

**HOUSING AUTHORITY OF THE
BOROUGH OF BUENA**

**REPORT OF AUDIT
FOR THE YEARS ENDED
MARCH 31, 2016 AND 2015**

HOUSING AUTHORITY OF THE BOROUGH OF BUENA**Table of Contents****March 31, 2016 and 2015**

	Page Number
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	2
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	5
Management's Discussion and Analysis	7
Basic Financial Statements	
Statements of Net Position	11
Statements of Revenue, Expenses, and Changes in Net Position	12
Statements of Cash Flows	13
Notes to Financial Statements	14
<u>OTHER REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of the Authority's Proportionate Share of the Net Pension Liability (PERS)	40
Schedule of the Authority's Contributions (PERS)	41
Note to Other Required Supplementary Information	42
<u>SUPPLEMENTARY INFORMATION</u>	
Financial Data Schedule	44
Schedule of Expenditures of Federal Awards	50
Notes to Schedule of Expenditures of Federal Awards	51
Schedule of Findings	52
Schedule of Prior Year Audit Findings	53
APPRECIATION	54

HOUSING AUTHORITY OF THE BOROUGH OF BUENA

FINANCIAL SECTION

FOR THE YEARS ENDED MARCH 31, 2016 AND 2015

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Borough of Buena

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the Borough of Buena, a component unit of the Borough of Buena, as of and for the years ended March 31, 2016 and 2015 and the related notes to the financial statements which collectively comprise the Authority's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 in compliance with the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform our 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 controls. 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.

30200

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority of the Borough of Buena as of March 31, 2016 and 2015, and the respective changes in financial position and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Principles

As discussed in note 2 to the financial statements, during the year ended March 31, 2016, the Authority adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards, the Financial Data Schedule, and other supplementary information as required by the U.S. Department of Housing and Urban Development are presented for purposes of additional analysis and are not a required part of the financial statements.

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

30200

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2016 on our consideration of the 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 the Authority's internal control over financial reporting and compliance.

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
July 28, 2016

**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
Housing Authority of the Borough of Buena

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Housing Authority of the Borough of Buena, a component unit of the Borough of Buena, as of and for the year ended March 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated July 28, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
July 28, 2016

Housing Authority of the Borough of Buena
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
March 31, 2016

As management of the Housing Authority of the Borough of Buena, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activity of the Authority for the year ended March 31, 2016. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities as of March 31, 2016 by \$1,680,167 (net position).
- The Authority's cash balance as of March 31, 2016 was \$223,008 representing an increase of \$39,147 from March 31, 2015.
- The Authority had intergovernmental revenues of \$108,920 from HUD operating subsidy and \$66,756 from HUD capital fund grants for the year ended March 31, 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements included in this annual report are those of a special-purpose government engaged only in a business-type activity. The following statements are included:

- **Statements of Net Position** - reports the Authority's current financial resources (short-term spendable resources) with capital assets and long-term debt obligations.
- **Statements of Revenue, Expenses and Changes in Net Position** - reports the Authority's operating and nonoperating revenue, by major sources, along with operating and nonoperating expenses and capital contributions.
- **Statements of Cash Flows** - reports the Authority's net cash from operating, investing, capital and noncapital related financial activities.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY-WIDE)

New for 2016 is the adjustment required by Government Accounting Standards Board (GASB) Statement No. 68 Accounting and Financial Reporting for Pensions as required by Generally Accepted Accounting Principles for government entities. Under the provisions of GASB 68, the Authority must include its proportionate share of the net pension liability of the Public Employees' Retirement System (PERS). The Authority was required to report \$36,801 of deferred outflows of resources, \$13,853 of deferred inflows of resources and the pension liability of \$227,553 and \$6,536 for the current year. An adjustment of \$215,476 was made to net unrestricted position per GASB 68 as the cumulative effect of the change in accounting principle.

Housing Authority of the Borough of Buena
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
March 31, 2016

Current assets increased by \$3,087 in 2016 from 2015 primarily due to an increase in cash of \$39,147 offset by a decrease in subsidy receivable of \$18,236 and prepaid expenses of \$17,749.

Capital assets decreased by \$70,466 in 2016 from 2015 due to depreciation of \$106,305 offset by the purchase of capital assets of \$35,839.

Total assets decreased by \$46,622 in 2015 from the prior year primarily due to depreciation of capital assets of \$105,015 offset by the purchase of capital assets of \$40,620, an increase in subsidy receivable of \$27,202 and prepaid expenses of \$7,885, and a decrease in cash of \$17,706 primarily due to the payoff of the pension liability of \$17,374.

Current liabilities decreased by \$2,712 in 2016 from the prior year due primarily to a net decrease in accounts payable and accrued expenses of \$4,579 offset by an increase in tenant funds on deposit of \$1,364.

Current liabilities increased by \$12,413 in 2015 from the prior year, due primarily to an increase in accrued utilities of \$11,641.

Noncurrent liabilities increased by \$234,800 in 2016 from the prior year due to the pension liability accruals of \$6,536 and \$227,553 and an increase in accrued compensated absences of \$711.

Noncurrent liabilities decreased by \$16,255 in 2015 from the prior year due to the payoff of the pension liability of \$17,374 and an increase in accrued compensated absences of \$1,119.

