

CARTERET HOUSING AUTHORITY
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
YEAR ENDED DECEMBER 31, 2015

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YEAR ENDED DECEMBER 31, 2015**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Carteret Housing Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the Carteret Housing Authority ("the Authority") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the accompanying 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Carteret Housing Authority as of December 31, 2015, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Carteret Housing Authority's basic financial statements. The schedule of expenditures of federal awards, as 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) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying financial data schedule is also not a required part of the financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

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

INDEPENDENT AUDITOR'S REPORT (continued)

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Carteret Housing Authority as of and for the year ended December 31, 2015, and have issued our report thereon dated July 19, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 19, 2016 on our consideration of the Carteret Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Carteret Housing Authority's internal control over financial reporting and compliance.

Fallon & Larsen LLP

July 19, 2016
Toms River, New Jersey

MANAGEMENT'S DISCUSSION AND ANALYSIS

**CARTERET HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2015**

As Management of the Carteret Housing Authority ("the Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

A Financial Highlights

1. The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$996,160 (net position) as opposed to \$3,629,895 for the prior fiscal year.
2. As of the close of the current fiscal year, the Authority's proprietary fund reported ending unrestricted net deficit of \$1,527,664.
3. The Authority's cash and cash equivalent balance at December 31, 2015 was \$1,554,337 representing a decrease of \$96,632 from the prior fiscal year.
4. The Authority had total operating revenues of \$8,847,088 and total operating expenses of \$8,975,181 for the year ended December 31 2015.
5. The Authority's capital outlays for the fiscal year were \$306,800.
6. The Authority's expenditures of federal awards amounted to \$7,681,082 for the fiscal year.

B. Using the Annual Report

1. Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements and notes to financial statements included in this report were prepared in accordance with GAAP applicable to governmental entities in the United States of America for proprietary fund types.

**CARTERET HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2015**

B. Using the Annual Report (continued)

2. Basic Financial Statements

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

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

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

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

The basic financial statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The basic financial statements can be found on pages 12 - 16 in this report.

3. Notes to Financial Statements

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

**CARTERET HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2015**

B. Using the Annual Report (continued)

4. Supplemental Information

The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. The Schedule of Expenditures of Federal Awards can be found on page 37 of this report.

C. The Authority as a Whole

The Authority's net position decreased during the fiscal year as detailed on the next page. The Authority's revenues are primarily subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's revenues were not sufficient to cover all expenses during the fiscal year.

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

Significant Changes from December 31th, 2014 to December 31th, 2015

The Authority adopted the provisions of GASB Statement 68, "*Accounting and Financial Reporting for Pensions*". The provisions were effective for periods beginning after June 15, 2014. As of January 1, 2015, The Authority's net position has been restated and reduced by \$2,672,191 to reflect a beginning net pension liability of \$2,722,202, deferred inflows of resources of \$162,228 and deferred outflows of resources of \$212,243.

**CARTERET HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2015**

C. The Authority as a Whole (continued)

Computation of Net Position is as follows:

	December 31,		Variance	%
	2015	2014		
Cash and Other Current Assets	\$ 1,666,677	\$ 1,707,035	\$ (40,358)	-2.36%
Restricted Cash	-	12,118	(12,118)	-100.00%
Capital Assets, Net	3,748,824	3,923,206	(174,382)	-4.44%
Deferred Outflows of Resources	<u>505,448</u>	<u>-</u>	<u>505,448</u>	n/a
 Total Assets and Deferred Outflows	 5,920,949	 5,642,359	 278,590	 4.94%
Less: Total Liabilities and Deferred				
Inflows of Resources	<u>4,924,789</u>	<u>2,012,464</u>	<u>2,912,325</u>	144.71%
 Net Position	 <u>\$ 996,160</u>	 <u>\$ 3,629,895</u>	 <u>\$ (2,633,735)</u>	 -72.56%
 Net Investment in Capital Assets	 \$ 2,523,824	 \$ 2,598,206	 \$ (74,382)	 -2.86%
Restricted Net Position	-	12,118	(12,118)	-100.00%
Unrestricted Net Position	<u>(1,527,664)</u>	<u>1,019,571</u>	<u>(2,547,235)</u>	-249.83%
 Total Net Position	 <u>\$ 996,160</u>	 <u>\$ 3,629,895</u>	 <u>\$ (2,633,735)</u>	 -72.56%

- Capital assets, net decreased \$174,382. The Authority acquired \$306,800 in new capital assets which was offset by \$481,182 in depreciation expense.
- Cash and cash equivalents (including restricted cash) decreased \$96,632 as the Authority generated \$143,619 from operating activities and used \$187,997 from capital and related financing activities and used \$52,254 from investing activities.
- Bonds payable decreased \$100,000 as the Authority utilized their portion of their capital fund allocation to pay bond payments due in 2015.
- Deferred outflows of resources increased \$505,448 and liabilities and deferred inflows of resources increased \$2,912,325 primarily because the Authority adopted GASB 68 which required the recognition of the Authority's net pension liability and related deferred outflows and inflows.

