

KEANSBURG HOUSING AUTHORITY

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

YEAR ENDED SEPTEMBER 30, 2015

KEANSBURG HOUSING AUTHORITY
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2015

	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-10
Financial Statements:	
Statement of Net Position	11
Statement of Revenues, Expenses, and Changes in Net Position	12
Statement of Cash Flows	13-14
Notes to Financial Statements	15-30
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	31-32
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04	33-35
Supplemental Information:	
Schedule of Expenditures of Federal Awards	36
Notes to Schedule of Expenditures of Federal Awards	37-38
Schedule of Findings and Questioned Costs	39-40
Required Pension Information	41
Financial Data Schedule	42-46



INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Keansburg Housing Authority:

Report on the Financial Statements

We have audited the financial statements of the Keansburg Housing Authority ("the Authority") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Keansburg Housing Authority's basic 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Keansburg Housing Authority ("the Authority"), as of September 30, 2015, and the respective changes in financial position and cash flows for the years 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, schedule of pension contributions and schedule of net pension liability be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Keansburg Housing Authority's basic financial statements. The schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; the financial data schedule, as required by the United States Department of Housing and Urban Development is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards and the financial data schedule ("the Schedules") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT (continued)

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 18, 2016 on our consideration of the Keansburg Housing Authority'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 Keansburg Housing Authority's internal control over financial reporting and compliance.

Fallon & Larsen LLP

May 18, 2016
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

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, 2015. 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 \$653,696 (net position) as opposed to \$1,307,594 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 (\$314,748), a decrease of \$561,369 from the prior fiscal year.
3. The Authority’s cash and cash equivalents (including restricted cash at September 30, 2015 totaled \$349,410 representing an increase of \$13,528 from the prior fiscal year.
4. The Authority had total operating revenues of \$4,400,068 and total operating expenses of \$4,403,589 (including depreciation of \$91,337) for the year ended September 30, 2015.
5. The Authority’s capital outlays for the fiscal year were \$3,823.
6. The Authority’s expenditures of federal awards amounted to \$4,063,660 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.

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

B. Using the Annual Report (continued)

2. Financial Statements

The financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. They consist of 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 by U.S. Office of Management and Budget Circular A-133, 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, 2015

C. The Authority as a Whole

The Authority's net position decreased 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, 2014 to September 30th, 2015

The Authority adopted the provisions of GASB Statement 68, "*Accounting and Financial Reporting for Pensions*". The provisions were effective for periods beginning after June 15, 2014. As of October 1, 2014, The Authority's net position has been restated and reduced by \$655,010 to reflect a beginning net pension liability of \$577,090, deferred inflows of resources of \$96,067 and deferred outflows of resources of \$18,147.

Cash and other current assets increased \$66,982 as the Authority was underfunded in the Housing Choice Voucher Program resulting in a receivable from HUD in the amount of \$48,009 at year end.

Restricted cash decreased \$15,015 as the Authority was required by HUD to utilize previously received housing assistance payments in the current year.

Capital assets, net decreased \$87,514 as depreciation expense of \$91,337 exceeded capital purchases of \$3,823.

Total liabilities and deferred inflows of resources increased \$675,531 primarily due to the Authority being required to record their unfunded pension obligation as required by GASB 68. The adoption of GASB 68 resulted in an ending pension liability of \$428,316 and deferred inflows of resources of \$243,750.

HUD operating grants increased from \$3,086,590 in 2014 to \$3,299,678 in 2015 or \$213,088. Specifically, Housing Choice Voucher program grant revenues increased \$194,930; Low Rent Public Housing program subsidy increased \$8,338 and; the portion of the Authority's capital fund that it uses for operations increased \$9,820.

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

C. The Authority as a Whole (continued)

Significant Changes from September 30th, 2014 to September 30th, 2015
(continued)

Other revenues increased \$50,691 from 2014 to 2015 primarily due to the Authority servicing more portable tenants in the Housing Choice Voucher program.

Total operating expenses (excluding depreciation and housing assistance payments) decreased from \$835,060 in 2014 to \$787,768 in 2015 or \$47,292. This decrease was primarily due to reductions in administrative expenses (\$20,262), utilities expense (\$16,395) and ordinary repairs and maintenance (\$10,040).