The following table summarizes the changes in net position between March 31, 2016, 2015 and 2014 for the Authority as a whole:

<u>ENTITY-WIDE</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current Assets	\$ 237,915	\$ 234,828	\$ 216,895
Capital Assets	1,716,790	1,787,256	1,851,651
Total Assets	<u>1,954,705</u>	<u>2,022,084</u>	<u>2,068,546</u>
Deferred Outflows of Resources	<u>36,801</u>	<u>-</u>	<u>-</u>
Current Liabilities	53,390	56,102	43,689
Noncurrent Liabilities	244,096	9,296	25,551
Total Liabilities	<u>297,486</u>	<u>65,398</u>	<u>69,240</u>
Deferred Inflows of Resources	<u>13,853</u>	<u>-</u>	<u>-</u>
Net Investment in Capital Assets	1,716,790	1,787,256	1,851,651
Unrestricted Net Position	(36,623)	169,430	147,655
Total Net Position	<u>\$ 1,680,167</u>	<u>\$ 1,956,686</u>	<u>\$ 1,999,306</u>

Housing Authority of the Borough of Buena
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
March 31, 2016

Comparatively, 2016 revenue decreased by \$17,294 from 2015 due to a decrease in tenant rental income of \$14,829, a decrease in federal awards of \$964 and a decrease in other income of \$1,501.

Comparatively, 2015 revenue increased by \$27,389 from 2014 primarily due to an increase in tenant rental income of \$11,039 and an increase in federal funding of \$17,673.

Interest income increased by \$17 in 2016 from 2015 and by \$53 in 2015 from 2014 due to higher balances in the bank accounts during the year.

Administrative expenses increased by \$7,073 in 2016 from the prior year primarily due to an increase in office supplies of \$4,659 and an increase in sundry expense of \$3,004.

Administrative expenses decreased by \$337 in 2015 from the prior year due to a decrease in sundry expenses.

The following table summarizes the changes in revenues and expenses between FYE 2016, 2015 and 2014 for the Authority as a whole (entity-wide):

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating Revenue:			
Tenant Rental Revenue	\$ 212,498	\$ 227,327	\$ 216,288
Federal Grant Awards	175,676	176,640	158,967
Other Income	4,933	6,434	7,757
Total Operating Revenue	<u>393,107</u>	<u>410,401</u>	<u>383,012</u>
Operating Expenses:			
Administrative	129,473	122,400	122,737
Tenant Services	1,863	1,303	1,764
Utilities	80,766	89,279	71,232
Maintenance	101,197	100,669	90,449
General Expenses	34,758	34,550	35,281
Depreciation Expense	106,305	105,015	106,683
Total Operating Expenses	<u>454,362</u>	<u>453,216</u>	<u>428,146</u>
Nonoperating Revenue (Expenses):			
Insurance recovery, net	-	-	-
Investment Income	212	195	142
Loss on Sale of Capital Assets	-	-	-
Net Nonoperating Revenue	<u>212</u>	<u>195</u>	<u>142</u>
Change in Net Position	(61,043)	(42,620)	(44,992)
Net Position, Beginning	<u>1,741,210</u>	<u>1,999,306</u>	<u>2,044,298</u>
Net Position, Ending	<u>\$ 1,680,167</u>	<u>\$ 1,956,686</u>	<u>\$ 1,999,306</u>

**Housing Authority of the Borough of Buena
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
March 31, 2016**

Utility expenses decreased in 2016 from the prior year by \$8,513 primarily due to a decrease in consumption due to a mild winter.

Utilities expense increased in 2015 from the prior year in the amount of \$18,047 primarily due to a significant increase in gas consumption.

Maintenance expenses increased in 2016 from 2015 by \$528 due to an increase in contract costs.

Maintenance expenses increased in 2015 from 2014 by \$10,220 primarily due to roof cleaning of \$5,040 and other small projects of \$5,997.

Depreciation expense increased in 2016 from the prior year by \$1,290 due to depreciation on new assets.

Depreciation expense decreased in 2015 from the prior year by \$1,668 due to more capital assets being fully depreciated.

CAPITAL ASSETS

The following table summarizes the changes in capital assets between March 31, 2016, 2015 and 2014:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Land	\$ 313,978	\$ 313,978	\$ 313,978
Buildings and Improvements	3,518,402	3,482,564	3,458,499
Equipment-Dwelling	59,972	59,972	59,972
Equipment-Nondwelling	47,072	47,072	34,381
TOTAL CAPITAL ASSETS	3,939,424	3,903,586	3,866,830
Accumulated depreciation	<u>2,222,634</u>	<u>2,116,330</u>	<u>2,015,179</u>
CAPITAL ASSETS, NET	<u>\$ 1,716,790</u>	<u>\$ 1,787,256</u>	<u>\$ 1,851,651</u>

DEBT ADMINISTRATION

Debt:

As of March 31, 2016, the Authority had no outstanding debt.

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 information should be addressed to the Executive Director, Housing Authority of the Borough of Buena, 600 Central Avenue, Minotola, NJ 08341-1014.