**CARTERET HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2015**

C. The Authority as a Whole (continued)

Computations of the Changes in Net Position is as follows:

	December 31,		Variance	% Change
	2015	2014		
<u>Operating revenues:</u>				
Tenant Revenues	\$ 991,424	\$ 944,370	\$ 47,054	4.98%
HUD Operating Grants	7,002,179	6,860,415	141,764	2.07%
Other Revenues	<u>853,485</u>	<u>657,522</u>	<u>195,963</u>	29.80%
 Total Revenues	 <u>8,847,088</u>	 <u>8,462,307</u>	 <u>384,781</u>	 4.55%
<u>Operating Expenses:</u>				
Other Operating Expenses	2,824,234	2,761,663	62,571	2.27%
Housing Assistance Payments	5,669,765	5,740,159	(70,394)	-1.23%
Depreciation	<u>481,182</u>	<u>449,706</u>	<u>31,476</u>	7.00%
 Total Operating Expenses	 <u>8,975,181</u>	 <u>8,951,528</u>	 <u>23,653</u>	 0.26%
 Operating Loss	 <u>(128,093)</u>	 <u>(489,221)</u>	 <u>361,128</u>	 -73.82%
<u>Other Revenues (Expense):</u>				
Interest expense	(58,746)	(62,609)	3,863	-6.17%
Interest income	6,492	6,216	276	n/a
Gain on sale of capital assets	45,500	-	45,500	n/a
Capital Grants	<u>173,303</u>	<u>109,848</u>	<u>63,455</u>	57.77%
 Net Other Revenue (Expense)	 <u>166,549</u>	 <u>53,455</u>	 <u>113,094</u>	 211.57%
 Change in Net Position	 38,456	 (435,766)	 474,222	 -108.82%
 Net Position, Beginning of Year	 <u>3,629,895</u>	 <u>4,065,661</u>	 <u>(435,766)</u>	 -10.72%
Prior Period Adjustment, Adopt				
GASB 68	<u>(2,672,191)</u>	<u>-</u>	<u>(2,672,191)</u>	n/a
Net Position, End of Year	<u>\$ 996,160</u>	<u>\$ 3,629,895</u>	<u>\$ (2,633,735)</u>	-72.56%

**CARTERET HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2015**

C. The Authority as a Whole (continued)

- HUD operating grants increased \$141,764 as a result of the Low Rent Public Housing Program receiving \$117,911 more in subsidy and the Capital Fund program utilizing \$29,451 more of their allocation for operations in 2015 than in 2014.
- The Authority sold fully depreciated vehicles to the Borough of Carteret during fiscal year 2015, resulting in a gain of \$45,500.
- Other operating expenses increased \$62,571 from December 31, 2014 to December 31, 2015 primarily due to increases in employee benefit costs.
- Administrative expenses (including tenant services) increased \$144,066 primarily due to increases in employee benefits and office expenses.
- Utility expenses increased from \$744,902 in 2014 to \$798,428 in 2015 primarily due to increases in water and electricity costs as well as increases in labor and employee benefit costs.
- Ordinary maintenance and operations expense decreased \$565,112 to \$405,893 from 2014 to 2015 primarily due to the reduction of allocated salaries and benefits.
- Housing assistance payments decreased \$70,394 as the Authority had fifty-eight (58) less unit months under lease in the Housing Choice Voucher Program.

a. Budgetary Highlights

For the year ended December 31, 2015, individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. Also, the Authority adopted a comprehensive annual budget for the general fund. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency. As indicated by the Statement of Revenue, Expenses and Changes in Net Position, the Authority's net position decreased during the fiscal year.

**CARTERET HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2015**

C. The Authority as a Whole (continued)

b. Capital Assets and Debt Administration

1. Capital Assets

As of December 31, 2015, the Authority's net investment in capital assets for its Proprietary Fund was \$2,523,824. This investment in capital assets net of related debt includes land, buildings, equipment and construction in progress, offset by accumulated depreciation and capital debt.

Major capital assets purchased during the fiscal year totaled \$306,800, of which \$73,303 pertained to expenditures made in accordance with the Authority's Capital Fund Program. These activities are funded by grants from HUD.

Additional information on the Authority's capital assets can be found in the notes to the financial statements, which is included in this report.

2. Bonds Payable

Bonds payable relate to the leveraging of the Authority's future Capital Grants.

During 2004, the Authority entered into a Capital Fund leveraging pool. The New Jersey Housing and Mortgage Finance Agency issued tax exempt, twenty year Capital Fund Program Revenue Bonds, 2004 Series A on December 23, 2004. The Authority's share of funds from the bond issue pool amounted to \$2,050,000.

Repayment of the funds leveraged shall be budgeted from Capital Fund allocations received by the Authority from the Department of Housing and Urban Development. Interest accrues at 4.12% and is payable semi-annually on May 1st and November 1st.

See Note 7 in the Notes to the Financial Statements for more information.

**CARTERET HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2015**

C. The Authority as a Whole (continued)

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

The following factors were considered in preparing the Authority's budget for the fiscal year ended December 31, 2016:

1. The state of the economy.
2. The need for Congress to fund the war on terrorism.
3. The use of the Authority's unrestricted cash to fund any shortfalls rising from an economic downturn and reduced subsidies and grants. The Authority's unrestricted cash appears sufficient to cover any shortfall.

d. Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Eric Chubenko, Executive Director, Carteret Housing Authority, 96 Roosevelt Avenue, Carteret, NJ 07201.

FINANCIAL STATEMENTS

**CARTERET HOUSING AUTHORITY
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2015**

ASSETS

Current assets:	
Cash and cash equivalents	\$ 1,554,337
Accounts receivable, net	88,792
Prepaid expenses	<u>23,548</u>
Total current assets	<u>1,666,677</u>
Non-current assets:	
Capital assets, net	<u>3,748,824</u>
Total assets	<u>5,415,501</u>

DEFERRED OUTFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	<u>505,448</u>
Total assets and deferred outflows of resources	<u>\$ 5,920,949</u>

See accompanying notes to financial statements.

CARTERET HOUSING AUTHORITY
STATEMENT OF NET POSITION (continued)
AS OF DECEMBER 31, 2015

LIABILITIES

Current liabilities:	
Accounts payable	\$ 66,325
Accounts payable - other government	68,013
Accrued expenses	37,869
Accrued compensated absences, current	16,700
Tenant security deposits	73,378
Unearned revenue	50,679
Current portion of bonds payable	<u>100,000</u>
Total current liabilities	<u>412,964</u>
Non-current liabilities:	
Accrued compensated absences, noncurrent	150,297
Bonds payable, net of current portion	1,125,000
Other liabilities	<u>3,005,184</u>
Total non-current liabilities	<u>4,280,481</u>
Total liabilities	<u>4,693,445</u>

DEFERRED INFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	<u>231,344</u>
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NET POSITION

Net position:	
Net investment in capital assets	2,523,824
Unrestricted	<u>(1,527,664)</u>
Total net position	<u>996,160</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 5,920,949</u>

See accompanying notes to financial statements.