Computation of Net Position is as follows:

	September 30,		
	2015	2014	Variance
Cash and Other Current Assets	\$ 413,667	\$ 346,685	\$ 66,982
Restricted Cash	119	15,134	(15,015)
Capital Assets, Net	1,163,325	1,250,839	(87,514)
Deferred Outflows of Resources	57,180	-	57,180
Total Assets and Deferred Outflows	1,634,291	1,612,658	21,633
Less: Total Liabilities and Deferred			
Inflows of Resources	980,595	305,064	675,531
Net Position	\$ 653,696	\$ 1,307,594	\$ (653,898)
Net Investment in Capital Assets	\$ 968,325	\$ 1,045,839	\$ (77,514)
Restricted Net Position	119	15,134	(15,015)
Unrestricted Net Position	(314,748)	246,621	(561,369)
Total Net Position	\$ 653,696	\$ 1,307,594	\$ (653,898)

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

C. The Authority as a Whole (continued)

Computations of the Changes in Net position is as follows:

	September 30,		Variance
	2015	2014	
<u>Operating revenues:</u>			
Tenant Revenues	\$ 301,095	\$ 302,124	\$ (1,029)
HUD Operating Grants	3,299,678	3,086,590	213,088
Other Revenues	<u>799,295</u>	<u>748,604</u>	<u>50,691</u>
Total Revenues	<u>4,400,068</u>	<u>4,137,318</u>	<u>262,750</u>
<u>Operating Expenses:</u>			
Other Operating Expenses	787,768	835,060	(47,292)
Housing Assistance Payments	3,524,484	3,452,171	72,313
Depreciation	<u>91,337</u>	<u>149,707</u>	<u>(58,370)</u>
Total Operating Expenses	<u>4,403,589</u>	<u>4,436,938</u>	<u>(33,349)</u>
Operating Loss	<u>(3,521)</u>	<u>(299,620)</u>	<u>296,099</u>
<u>Other Revenues (Expense):</u>			
Interest expense	(9,238)	(9,623)	385
Interest income	49	-	49
Capital Grants	<u>13,822</u>	<u>30,912</u>	<u>(17,090)</u>
Net Other Revenue (Expense)	<u>4,633</u>	<u>21,289</u>	<u>(16,656)</u>
Change in Net Position	1,112	(278,331)	279,443
Net Position, Beginning of Year	652,584	1,585,925	(933,341)
Prior Period Adjustment, Adopt			
GASB 68	<u>-</u>	<u>(655,010)</u>	<u>655,010</u>
Net Position, End of Year	<u>\$ 653,696</u>	<u>\$ 652,584</u>	<u>\$ 1,112</u>

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

D. Budgetary Highlights

For the year ended September 30, 2015, 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, 2015, the Authority's capital assets for its Proprietary Fund totaled \$1,163,325 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress.

The Authority purchased \$3,823 of capital assets of which all were made from capital grants during the fiscal year ended September 30, 2015.

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, 2015 amounted to \$10,000.

KEANSBURG HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

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, 2016.

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

KEANSBURG HOUSING AUTHORITY
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2015

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 349,291
Accounts receivable, net	51,631
Prepaid expenses	<u>12,745</u>
Total current assets	<u>413,667</u>
Non-current assets:	
Restricted cash	119
Capital assets, net	<u>1,163,325</u>
Total non-current assets	<u>1,163,444</u>
Total assets	<u>1,577,111</u>

DEFERRED OUTFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	<u>57,180</u>
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LIABILITIES

Current liabilities:	
Accounts payable	53,638
Accrued wages and payroll taxes	8,557
Accrued compensated absences, current portion	18,539
Tenant security deposits	22,630
Prepaid tenant rent	555
Current portion of revenue bonds	<u>10,000</u>
Total current liabilities	<u>113,919</u>
Non-current liabilities:	
Revenue bonds, net of current portion	185,000
Accrued compensated absences, net of current portion	9,610
Net pension liability	<u>428,316</u>
Total non-current liabilities	<u>622,926</u>
Total liabilities	<u>736,845</u>

DEFERRED INFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	<u>243,750</u>
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NET POSITION

Net position:	
Net investment in capital assets	968,325
Restricted	119
Unrestricted	<u>(314,748)</u>
Total net position	<u>\$ 653,696</u>

See accompanying notes to financial statements.

KEANSBURG HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2015

Operating revenues:	
Tenant revenue	\$ 301,095
HUD operating grants	3,299,678
Other revenues	<u>799,295</u>
Total operating revenue	<u>4,400,068</u>
Operating expenses:	
Administrative	267,345
Tenant services	2,744
Utilities	228,196
Ordinary repairs and maintenance	220,389
Insurance and other general expenses	69,094
Housing assistance payments	3,524,484
Depreciation	<u>91,337</u>
Total operating expenses	<u>4,403,589</u>
Operating loss	<u>(3,521)</u>
Non-operating revenues (expenses):	
Interest expense	(9,238)
Interest income	<u>49</u>
Net non-operating revenues (expense)	<u>(9,189)</u>
Loss before capital grants	(12,710)
Capital grants	<u>13,822</u>
Changes in net position	1,112
Net position, beginning of year, as restated	<u>652,584</u>
Net position, end of year	<u><u>\$ 653,696</u></u>

See accompanying notes to financial statements.