Housing Authority of the Borough of Buena
 Statements of Net Position
 March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets		
Unrestricted cash and cash equivalents	\$ 201,099	\$ 163,317
Restricted cash and cash equivalents	21,909	20,544
Accounts receivable, net of allowance for doubtful accounts of \$1,075 in 2016 and \$0 in 2015	278	-
Due from HUD	8,966	27,202
Other receivables	930	1,283
Prepaid expenses	4,733	22,482
	<u>237,915</u>	<u>234,828</u>
Total current assets		
Non-current assets		
Capital assets, net of accumulated depreciation	<u>1,716,790</u>	<u>1,787,256</u>
	<u>\$ 1,954,705</u>	<u>\$ 2,022,084</u>
Total assets		
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions	<u>\$ 36,801</u>	<u>\$ -</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 10,438	\$ 5,654
Accrued expenses	4,411	13,774
Accrued compensated absences	3,336	2,324
Tenant security deposits	21,909	20,545
Due to other governments	13,082	13,805
Unearned revenue	214	-
	<u>53,390</u>	<u>56,102</u>
Total current liabilities		
Non-current liabilities		
Accrued compensated absences	10,007	9,296
Pension liability - contribution subsequent to measurement date	6,536	-
Pension liability	227,553	-
	<u>244,096</u>	<u>9,296</u>
Total non-current liabilities		
	<u>\$ 297,486</u>	<u>\$ 65,398</u>
Total liabilities		
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	<u>\$ 13,853</u>	<u>\$ -</u>
NET POSITION		
Net investment in capital assets	1,716,790	1,787,256
Unrestricted	<u>(36,623)</u>	<u>169,430</u>
	<u>\$ 1,680,167</u>	<u>\$ 1,956,686</u>
Total net position		

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

30200

Housing Authority of the Borough of Buena
 Statements of Revenue, Expenses, and Changes in Net Position
 For the Years Ended March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenue		
Federal grant awards	\$ 175,676	\$ 176,640
Tenant charges	212,498	227,327
Other income	4,933	6,434
Total operating revenue	<u>393,107</u>	<u>410,401</u>
Operating expenses		
Administration	129,473	122,400
Tenant services	1,863	1,303
Utilities	80,766	89,279
Ordinary maintenance and operations	101,197	100,669
General expenses	34,758	34,550
Depreciation expense	106,305	105,015
Total operating expenses	<u>454,362</u>	<u>453,216</u>
Operating loss	<u>(61,255)</u>	<u>(42,815)</u>
Non-operating revenue:		
Interest income	212	195
Decrease in net position	<u>(61,043)</u>	<u>(42,620)</u>
Net position at the beginning of the year, as originally stated	<u>1,956,686</u>	<u>1,999,306</u>
Cumulative effect of change in accounting principle	<u>(215,476)</u>	<u>-</u>
Net position at the beginning of the year, as restated	<u>1,741,210</u>	<u>1,999,306</u>
Net position at the end of the year	<u>\$ 1,680,167</u>	<u>\$ 1,956,686</u>

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

Housing Authority of the Borough of Buena
Statements of Cash Flows
For the Years Ended March 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Cash received from federal programs	\$ 193,912	\$ 149,438
Cash received from tenants	213,798	226,906
Other operating cash receipts	4,933	6,434
Payments to employees	(105,710)	(103,311)
Payments for goods and services	<u>(232,159)</u>	<u>(256,748)</u>
Net cash provided by operating activities	<u>74,774</u>	<u>22,719</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	<u>(35,839)</u>	<u>(40,620)</u>
Cash flows from investing activities		
Interest income received	<u>212</u>	<u>195</u>
Increase (decrease) in cash and cash equivalents	39,147	(17,706)
Cash and cash equivalents, beginning of year	<u>183,861</u>	<u>201,567</u>
Cash and cash equivalents, end of year	<u>\$ 223,008</u>	<u>\$ 183,861</u>
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (61,255)	\$ (42,815)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	106,305	105,015
Provision for bad debt	1,075	-
(Increase) decrease in assets		
Accounts receivable	(1,353)	67
Due from HUD	18,236	(27,202)
Due from other governments	-	-
Other receivables	353	(619)
Prepaid expenses	9,416	(7,885)
Deferred outflows of resources	(24,312)	-
Increase (decrease) in liabilities		
Accounts payable	4,781	1,659
Accrued expenses	(9,363)	11,920
Tenant security deposits	1,364	(488)
Due to other governments	(723)	(686)
Unearned revenue	214	-
Accrued compensated absences	1,723	1,127
Accrued pension costs	38,233	(17,374)
Deferred inflows of resources	<u>(9,920)</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 74,774</u>	<u>\$ 22,719</u>
Reconciliation of cash and cash equivalents to the statements of net position		
Cash and cash equivalents - unrestricted	\$ 201,099	\$ 163,317
Cash and cash equivalents - restricted	<u>21,909</u>	<u>20,544</u>
	<u>\$ 223,008</u>	<u>\$ 183,861</u>

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

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements

Note 1: **ORGANIZATION AND ACTIVITY**

Reporting entity

The Housing Authority of the Borough of Buena (the "Authority") was created under federal and state housing laws as defined by state statute (N.J.S.A. 40A:12A-1, et seq., the "Housing Authority Act"). The Authority is governed by a Board of seven members who serve five-year terms. The governing Board is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development (HUD) and the New Jersey State Department of Community Affairs. An Executive Director is appointed by the Authority's Board to manage the day-to-day operations of the Authority. The Authority is responsible for the development, maintenance and management of public housing for low and moderate income families residing in the Borough of Buena, New Jersey. Operating and modernization subsidies are provided to the Authority by the federal government.

As of March 31, 2016, the activities of the Authority include the ownership and/or management of the following housing projects in Buena, New Jersey:

The Public Housing Program consists of 60 rental units constructed or purchased and operated by the Authority. The purpose of this program is to provide decent, safe, and sanitary housing to eligible low-income families and the elderly at rents they can afford. HUD provides assistance to the Authority in the form of operating subsidies.