**CARTERET HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015**

Operating revenues:	
Tenant revenue	\$ 991,424
HUD grants	7,002,179
Other revenues	<u>853,485</u>
Total operating revenue	<u>8,847,088</u>
Operating expenses:	
Administrative	1,401,276
Utilities	798,428
Ordinary maintenance and operations	405,893
General expenses	218,637
Housing assistance payments	5,669,765
Depreciation	<u>481,182</u>
Total operating expenses	<u>8,975,181</u>
Operating loss	<u>(128,093)</u>
Non-operating revenues (expenses):	
Interest expense	(58,746)
Investment income	6,492
Gain (loss) on sale of fixed assets	<u>45,500</u>
Net non-operating revenues (expenses)	<u>(6,754)</u>
Loss before capital grants	(134,847)
Capital grants	<u>173,303</u>
Changes in net position	38,456
Total net position, beginning of year (as restated)	<u>957,704</u>
Total net position, end of year	<u><u>\$ 996,160</u></u>

See accompanying notes to financial statements.

**CARTERET HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Cash Flows from Operating Activities:	
Cash received from tenants	\$ 1,886,581
Cash received from grantors	6,956,251
Cash paid to suppliers	(7,778,100)
Cash paid to employees	<u>(921,113)</u>
Net cash flows provided by operating activities	<u>143,619</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of capital assets	(306,800)
Proceeds on sale of capital assets	45,500
Capital grants	173,303
Principle payments on bonds payable	<u>(100,000)</u>
Net cash flows used by capital and related financing activities	<u>(187,997)</u>
Cash Flows from Investing Activities:	
Investment income	6,492
Investment expense	<u>(58,746)</u>
Net cash flows used by investing activities	<u>(52,254)</u>
Net decrease in cash	(96,632)
Cash and cash equivalents, beginning of year	<u>1,650,969</u>
Cash and cash equivalents, end of year	<u>\$ 1,554,337</u>

See accompanying notes to financial statements.

CARTERET HOUSING AUTHORITY
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (128,093)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	481,182
Bad debts	6,465
Changes in assets and liabilities:	
Accounts receivable - HUD	(45,928)
Accounts receivable - tenants	(3,943)
Accounts receivable - miscellaneous	3,189
Prepaid expenses	(3,939)
Other assets	(293,205)
Accounts payable	(51,764)
Accounts payable - other government	20,122
Accrued expenses	4,028
Accrued compensated absences	22,688
Tenant security deposits	2,094
Prepaid rents	40,332
Other liabilities	<u>90,391</u>
Net cash provided by operating activities	<u>\$ 143,619</u>

See accompanying notes to financial statements.

**CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

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

The governing board is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development ("HUD") and the State of New Jersey 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 maintains its accounting records by program. The following programs are operated by the Authority:

B. Description of Programs

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

Public and Indian Housing (Low Rent Public Housing Program)

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

Housing Choice Vouchers Program

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

Public Housing Capital Fund Program

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

CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity

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

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

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

D. Basis of Accounting

The Authority's financial statements are prepared in accordance with GASB Statement No. 34 (as amended), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("GASB 34"), as amended. GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplemental Information.

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

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

CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting (continued)

In accordance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, the aforementioned funds are treated as restricted cash and cash equivalents on the Authority's Statements of Net Position and Cash Flows.

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

New Accounting Standards Adopted

The Authority adopted Statement No. 68 of the Governmental Accounting Standards Board *"Accounting and Financial Reporting for Pensions."* The Statement established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures associated with pension plans of State and Local Governments. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actual present value, and attribute that present value to periods of employee service. In addition, this Statement details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions.

E. Cash and cash equivalents

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

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

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

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

CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Cash and cash equivalents (continued)

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

F. Accounts Receivable

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

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

G. Prepaid Expenses

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

H. Capital Assets, net

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

• Buildings	40 Years
• Leasehold Improvements	15 Years
• Office Furniture	10 Years
• Equipment and Vehicles	5 Years
• Computers	3 Years

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

I. Prepaid Tenant Rents

The Authority's prepaid tenant rents primarily consists of the rental income received from residents applicable to future periods.

CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Compensated Absences

The Authority uses the vesting method for the recording of compensated absences whereas benefits are accrued at the balance sheet date for which payment is probable. Compensated absences represent amounts to which employees are entitled to based on accumulated leave earned in accordance with the Authority's Personnel Policy. Unused sick leave may be carried to future periods and used in the event of extended illness. Upon normal retirement employees hired prior to July 21, 1998 shall be reimbursed at the current rate of 100% of accumulated sick leave. Employees hired after July 21, 1998 shall be reimbursed for 50% of accumulated sick leave up to a maximum of \$15,000. Generally, employees may be compensated for unused vacation in the event of retirement or termination of service.

K. Inter-program Receivables and Payables

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

L. Operating Revenues and Expenses

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

M. Taxes

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

N. Use of Management Estimates

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

CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Equity Classifications

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

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

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

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

P. Economic Dependency

The Section 8 and Low Rent Housing programs of the Authority are economically dependent on operating grants and subsidies from HUD. The programs operate at a loss prior to receiving the grants.

Q. Budgets

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

The Authority also adopts an annual operating and capital budget which it submits to the State of New Jersey, Department of Community Affairs as required by New Jersey State law.