**KEANSBURG HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2015**

Cash Flows from Operating Activities:	
Cash received from tenants	\$ 1,108,130
Cash received from grantors	3,251,669
Cash paid to employees	(206,128)
Cash paid to vendors	<u>(4,130,953)</u>
Net cash flows provided by operating activities	<u>22,718</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(3,823)
Interest paid on capital debt	(9,238)
Principal payments on long term debt	(10,000)
Proceeds from capital grants	<u>13,822</u>
Net cash flows used by capital and related financing activities	<u>(9,239)</u>
Cash Flows from Investing Activities:	
Interest received	<u>49</u>
Net cash flows provided by investing activities	<u>49</u>
Net increase in cash	13,528
Cash and cash equivalents, beginning of year	<u>335,882</u>
Cash and cash equivalents, end of year	<u>\$ 349,410</u>
A reconciliation of cash and cash equivalents to the Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 349,291
Restricted cash	<u>119</u>
	<u>\$ 349,410</u>

See accompanying notes to financial statements.

KEANSBURG HOUSING AUTHORITY
STATEMENT OF CASH FLOWS (continued)
YEAR ENDED SEPTEMBER 30, 2015

Reconciliation of operating loss to net cash provided (used) by operating activities:	
Operating loss	\$ (3,521)
Items which did not use cash	
Depreciation	91,337
Bad debts	1,310
Changes in assets and liabilities:	
Accounts receivable - HUD	(48,009)
Accounts receivable - tenants	(2,619)
Accounts receivable - miscellaneous	11,871
Prepaid expenses	(992)
Accounts payable	33,839
Accrued wages and payroll taxes	(26,607)
Accrued compensated absences	7,745
Tenant security deposits	(1,542)
Prepaid tenant rent	30
Deferred inflows of resources	243,750
Deferred outflows of resources	(57,180)
Other non-current liabilities	<u>(226,694)</u>
Net cash provided (used) by operating activities	<u>\$ 22,718</u>

See accompanying notes to financial statements.

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Housing Authority of the Borough of Keansburg ("Keansburg Housing Authority") 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 low-income 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. Description of Programs

Public and Indian Housing

The public 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

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.

KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED SEPTEMBER 30, 2015

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 Keansburg Housing Authority 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 these 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. Basis of Accounting

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

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

KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED SEPTEMBER 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting (continued)

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's financial statements are prepared in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("GASB 34"), as amended. The Statement 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. The Statement also requires the Authority to include a Management's Discussion and Analysis as part of Required Supplementary Information.

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

In accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the Authority incorporates FASB and AICPA guidance into GASB authoritative literature.

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 (position), with the associated assets being reported on the FDS as unrestricted.

Both administrative fees and HAP revenue continues to be recognized under the guidelines set forth in GASB Statement No. 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 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.

KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED SEPTEMBER 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting (continued)

New Accounting Standards Adopted

The Authority adopted Statement No. 68 of the Governmental Accounting Standards Board "*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.

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

F. Cash, Cash Equivalents and Investments

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 the act.

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

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash, Cash Equivalents and Investments (continued)

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.

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.

KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED SEPTEMBER 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Compensated Absences

Compensated absences represent amounts to which employees are entitled to based on accumulated leave earned in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service at their current salary. Accumulated sick leave will be paid up to 50% of an employee's accumulated sick days up to \$7,500.

K. Prepaid Tenant Rents

The Authority's prepaid tenant rents consist of the prepayment of rent by residents applicable to future periods.

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, interprogram 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.

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, constriction 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."

P. Budgets and Budgetary Accounting

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

The Authority is also required to adopt and submit annually to the State of New Jersey, Department of Community Affairs, an Authority wide budget sixty (60) days prior to the start of the Authority's fiscal year.

NOTE 2. CASH AND CASH EQUIVALENTS

As of September 30, 2015, the carrying amount of the Authority's cash and cash equivalents were \$349,410, and the bank balances approximated \$387,106.

Of the bank balances, \$356,437 was covered by federal depository insurance and the remaining \$30,669 was collateralized with the pledging financial institution for the fiscal year ended September 30, 2015.

<u>Cash Account</u>	<u>Amount</u>
Insured:	
FDIC	\$ 356,437
Collateralized:	
Collateralized amount held by pledging financial institution	30,669
	\$ 387,106

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 2. CASH AND CASH EQUIVALENTS (continued)

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a formal policy for custodial credit risk.

All bank deposits as of the balance sheet date are covered by the Government Unit Depository Protection Act of the State of New Jersey, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the Authority's name.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Tenant receivables consist of rental money due to the Authority for providing housing and are shown net of an allowance for doubtful accounts of \$3,623.

Management anticipates that receivables from HUD and other governments are fully collectable and as such, have made no allowance for doubtful accounts.

As of September 30, 2015, accounts receivable consisted of the following:

<u>Description</u>	<u>Amount</u>
Tenant receivables, net	\$ 3,622
Accounts receivable - HUD	<u>48,009</u>
	<u>\$ 51,631</u>

NOTE 4. RESTRICTED CASH AND RESTRICTED NET POSITION

At September 30, 2015, restricted cash and restricted net position consisted of unspent interest earned on the 2004 Series A Capital Fund Program Revenue Bonds that 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, 2015, the Authority incurred PILOT expenses in the amount of \$6,805.

KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED SEPTEMBER 30, 2015

NOTE 6. CAPITAL ASSETS, NET

A summary of the changes in capital assets during 2015 were as follows:

Description	September 30, 2014	Additions	Disposals	Transfers	September 30, 2015
<u>Non-depreciable capital assets:</u>					
Land	\$ 61,690	\$ -	\$ -	\$ -	\$ 61,690
Construction in Progress	20,912	3,823	-	(20,913)	3,822
Total	<u>82,602</u>	<u>3,823</u>	<u>-</u>	<u>(20,913)</u>	<u>65,512</u>
<u>Depreciable capital assets:</u>					
Buildings and Improvements	3,290,870	-	-	20,913	3,311,783
Furniture and Equipment	184,547	-	-	-	184,547
Total	<u>3,475,417</u>	<u>-</u>	<u>-</u>	<u>20,913</u>	<u>3,496,330</u>
Less: accumulated depreciation	<u>(2,307,180)</u>	<u>(91,337)</u>	<u>-</u>	<u>-</u>	<u>(2,398,517)</u>
Net capital assets	<u>\$ 1,250,839</u>	<u>\$ (87,514)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,163,325</u>

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

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED SEPTEMBER 30, 2015**

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.

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

At September 30, 2015, the Authority reported a liability of \$428,316 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 7. PENSION PLAN (continued)

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

The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating local employers, actuarially determined. At June 30, 2015 the Authority's proportion was .002073 percent which was a decrease of (.001) percent from its proportion measured at July 1, 2014.

For the year ended September 30, 2015 the Authority recognized pension expense of \$22,759. At September 30, 2015 the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 45,998	\$ -
Net differences between expected and actual experience	10,218	-
Changes in Proportion	-	(236,864)
Net differences between actual and projected earnings on pension plan investments	-	(6,886)
Difference between proportionate share and actual contribution	<u>1,223</u>	<u>-</u>
Total	<u>\$ 57,439</u>	<u>\$ (243,750)</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:	
2016	\$ 42,359
2017	42,359
2018	42,358
2019	33,762
2020	<u>25,473</u>
	<u>\$ 186,311</u>

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 7. PENSION PLAN (continued)

E. Actuarial Assumptions

The total pension liability at the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate	3.04%
Salary Increases 2012-2021	2.15-4.40%, based on age
Thereafter	3.15-5.40%, based on age
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

**KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 7. PENSION PLAN (continued)

G. Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. The single blended discount rate was based on the long-term expected rate of return on the pension plan investments of 7.90%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, 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 at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of recommended 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 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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 4.90 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 (3.90 percent) or 1 percentage point higher (5.90 percent) than the current rate.

	1% Decrease <u>(3.90%)</u>	Discount Rate <u>(4.90%)</u>	1% Increase <u>(5.90%)</u>
Authority's proportionate share of the net pension liability	<u>\$ 532,344</u>	<u>\$ 428,316</u>	<u>\$ 341,099</u>

NOTE 8. 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.

KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED SEPTEMBER 30, 2015

NOTE 8. POST-RETIREMENT BENEFITS (continued)

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>
2015	\$ <u>19,878</u>
2014	\$ <u>22,995</u>
2013	\$ <u>18,602</u>

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, 2015 totaled \$195,000. Annual debt service for principal and interest over the next five years and in five year increments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	10,000	9,458	19,458
2017	15,000	8,832	23,832
2018	20,000	8,374	28,374
2019	20,000	6,907	26,907
2020	20,000	4,727	24,727
2021 - 2025	100,000	13,160	113,160
2026	<u>10,000</u>	<u>235</u>	<u>10,235</u>
	\$ <u>195,000</u>	\$ <u>51,693</u>	\$ <u>246,693</u>

KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED SEPTEMBER 30, 2015

NOTE 9. NON-CURRENT LIABILITIES (continued)

Non-current liabilities activity for the years ended September 30, 2015 consisted of the following:

Description	September 30, 2014	Additions	Reductions	September 30, 2015	Amounts due within one year
Capital fund revenue bonds	\$ 205,000	\$ -	\$ (10,000)	\$ 195,000	\$ 10,000
Net pension liability	577,090	-	(148,774)	428,316	-
Acc'd compensated absences	<u>20,404</u>	<u>20,030</u>	<u>(12,285)</u>	<u>28,149</u>	<u>18,539</u>
Total	<u>\$ 225,404</u>	<u>\$ 20,030</u>	<u>\$ (22,285)</u>	<u>\$ 223,149</u>	<u>\$ 28,539</u>

NOTE 10. CHANGE IN ACCOUNTING PRINCIPLE

The Authority adopted the provisions of GASB Statement 68, *"Accounting and Financial Reporting for Pensions"*. The provisions were effective for periods beginning after June 15, 2014. As of September 30, 2014, the Authority's net position has been reduced by \$655,010 to reflect a net pension liability of \$577,090, deferred outflows of resources of \$18,147 and deferred inflows of resources of \$96,067.