Component unit

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. Blended component units, although legally separate entities, are in-substance part of the government's operations. Each discretely presented component unit would be or is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic but not the only criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and / or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 1: **ORGANIZATION AND ACTIVITY (continued)**

Component unit (continued)

The Authority is a component unit of the Borough of Buena (the "Borough") as described in Governmental Accounting Standards Board Statements described above because the Council of the Borough of Buena appoints 6 out of the 7 commissioners to the Buena Housing Authority Board. These financial statements would be either blended or discreetly presented as part of the Borough's financial statements if the Borough reported using generally accepted accounting principles applicable to governmental entities.

As of March 31, 2016, it has been determined by the Authority that no component units exist.

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

The financial statements of the Housing Authority of the Borough of Buena have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activities; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred.

Basis of accounting

Basis of accounting determines when transactions are being recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

Revenues -- Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. Tenant charges are recognized as revenue when services are provided.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of accounting (continued)

Non-exchange transactions, in which the Authority receives value without directly giving equal value in return, include grants, contributed capital, and donations. Revenue from grants, contributed capital, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Authority must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Budgets and budgetary control

The Authority must adopt an annual budget in accordance with N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current fiscal year and to adopt not later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the year. The budget is adopted on the accrual basis of accounting with provisions for cash payments for bond principal. Depreciation expense is not included in the budget appropriations.

The legal level of budgetary control is established at the detail shown on the Statements of Revenue, Expenses and Changes in Net Position. All budget transfers and amendments to those accounts must be approved by resolution of the Authority as required by the Local Finance Board. Management may transfer among supplementary line items as long as the legal level line items are not affected. There are no statutory requirements that budgetary line items not be over-expended. The Authority did not adopt an amending budget resolution during the year.

Non-appropriated capital budgets are prepared for the Capital Fund Program. Expenditures for these funds are controlled on the basis of applicable separate annual grant awards from HUD and are carried forward each year until the projects are completed or the grant award has been expended.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash and cash equivalents and investments

Cash and cash equivalents include petty cash, cash in banks, and all highly liquid investments with an original maturity of three months or less at time of purchase and are stated at fair value, which approximates cost. Such is the definition of cash and cash equivalents used in the statement of cash flows.

HUD authorizes public housing authorities to invest in U.S. obligations, U.S. agencies, money market funds limited to U.S. obligations, certificates of deposit, savings accounts, and repurchase agreements fully collateralized by U.S. obligations (with certain restrictions).

New Jersey governmental units 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 of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

Additionally, the Authority has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the GUDPA. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

Restricted assets

Certain cash of the Authority is restricted for tenant security deposits or for other specified purposes.

Prepaid expenses

Prepaid expenses recorded on the financial statements represent payments made to vendors for services that will benefit periods beyond the Authority's year end.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Capital assets

Land, buildings, and furniture and equipment are carried substantially at cost. All additions and betterments are charged to the capital asset accounts. The Authority has no infrastructure capital assets.

Expenditures, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the capital asset's currently capitalized cost. The cost of normal repairs and maintenance are not capitalized. Interest has been capitalized during the construction period on buildings and equipment.

Assets capitalized generally have an original cost of \$2,000 or more and a useful life in excess of three years. Dwelling equipment (ranges and refrigerators) is capitalized irrespective of cost. Depreciation has been provided on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	40 years
Building improvements	10 to 20 years
Furniture and equipment	3 to 10 years

Deferred outflows and deferred inflows of resources

The statements of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflow of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report the following as deferred outflows of resources and deferred inflows of resources related to the defined benefit pension plan: the difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Authority's proportion of expenses and liabilities to the pension as a whole, differences between the Authority's pension contribution and its proportionate share of contributions, and the Authority's pension contributions subsequent to the pension valuation measurement date. See note 6 for more information regarding the pension plan.

Compensated absences

Employees earn vacation and sick leave in varying amounts based upon length of service in accordance with the Authority's Personnel Policy. Sick leave can accrue without limit, but accrued vacation leave cannot exceed 2 years. In the event of retirement, employees may be compensated for accumulated vacation leave based on any accumulated and unpaid annual leave at the current rate of pay under the Personnel Policy. In the event of retirement, employees may be compensated for accumulated sick leave based on any accumulated and unpaid annual leave at the current rate of pay under the Personnel Policy up to 50% of the total accumulated sick leave, not to exceed \$17,500.

Amounts accrued are charged to expense with a corresponding liability.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System ("PERS") and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

In accordance with the provisions of GASB Statement No. 34 (Statement 34) of the Governmental Accounting Standards Board "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", the Authority has classified its net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced, by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component as the unspent amount.

Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted – This component of net position consists of net position that does not meet the definitions of "restricted" or "net investment in capital assets." This component includes net position that may be allocated for specific purposes by the Board.

Income Taxes

The Authority operates as defined by the Internal Revenue Code Section 115 and is exempt from income taxes under Section 115.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenue

The major sources of revenue are various subsidies from the U.S. Department of Housing and Urban Development, charges to tenants, and other income as discussed below.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Non-operating revenues and expense consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

Federal grant revenue - Operating subsidies, Capital Fund program revenue received from the U.S. Department of Housing and Urban Development, and other Federal grants are susceptible to accrual and are recognized during the year earned in accordance with applicable HUD and other Federal program guidelines. The Authority is generally entitled to receive monies under an established payment schedule or, for the Capital Fund program, as expenditures are made. Advance payments received for the subsequent year are recorded as deferred or unearned revenue.

Tenant charges - Tenant charges consist of rental income and fees. Charges are determined and billed monthly and are recognized as revenues when assessed because they are measurable and are collectible within the current period. Amounts not received by year-end are considered to be accounts receivable, and amounts paid for the subsequent fiscal year are recorded as unearned revenue.