NOTE 2. CASH AND CASH EQUIVALENTS

At December 31, 2015, the Authority had funds on deposit in checking and money market accounts.

For the fiscal year ended December 31, 2015, the carrying amount of the Authority's cash was \$1,554,337 and the bank balance was \$1,642,615.

Of the bank balances, \$258,571 was covered by federal depository insurance and the remaining \$1,384,044 was collateralized with the pledging financial institution as of December 31, 2015.

**CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 2. CASH AND CASH EQUIVALENTS (continued)

<u>Cash Account</u>	<u>Amount</u>
Insured:	
FDIC	\$ 258,571
Collateralized:	
Collateralized amount held by pledging financial institution	<u>1,384,044</u>
	<u>\$ 1,642,615</u>

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2015, the Authority's bank balances were not exposed to custodial credit risk.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following at December 31, 2015:

<u>Description</u>	<u>Amount</u>
Accounts receivable - HUD	\$ 52,142
Accounts receivable - tenants	14,839
Accounts receivable - miscellaneous	<u>21,811</u>
Total accounts receivable, net	<u>\$ 88,792</u>

Accounts receivable - HUD

Accounts receivable - HUD represents amounts due from the United States Department of Housing and Urban Development as part of the Authority's Capital Fund Program. The Authority considers these amounts fully collectible and accordingly, have made no allowance for doubtful accounts.

Accounts receivable - tenants

Accounts receivable - tenants, net are shown net of an allowance for doubtful accounts of \$14,837 as of December 31, 2015.

Accounts receivable - miscellaneous

Accounts receivable - miscellaneous consists of management fees due from the South Amboy Housing Authority for providing recurring management services. The Authority considers these amounts fully collectible and accordingly, have made no allowance for doubtful accounts.

CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 4. CAPITAL ASSETS, NET

A summary of the changes in capital assets during the year ended December 31, 2015 were as follows:

Description	December 31, 2014	Additions	Dispositions	Transfers	December 31, 2015
<u>Non-depreciable capital assets:</u>					
Land	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Construction in progress	<u>30,792</u>	<u>73,303</u>	<u>-</u>	<u>-</u>	<u>104,095</u>
Total	<u>130,792</u>	<u>73,303</u>	<u>-</u>	<u>-</u>	<u>204,095</u>
<u>Depreciable capital assets:</u>					
Buildings and improvements	10,948,584	187,997	-	-	11,136,581
Furniture and equipment	<u>303,061</u>	<u>45,500</u>	<u>(136,020)</u>	<u>-</u>	<u>212,541</u>
Total	<u>11,251,645</u>	<u>233,497</u>	<u>(136,020)</u>	<u>-</u>	<u>11,349,122</u>
Less: accumulated depreciation	<u>7,459,231</u>	<u>481,182</u>	<u>(136,020)</u>	<u>-</u>	<u>7,804,393</u>
Net capital assets	<u>\$ 3,923,206</u>	<u>\$ (174,382)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,748,824</u>

Depreciation expense for the years ended December 31, 2015 amounted to \$481,182.

NOTE 5. PAYMENTS IN LIEU OF TAXES

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA owned program in accordance with the provisions of its Cooperation Agreement with the Township. Under the Cooperation Agreement, the Authority must pay the Township the lesser of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal years ended December 31, 2015, PILOT expense amounted to \$20,122.

NOTE 6. COMPENSATED ABSENCES

Accrued compensated absences of \$166,997 as of December 31, 2015, represents the amount of accumulated leave for which employees are entitled to receive payment in accordance with the Authority's Personnel Policy.

CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 7. NON-CURRENT LIABILITIES

During 2004, the Authority entered into a Capital Fund leveraging pool. The New Jersey Housing and Mortgage Finance Agency issued tax exempt, twenty year Capital Fund Program Revenue Bonds, 2004 Series A on December 23, 2004. The Authority's share of funds from the bond issue pool amounted to \$2,050,000. The funds received from the leveraging pool are restricted and must be spent in accordance with the Authority's Capital Fund budget within four years.

Repayment of the funds leveraged shall be budgeted from Capital Fund allocations received by the Authority from the Department of Housing and Urban Development. Interest accrues at 4.12% and is payable semi-annually on May 1st and November 1st.

Annual debt service for principal and interest over the next five years and in five year increments are as follows:

Year	Principal	Interest	Total
2016	100,000	55,102	155,102
2017	105,000	50,725	155,725
2018	110,000	46,016	156,016
2019	110,000	41,209	151,209
2020-2024	650,000	121,411	771,411
2025	<u>150,000</u>	<u>5,405</u>	<u>155,405</u>
	<u>\$ 1,225,000</u>	<u>\$ 319,868</u>	<u>\$ 1,544,868</u>

Debt service activity for the year ended December 31, 2015 consisted of the following:

Description	December 31, 2014	Additions	Deductions	December 31, 2015	Due in One Year
Capital fund revenue bonds	\$ 1,325,000	\$ -	\$(100,000)	\$ 1,225,000	\$ 100,000
Accrued compensated abs	144,309	130,483	(107,795)	166,997	16,700
Accrued pension liability	<u>2,722,202</u>	<u>619,880</u>	<u>(336,898)</u>	<u>3,005,184</u>	<u>-</u>
Non-current liabilities	<u>\$ 4,191,511</u>	<u>\$ 750,363</u>	<u>\$(544,693)</u>	<u>\$ 4,397,181</u>	<u>\$ 116,700</u>

CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 8. PENSION PLAN

A. Plan Description

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

B. Benefits

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

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

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 one and two before reaching age 60, tiers 3 and 4 before age 62 with 25 years or more of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month a member retires prior to the age at which a member can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

C. Contributions

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

**CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 8. PENSION PLAN (continued)

C. Contributions (continued)

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

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

At December 31, 2015, the Authority reported a liability of \$3,005,184 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating local employers, actuarially determined. At June 30, 2015, the Authority's proportion was .0038 percent which was a decrease of (.0004) percent from its proportion measured at July 1, 2014.