NOTE 11. ECONOMIC DEPENDENCY

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

NOTE 12. 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.

KEANSBURG HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
YEAR ENDED SEPTEMBER 30, 2015

NOTE 13. 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, 2015, the Authority estimates that no material liabilities will result from such audits.

NOTE 14. 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 18, 2016 (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.



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

Board of Commissioners
Keansburg Housing Authority:

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 Keansburg Housing Authority ("the Authority") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Keansburg Housing Authority's basic financial statements, and have issued our report thereon dated May 18, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Keansburg Housing 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 Keansburg Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Keansburg Housing 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Keansburg Housing 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 one instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and are listed in the accompanying schedule of findings and questioned costs as item 2015-001.

Authority's Response to Findings

The Authority's response to the findings identified in our audit are 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 the financial statements and, accordingly we express no opinion on the response.

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.

May 18, 2016
Toms River, New Jersey

Fallon & Larsen LLP



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR 04-04**

Board of Commissioners
Keansburg Housing Authority:

Report on Compliance for Each Major Federal Program

We have audited the compliance of Keansburg Housing Authority ("the Authority"), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Keansburg Housing Authority's major federal programs for the year ended September 30, 2015. Keansburg Housing 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Keansburg Housing 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State of New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and OMB Circular A-133 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 Keansburg Housing 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 Keansburg Housing Authority's compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR 04-04 (continued)**

Opinion on Each Major Federal Program

In our opinion, Keansburg Housing Authority 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, 2015.

Other Matters

The results of our audit procedures disclosed instances of noncompliance which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on the major federal program is not modified with respect to this matter.

Report on Internal Control Over Compliance

Management of Keansburg Housing 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 Keansburg Housing 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 OMB Circular A-133, 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 Keansburg Housing 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001, that we consider to be a significant deficiency.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR 04-04 (continued)**

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

May 18, 2016
Toms River, New Jersey

Fallon & Larsen LLP

**KEANSBURG HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass-through Number</u>	<u>Grant Period From / To</u>		<u>Grant Award</u>	<u>Fiscal Year Cash Receipts</u>	<u>Fiscal Year Expenditures</u>	<u>Cumulative Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>								
Public and Indian Housing:								
NJ060-00000114D	14.850	N/A	1/1/14	12/31/14	\$ 267,178	\$ 66,330	\$ 66,330	\$ 267,178
NJ060-00000115D	14.850	N/A	1/1/15	12/31/15	277,064	207,968	207,968	207,968
Section 8 Housing Choice Voucher Program:								
NJ0460-2FPH-2013	14.871	N/A	10/1/14	09/30/15	2,999,744	2,999,744	3,749,904	3,749,904
Public Housing Capital Fund Program:								
NJ39P048501-13	14.872	N/A	9/9/13	9/8/17	59,908	29,684	29,684	40,819
NJ39P048501-14	14.872	N/A	5/13/14	5/12/18	<u>62,164</u>	<u>9,774</u>	<u>9,774</u>	<u>9,774</u>
Totals					<u>\$ 3,666,058</u>	<u>\$ 3,313,500</u>	<u>\$ 4,063,660</u>	<u>\$ 4,275,643</u>

KEANSBURG HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Keansburg Housing Authority under programs of the federal government for the year ended September 30, 2015. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of operations of the Keansburg Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Keansburg Housing Authority.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in OMB Circular A-87, Cost Principles for State, Local and Indian Tribes, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3. SUBRECIPIENTS

The Authority did not pass-through any federal awards to subrecipients.

NOTE 4. NON-CASH FEDERAL ASSISTANCE

The Authority did not receive any non-cash Federal assistance for the year ended September 30, 2015.

KEANSBURG HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

NOTE 5. STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

	<u>501-13</u>	<u>501-14</u>	<u>Totals</u>
Budget	\$ <u>59,908</u>	\$ <u>-</u>	\$ <u>59,908</u>
<u>Advances:</u>			
Cumulative through 9/30/14	\$ 11,135	\$ -	\$ 11,135
Current Year	<u>29,684</u>	<u>9,774</u>	<u>39,458</u>
Cumulative through 9/30/15	<u>40,819</u>	<u>9,774</u>	<u>50,593</u>
<u>Costs:</u>			
Cumulative through 9/30/14	11,135	-	11,135
Current Year	<u>29,684</u>	<u>9,774</u>	<u>39,458</u>
Cumulative through 9/30/15	<u>40,819</u>	<u>9,774</u>	<u>50,593</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

1) The total amount of Capital Fund Program Costs and Advances incurred and earned by the Keansburg Housing Authority as of and for the year ended September 30, 2015 are provided herein.