Other income - Miscellaneous income is composed primarily of miscellaneous service fees. This revenue is recorded as earned since it is measurable and available.

Use of Estimates

Management of the Authority has made certain estimates and assumptions relating to the reporting of assets, liabilities and revenues and expenses to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results may differ from those estimates.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

New accounting standards adopted

During the year ended March 31, 2016, the Authority adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB). Implementation of these statements had no material impact on the Authority's 2016 financial statements, except for Statement Nos 68 and 71, which will be illustrated in Notes 6 and 11.

Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27

Issued in June 2012, the primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

Statement No. 67, Financial Reporting for Pension Plans, revises existing standards of financial reporting for most pension plans. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. 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 actuarial present value, and attribute that present value to periods of employee service.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

New accounting standards adopted (continued)

Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 (continued)

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for fiscal years beginning after June 15, 2014.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

New accounting standards adopted (continued)

Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date

Issued in November 2013, the objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

New accounting standards to be implemented in the future

The Authority plans to implement the following pronouncements by the required implementation dates or earlier, when deemed feasible:

Statement No. 72, Fair Value Measurement and Application

Issued February 2015, this Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

This Statement is effective for periods beginning after June 15, 2015.

Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68

Issued June 2015, this Statement's objective is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement also establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions.

This statement also clarifies the application of certain provisions of Statements No. 67 and 68.

Components of this Statement are effective for periods beginning after June 15, 2015 and 2016.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

New accounting standards to be implemented in the future (continued)

Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

Issued June 2015, this Statement's objective is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local government OPEB plans for making decisions and assessing accountability.

This Statement is effective for periods beginning after June 15, 2016.

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

Issued June 2015, this Statement's objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities.

This Statement is effective for periods beginning after June 15, 2017.

Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

Issued June 2015, this Statement identifies, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement is effective for periods beginning after June 15, 2015.

Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans

Issued December 2015, this Statement addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

This Statement is effective for periods beginning after December 15, 2015.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

New accounting standards to be implemented in the future (continued)

Statement No. 82, Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73

Issued March 2016, this Statement addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standards of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

This Statement is effective for periods beginning after June 15, 2016.

Note 3: **CASH AND CASH EQUIVALENTS**

Custodial credit risk related to deposits – Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. The Authority's formal policy regarding custodial credit risk is the same as described in Note 2 and included in its cash management plan. N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. As of March 31, 2016, all of the Authority's bank balances of \$223,748 were insured by Federal depository insurance.

Note 4: **RESTRICTED ASSETS**

The Authority established restricted cash accounts as required by HUD to report the associated cash associated with holding tenant security deposits. As of March 31, 2016 and 2015, the Authority's restricted cash balances are \$21,909 and \$20,544, respectively.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 5: **CAPITAL ASSETS**

The Authority's capital asset activity for the years ended March 31, 2016 and 2015 was as follows:

	Balance March 31, 2015	Additions	Reductions	Balance March 31, 2016
Land	\$ 313,978		\$ -	\$ 313,978
Buildings	3,482,564	\$ 35,839		3,518,403
Furniture & equipment – dwelling	59,972			59,972
Furniture & equipment – nondwelling	47,071			47,071
	3,903,585	35,839		3,939,424
Less accumulated depreciation	2,116,329	106,305		2,222,634
Net capital assets	<u>\$ 1,787,256</u>	<u>\$ (70,466)</u>	<u>\$ -</u>	<u>\$ 1,716,790</u>
	Balance March 31, 2014	Additions	Reductions	Balance March 31, 2015
Land	\$ 313,978			\$ 313,978
Buildings	3,474,499	\$ 24,065		3,482,564
Furniture, equipment – dwelling	59,972			59,972
Furniture & equipment – nondwelling	34,381	16,555	\$ 3,865	47,071
	3,866,830	40,620	3,865	3,903,585
Less accumulated depreciation	2,015,179	105,015	3,865	2,116,329
Net capital assets	<u>\$ 1,851,651</u>	<u>\$ (64,395)</u>	<u>\$ -</u>	<u>\$ 1,787,256</u>

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN**

Public Employees' Retirement System

A substantial number of the Authority's employees participate in the Public Employees' Retirement System ("PERS"), which is administered by the New Jersey Division of Pensions and Benefits. The plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<http://www.state.nj.us/treasury/pensions>

General Information about the Pension Plan

Plan Descriptions

The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designed purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not a member of another state-administered retirement system or the other state pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Vesting and Benefit Provisions

The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after eight to ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS.

The following represents the membership tiers for PERS:

Tier Definition

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 after May 22, 2010 and prior to June 28, 2011
5. Members who were eligible to enroll on or after June 28, 2011

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

Contributions

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.92% in State fiscal year 2015. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. Employers' contributions are based on an actuarially determined amount which included the normal cost and unfunded accrued liability.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Contributions (continued)

The Authority's contractually required contribution rate for the year ended March 31, 2016 was 12.09% of the Authority's covered-employee payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2015, the Authority contractually required contribution to the pension plan for the year ended March 31, 2016 is \$8,715, and is payable by April 1, 2016. Based on the PERS measurement date of June 30, 2014, the Authority's contractually required contribution to the pension plan for the year ended March 31, 2016 was \$8,336, which was paid on April 1, 2015. Employee contributions to the plan during the year ended March 31, 2016 were \$5,062.