For the year ended December 31, 2015, the Authority recognized pension expense of \$58,894. At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes of Assumptions	\$ 322,733	\$ -
Changes in Proportion	103,364	(183,026)
Differences between expected and actual experience	71,693	-
Net differences between actual and projected earnings on pension plan investments	-	(48,318)
Net differences between Proportionate Share and actual Contribution	<u>7,658</u>	<u>-</u>
Total	<u>\$ 505,448</u>	<u>\$ (231,344)</u>

**CARTERET HOUSING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 8. PENSION PLAN (continued)

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

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

Year ended December 31:		<u>Amount</u>
2016	\$	48,404
2017		48,404
2018		48,404
2019		88,962
2020		<u>39,930</u>
		<u>\$ 274,104</u>

E. Actuarial Assumptions

The total pension liability calculated utilizing a June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability calculated utilizing a June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

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

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

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

CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 8. PENSION PLAN (continued)

F. Long-term expected rate of return

The long-term expected rate of return is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and the Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class includes the PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

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

G. Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. The single blended discount rate was based on the long-term expected rate of return on the pension plan investments of 7.90%, and a municipal bond rate of 3.80% 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 rate assumed that contributions from the plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.

**CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 8. PENSION PLAN (continued)

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 4.90 percent, as well as, what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.90 percent) or 1 percentage point higher (5.90 percent) than the current rate.

	1% Decrease (3.90%)	Discount Rate (4.90%)	1% Increase (5.90%)
Authority's proportionate share of the net pension liability	<u>\$ 3,735,076</u>	<u>\$ 3,005,184</u>	<u>\$ 2,393,248</u>

NOTE 9. POST-RETIREMENT BENEFITS

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

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

A retiree may also receive Authority-paid health benefits in accordance with the Authority's personnel policy if they are sixty-two (62) years of age and have fifteen (15) or more years of service with the Authority.

A. Contribution Requirements – SHBP

Contributions to pay for the health premiums of participating employees in the SHBP – Local are collected from the State of New Jersey, participating local employers, active members, and retired members. Local employer payments and active and retired member contributions are generally received on a monthly basis.

Local group employees are not affected by the premium sharing provisions of Chapter 8, P.L. 1996. Chapter 2, P.L. 2010, effective May 21, 2010, requires a minimum contribution of 1.5% of base salary toward the cost of health care benefits coverage by all active public employees. Employees of the State, local governments, and boards of education who become a member of a State or locally-administered retirement system on or after the law's effective date would be required to pay in retirement 1.5% of their pension benefit toward the cost of health care coverage under the SHBP.

**CARTERET HOUSING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 9. POST-RETIREMENT BENEFITS (continued)

Chapter 78, P.L. 2011, effective June 28, 2011, established new employee contribution requirements towards the cost of employer provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. For those employed on or after June 28, 2011, the 4-year phase-in does not apply and contributions based on the full percentage rate of contribution are required. Under Chapter 78, certain future retirees eligible for employer-paid health care coverage at retirement will also be required to pay a percentage of the cost of their medical coverage determined on the basis of their annual retirement benefit.

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

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

<u>Year</u>	<u>Amount</u>
2015	\$ <u>42,887</u>
2014	\$ <u>43,279</u>
2013	\$ <u>54,972</u>

NOTE 10. CHANGE IN ACCOUNTING PRINCIPLE

The Authority adopted the provisions of GASB Statement 68, "Accounting and Financial Reporting for Pensions" as amended by GASB Statement 71, "Pension Transition for Contributions made Subsequent to the Measurement Date." The provisions were effective for periods beginning after June 15, 2014. As of December 31, 2014, the Authority's net position has been reduced by \$2,672,191 to reflect a net pension liability of \$2,722,202, deferred outflows of resources of \$212,243 and deferred inflows of resources of \$162,228.

CARTERET HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 11. CONTINGENCIES

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of December 31, 2015, the Authority estimates that no material liabilities will result from such audits.

NOTE 12. RISK MANAGEMENT

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

NOTE 13. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through July 19, 2016 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.



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

To the Board of Commissioners
Carteret Housing Authority:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Carteret Housing Authority, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Carteret Housing Authority's basic financial statements, and have issued our report thereon dated July 19, 2016.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Fallon & Larsen LLP

July 19, 2016
Toms River, New Jersey



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
NEW JERSEY OMB CIRCULAR 04-04**

To the Board of Commissioners
Carteret Housing Authority:

Report on Compliance for Each Major Federal Program

We have audited the Carteret Housing Authority's compliance with the types of compliance requirements described in the Uniform Guidance that could have a direct and material effect on each of the Carteret Housing Authority's major federal programs for the year ended December 31, 2015. The Carteret Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Carteret Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State of New Jersey OMB Circular 04-04. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Carteret Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
NEW JERSEY OMB CIRCULAR 04-04 (continued)**

Opinion on Each Major Federal Program

In our opinion, the Carteret Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