**KEANSBURG HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2015**

I. Summary of Auditor's Results

Financial Statement Section

- | | | |
|----|---|------------|
| 1. | Type of auditor's report issued: | Unmodified |
| 2. | Internal control over financial reporting | |
| | a. Material Weakness(es) identified? | No |
| | b. Were significant deficiencies identified not considered to be material weaknesses? | No |
| 3. | Noncompliance material to the financial statements? | No |

Federal Awards Section

- | | | |
|----|---|------------|
| 1 | Dollar threshold used to distinguish between type and A and type B programs:: | \$300,000 |
| 2. | Auditee qualified as low-risk Auditee? | Yes |
| 3. | Type of auditor's report on compliance for major programs: | Unmodified |
| 4. | Internal Control over compliance: | |
| | a. Material weakness(es) identified? | No |
| | b. Were significant deficiencies identified not considered to be material weaknesses? | Yes |
| | c. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))? | Yes |
| 5. | Identification of major programs: | |

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

KEANSBURG HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
SEPTEMBER 30, 2015

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

Reference 2015-001:

Criteria: Entities receiving Federal Funds under OMB Section A-133 are required to comply with certain conditions of the grant agreement and are required to have in place an internal control system that reasonably assures compliance with the requirement of Federal Awards such as Section 8 Housing Choice Vouchers. Furthermore, in accordance with the compliance supplement, under special tests and provisions, and housing quality standards enforcement, the Authority must require the owner to correct all deficiencies within 30 days. If the owner does not correct the cited HQS deficiencies within the specified period of time, the Authority must stop (abate) HAPs beginning not later than the first of the month following the specified correction period or must terminate the HAP contract.

Condition: The Housing Authority is not in full compliance with the Housing Choice Voucher Program's special testing and provisions compliance requirements related to housing quality standards enforcement.

Context: 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.

Questioned Costs: Unknown

Cause: There is a significant deficiency in the design and implementation of internal controls that ensure that HQS enforcement is carried out in a manner that is consistent with the compliance supplement.

Recommendation: We recommend the Authority design and implement internal control procedures that will reasonably assure compliance with OMB Circular A-133.

Authority Response: The Authority uses a third-party to conduct the inspections, send out failed inspection letters, and performs the follow-up reinspections. The Authority has contracted with a new vendor to perform the inspections as the previous contractor was not performing the failed HQS follow-ups in a timely fashion. The Authority requires the new vendor perform all reinspections for failed HQS within the 30 day requirement and provide the Authority with a report to document such work was performed.

IV. Schedule of Prior Year Federal Audit Findings

None reported.

**KEANSBURG HOUSING AUTHORITY
REQUIRED PENSION INFORMATION
SEPTEMBER 30, 2015**

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

	September 30, <u>2013</u>	September 30, <u>2014</u>	September 30, <u>2015</u>
Contractually required contribution	\$ 26,103	\$ 25,410	\$ 16,404
Contributions in relation to the contractually required contribution	<u>26,103</u>	<u>25,410</u>	<u>16,404</u>
(Over) / under funded	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	<u>\$ 256,698</u>	<u>\$ 220,927</u>	<u>\$ 185,789</u>
Contributions as a percentage of covered-employee payroll	<u>10.17 %</u>	<u>11.50 %</u>	<u>11.51 %</u>

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

	September 30, <u>2013</u>	September 30, <u>2014</u>	September 30, <u>2015</u>
Authority's proportion of the net pension liability	<u>0.0035 %</u>	<u>0.0031 %</u>	<u>0.0019 %</u>
Authority's proportionate share of the net pension liability	<u>\$ 662,102</u>	<u>\$ 577,090</u>	<u>\$ 428,316</u>
Authority's covered-employee payroll	<u>\$ 256,698</u>	<u>\$ 220,927</u>	<u>\$ 185,789</u>
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>257.93 %</u>	<u>261.21 %</u>	<u>230.54 %</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>48.72 %</u>	<u>52.08 %</u>	<u>47.93 %</u>

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

See accompanying notes to financial statements.

