I. Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
SEPTEMBER 30, 2016

II. Financial Statement Findings

There were no findings related to the financial statements which are required to be reported in accordance with government auditing standards.

III. Federal Award Findings and Questioned Costs

Finding 2016-001

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program Titles: Section 8 Housing Choice Vouchers Program

Federal Catalog Numbers: 14.871

Noncompliance – N. Special Tests and Provisions – Housing Quality Standards

Non Compliance Material to the Financial Statements: No

Significant Deficiency in Internal Control over Compliance for Special Tests and Provisions

Criteria: Housing Quality Standards Inspections. The PHA must inspect the unit leased to a family at least annually to determine if the unit meets the Housing Quality Standards (HQS) and the PHA must conduct quality control re-inspections. The PHA must prepare a unit inspection report (24 CFR sections 982.158(d) and 982.405(b)). For units that fail inspection, the PHA must correct all life threatening HQS deficiencies with 24 hours and all other deficiencies within 30 days.

Condition: Based upon inspection of the Authority's files and on discussions with management, there were units that had not passed re-inspection within the required thirty day period and abatements had not been processed for those units. Furthermore, the Authority was unable to provide us with supporting documentation for one (1) of the units selected for testing.

Context: Of a sample size of 34 units that had initially failed inspection, fourteen (14) units did not pass re-inspection within 30 days. HAP abatements were either not processed or not processed in accordance with program compliance requirements for those fourteen (14) units. Furthermore, all related documentation was unavailable for examination at the time of audit for one (1) of those units. Our sample size is statistically valid.

Known Questioned Costs: \$7,458

Likely Questioned Costs: \$21,131

Cause: There is a significant deficiency in internal controls over the compliance for the special tests and provisions type of compliance related to HQS inspections. The Authority has not properly considered, designed, implemented, maintained and monitored a system of internal controls that reasonably assures the program is in compliance.

Effect: The Housing Choice Vouchers Program is not in compliance with the special tests and provisions type of compliance related to HQS inspections.

HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
SEPTEMBER 30, 2016

III. Federal Award Findings and Questioned Costs (continued) :

Finding 2016-001 (continued)

Recommendation: We recommend the Authority design and implement internal control procedures that will reasonably assure compliance with the Uniform Guidance and the compliance supplement.

Views of responsible officials and planned corrective action: The Authority adopted a corrective action plan in July of 2016 that requires the third party vendor to perform all re-inspections for failed HQS within the 30 day requirement, and provide the Authority with a report to document such work was performed. Out of the fourteen (14) failed inspections tested subsequent to the implementation of the corrective action plan, the auditor only found one (1) out of the fourteen (14) inspections that was not in compliance with HQS standards.

IV. Schedule of Prior Year Federal Audit Findings

Finding: 2015-001:

Observation: During review of the Section 8 Housing Choice Voucher program failed inspections, we noted that with 6 out of the 20 units tested, the Authority could not provide documentation that the units passed re-inspection within 30 days. In addition, the Authority did not abate monthly HAP payments for the 6 units that did not pass re-inspection within the allotted 30 days. The Authority administered approximately 240 vouchers for the year ended September 30, 2015.

Status: The finding remains open. See Finding 2016-001.

Cause: Although the corrective action plan was properly implemented, as planned, and in a timely manner, there were already units that were noncompliant at the time of implementation. The noncompliance related to those units occurred within the current reporting period.

**HOUSING AUTHORITY OF THE BOROUGH OF KEANSBURG
REQUIRED PENSION INFORMATION
SEPTEMBER 30, 2016**

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

	September 30, <u>2014</u>	September 30, <u>2015</u>	September 30, <u>2016</u>
Contractually required contribution	\$ 25,410	\$ 16,404	\$ 17,423
Contributions in relation to the contractually required contribution	<u>25,410</u>	<u>16,404</u>	<u>17,423</u>
(Over) / under funded	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Authority's covered-employee payroll	<u>\$ 220,927</u>	<u>\$ 185,789</u>	<u>\$ 214,601</u>
Contributions as a percentage of covered-employee payroll	<u>11.50 %</u>	<u>8.83 %</u>	<u>8.12 %</u>