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

At March 31, 2016, the Authority's proportionate share of the PERS net pension liability was \$227,553. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. 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 employers, actuarially determined. For the June 30, 2015 measurement date, the Authority's proportion was 0.0010136882%, which was an increase of 0.0000025109% from its proportion measured as of June 30, 2014.

At March 31, 2016, the Authority's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2015 measurement date is \$12,716. As previously mentioned, for the year ended March 31, 2016, the Authority's contributions to PERS were \$8,336 and were paid on April 1, 2015.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At March 31, 2016, the Authority had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,429	
Change of assumptions	24,437	
Net difference between projected and actual earnings on pension plan investments		\$ 3,659
Changes in proportion and differences between Authority contributions and proportionate share of contributions	399	10,194
Authority contributions subsequent to the measurement date	<u>6,536</u>	
	<u>\$ 36,801</u>	<u>\$ 13,853</u>

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

\$6,536 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending March 31, 2017. This amount was based on an estimated April 1, 2017 contractually required contribution, prorated from the pension plans measurement date of June 30, 2015 to the Authority's year end of March 31, 2016.

The Authority will amortize the above other deferred outflow of resources and deferred inflows of resources related to pensions over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of pension plan deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
Changes of assumptions		
Year of pension plan deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
Net difference between projected and actual earnings on pension plan investments		
Year of pension plan deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
Changes in proportion and differences between Authority contributions and proportionate share of contributions		
Year of pension plan deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

Plan Year Ended June 30,	PERS
2016	\$ 2,557
2017	2,557
2018	2,559
2019	5,380
2020	3,359
	\$ 16,412

Actuarial Assumptions

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	PERS
Inflation	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 rate table	RP-2000
Period of actuarial experience study upon with actuarial assumptions were based	July 1, 2008 – June 30, 2011

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Actuarial Assumptions (continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS 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 Real 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 equities	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%
	<u>100.00%</u>	

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2015 was 4.90%. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, 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 rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of 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.

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

The following presents the Authority's proportionate share of the net pension liability at June 30, 2015, the plan's measurement date, calculated using a discount rate of 4.90%, 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% lower or 1% higher than the current rates used:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Authority's proportionate share of the net pension liability	<u>\$ 282,820</u>	<u>\$ 227,553</u>	<u>\$ 181,217</u>

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued New Jersey Division of Pension and Benefits financial report. Information on where to obtain the report is indicated at the beginning of this note.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 7: LONG-TERM DEBT

The following summarizes compensated absences at year end:

	March 31,	
	<u>2016</u>	<u>2015</u>
Beginning balance	\$ 11,620	\$ 10,493
Increase	7,157	6,735
Decrease	<u>5,434</u>	<u>5,608</u>
Ending balance	<u>\$ 13,343</u>	<u>\$ 11,620</u>
Current portion	<u>\$ 3,336</u>	<u>\$ 2,324</u>

Note 8: MANAGEMENT AGREEMENT

The Housing Authority of the Borough of Buena entered into an agreement to retain management services from the Housing Authority of the City of Vineland and has agreed to pay \$29,500 annually and to be invoiced monthly. The Housing Authority of the City of Vineland provides management services and additional services on an as-needed basis for the Housing Authority of the Borough of Buena. The current agreement became effective as of January 1, 2013, and is effective until December 31, 2017. This agreement will renew one additional five year term through December 31, 2022 unless written notice is received 30 days prior to expiration. The total management fees paid was \$29,500 for the years ended March 31, 2016 and 2015.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 9: **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered through a joint insurance pool as described below. Settled claims from these risks have not exceeded coverage for the past several years.

The Authority is a member of the New Jersey Public Housing Authority Joint Insurance Fund. The Fund provides its members with the following coverage:

Property and Physical Damage
General and Automobile Liability
Workers' Compensation
Public Official Liability/Employment Practices Liability

Contributions to the Fund are payable in an annual premium and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment to the Fund's obligation.

The Fund publishes its own financial report which can be obtained from:

New Jersey Public Housing Authorities Joint Insurance Fund
9 Campus Drive, Suite 16
Parsippany, New Jersey 07054-4412

Note 10: **OTHER MATTERS**

Certain claims have been filed against the organization. In the opinion of management, all matters are adequately covered by insurance or are without merit.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 11: CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

As indicated in Note 2 to the financial statements, in 2016, the Authority adopted GASB Statements No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result of implementing these new GASB statements, it was necessary to adjust unrestricted (deficit) net position in the financial statements, for the Authority's proportionate share of the Public Employees' Retirement System (PERS) net pension liability. The cumulative effect on the financial statements as reported for March 31, 2016 is as follows:

As reported – March 31, 2015	
Net position, as originally stated	\$ 1,956,686
Effects of accounting for adoption of GASB Statements No. 68 and 71:	
Net Pension Liability as of the June 30, 2014 measurement date	(189,320)
Deferred outflows as of the June 30, 2014 measurement date	5,953
Deferred outflows related to contributions made after the 2014 measurement date	6,536
Short-term payable related to contributions made after the 2014 measurement date	(8,336)
Long-term payable related to contributions made after the 2014 measurement date	(6,536)
Deferred inflows as of the June 30, 2014 measurement date	<u>(23,773)</u>
Restatement of net position	<u>(215,476)</u>
Restated – March 31, 2015	
Net position, as restated	<u>\$ 1,741,210</u>

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Financial Statements (continued)

Note 12: **OTHER MATTERS**

The Rental Assistance Demonstration (RAD) program was created to assist housing authorities with preserving and/or improving public housing properties. The RAD program allows housing authorities to leverage public housing stock and public and private debt to make these improvements in the absence of federal funding for this purpose. In addition, converting to RAD provides for a more stable funding stream.