Keansburg Housing Authority								
NJ060								
Financial Data Schedule (FDS)								
September 30, 2015								
Line Item #			Account Description	PROJECTS	14.871 Housing Choice Vouchers	ELIM	TOTAL	
			ASSETS:					
			CURRENT ASSETS:					
			Cash:					
111			Cash - unrestricted	\$ 282,771	\$ 43,890	\$ -	\$ 326,661	
112			Cash - restricted - modernization and development	-	-	-	-	
113			Cash - other restricted	119	-	-	119	
114			Cash - tenant security deposits	22,630	-	-	22,630	
115			Cash - restricted for payment of current liabilities	-	-	-	-	
100			Total cash	305,520	43,890	-	349,410	
			Accounts and notes receivables:					
121			Accounts receivable - PHA projects	-	-	-	-	
122			Accounts receivable - HUD other projects	-	48,009	-	48,009	
124			Accounts receivable - other government	-	-	-	-	
125			Accounts receivable - miscellaneous	-	-	-	-	
126			Accounts receivable- tenants	7,245	-	-	7,245	
126.1			Allowance for doubtful accounts - tenants	(3,623)	-	-	(3,623)	
126.2			Allowance for doubtful accounts - other	-	-	-	-	
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	3,622	48,009	-	51,631	
			Current investments					
131			Investments - unrestricted	-	-	-	-	
132			Investments - restricted	-	-	-	-	
135			Investments - restricted for payment of current liability	-	-	-	-	
142			Prepaid expenses and other assets	12,745	-	-	12,745	
143			Inventories	-	-	-	-	
143.1			Allowance for obsolete inventories	-	-	-	-	
144			Interprogram - due from	-	-	-	-	
145			Assets held for sale	-	-	-	-	
150			TOTAL CURRENT ASSETS	321,887	91,899	-	413,786	
			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	184,547	-	-	184,547	
165			Leasehold improvements	325,158	-	-	325,158	
166			Accumulated depreciation	(2,398,517)	-	-	(2,398,517)	
167			Construction in Progress	3,822	-	-	3,822	
168			Infrastructure	-	-	-	-	
160			Total fixed assets, net of accumulated depreciation	1,163,325	-	-	1,163,325	
			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	1,163,325	-	-	1,163,325	
200			DEFERRED OUTFLOWS OF RESOURCES	31,996	25,184	-	57,180	
290			TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,517,208	\$ 117,083	\$ -	\$ 1,634,291	

Keansburg Housing Authority								
NJ060								
Financial Data Schedule (FDS)								
September 30, 2015								
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	40,279	801	-	41,080	
313			Accounts payable > 90 days past due	-	-	-	-	
321			Accrued wage/payroll taxes payable	5,805	2,752	-	8,557	
322			Accrued compensated absences - current portion	10,716	7,823	-	18,539	
324			Accrued contingency liability	-	-	-	-	
325			Accrued interest payable	-	-	-	-	
331			Accounts payable - HUD PHA programs	-	-	-	-	
332			Accounts payable - PHA projects	-	-	-	-	
333			Accounts payable - other government	12,558	-	-	12,558	
341			Tenant security deposits	22,630	-	-	22,630	
342			Unearned revenue	555	-	-	555	
343			Current portion of L-T debt - capital projects	10,000	-	-	10,000	
344			Current portion of L-T debt - operating borrowings	-	-	-	-	
345			Other current liabilities	-	-	-	-	
346			Accrued liabilities - other	-	-	-	-	
347			Interprogram - due to	-	-	-	-	
310			TOTAL CURRENT LIABILITIES	102,543	11,376	-	113,919	
NONCURRENT LIABILITIES:								
351			Long-term debt, net of current - capital projects	185,000	-	-	185,000	
352			Long-term debt, net of current - operating borrowings	-	-	-	-	
353			Non-current liabilities- other	-	-	-	-	
354			Accrued compensated absences - noncurrent	4,046	5,564	-	9,610	
355			Loan Liability - Non Current	-	-	-	-	
357			Accrued pension and OPEB liabilities	239,670	188,646	-	428,316	
350			TOTAL NONCURRENT LIABILITIES	428,716	194,210	-	622,926	
300			TOTAL LIABILITIES	531,259	205,586	-	736,845	
400			Deferred Inflows	136,394	107,356	-	243,750	
EQUITY:								
508.1			Invested in Capital Assets, Net of Related Debt	968,325	-	-	968,325	
511.1			Restricted Net Assets	119	-	-	119	
512.1			Unrestricted Net Assets	(118,889)	(195,859)	-	(314,748)	
513			TOTAL EQUITY	849,555	(195,859)	-	653,696	
600			TOTAL LIABILITIES, DEFERRED INFLOWS AND EQUITY	\$ 1,517,208	\$ 117,083	\$ -	\$ 1,634,291	
Proof of concept					-	-	-	-