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

	September 30, <u>2014</u>	September 30, <u>2015</u>	September 30, <u>2016</u>
Authority's proportion of the net pension liability	<u>0.0031 %</u>	<u>0.0019 %</u>	<u>0.0020 %</u>
Authority's proportionate share of the net pension liability	<u>\$ 577,090</u>	<u>\$ 428,316</u>	<u>\$ 580,851</u>
Authority's covered-employee payroll	<u>\$ 220,927</u>	<u>\$ 185,789</u>	<u>\$ 214,601</u>
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>261.21 %</u>	<u>230.54 %</u>	<u>270.67 %</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>52.08 %</u>	<u>47.93 %</u>	<u>45.35 %</u>

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

Keansburg Housing Authority						
NJ060						
Financial Data Schedule (FDS)						
September 30, 2016						
Line Item #		Account Description	PROJECTS	14.871 Housing Choice Vouchers	ELIM	TOTAL
ASSETS:						
CURRENT ASSETS:						
Cash:						
111		Cash - unrestricted	\$ 200,737	\$ 161,936	\$ -	\$ 362,673
112		Cash - restricted - modernization and development			-	-
113		Cash - other restricted	135	12,671	-	12,806
114		Cash - tenant security deposits	24,003		-	24,003
115		Cash - restricted for payment of current liabilities	-	-	-	-
100		Total cash	224,875	174,607	-	399,482
Accounts and notes receivables:						
121		Accounts receivable - PHA projects			-	-
122		Accounts receivable - HUD other projects			-	-
124		Accounts receivable - other government	91,221		-	91,221
125		Accounts receivable - miscellaneous		1,654	-	1,654
126		Accounts receivable- tenants			-	-
126.1		Allowance for doubtful accounts - tenants	5,771		-	5,771
126.2		Allowance for doubtful accounts - other	(2,886)		-	(2,886)
127		Notes and 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	94,106	1,654	-	95,760
Current investments						
131		Investments - unrestricted	-	-	-	-
132		Investments - restricted	-	-	-	-
135		Investments - restricted for payment of current liability	-	-	-	-
142		Prepaid expenses and other assets	13,053	-	-	13,053
143		Inventories	-	-	-	-
143.1		Allowance for obsolete inventories	-	-	-	-
144		Interprogram - due from	-	-	-	-
145		Assets held for sale	-	-	-	-
150		TOTAL CURRENT ASSETS	332,034	176,261	-	508,295
NONCURRENT ASSETS:						
Fixed assets:						
161		Land	61,690	-	-	61,690
162		Buildings	2,986,625	-	-	2,986,625
163		Furniture, equipment & machinery - dwellings			-	-
164		Furniture, equipment & machinery - administration	275,767	-	-	275,767
165		Leasehold improvements	325,158	-	-	325,158
166		Accumulated depreciation	(2,489,663)	-	-	(2,489,663)
167		Construction in Progress	44,965	-	-	44,965
168		Infrastructure	-	-	-	-
160		Total fixed assets, net of accumulated depreciation	1,204,542	-	-	1,204,542
Other non-current assets:						
171		Notes and mortgages receivable - non-current	-	-	-	-
172		Notes and mortgages receivable-non-current - past due	-	-	-	-
174		Other assets	-	-	-	-
176		Investment in joint ventures	-	-	-	-
180		TOTAL NONCURRENT ASSETS	1,204,542	-	-	1,204,542
200		DEFERRED OUTFLOWS OF RESOURCES	73,819	58,268	-	132,087
290		TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,610,395	\$ 234,529	\$ -	\$ 1,844,924