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

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

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

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

Fallon & Larsen LLP

July 19, 2016
Toms River, New Jersey

**CARTERET HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor/Program Title	Federal CFDA Number	State Pass-through Number	Grant Period		Grant Award	Fiscal Year Cash Receipts	Fiscal Year Expenditures	Cumulative - Expenditures
			From	To				
<u>U.S. Department of Housing and Urban Dev.</u>								
Low Rent Public Housing Program:								
NJ047-00000115D	14.850	N/A	1/1/15	12/31/15	\$ 592,940	\$ 592,940	\$ 592,940	
NJ047-00000215D	14.850	N/A	1/1/15	12/31/15	491,825	491,825	491,825	
Grant Subtotal					<u>1,084,765</u>	<u>1,084,765</u>	<u>1,084,765</u>	
Section 8 Housing Choice Voucher Program:								
NJ047-2FPH-2015	14.871	N/A	1/1/15	12/31/15	5,666,326	6,171,925	6,171,925	
Public Housing Capital Fund Program:								
NJ39P047501-12	14.872	N/A	3/12/12	3/11/14	358,983	1,250	358,983	
NJ39P047501-13	14.872	N/A	9/9/13	9/8/15	346,191	107,990	346,191	
NJ39P047501-14	14.872	N/A	5/13/14	5/12/16	360,418	263,009	315,151	
Grant Subtotal					<u>1,065,592</u>	<u>424,391</u>	<u>1,020,325</u>	
Totals					<u>\$ 7,816,683</u>	<u>\$ 7,681,081</u>	<u>\$ 8,277,015</u>	

CARTERET HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Carteret Housing Authority under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of operations of the Carteret Housing Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Carteret Housing Authority.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The Authority has not elected to use the ten percent de minimus indirect cost rate allowed under the uniform guidance.

NOTE 3. SUBRECIPIENTS

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

NOTE 4. NON-CASH FEDERAL ASSISTANCE

The Authority did not receive any non-cash Federal assistance for the year ended December 31, 2015.

CARTERET HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2015

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

	<u>501-12</u>	<u>501-13</u>	<u>501-14</u>	<u>Totals</u>
Budget	\$ <u>358,983</u>	\$ <u>346,191</u>	\$ <u>360,418</u>	\$ <u>1,065,592</u>
<u>Advances:</u>				
Cumulative through 12/31/2014	\$ 357,733	\$ 238,201	\$ -	\$ 595,934
Current year	<u>1,250</u>	<u>107,990</u>	<u>263,009</u>	<u>372,249</u>
Cumulative through 12/31/2015	<u>358,983</u>	<u>346,191</u>	<u>263,009</u>	<u>968,183</u>
<u>Costs:</u>				
Cumulative through 12/31/2014	357,733	238,201	-	595,934
Current year	<u>1,250</u>	<u>107,990</u>	<u>315,151</u>	<u>424,391</u>
Cumulative through 12/31/2015	<u>358,983</u>	<u>346,191</u>	<u>315,151</u>	<u>1,020,325</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(52,142)</u>	\$ <u>(52,142)</u>

**CARTERET HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2015**

I. Summary of Auditor's Results

Financial Statement Section

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

Federal Awards Section

1.	Dollar threshold used to determine Type A Programs from Type B Programs:	\$ 750,000
2.	Auditee qualified as low-risk Auditee?	Yes
3.	Type of auditor's report on compliance for major programs:	Unmodified
4.	Internal Control over compliance:	
a.	Material weakness(e's) identified?	No
b.	Were significant deficiencies identified not considered to be material weaknesses?	No
c.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
5.	Identification of major programs:	

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.850	Public and Indian Housing
14.871	Housing Choice Voucher Program

CARTERET HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
DECEMBER 31, 2015

II. Financial Statement Findings

None.

III. Federal Award Findings and Questioned Costs

None.

IV. Summary of Prior Audit Findings

None reported.

**CARTERET HOUSING AUTHORITY
REQUIRED PENSION INFORMATION
DECEMBER 31, 2015**

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

	December 31, <u>2013</u>	December 31, <u>2014</u>	December 31, <u>2015</u>
Contractually required contribution	\$ 103,642	\$ 119,862	\$ 115,095
Contributions in relation to the contractually required contribution	<u>102,964</u>	<u>108,053</u>	<u>124,375</u>
(Over) / under funded	<u>\$ 678</u>	<u>\$ 11,809</u>	<u>\$ (9,280)</u>
Authority's covered-employee payroll	<u>\$ 1,037,004</u>	<u>\$ 1,018,550</u>	<u>\$ 1,048,004</u>
Contributions as a percentage of covered-employee payroll	<u>9.93 %</u>	<u>10.61 %</u>	<u>11.87 %</u>

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

	December 31, <u>2013</u>	December 31, <u>2014</u>	December 31, <u>2015</u>
Authority's proportion of the net pension liability	<u>0.0138 %</u>	<u>0.0145 %</u>	<u>0.0134 %</u>
Authority's proportionate share of the net pension liability	<u>\$ 2,628,876</u>	<u>\$ 2,722,202</u>	<u>\$ 3,005,184</u>
Authority's covered-employee payroll	<u>\$ 1,037,004</u>	<u>\$ 1,018,550</u>	<u>\$ 1,048,004</u>
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>253.51 %</u>	<u>267.26 %</u>	<u>286.75 %</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>48.72 %</u>	<u>52.08 %</u>	<u>47.93 %</u>

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

Carteret Housing Authority

NJ047

Financial Data Schedule (FDS)