Keansburg Housing Authorit						
NJ060						
Financial Data Schedule (FDS)						
September 30, 2015						
Line Item #	Account Description	OPERATING	CAPITAL	14.871 Housing Choice Vouchers	ELIM	TOTAL
REVENUE:						
70300	Net tenant rental revenue	\$ 295,995	\$ -	\$ -	\$ -	\$ 295,995
70400	Tenant revenue - other	5,100	-	-	-	5,100
70500	Total tenant revenue	301,095	-	-	-	301,095
70600	HUD PHA grants	274,298	25,636	2,999,744	-	3,299,678
70610	Capital grants	-	13,822	-	-	13,822
70710	Management fee	-	-	-	-	-
70720	Asset management fee	-	-	-	-	-
70730	Book keeping fee	-	-	-	-	-
70750	Other fees	-	-	-	-	-
70800	Other government grants	-	-	-	-	-
71100	Investment income - unrestricted	21	-	28	-	49
71200	Mortgage interest income	-	-	-	-	-
71300	Proceeds from disposition of asseets held for sale	-	-	-	-	-
71301	Cost of sale of assets	-	-	-	-	-
71400	Fraud recovery	-	-	2,853	-	2,853
71500	Other revenue	4,663	-	791,779	-	796,442
71600	Gain or loss on sale of fixed assets	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-
70000	TOTAL REVENUE	580,077	39,458	3,794,404	-	4,413,939
EXPENSES:						
Administrative						
91100	Administrative salaries	7,390	6,000	82,480	-	95,870
91200	Auditing fees	3,380	-	3,380	-	6,760
91300	Outside management fees	15,281	-	15,281	-	30,562
91310	Book-keeping fee	-	-	-	-	-
91400	Advertising and marketing	-	-	-	-	-
91500	Employee benefit contributions- administrative	2,704	-	23,349	-	26,053
91600	Office expenses	28,141	-	46,675	-	74,816
91700	Legal expenses	6,716	-	6,201	-	12,917
91800	Travel	-	-	-	-	-
91810	Allocated overhead	-	-	-	-	-
91900	Other	11,797	398	8,172	-	20,367
91000	Total operating - administrative	75,409	6,398	185,538	-	267,345
92000	Asset Management Fee	-	-	-	-	-
Tenant services						
92100	Tenant services - salaries	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-
92300	Employee benefit contributions- tenant services	-	-	-	-	-
92400	Tenant services - other	2,744	-	-	-	2,744
92500	Total Tennant Services	2,744	-	-	-	2,744

Keansburg Housing Authority						
NJ060						
Financial Data Schedule (FDS)						
September 30, 2015						
Line Item #	Account Description	OPERATING	CAPITAL	14.871 Housing Choice Vouchers	ELIM	TOTAL
	Utilities					
93100	Water	19,261	-	-	-	19,261
93200	Electricity	56,929	-	-	-	56,929
93300	Gas	52,711	-	-	-	52,711
93400	Fuel	-	-	-	-	-
93500	Labor	22,610	-	-	-	22,610
93600	Sewer	61,725	-	-	-	61,725
93700	Employee benefit contributions- utilities	13,460	-	-	-	13,460
93800	Other utilities expense	1,500	-	-	-	1,500
93000	Total Utilities	228,196	-	-	-	228,196
	Ordinary maintenance & operation					
94100	Ordinary maintenance and operations - labor	68,786	-	-	-	68,786
94200	Ordinary maintenance and operations - materials & other	25,147	-	-	-	25,147
94300	Ordinary maintenance and operations - contract costs	85,485	-	-	-	85,485
94500	Employee benefit contributions- ordinary maintenance	40,971	-	-	-	40,971
94000	Total Maintenance	220,389	-	-	-	220,389
	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	35,265	-	11,497	-	46,762
96100	Total Insurance Premiums	35,265	-	11,497	-	46,762
96130	Workmen's compensation	-	-	-	-	-
96140	All other insurance	-	-	-	-	-
96200	Other general expenses	-	-	6,470	-	6,470
96210	Compensated absences	3,505	-	4,242	-	7,747
96300	Payments in lieu of taxes	6,805	-	-	-	6,805
96400	Bad debt - tenant rents	1,310	-	-	-	1,310
96500	Bad debt- mortgages	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-
96800	Severance expense	-	-	-	-	-
96000	Total other general expenses	11,620	-	10,712	-	22,332
	Interest expense and amortization costs					
96710	Interest of mortgage (or bonds) payable	-	9,238	-	-	9,238
96710	Amortization of bond issue costs	-	-	-	-	-
96700	Total interest expense and amortization costs	-	9,238	-	-	9,238
96900	TOTAL OPERATING EXPENSES	573,623	15,636	207,747	-	797,006
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	6,454	23,822	3,586,657	-	3,616,933

Keansburg Housing Authorit						
NJ060						
Financial Data Schedule (FDS)						
September 30, 2015						
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	-	-	2,770,239	-	2,770,239
97350	HAP Portability - in	-	-	754,245	-	754,245
97400	Depreciation expense	91,337	-	-	-	91,337
97500	Fraud losses	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-
90000	TOTAL EXPENSES	664,960	15,636	3,732,231	-	4,412,827
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	(74,883)	13,822	62,173	-	1,112
MEMO ACCOUNT INFORMATION:						
11020	Required annual debt principal payments	-	-	-	-	-
11030	Beginning equity	1,277,135	-	30,459	-	1,307,594
11040	Prior period adjustments and equity transfers	(352,697)	(13,822)	(288,491)	-	(655,010)
11170	Administrative fee equity	-	-	74,959	-	74,959
11180	Housing assistance payments equity	-	-	-	-	-
		-	-	74,959	-	74,959
11190	Unit months available	960	-	2,988	-	3,948
11210	Number of unit months leased	931	-	2,885	-	3,816
Equity Roll Forward Test:						
	Calculation from R/E Statement	\$ 849,555	\$ -	\$ (195,859)	\$ -	\$ 653,696
	B/S Line 513	\$ 849,555	\$ -	\$ (195,859)	\$ -	\$ 653,696
		\$ -	\$ -	\$ -	\$ -	\$ -