The Authority applied to the Department of Housing and Urban Development (HUD) in December 2013, to be considered for the RAD program. HUD issued a Commitment to enter into a Housing Assistance Payment (CHAP) contract on March 25, 2015. On June 22, 2016, HUD issued a RAD Conversion Commitment (RCC), along with a checklist of items required to complete the "Contract and Closing Documents." The Authority continues to work toward the anticipated closing date of September 18, 2016.

The Buena Housing Authority conversion to RAD will not involve any financing of any improvements nor debt at the current time.

The conversion of the Authority's current funding sources of Operating Subsidy and Capital Fund into a Section 8 Housing Assistance Payment Contract does not impact the current entity structure.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2016

30200

Other Required Supplementary Information
Schedule of the Authority's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS)
March 31, 2016

	<u>Measurement Date Ending June 30,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Authority's proportion of the net pension liability	0.0010136882%	0.0010111773%	0.0010885497%
Authority's proportionate share of the net pension liability	\$ 227,553	\$ 189,320	\$ 208,043
Authority's covered-employee payroll	\$ 69,928	\$ 69,928	\$ -
Authority's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	325.41%	270.74%	
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%	48.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

**Other Required Supplementary Information
Schedule of the Authority's Contributions
Public Employees' Retirement System (PERS)
March 31, 2016**

	<u>Year Ended March 31,</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 8,715	\$ 8,336	\$ 8,202
Contributions in relation to the contractually required contribution	<u>(8,715)</u>	<u>(8,336)</u>	<u>(8,202)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered employee payroll	\$ 72,055	\$ 70,066	\$ 69,928
Contributions as a percentage of Authority's covered-employee payroll	12.09%	11.90%	11.73%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

30200

**Note to Other Required Supplementary Information
For the Year Ended March 31, 2016**

Note to Required Supplementary Information

Changes in benefit terms - None

Changes in assumptions - The discount rate changed from 5.39% as of June 30, 2014, to 4.90% as of June 30, 2015, in accordance with Paragraph 44 of GASB Statement No. 67.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA

SUPPLEMENTARY INFORMATION

**(AS REQUIRED BY U.S. DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT)**

MARCH 31, 2016

Buena Housing Authority (NJ202)
MINOTOLA, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2016

	Project Total	Subtotal	Total
111 Cash - Unrestricted	\$201,100	\$201,100	\$201,100
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	\$21,909	\$21,909	\$21,909
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$223,009	\$223,009	\$223,009
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects	\$8,966	\$8,966	\$8,966
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous	\$930	\$930	\$930
126 Accounts Receivable - Tenants	\$1,352	\$1,352	\$1,352
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,075	-\$1,075	-\$1,075
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery			
128.1 Allowance for Doubtful Accounts - Fraud			
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$10,173	\$10,173	\$10,173
131 Investments - Unrestricted			
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$4,733	\$4,733	\$4,733
143 Inventories			
143.1 Allowance for Obsolete Inventories			
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$237,915	\$237,915	\$237,915
161 Land	\$313,978	\$313,978	\$313,978
162 Buildings	\$3,518,402	\$3,518,402	\$3,518,402
163 Furniture, Equipment & Machinery - Dwellings	\$59,972	\$59,972	\$59,972
164 Furniture, Equipment & Machinery - Administration	\$47,072	\$47,072	\$47,072
165 Leasehold Improvements			
166 Accumulated Depreciation	-\$2,222,634	-\$2,222,634	-\$2,222,634
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,716,790	\$1,716,790	\$1,716,790

Buena Housing Authority (NJ202)
MINOTOLA, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2016

	Project Total	Subtotal	Total
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due			
173 Grants Receivable - Non Current			
174 Other Assets			
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$1,716,790	\$1,716,790	\$1,716,790
200 Deferred Outflow of Resources	\$36,801	\$36,801	\$36,801
290 Total Assets and Deferred Outflow of Resources	\$1,991,506	\$1,991,506	\$1,991,506
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$10,438	\$10,438	\$10,438
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$433	\$433	\$433
322 Accrued Compensated Absences - Current Portion	\$3,336	\$3,336	\$3,336
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government	\$13,082	\$13,082	\$13,082
341 Tenant Security Deposits	\$21,909	\$21,909	\$21,909
342 Unearned Revenue	\$214	\$214	\$214
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities			
346 Accrued Liabilities - Other	\$3,978	\$3,978	\$3,978
347 Inter Program - Due To			
348 Loan Liability - Current			
310 Total Current Liabilities	\$53,390	\$53,390	\$53,390
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			
352 Long-term Debt, Net of Current - Operating Borrowings			
353 Non-current Liabilities - Other			
354 Accrued Compensated Absences - Non Current	\$10,007	\$10,007	\$10,007
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities	\$234,089	\$234,089	\$234,089
350 Total Non-Current Liabilities	\$244,096	\$244,096	\$244,096
300 Total Liabilities	\$297,486	\$297,486	\$297,486

30200

Buena Housing Authority (NJ202)
MINOTOLA, NJ
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2016

	Project Total	Subtotal	Total
400 Deferred Inflow of Resources	\$13,853	\$13,853	\$13,853
508.4 Net Investment in Capital Assets	\$1,716,790	\$1,716,790	\$1,716,790
511.4 Restricted Net Position			
512.4 Unrestricted Net Position	-\$36,623	-\$36,623	-\$36,623
513 Total Equity - Net Assets / Position	\$1,680,167	\$1,680,167	\$1,680,167
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,991,506	\$1,991,506	\$1,991,506