December 31, 2015

Line Item #	Account Description	Projects	Housing Choice Vouchers	COCC	Elimination	TOTAL
ASSETS:						
CURRENT ASSETS:						
	Cash:					
111	Cash - unrestricted	\$ 1,112,566	\$ 234,903	\$ 133,490	\$ -	\$ 1,480,959
112	Cash - restricted - modernization and development	-	-	-	-	-
113	Cash - other restricted	-	-	-	-	-
114	Cash - tenant security deposits	73,378.00	-	-	-	73,378
115	Cash - restricted for payment of current liabilities	-	-	-	-	-
100	Total cash	1,185,944	234,903	133,490	-	1,554,337
	Accounts and notes receivables:					
121	Accounts receivable - PHA, projects	-	-	-	-	-
122	Accounts receivable - HUD other projects	-	-	52,142	-	52,142
124	Accounts receivable - other government	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	-	21,811	-	21,811
126	Accounts receivable- tenants	6,266	-	-	-	6,266
126.1	Allowance for doubtful accounts - tenants	(3,132)	-	-	-	(3,132)
126.2	Allowance for doubtful accounts - other	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-
128	Fraud recovery	23,410	-	-	-	23,410
128.1	Allowance for doubtful accounts - fraud	(11,705)	-	-	-	(11,705)
129	Accrued interest receivable	-	-	-	-	-
120	Total receivables, net of allowances for doubtful accounts	14,839	-	73,953	-	88,792
	Current investments					
131	Investments - unrestricted	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-
142	Prepaid expenses and other assets	22,777	-	771	-	23,548
143	Inventories	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	-
145	Assets held for sale	-	-	-	-	-
150	TOTAL CURRENT ASSETS	1,223,560	234,903	208,214	-	1,666,677
	NONCURRENT ASSETS:					
	Fixed assets:					
161	Land	100,000	-	-	-	100,000
162	Buildings	10,623,476	-	-	-	10,623,476
163	Furniture, equipment & machinery - dwellings	-	-	-	-	-
164	Furniture, equipment & machinery - administration	15,000	-	197,541	-	212,541
165	Leasehold improvements	513,105	-	-	-	513,105
166	Accumulated depreciation	(7,658,165)	-	(146,230)	-	(7,804,395)
167	Construction in Progress	56,915	-	47,180	-	104,095
168	Infrastructure	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	3,650,333	-	98,491	-	3,748,824
	Other non-current assets:					
171	Notes and mortgages receivable - non-current	-	-	-	-	-
172	Notes and mortgages receivable-non-current - past due	-	-	-	-	-
174	Other assets	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	3,650,333	-	98,491	-	3,748,824
200	DEFERRED OUTFLOWS OF RESOURCES	245,622	107,938	151,888	-	505,448
290	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 5,119,515	\$ 342,841	\$ 458,593	\$ -	\$ 5,920,949

Carteret Housing Authority						
NJ047						
Financial Data Schedule (FDS)						
December 31, 2015						
Line Item #	Account Description	Projects	Housing Choice Vouchers	COCC	Elimination	TOTAL
LIABILITIES AND EQUITY						
Liabilities:						
Current Liabilities:						
311	Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable < 90 days	60,694	-	5,631	-	66,325
313	Accounts payable > 90 days past due	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	28,503	-	28,503
322	Accrued compensated absences - current portion	6,500	1,878	8,322	-	16,700
324	Accrued contingency liability	-	-	-	-	-
325	Accrued interest payable	9,366	-	-	-	9,366
331	Accounts payable - HUD PHA programs	-	-	-	-	-
332	Accounts payable - PHA projects	-	-	-	-	-
333	Accounts payable - other government	68,013	-	-	-	68,013
341	Tenant security deposits	73,378	-	-	-	73,378
342	Deferred revenue	50,679	-	-	-	50,679
343	Current portion of L-T debt - capital projects	100,000	-	-	-	100,000
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-
346	Accrued liabilities - other	-	-	-	-	-
347	Interprogram - due to	-	-	-	-	-
310	TOTAL CURRENT LIABILITIES	368,630	1,878	42,456	-	412,964
NONCURRENT LIABILITIES						
351	Long-term debt, net of current - capital projects	1,125,000	-	-	-	1,125,000
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-
353	Non-current liabilities- other	-	-	-	-	-
354	Accrued compensated absences - noncurrent	38,503	16,901	74,893	-	150,297
355	Loan Liability - Non Current	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-
357	Accrued pension and OPEB liabilities	1,460,368	641,754	903,062	-	3,005,184
350	TOTAL NONCURRENT LIABILITIES	2,643,871	638,655	977,955	-	4,280,481
300	TOTAL LIABILITIES	3,012,501	660,533	1,020,411	-	4,693,445
400	Deferred Inflows	112,422	49,403	69,519	-	231,344
EQUITY:						
508.1	Invested in Capital Assets, Net of Related Debt	2,425,333	-	98,491	-	2,523,824
511.1	Restricted Net Assets	-	-	-	-	-
512.1	Unrestricted Net Assets	(430,741)	(367,095)	(729,828)	-	(1,527,664)
513	TOTAL EQUITY	1,994,592	(367,095)	(631,337)	-	996,160
600	TOTAL LIABILITIES, DEFERRED INFLOWS AND EQUITY	\$ 5,119,515	\$ 342,841	\$ 458,593	\$ -	\$ 5,920,949
Proof of concept						

Carteret Housing Authority

NJ047

Financial Data Schedule (FDS)

December 31, 2015

Line Item #	Account Description	Project Total	Capital Fund	Housing Choice Vouchers	COCC	Elimination	TOTAL
REVENUE:							
70300	Net tenant rental revenue	\$ 937,114	\$ -	\$ -	\$ -	\$ -	\$ 937,114
70400	Tenant revenue - other	54,310	-	-	-	-	54,310
70500	Total tenant revenue	991,424	-	-	-	-	991,424
70600	HUD PHA grants	1,084,765	148,234	5,666,326	102,854	-	7,002,179
70610	Capital grants	-	126,123	-	47,180	-	173,303
70710	Management Fee	-	-	-	257,241	(257,241)	-
70720	Asset Management Fee	-	-	-	13,350	(13,350)	-
70730	Book Keeping Fee	-	-	-	59,467	(59,467)	-
70750	Other Fees	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	-	-
71100	Investment income - unrestricted	-	-	2,517	3,975	-	6,492
71200	Mortgage interest income	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-
71301	Cost of sale of assets	-	-	-	-	-	-
71400	Fraud recovery	-	-	28,749	-	-	28,749
71500	Other revenue	278,643	-	403,899	142,194	-	824,736
71600	Gain or loss on sale of fixed assets	-	-	-	45,500	-	45,500
72000	Investment income - restricted	-	-	-	-	-	-
70000	TOTAL REVENUE	2,354,832	274,357	6,101,491	671,761	(330,058)	9,072,383
EXPENSES:							
Administrative							
91100	Administrative salaries	270,347	-	178,639	203,701	-	652,687
91200	Auditing fees	7,520	-	2,000	-	-	9,520
91300	Management fees	197,961	-	59,280	-	(257,241)	-
91310	Book-keeping fee	22,417	-	37,050	-	(59,467)	-
91400	Advertising and marketing	-	-	-	-	-	-
91500	Employee benefit contributions- administrative	196,939	-	98,960	158,116	-	454,015
91600	Office expenses	36,215	-	40,843	23,960	-	101,018
91700	Legal expenses	13,627	-	8,800	1,253	-	23,680
91800	Travel	924	-	-	31,262	-	32,186
91810	Allocated overhead	-	-	-	-	-	-
91900	Other	-	2,724	27,000	98,446	-	128,170
92000	Asset Management Fee	13,350	-	-	-	(13,350)	-
Tenant services							
92100	Tenant services - salaries	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-
92300	Employee benefit contributions- tenant services	-	-	-	-	-	-
92400	Tenant services - other	-	-	-	-	-	-

Carteret Housing Authority							
NJ047							
Financial Data Schedule (FDS)							
December 31, 2015							
Line Item #	Account Description	Project Total	Capital Fund	Housing Choice Vouchers	COCC	Elimination	TOTAL
	Utilities						
93100	Water	102,430	-	-	1,537	-	103,967
93200	Electricity	288,774	-	-	12,630	-	301,404
93300	Gas	96,974	-	-	3,943	-	100,917
93400	Fuel	-	-	-	-	-	-
93500	Labor	128,218	-	-	-	-	128,218
93600	Sewer	84,504	-	-	-	-	84,504
93700	Employee benefit contributions- utilities	79,418	-	-	-	-	79,418
93800	Other utilities expense	-	-	-	-	-	-
	Ordinary maintenance & operation						
94100	Ordinary maintenance and operations - labor	136,162	-	-	47,676	-	183,838
94200	Ordinary maintenance and operations - materials & other	55,708	15,678	-	7,140	-	78,526
94300	Ordinary maintenance and operations - contract costs	24,378	-	-	1,350	-	25,728
94500	Employee benefit contributions- ordinary maintenance	84,889	-	-	32,912	-	117,801
	Protective services						
95100	Protective services - labor	-	-	-	-	-	-
95200	Protective services- other contract costs	-	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-	-
95500	Employee benefit contributions- protective services	-	-	-	-	-	-
	General expenses						
96110	Property Insurance	-	-	-	-	-	-
96120	Liability Insurance	-	-	-	-	-	-
96130	Workmen's Compensation	-	-	-	-	-	-
96140	All Other Insurance	114,561	-	11,300	7,864	-	133,725
96200	Other general expenses	9,711	-	33,702	-	-	33,702
96210	Compensated absences	20,122	-	4,586	10,326	-	24,623
96300	Payments in lieu of taxes	6,465	-	-	-	-	20,122
96400	Bad debt - tenant rents	-	-	-	-	-	6,465
96500	Bad debt- mortgages	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-
96700	Interest expense	-	-	-	-	-	-
96710	Interest of Mortgage (or bonds) payable	58,746	-	-	-	-	58,746
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-
96900	TOTAL OPERATING EXPENSES	2,050,360	18,402	502,160	642,116	(330,058)	2,882,980
97000	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	304,472	255,955	5,599,331	29,645	-	6,189,403

Carteret Housing Authority									
NJ047									
Financial Data Schedule (FDS)									
December 31, 2015									
Line Item #	Account Description	Project Total	Capital Fund	Housing Choice Vouchers	COCC	Elimination	TOTAL		
97100	Extraordinary maintenance	-	-	-	-	-	-		
97200	Casualty losses - non capitalized	-	-	-	-	-	-		
97300	Housing assistance payments	-	-	5,288,304	-	-	5,288,304		
97350	HAP Portability - in	-	-	381,461	-	-	381,461		
97400	Depreciation expense	451,651	-	-	29,531	-	481,182		
97500	Fraud losses	-	-	-	-	-	-		
97800	Dwelling units rent expense	-	-	-	-	-	-		
90000	TOTAL EXPENSES	2,502,011	18,402	6,171,925	671,647	(330,058)	9,033,927		
	OTHER FINANCING SOURCES (USES)								
10010	Operating transfers in	129,832	-	-	-	-	129,832		
10020	Operating transfers out	-	(129,832)	-	-	-	(129,832)		
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 program and project out	-	-	-	-	-	-		
10100	TOTAL OTHER FINANCING SOURCES (USES)	129,832	(129,832)	-	-	-	-		
10000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(17,347)	126,123	(70,434)	114	-	38,456		
	MEMO ACCOUNT INFORMATION:								
11020	Required annual debt principal payments	-	100,000	-	-	-	100,000		
11030	Beginning equity	3,184,366	-	273,983	171,546	-	3,629,895		
11040	Prior period adjustments and equity transfers	(1,298,550)	-	(370,644)	(802,997)	-	(2,672,191)		
11170	Administrative fee equity	-	-	-	-	-	-		
11180	Housing assistance payments equity	-	-	-	-	-	-		
11190	Unit months available	3,024	-	5,568	-	-	8,592		
11210	Number of unit months leased	2,989	-	4,940	-	-	7,929		
	Equity Roll Forward Test:								
	Calculation from R/E Statement	\$ 1,994,592	\$ -	\$ (367,095)	\$ (631,337)	\$ -	\$ 996,160		
	B/S Line 513	\$ 1,994,592	\$ -	\$ (367,095)	\$ (631,337)	\$ -	\$ 996,160		
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		