Keansburg Housing Authority						
NJ060						
Financial Data Schedule (FDS)						
September 30, 2016						
Line Item #	Account Description	PROJECTS	14.871 Housing Choice Vouchers	ELIM	TOTAL	
LIABILITIES AND EQUITY:						
Liabilities:						
Current Liabilities:						
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	
312	Accounts payable ≤ 90 days	9,768	14,147	-	23,915	
313	Accounts payable > 90 days past due	-	-	-	-	
321	Accrued wage/payroll taxes payable	1,499	-	-	1,499	
322	Accrued compensated absences - current portion	2,162	8,375	-	10,537	
324	Accrued contingency liability	-	-	-	-	
325	Accrued interest payable	-	-	-	-	
331	Accounts payable - HUD PHA programs	-	-	-	-	
332	Accounts payable - PHA projects	-	-	-	-	
333	Accounts payable - other government	14,747	-	-	14,747	
341	Tenant security deposits	24,003	-	-	24,003	
342	Unearned revenue	180	-	-	180	
343	Current portion of L-T debt - capital projects	15,000	-	-	15,000	
344	Current portion of L-T debt - operating borrowings	-	-	-	-	
345	Other current liabilities	-	-	-	-	
346	Accrued liabilities - other	24,886	-	-	24,886	
347	Interprogram - due to	-	-	-	-	
310	TOTAL CURRENT LIABILITIES	92,245	22,522	-	114,767	
NONCURRENT LIABILITIES:						
351	Long-term debt, net of current - capital projects	170,000	-	-	170,000	
352	Long-term debt, net of current - operating borrowings	-	-	-	-	
353	Non-current liabilities- other	-	-	-	-	
354	Accrued compensated absences - noncurrent	1,043	7,575	-	8,618	
355	Loan Liability - Non Current	-	-	-	-	
357	Accrued pension and OPEB liabilities	324,835	256,016	-	580,851	
350	TOTAL NONCURRENT LIABILITIES	495,878	263,591	-	759,469	
300	TOTAL LIABILITIES	588,123	286,113	-	874,236	
400	Deferred Inflows	87,419	68,614	-	156,033	
EQUITY:						
508.1	Invested in Capital Assets, Net of Related Debt	1,019,542	-	-	1,019,542	
511.1	Restricted Net Assets	135	12,671	-	12,806	
512.1	Unrestricted Net Assets	(84,824)	(132,869)	-	(217,693)	
513	TOTAL EQUITY	934,853	(120,198)	-	814,655	
600	TOTAL LIABILITIES, DEFERRED INFLOWS AND EQUITY	\$ 1,610,395	\$ 234,529	\$ -	\$ 1,844,924	
	Proof of concept	-	-	-	-	

Keansburg Housing Authorit						
NJ060						
Financial Data Schedule (FDS)						
September 30, 2016						
Line Item #	Account Description	OPERATING	CAPITAL	14.871 Housing Choice Vouchers	ELIM	TOTAL
REVENUE:						
70300	Net tenant rental revenue	\$ 300,997	\$ -	\$ -	\$ -	\$ 300,997
70400	Tenant revenue - other	4,765	-	-	-	4,765
70500	Total tenant revenue	305,762	-	-	-	305,762
70600	HUD PHA grants	277,342	33,059	3,069,346	-	3,379,747
70610	Capital grants	-	51,143	-	-	51,143
70710	Management fee	-	-	-	-	-
70720	Asset management fee	-	-	-	-	-
70730	Book keeping fee	-	-	-	-	-
70750	Other fees	-	-	-	-	-
70800	Other government grants	91,221	-	-	-	91,221
71100	Investment income - unrestricted	264	-	366	-	630
71200	Mortgage interest income	-	-	-	-	-
71300	Proceeds from disposition of asseets held for sale	-	-	-	-	-
71301	Cost of sale of assets	-	-	-	-	-
71400	Fraud recovery	-	-	1,819	-	1,819
71500	Other revenue	16,280	-	814,799	-	831,079
71600	Gain or loss on sale of fixed assets	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-
70000	TOTAL REVENUE	690,869	84,202	3,886,330	-	4,661,401
EXPENSES:						
Administrative						
91100	Administrative salaries	7,473	6,000	86,914	-	100,387
91200	Auditing fees	2,715	-	4,250	-	6,965
91300	Outside management fees	12,233	-	19,140	-	31,373
91310	Book-keeping fee	-	-	-	-	-
91400	Advertising and marketing	-	-	-	-	-
91500	Employee benefit contributions- administrative	(959)	-	40,083	-	39,124
91600	Office expenses	18,337	371	52,347	-	71,055
91700	Legal expenses	5,299	-	7,430	-	12,729
91800	Travel	146	-	158	-	304
91810	Allocated overhead	-	-	-	-	-
91900	Other	26,227	7,876	10,859	-	44,962
91000	Total operating - administrative	71,471	14,247	221,181	-	306,899
92000	Asset Management Fee	-	-	-	-	-
Tenant services						
92100	Tenant services - salaries	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-
92300	Employee benefit contributions- tenant services	-	-	-	-	-
92400	Tenant services - other	2,380	-	-	-	2,380
92500	Total Tennant Services	2,380	-	-	-	2,380
Utilities						

Keansburg Housing Authorit						
NJ060						
Financial Data Schedule (FDS)						
September 30, 2016						
Line Item #	Account Description	OPERATING	CAPITAL	14.871 Housing Choice Vouchers	ELIM	TOTAL
93100	Water	19,262	-	-	-	19,262
93200	Electricity	57,608	-	-	-	57,608
93300	Gas	46,020	-	-	-	46,020
93400	Fuel	-	-	-	-	-
93500	Labor	24,687	-	-	-	24,687
93600	Sewer	-	-	-	-	-
93700	Employee benefit contributions- utilities	15,451	-	-	-	15,451
93800	Other utilities expense	63,317	-	-	-	63,317
93000	Total Utilities	226,345	-	-	-	226,345
	Ordinary maintenance & operation					
94100	Ordinary maintenance and operations - labor	71,712	-	-	-	71,712
94200	Ordinary maintenance and operations - materials & other	19,028	-	-	-	19,028
94300	Ordinary maintenance and operations - contract costs	89,665	-	-	-	89,665
94500	Employee benefit contributions- ordinary maintenance	44,794	-	-	-	44,794
94000	Total Maintenance	225,199	-	-	-	225,199
	Protective services					
95100	Protective services - labor	-	-	-	-	-
95200	Protective services- other contract costs	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-
95500	Employee benefit contributions- protective services	-	-	-	-	-
95000	Total Protective Services	-	-	-	-	-
	General expenses					
96140	Insurance premiums	41,523	-	10,380	-	51,903
96100	Total Insurance Premiums	41,523	-	10,380	-	51,903
96130	Workmen's compensation	-	-	-	-	-
96140	All other insurance	-	-	-	-	-
96200	Other general expenses	-	-	5,507	-	5,507
96210	Compensated absences	708	-	2,563	-	3,271
96300	Payments in lieu of taxes	7,942	-	-	-	7,942
96400	Bad debt - tenant rents	-	-	-	-	-
96500	Bad debt- mortgages	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-
96800	Severance expense	-	-	-	-	-
96000	Total other general expenses	8,650	-	8,070	-	16,720
	Interest expense and amortization costs					
96710	Interest of mortgage (or bonds) payable	-	8,812	-	-	8,812
96710	Amortization of bond issue costs	-	-	-	-	-
96700	Total interest expense and amortization costs	-	8,812	-	-	8,812
96900	TOTAL OPERATING EXPENSES	575,568	23,059	239,631	-	838,258
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	115,301	61,143	3,646,699	-	3,823,143

Keansburg Housing Authorit						
NJ060						
Financial Data Schedule (FDS)						
September 30, 2016						
Line Item #	Account Description	OPERATING	CAPITAL	14.871 Housing Choice Vouchers	ELIM	TOTAL
97100	Extraordinary maintenance	-	-	-	-	-
97200	Casualty losses - non capitalized	-	-	-	-	-
97300	Housing assistance payments	-	-	2,795,235	-	2,795,235
97350	HAP Portability - in	-	-	775,803	-	775,803
97400	Depreciation expense	91,146	-	-	-	91,146
97500	Fraud losses	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-
90000	TOTAL EXPENSES	666,714	23,059	3,810,669	-	4,500,442
OTHER FINANCING SOURCES (USES)						
10010	Operating transfers in	10,000	-	-	-	10,000
10020	Operating transfers out	-	(10,000)	-	-	(10,000)
10093	Transfers between program and project in	-	-	-	-	-
10094	Transfers between program and project out	-	-	-	-	-
10100	TOTAL OTHER FINANCING SOURCES (USES)	10,000	(10,000)	-	-	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	34,155	51,143	75,661	-	160,959
MEMO ACCOUNT INFORMATION:						
11020	Required annual debt principal payments	-	10,000	-	-	10,000
11030	Beginning equity	849,555	-	(195,859)	-	653,696
11040	Prior period adjustments and equity transfers	51,143	(51,143)	-	-	-
11170	Administrative fee equity	-	-	(137,325)	-	(137,325)
11180	Housing assistance payments equity	-	-	12,671	-	12,671
		-	-	(124,654)	-	(124,654)
11190	Unit months available	960	-	2,988	-	3,948
11210	Number of unit months leased	942	-	2,874	-	3,816
Equity Roll Forward Test:						
	Calculation from R/E Statement	\$ 934,853	\$ -	\$ (120,198)	\$ -	\$ 814,655
	B/S Line 513	\$ 934,853	\$ -	\$ (120,198)	\$ -	\$ 814,655
		\$ -	\$ -	\$ -	\$ -	\$ -