30200

Buena Housing Authority (NJ202)
MINOTOLA, NJ

Single Project Revenue and Expense

Submission Type: Audited/Non Single
Audit

Fiscal Year End: 03/31/2016

Project: NJ202000001 PARKVIEW GARDENS

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$211,567		\$211,567
70400 Tenant Revenue - Other	\$931		\$931
70500 Total Tenant Revenue	\$212,498	\$0	\$212,498
70600 HUD PHA Operating Grants	\$108,920	\$66,756	\$175,676
70610 Capital Grants			
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$212		\$212
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue	\$4,932		\$4,932
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$326,562	\$66,756	\$393,318
91100 Administrative Salaries	\$28,629		\$28,629
91200 Auditing Fees	\$9,800		\$9,800
91300 Management Fee	\$29,500		\$29,500
91310 Book-keeping Fee			
91400 Advertising and Marketing	\$1,470		\$1,470
91500 Employee Benefit contributions - Administrative	\$18,094		\$18,094
91600 Office Expenses	\$7,958		\$7,958
91700 Legal Expense	\$5,000		\$5,000
91800 Travel	\$821		\$821
91810 Allocated Overhead			
91900 Other	\$28,196		\$28,196
91000 Total Operating - Administrative	\$129,468	\$0	\$129,468
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other	\$1,863		\$1,863
92500 Total Tenant Services	\$1,863	\$0	\$1,863

Buena Housing Authority (NJ202)
MINOTOLA, NJ

Single Project Revenue and Expense

Submission Type: Audited/Non Single
Audit

Fiscal Year End: 03/31/2016

Project: NJ20200001 PARKVIEW GARDENS

	Low Rent	Capital Fund	Total Project
93100 Water	\$15,494		\$15,494
93200 Electricity	\$13,999		\$13,999
93300 Gas	\$18,027		\$18,027
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense	\$33,245		\$33,245
93000 Total Utilities	\$80,765	\$0	\$80,765
94100 Ordinary Maintenance and Operations - Labor	\$44,468		\$44,468
94200 Ordinary Maintenance and Operations - Materials and Other	\$10,346		\$10,346
94300 Ordinary Maintenance and Operations Contracts	\$35,502		\$35,502
94500 Employee Benefit Contributions - Ordinary Maintenance	\$10,881		\$10,881
94000 Total Maintenance	\$101,197	\$0	\$101,197
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance	\$10,349		\$10,349
96120 Liability Insurance	\$5,671		\$5,671
96130 Workmen's Compensation	\$1,068		\$1,068
96140 All Other Insurance	\$1,791		\$1,791
96100 Total insurance Premiums	\$18,879	\$0	\$18,879
96200 Other General Expenses			
96210 Compensated Absences	\$1,723		\$1,723
96300 Payments in Lieu of Taxes	\$13,082		\$13,082
96400 Bad debt - Tenant Rents	\$1,075		\$1,075
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$15,880	\$0	\$15,880
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$348,052	\$0	\$348,052
97000 Excess of Operating Revenue over Operating Expenses	-\$21,490	\$66,756	\$45,266

Buena Housing Authority (NJ202)
MINOTOLA, NJ

Single Project Revenue and Expense

Submission Type: Audited/Non Single
Audit

Fiscal Year End: 03/31/2016

Project: NJ202000001 PARKVIEW GARDENS

	Low Rent	Capital Fund	Total Project
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$106,305		\$106,305
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$454,357	\$0	\$454,357
10010 Operating Transfer In	\$66,756		\$66,756
10020 Operating transfer Out		-\$66,756	-\$66,756
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$66,756	-\$66,756	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$61,039	\$0	-\$61,039
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$1,956,682	\$0	\$1,956,682
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$215,476		-\$215,476
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	720		720
11210 Number of Unit Months Leased	712		712
11270 Excess Cash	\$150,788		\$150,788
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$0	\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$0	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0

30200

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2016

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development Direct Programs				
Public and Indian Housing Program	14.850a	N/A		\$ 108,920
Public Housing - Capital Fund Program	14.872	N/A		<u>66,756</u>
Total expenditures of federal awards				<u>\$ 175,676</u>

See accompanying notes to schedule of expenditures of federal awards.

HOUSING AUTHORITY OF THE BOROUGH OF BUENA
Notes to Schedule of Expenditures of Federal Awards

Note 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Housing Authority of the Borough of Buena (the "Authority") under programs of the federal government for the year ended March 31, 2016. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Expenditures reported on this Schedule is reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Amounts reported in the accompanying Schedule agree with amounts reported in the Authority's financial statements.

Note 4: PURPOSE OF SCHEDULE

Expenditures of federal awards were less than the single audit dollar threshold required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and therefore were not subject to a single audit. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Department of Housing and Urban Development and is not a required part of financial statements, as described in the Independent Auditor's Report.

Note 5: PHA'S STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

There were no Modernization Cost Certificates filed by the Housing Authority in 2016.

30200

**Housing Authority of the Borough of Buena
Schedule of Findings
For the Year Ended March 31, 2016**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Schedule of Current Year Findings

No Current Year Findings.

**Housing Authority of the Borough of Buena
Schedule of Prior Year Audit Findings
As Prepared by Management**

This section identifies the status of prior year findings that are required to be reported in accordance with Government Auditing Standards and with the audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

No Prior Year Findings.

30200

APPRECIATION

We express our appreciation for the courtesies extended and assistance rendered to us during the course of this audit.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants