

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**YEARS ENDED JUNE 30, 2016 AND 2015**

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
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**YEARS ENDED JUNE 30, 2016 AND 2015**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Housing Authority of the Township of Brick:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Housing Authority of the Township of Brick ("the Authority") as of and for the year ended June 30, 2016, 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 2016 financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Township of Brick as of June 30, 2016, and the changes in its net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Prior Period Financial Statements

The financial statements of the Housing Authority of the Township of Brick as of and for the year ended June 30, 2015, were audited by other auditors whose report dated January 19, 2016, expressed an unmodified opinion on those statements.

### 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 Housing Authority of the Township of Brick'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* 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 basic financial statements and is presented for the purposes of additional analysis as required by the U.S. Department of Housing and Urban Development.

The schedule of expenditures of federal awards and financial data schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 of expenditures of federal awards and financial data schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## INDEPENDENT AUDITOR'S REPORT (continued)

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2017 on our consideration of the Housing Authority of the Township of Brick's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the Township of Brick's internal control over financial reporting and compliance.

January 11, 2017  
Toms River, New Jersey

*Novogradec & Company LLP*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

As Management of the Housing Authority of the Township of Brick ("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 June 30, 2016. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

**A     Financial Highlights**

1. The Authority's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$5,338,672 (net position) as opposed to \$5,308,311 for the prior fiscal year.
2. At the close of the current fiscal year, the Authority reported ending unrestricted net position of \$529,458.
3. The Authority's unrestricted cash and cash equivalents and restricted cash balances at June 30, 2016 were \$2,202,235 representing an increase of \$239,324 from the prior fiscal year.
4. The Authority had total operating revenues of \$4,058,896 and total operating expenses of \$4,105,977 for the year ended June 30, 2016.
5. The Authority's capital outlays for the fiscal year were \$75,129, all of which was purchased through the Authority's capital fund program.
6. The Authority's expenditures of federal awards amounted to \$3,048,413 for the fiscal year.
7. The Authority adopted GASB 68 "*Accounting and Financial Reporting for Pensions*" during the year ended June 30, 2015 which resulted in a net pension liability of \$1,326,399, \$100,112 in deferred outflows of resources and \$223,680 of deferred inflows of resources.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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 financial statements. The Authority's 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.

2. Financial Statements

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

The Statements of Net Position present information on all the Authority's assets and deferred outflows of resources less 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 Statements 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.

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

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



**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

B. Using the Annual Report (continued)

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 financial statements.

4. Supplemental Information

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

C. The Authority as a Whole

The Authority's net position increased during the fiscal year as detailed on the following 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 sufficient to cover all expenses, excluding depreciation during the fiscal year.

By far, the largest portion of the Authority's net position reflects its net investment in capital assets (e.g., land, buildings, equipment and construction in progress). The Authority uses these capital assets to provide housing services 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.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

C. The Authority as a Whole (continued)

Computations of Net Position are as follows:

	As of	
	6/30/2016	6/30/2015
Cash and Other Current Assets	\$ 2,235,042	\$ 1,998,598
Restricted Cash	21,759	7,294
Capital Assets - Net	4,787,455	5,033,675
Deferred Outflows of Resources	240,405	100,112
Total Assets and Deferred Outflows	7,284,661	7,139,679
Less: Total Liabilities	1,666,210	1,607,688
Less: Deferred Inflows of Resources	279,779	223,680
Net Position	\$ 5,338,672	\$ 5,308,311
Net Investment in Capital Assets	\$ 4,787,455	\$ 5,033,675
Restricted Net Position	21,759	7,294
Unrestricted Net Position	529,458	267,342
Net Position	\$ 5,338,672	\$ 5,308,311

- Cash and other current assets increased \$236,444 from 2015 to 2016 primarily due to the Authority generating \$237,011 from operations.
- Restricted cash increased \$14,465 primarily due to HUD over funding the HCV program in 2016. As a result, the Authority more HAP reserves available to pay tenant rents.
- Capital assets, net decreased \$246,220 from 2015 to 2016 as depreciation expense of \$321,349 exceed capital purchases of \$75,129.
- The Authority adopted GASB 68 "Accounting and Financial Reporting for Pensions" during the year ended June 30, 2015 which resulted in a net pension liability of \$1,326,399, \$100,112 in deferred outflows of resources and \$223,680 of deferred inflows of resources.
- Beginning unrestricted net position as of July 1, 2015, was reduced by \$1,466,763 due to the implementation of GASB 68.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

C. The Authority as a Whole (continued)

Computations of Changes in Net Position are as follows:

	Year Ended	
	6/30/2016	6/30/2015
<u>Revenues</u>		
Tenant Revenues	\$ 965,255	\$ 957,975
HUD Subsidies	2,390,369	2,267,772
Other Revenues	703,272	648,182
Total Operating Revenues	<u>4,058,896</u>	<u>3,873,929</u>
<u>Expenses</u>		
Other Operating Expenses	1,870,213	1,739,434
Housing Assistance Payments	1,914,415	1,915,852
Depreciation Expense	321,349	322,862
Total Operating Expenses	<u>4,105,977</u>	<u>3,978,148</u>
Operating Income/(Loss)	<u>(47,081)</u>	<u>(104,219)</u>
<u>Non-Operating Revenues &amp; Expenses</u>		
Interest on Investments	<u>2,313</u>	<u>1,651</u>
Loss before capital grants	(44,768)	(102,568)
Capital grants	<u>75,129</u>	<u>158,838</u>
Change in Net Position	30,361	56,270
Net Position - Beginning of Year	5,308,311	6,718,804
Change in Accounting Principle - Adoption of GASB 68	<u>-</u>	<u>(1,466,763)</u>
Net Position - End of Year	<u>\$ 5,338,672</u>	<u>\$ 5,308,311</u>

- Tenant revenue increased \$7,280 from 2015 to 2016. Although the Authority had twenty-one less unit months leased in 2016 than in 2015, tenant income increased, which increased the amount of rent due by the tenant.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

C. The Authority as a Whole (continued)

- HUD subsidies increased from \$2,267,772 in 2015 to \$2,390,369 in 2016 or \$122,597. The primary reason for the increase was due to additional subsidies received in the Housing Choice Voucher Program (\$76,245) and additional Capital Fund grants utilized for operations (\$57,758), which was offset by a decrease in Low Rent Public Housing program subsidy (\$11,406).
- Other operating expenses increased from \$1,739,434 in 2015 to \$1,870,213 in 2016 or \$130,779. The increase is primarily due to increases in administrative expenses (\$52,874) and ordinary maintenance and operations (\$148,775), which was offset by a reduction of utilities expense (\$52,987) and general expenses (\$18,198).
- Capital fund grants decreased from \$158,838 in 2015 to \$75,129 in 2016 or \$83,709. The primary reason for the decrease is that the Authority utilized more money for operations in 2016 instead of capital improvements.

D. Budgetary Highlights

For the year ended June 30, 2016, individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

As indicated by the surplus of revenues over expenses (when accounting for the non-budgeted depreciation expense), the Authority stayed within its operating budget.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**E. Capital Assets and Debt Administration**

**1. Capital Assets**

As of June 30, 2016, the Authority's net investment in capital assets, net of accumulated depreciation was \$4,787,455. This investment in capital assets includes land, buildings, equipment, and construction in progress and is shown net of accumulated depreciation.

Major capital assets purchased during the year totaled \$75,129, all of which came from the Capital Fund program.

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

The following table summarizes the change in capital assets as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Land	\$ 108,250	\$ 108,250	\$ -
Buildings and improvements	14,599,935	14,599,935	-
Furniture and equipment	655,569	655,569	-
Construction in progress	<u>413,876</u>	<u>338,747</u>	<u>75,129</u>
Total fixed assets	15,777,630	15,702,501	75,129
Less: accumulated depreciation	<u>10,990,175</u>	<u>10,668,826</u>	<u>321,349</u>
Net fixed assets	<u>\$ 4,787,455</u>	<u>\$ 5,033,675</u>	<u>\$ (246,220)</u>

**2. Long Term Debt**

The Authority has no interest bearing debt.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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

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

1. The state of the national and local economy.
2. The need for Congress to fund the war on terrorism and the continued cut-back of funding of federal programs.
3. The Authority's use of unrestricted reserves to offset the possible proration of subsidy from HUD.

**G. Contacting the Authority's Financial Management**

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Alesia R. Watson, Executive Director, Housing Authority of the Township of Brick, 165 Chambers Bridge Road., Brick, NJ 08723.



**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
STATEMENTS OF NET POSITION  
AS OF JUNE 30, 2016 AND 2015**

**ASSETS**

	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 2,085,410	\$ 1,861,271
Tenant security deposits	95,066	94,346
Accounts receivable, net	5,881	1,396
Prepaid expenses	<u>48,685</u>	<u>41,585</u>
Total current assets	<u>2,235,042</u>	<u>1,998,598</u>
Non-current assets:		
Restricted cash	21,759	7,294
Capital assets, net	<u>4,787,455</u>	<u>5,033,675</u>
Total non-current assets	<u>4,809,214</u>	<u>5,040,969</u>
Total assets	<u>7,044,256</u>	<u>7,039,567</u>

**DEFERRED OUTFLOWS OF RESOURCES**

State of New Jersey P.E.R.S.	<u>240,405</u>	<u>100,112</u>
Total assets and deferred outflows of resources	<u>\$ 7,284,661</u>	<u>\$ 7,139,679</u>

See accompanying notes to financial statements.



**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**STATEMENTS OF NET POSITION (continued)**  
**AS OF JUNE 30, 2016 AND 2015**

LIABILITIES

	<u>2016</u>	<u>2015</u>
Current liabilities:		
Accounts payable	27,482	21,176
Accounts payable - other government	26,626	40,138
Accrued expenses	197	13,119
Accrued compensated absences, current	30,251	28,367
Tenant security deposits	95,066	94,346
Other current liabilities	<u>63,877</u>	<u>62,370</u>
Total current liabilities	<u>243,499</u>	<u>259,516</u>
Non-current liabilities:		
Accrued compensated absences, net of current portion	29,300	21,773
Net pension liability	<u>1,393,411</u>	<u>1,326,399</u>
Total non-current liabilities	<u>1,422,711</u>	<u>1,348,172</u>
Total liabilities	<u>1,666,210</u>	<u>1,607,688</u>

DEFERRED INFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	<u>279,779</u>	<u>223,680</u>
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NET POSITION

Net position:		
Net investment in capital assets	4,787,455	5,033,675
Restricted	21,759	7,294
Unrestricted	<u>529,458</u>	<u>267,342</u>
Total net position	<u>5,338,672</u>	<u>5,308,311</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 7,284,661</u>	<u>\$ 7,139,679</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Tenant revenue	\$ 965,255	\$ 957,975
HUD operating grants	2,390,369	2,267,772
Other revenues	<u>703,272</u>	<u>648,182</u>
Total operating revenues	<u>4,058,896</u>	<u>3,873,929</u>
Operating expenses:		
Administrative	634,616	581,742
Tenant services	71,436	74,561
Utilities	400,676	453,663
Ordinary maintenance and operations	635,118	486,343
Insurance expense	85,209	81,769
General expenses	43,158	61,356
Housing assistance payments	1,914,415	1,915,852
Depreciation	<u>321,349</u>	<u>322,862</u>
Total operating expenses	<u>4,105,977</u>	<u>3,978,148</u>
Operating gain (loss)	<u>(47,081)</u>	<u>(104,219)</u>
Non-operating revenues (expenses):		
Investment income	<u>2,313</u>	<u>1,651</u>
Income (loss) before capital grants	(44,768)	(102,568)
Capital grants	<u>75,129</u>	<u>158,838</u>
Change in net position	30,361	56,270
Net position, beginning of the year	<u>5,308,311</u>	<u>5,252,041</u>
Net position, end of year	<u>\$ 5,338,672</u>	<u>\$ 5,308,311</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Cash received from grantors	\$ 2,390,369	\$ 2,261,654
Cash received from tenants	1,664,762	1,622,723
Cash paid to employees	(476,293)	(394,158)
Cash paid to suppliers	<u>(3,341,827)</u>	<u>(3,281,608)</u>
Net cash flows provided by operating activities	<u>237,011</u>	<u>208,611</u>
Cash Flows from Capital and Related Financing Activities:		
Purchases of capital assets	(75,129)	(158,838)
Capital grant contributions	<u>75,129</u>	<u>158,838</u>
Net cash flows provided by capital and related financing activities	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:		
Investment income	<u>2,313</u>	<u>1,651</u>
Net increase in cash and cash equivalents	239,324	210,262
Cash and cash equivalents, beginning of year	<u>1,962,911</u>	<u>1,752,649</u>
Cash and cash equivalents, end of year	<u>\$ 2,202,235</u>	<u>\$ 1,962,911</u>
A reconciliation of cash and cash equivalents to Statements of Net Position:		
Cash and cash equivalents	\$ 2,085,410	\$ 1,861,271
Tenant security deposits	95,066	94,346
Restricted cash	<u>21,759</u>	<u>7,294</u>
Cash and cash equivalents, end of year	<u>\$ 2,202,235</u>	<u>\$ 1,962,911</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**STATEMENTS OF CASH FLOWS (continued)**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Reconciliation of operating loss to net cash flows provided by operating activities:		
Operating loss	\$ (47,081)	\$ (104,219)
Items which did not use cash:		
Depreciation	321,349	322,862
Bad debts	1,545	757
Changes in operating assets and liabilities and deferred outflows and deferred inflows of resources:		
Accounts receivable - tenants	(3,115)	780
Accounts receivable - other	(2,915)	13,715
Prepaid expenses	(7,100)	(1,401)
Deferred outflows of resources	(140,293)	(58,403)
Accounts payable	6,306	(13,733)
Accounts payable - other government	(13,512)	(6,118)
Accrued expenses	(12,922)	5,751
Accrued compensated absences	9,411	11,062
Tenant security deposits	720	924
Prepaid rent	-	390
Other current liabilities	1,507	(5,363)
Deferred inflows of resources	56,099	-
Net pension liability	<u>67,012</u>	<u>41,607</u>
Net cash flows provided by operating activities	\$ <u>237,011</u>	\$ <u>208,611</u>

See accompanying notes to financial statements.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

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

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

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

**B. Description of Programs**

Public and Indian Housing Program

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

Section 8 Housing Choice Voucher

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

Public Housing Capital Fund Program

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 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 Housing Authority of the Township of Brick 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 on the application of the above criteria, this report includes all programs and activities operated by the Authority. There were no additional entities required to be included in the reporting entity under these criteria in the current fiscal year. Furthermore, the Authority is not included in any other reporting entity on the basis of such criteria.

**D. Basis of Accounting**

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

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

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting (continued)**

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

In accordance with GASB 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.

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended. GASB 34 requires the 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.

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

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

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting (continued)**

**New Accounting Standards Adopted**

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

**E. Use of Management Estimates**

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

**F. Cash and Cash Equivalents**

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

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

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



**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Cash and Cash Equivalents (continued)**

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

For the Statement of Cash Flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of acquisition.

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

**G. Accounts Receivable - Tenants**

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

**H. Prepaid Expenses**

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

**I. Capital Assets**

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

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

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Prepaid Revenue**

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

**K. Pensions**

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

**L. Inter-program Receivables and Payables**

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

**M. Taxes**

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

**N. Compensated Absences**

Compensated absences represent amounts to which employees are entitled based on accumulated leave earned in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service at the current salary. The Authority permits the carryover of one year of accrued unused vacation time up to a maximum of 25 days. Employees with at least 10 years of employment may be compensated for sick leave as used or at retirement. Other employees with at least 15 years of employment may be compensated for sick leave at separation. Sick leave is based on 4 days of pay for every 5 days accrued to a maximum of 107 days for employees who have been employed for less than 25 years and a maximum of 115 days for employees who have been employed for 25 years or more. Unlimited sick leave may be accrued.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**O. 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.

**P. 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 does not meet the definition of "restricted" or "net investment in capital assets."

**Q. Budgets and Budgetary Accounting**

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its Enterprise Funds receiving federal expenditure awards. The Authority also adopts an annual entity wide budget which is filed with the State of New Jersey Department of Community Affairs.

**NOTE 2. CASH AND CASH EQUIVALENTS**

As of June 30, 2016 and 2015, the carrying amounts of the Authority's cash and cash equivalents were \$2,202,235 and \$1,962,911, respectively, and the bank balances approximated \$2,193,290 and \$1,968,901, respectively.

Of the bank balance, \$750,000 and \$750,000 were covered by federal depository insurance and the remaining \$1,443,290 and \$1,218,901 were collateralized with the pledging financial institution as of June 30, 2016 and 2015, respectively.

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 June 30, 2016, the Authority's bank balances were not exposed to custodial credit risk.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 3. ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net consisted of the following at June 30, 2016 and 2015:

<u>Description</u>	<u>2016</u>	<u>2015</u>
Accounts receivable - tenants	\$ 1,884	\$ 314
Accounts receivable - miscellaneous	<u>3,997</u>	<u>1,082</u>
Total accounts receivable, net	<u>\$ 5,881</u>	<u>\$ 1,396</u>

**A. Accounts receivable - tenants**

Accounts receivable - tenants represents amounts due for tenant rents and at June 30, 2016 and 2015, management estimates that all accounts receivable - tenants are collectable and as such has made no allowance for doubtful accounts.

**B. Accounts receivable - miscellaneous**

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

**NOTE 4. RESTRICTED DEPOSITS**

As of June 30, 2016 and 2015, restricted cash consists of housing assistance payment reserves, which are restricted for tenant rents in the Housing Choice Voucher program, and tenant security deposits, which are held in trust and restricted for refund to tenant upon termination.

**NOTE 5. CAPITAL ASSETS, NET**

The following is a summary of changes in capital assets for the fiscal years ended June 30, 2016 and 2015:

<u>Description</u>	<u>June 30, 2015</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Transfers</u>	<u>June 30, 2016</u>
<u>Non-depreciable capital assets</u>					
Land	\$ 108,250	\$ -	\$ -	\$ -	\$ 108,250
Construction in progress	<u>338,747</u>	<u>75,129</u>	<u>-</u>	<u>-</u>	<u>413,876</u>
Total	<u>446,997</u>	<u>75,129</u>	<u>-</u>	<u>-</u>	<u>522,126</u>
<u>Depreciable capital assets</u>					
Buildings and improvements	14,599,935	-	-	-	14,599,935
Furniture and equipment	<u>655,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>655,569</u>
Total	<u>15,255,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,255,504</u>
Less: accum. depreciation	<u>10,668,826</u>	<u>321,349</u>	<u>-</u>	<u>-</u>	<u>10,990,175</u>
Net capital assets	<u>\$ 5,033,675</u>	<u>\$ (246,220)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,787,455</u>

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 5. CAPITAL ASSETS, NET (continued)**

Description	June 30, 2014	Additions	Dispositions	Transfers	June 30, 2015
<u>Non-depreciable capital assets</u>					
Land	\$ 108,250	\$ -	\$ -	\$ -	\$ 108,250
Construction in progress	<u>179,909</u>	<u>158,838</u>	<u>-</u>	<u>-</u>	<u>338,747</u>
Total	<u>288,159</u>	<u>158,838</u>	<u>-</u>	<u>-</u>	<u>446,997</u>
<u>Depreciable capital assets</u>					
Buildings and improvements	14,599,935	-	-	-	14,599,935
Furniture and equipment	<u>655,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>655,569</u>
Total	<u>15,255,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,255,504</u>
Less: accum. depreciation	<u>10,345,964</u>	<u>322,862</u>	<u>-</u>	<u>-</u>	<u>10,668,826</u>
Net capital assets	<u>\$ 5,197,699</u>	<u>\$ (164,024)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,033,675</u>

Depreciation expense for the years ended June 30, 2016 and 2015 amounted to \$321,349 and \$322,862, respectively.

**NOTE 6. COMPENSATED ABSENCES**

Accrued compensated absences represents the amount of accumulated leave for which employees are entitled to receive payment in accordance with the Authority's Personnel Policy. Compensated absences activity for the years ended June 30, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Beginning accrued compensated absences	\$ 50,140	\$ 39,078
Compensated absences earned	11,129	18,053
Compensated absences redeemed	<u>(1,718)</u>	<u>(6,991)</u>
Ending accrued compensated absences	59,551	50,140
Less: current portion	<u>30,251</u>	<u>28,367</u>
Accrued compensated absences, net of current portion	<u>\$ 29,300</u>	<u>\$ 21,773</u>

**NOTE 7. 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 of Brick. 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. For the years ended June 30, 2016 and 2015, the Authority incurred PILOT expense in the amounts of \$26,626 and \$40,138, respectively, which are included in accounts payable - other government in the Statements of Net Position.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 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/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

**B. Benefits**

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

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

Service retirement benefits of  $1/55^{\text{th}}$  of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of  $1/60^{\text{th}}$  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.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 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 June 30, 2016 and 2015, the Authority reported a liability of \$1,393,411 and \$1,326,399, respectively, 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, 2016 and 2015, the Authority's proportion was .003835 and .004233 percent.

For the years ended June 30, 2016 and 2015, the Authority recognized pension expense of \$36,184 and \$41,607, respectively. At June 30, 2016 and 2015, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	<u>2016</u>		<u>2015</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Inflows of Resources	Deferred Inflows of Resources
Difference between proportionate share and actual contributions	\$ 4,156	\$ -	\$ -	\$ -
Changes of Assumptions	149,641	-	41,709	-
Changes in Proportion	-	(257,376)	-	(144,634)
Net differences between actual and projected earnings on pension plan investments	33,242	(22,403)	-	(79,046)
District contributions subsequent to the measurement date	<u>53,366</u>	<u>-</u>	<u>58,403</u>	<u>-</u>
Total	<u>\$ 240,405</u>	<u>\$ (279,779)</u>	<u>\$ 100,112</u>	<u>\$ (223,680)</u>

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 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)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase / (decrease) in pension expense as follows:

	<u>Amount</u>
Year ended June 30:	
2017	\$ 26,800
2018	(26,566)
2019	(26,564)
2020	(6,803)
2021	<u>(6,241)</u>
	<u>\$ (39,374)</u>

**E. Actuarial Assumptions**

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

Inflation Rate	3.01%
Salary Increases 2012-2021	2.15-4.40%, based on age
Thereafter	3.15-5.40%, based on age
Investment rate of return	7.90%

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.



**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 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 including the PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

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

**G. Discount Rate**

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. The single blended discount rate was based on the long-term expected rate of return on the pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 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.

<u>2016</u>	1% Decrease (3.90%)	Discount Rate (4.90%)	1% Increase (5.90%)
Authority's proportionate share of the net pension liability	\$ <u>1,731,839</u>	\$ <u>1,393,411</u>	\$ <u>1,109,675</u>
<u>2015</u>	1% Decrease (4.39%)	Discount Rate (5.39%)	1% Increase (6.39%)
Authority's proportionate share of the net pension liability	\$ <u>1,668,654</u>	\$ <u>1,326,399</u>	\$ <u>1,038,991</u>

**NOTE 9. OTHER POST EMPLOYMENT BENEFITS**

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

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

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

**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.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 9. OTHER POST EMPLOYMENT BENEFITS (continued)**

**Contribution Requirements – SHBP (continued)**

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.

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. At June 30, 2016, the Authority had six (6) retired participants in the system. The required contribution rate is determined on an annual pay as you go basis.

The following amounts were the required contributions to the SHBP for the past three years:

Year	Amount
June 30, 2016	\$ <u>61,611</u>
June 30, 2015	\$ <u>67,965</u>
June 30, 2014	\$ <u>67,189</u>

**NOTE 10. ECONOMIC DEPENDENCY**

The Section 8 and the Low Rent Public Housing programs are economically dependent on annual grants from HUD.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

**NOTE 11. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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 JIF is 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 12. CONTINGENCIES**

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of June 30, 2016, the Authority estimates that no material liabilities will result from such audits.

**NOTE 13. SUBSEQUENT EVENTS**

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through January 11, 2017 (the date the financial statements were available to be issued) and concluded that the following subsequent events require disclosure in the notes to the financial statements:

On November 29, 2016, the Authority converted its entire public housing stock of 266 units to the Rental Assistance Demonstration Program "RAD". The Authority entered into a 20 year RAD use agreement with HUD that converts the units to Section 8 Project Based Vouchers. Beginning January 1<sup>st</sup>, 2017 funding for the units will be received from HUD through the Section 8 Housing Choice Voucher program.



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

Board of Commissioners  
Housing Authority of the Township of Brick:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Housing Authority of the Township of Brick ("the Authority") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Housing Authority of the Township of Brick's basic financial statements, and have issued our report thereon dated January 11, 2017.

**Internal Control Over Financial Reporting**

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

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Housing Authority of the Township of Brick'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.

*Novogradec & Company LLP*

January 11, 2017  
Toms River, New Jersey



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

To the Board of Commissioners  
Housing Authority of the Township of Brick:

**Report on Compliance for Each Major Federal Program**

We have audited the Housing Authority of the Township of Brick compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Housing Authority of the Township of Brick's major federal programs for the year ended June 30, 2016. Housing Authority of the Township of Brick'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 Housing Authority of the Township of Brick'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 15-08. Those standards, the Uniform Guidance and the State of New Jersey OMB Circular 15-08 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 Housing Authority of the Township of Brick'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 Housing Authority of the Township of Brick's compliance.



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

**Opinion on Each Major Federal Program**

In our opinion, Housing Authority of the Township of Brick 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 June 30, 2016.

**Report on Internal Control Over Compliance**

Management of Housing Authority of the Township of Brick 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 Housing Authority of the Township of Brick's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of New Jersey OMB 15-08, 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 Housing Authority of the Township of Brick'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.

*Novogradac & Company LLP*

January 11, 2017  
Toms River, New Jersey



**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016**

Federal Grantor/Program Title	Federal CFDA Number	State Pass-through Number	Grant Period		Grant Award	Fiscal Year Expenditures	Cumulative Expenditures
			From	To			
<u>U.S. Department of Housing and Urban Development</u>							
Public and Indian Housing Program	14.850	N/A	1/1/15	12/31/16	\$ 1,535,315	\$ 767,081	\$ 1,158,193
Section 8 Housing Choice Voucher Program	14.871	N/A	7/1/15	6/30/16	2,073,246	2,073,246	2,073,246
Public Housing Capital Fund Program:	14.872	N/A	3/12/12	3/11/16	<u>1,259,564</u>	<u>208,086</u>	<u>646,942</u>
Totals					<u>\$ 4,868,125</u>	<u>\$ 3,048,413</u>	<u>\$ 3,878,381</u>

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2016**

**NOTE 1. BASIS OF PRESENTATION**

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

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**NOTE 3. INDIRECT COST RATE**

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
**YEAR ENDED JUNE 30, 2016**

**NOTE 4. SCHEDULE OF CAPITAL FUND PROGRAM COSTS AND ADVANCES**

The total amount of Capital Fund Program Costs and Advances incurred and earned by the Housing Authority of the Township of Brick as of and for the year ended June 30, 2016 are provided herein.

	<u>501-12</u>	<u>501-13</u>	<u>501-14</u>	<u>501-15</u>	<u>501-16</u>	<u>Total</u>
Budget	\$ <u>244,053</u>	\$ <u>257,411</u>	\$ <u>245,763</u>	\$ <u>251,352</u>	\$ <u>260,985</u>	\$ <u>1,259,564</u>
Advances:						
Cumulative through 7/1/15	\$ 233,201	\$ 151,255	\$ 54,400	\$ -	\$ -	\$ 438,856
Current Year	<u>10,852</u>	<u>104,376</u>	<u>69,599</u>	<u>17,378</u>	<u>5,881</u>	<u>208,086</u>
Cumulative through 6/30/16	<u>244,053</u>	<u>255,631</u>	<u>123,999</u>	<u>17,378</u>	<u>5,881</u>	<u>646,942</u>
Costs:						
Cumulative through 7/1/15	233,201	151,255	54,400	-	-	438,856
Current Year	<u>10,852</u>	<u>104,376</u>	<u>69,599</u>	<u>17,378</u>	<u>5,881</u>	<u>208,086</u>
Cumulative through 6/30/16	<u>244,053</u>	<u>255,631</u>	<u>123,999</u>	<u>17,378</u>	<u>5,881</u>	<u>646,942</u>
Excess / (Deficiency)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

Capital Fund Grant No. NJ39P06501-12 with an approved funding of \$244,053 has been fully drawn down and expended as per Capital Fund Grant Regulations.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2016**

I. Summary of Auditor's Results

Financial Statement Section

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

Federal Awards Section

- |    |   |            |
|----|---|------------|
| 1. | Dollar threshold used to distinguish 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(es) 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 2CFR 200.516(a)? | No         |

5. Identification of major programs:

CFDA Number

Name of Federal Program

14.871

Section 8 Housing Choice Voucher Program

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**JUNE 30, 2016**

II. Financial Statement Findings

None reported.

III. Federal Award Findings and Questioned Costs

None reported.

IV. Schedule of Prior Year Federal Audit Findings

**Finding 2015-001:**

Context: During the testing of cash disbursements, it was noted that one (1) contractor was paid in excess of fifteen percent of the State of New Jersey's bid threshold, as well in excess of the micro purchase threshold of \$2,000 without receiving an adequate number of price quotes.

Status: The finding has been cleared.

**Finding 2015-002:**

Context: Payments of \$14,729 were made to a vendor that were in excess of the contracted amount. Additionally, services were provided and payments were made after the contract was expired.

Status: The finding has been cleared.

**HOUSING AUTHORITY OF THE TOWNSHIP OF BRICK  
REQUIRED PENSION INFORMATION  
JUNE 30, 2016**

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

	June 30, <u>2013</u>	June 30, <u>2014</u>	June 30, <u>2015</u>	June 30, <u>2016</u>
Contractually required contribution	\$ 60,130	\$ 58,403	\$ 53,366	not available
Contributions in relation to the contractually required contribution	<u>60,130</u>	<u>58,403</u>	<u>53,366</u>	not available
(Over) / under funded	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	<u>\$ 487,811</u>	<u>\$ 469,583</u>	<u>\$ 394,584</u>	<u>\$ 474,649</u>
Contributions as a percentage of covered-employee payroll	<u>12.33 %</u>	<u>12.44 %</u>	<u>13.52 %</u>	<u>not available</u>

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

	June 30, <u>2013</u>	June 30, <u>2014</u>	June 30, <u>2015</u>	June 30, <u>2016</u>
Authority's proportion of the net pension liability	<u>0.0080 %</u>	<u>0.0071 %</u>	<u>0.0062 %</u>	<u>not available</u>
Authority's proportionate share of the net pension liability	<u>\$ 1,525,196</u>	<u>\$ 1,326,399</u>	<u>\$ 1,393,411</u>	<u>not available</u>
Authority's covered-employee payroll	<u>\$ 487,811</u>	<u>\$ 469,583</u>	<u>\$ 394,584</u>	<u>\$ 474,649</u>
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>312.66 %</u>	<u>282.46 %</u>	<u>353.13 %</u>	<u>not available</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>	<u>not available</u>

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

Brick Township Housing Authority							
NJ065							
Financial Data Schedule (FDS)							
June 30, 2016							
Line Item #			Account Description	Projects	Housing Choice Vouchers	TOTAL	
			<b>ASSETS:</b>				
			<b>CURRENT ASSETS:</b>				
			Cash:				
111			Cash - unrestricted	\$ 1,879,540	\$ 205,870	\$ 2,085,410	
112			Cash - restricted - modernization and development	-	-	-	
113			Cash - other restricted	-	21,759	21,759	
114			Cash - tenant security deposits	95,066	-	95,066	
115			Cash - restricted for payment of current liabilities	-	-	-	
100			Total cash	1,974,606	227,629	2,202,235	
			Accounts and notes receivables:				
121			Accounts receivable - PHA projects	-	-	-	
122			Accounts receivable - HUD other projects	-	-	-	
124			Accounts receivable - other government	-	-	-	
125			Accounts receivable - miscellaneous	-	3,997	3,997	
126			Accounts receivable- tenants	1,884	-	1,884	
126.1			Allowance for doubtful accounts - tenants	-	-	-	
126.2			Allowance for doubtful accounts - other	-	-	-	
127			Notes and mortgages receivable- current	-	-	-	
128			Fraud recovery	-	6,674	6,674	
128.1			Allowance for doubtful accounts - fraud	-	(6,674)	(6,674)	
129			Accrued interest receivable	-	-	-	
120			Total receivables, net of allowances for doubtful accounts	1,884	3,997	5,881	
			Current investments				
131			Investments - unrestricted	-	-	-	
132			Investments - restricted	-	-	-	
135			Investments - restricted for payment of current liability	-	-	-	
142			Prepaid expenses and other assets	48,685	-	48,685	
143			Inventories	-	-	-	
143.1			Allowance for obsolete inventories	-	-	-	
144			Interprogram - due from	-	-	-	
145			Assets held for sale	-	-	-	
150			TOTAL CURRENT ASSETS	2,025,175	231,626	2,256,801	
			<b>NONCURRENT ASSETS:</b>				
			Fixed assets:				
161			Land	108,250	-	108,250	
162			Buildings	13,615,194	-	13,615,194	
163			Furniture, equipment & machinery - dwellings	655,569	-	655,569	
164			Furniture, equipment & machinery - administration	-	-	-	
165			Leasehold improvements	984,742	-	984,742	
166			Accumulated depreciation	(10,990,175)	-	(10,990,175)	
167			Construction in Progress	413,875	-	413,875	
168			Infrastructure	-	-	-	
160			Total fixed assets, net of accumulated depreciation	4,787,455	-	4,787,455	
			Other non-current assets:				
171			Notes and mortgages receivable - non-current	-	-	-	
172			Notes and mortgages receivable-non-current - past due	-	-	-	
174			Other assets	-	-	-	
175			Undistributed debits	-	-	-	
176			Investment in joint ventures	-	-	-	
180			TOTAL NONCURRENT ASSETS	4,787,455	-	4,787,455	
200			Deferred Outflows of Resources	199,536	40,869	240,405	
290			TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 7,012,166	\$ 272,495	\$ 7,284,661	

Brick Township Housing Authority							
NJ065							
Financial Data Schedule (FDS)							
June 30, 2016							
Line Item #				Account Description	Projects	Housing Choice Vouchers	TOTAL
				LIABILITIES AND EQUITY:			
				Liabilities:			
				Current Liabilities:			
311				Bank overdraft	\$ -	\$ -	\$ -
312				Accounts payable ≤ 90 days	26,855	627	27,482
313				Accounts payable > 90 days past due	-	-	-
321				Accrued wage/payroll taxes payable	197	-	197
322				Accrued compensated absences - current portion	30,206	45	30,251
324				Accrued contingency liability	-	-	-
325				Accrued interest payable	-	-	-
331				Accounts payable - HUD PHA programs	-	-	-
332				Accounts payable - PHA projects	-	-	-
333				Accounts payable - other government	26,626	-	26,626
341				Tenant security deposits	95,066	-	95,066
342				Deferred revenue	3,493	-	3,493
343				Current portion of L-T debt - capital projects	-	-	-
344				Current portion of L-T debt - operating borrowings	-	-	-
345				Other current liabilities	729	-	729
346				Accrued liabilities - other	59,655	-	59,655
347				Interprogram - due to	-	-	-
310				TOTAL CURRENT LIABILITIES	242,827	672	243,499
				NONCURRENT LIABILITIES:			
351				Long-term debt, net of current - capital projects	-	-	-
352				Long-term debt, net of current - operating borrowings	-	-	-
353				Non-current liabilities- other	-	-	-
354				Accrued compensated absences - noncurrent	27,450	1,850	29,300
355				Loan Liability - Non Current	-	-	-
356				FASB 5 Liabilities	-	-	-
357				Accrued pension and OPEB liabilities	1,156,531	236,880	1,393,411
350				TOTAL NONCURRENT LIABILITIES	1,183,981	238,730	1,422,711
300				TOTAL LIABILITIES	1,426,808	239,402	1,666,210
400				Deferred Inflows of Resources	232,217	47,562	279,779
				EQUITY:			
508.1				Invested in Capital Assets, Net of Related Debt	4,787,455	-	4,787,455
511.1				Restricted Net Assets	-	21,759	21,759
512.1				Unrestricted Net Assets	565,686	(36,228)	529,458
513				TOTAL EQUITY	5,353,141	(14,469)	5,338,672
600				TOTAL LIABILITIES AND EQUITY	\$ 7,012,166	\$ 272,495	\$ 7,284,661
				Proof of concept	-	-	-



<b>Brick Township Housing Authority</b>					
<b>NJ065</b>					
Financial Data Schedule (FDS)					
June 30, 2016					
Line Item #	Account Description	Operating	Capital	Housing Choice Vouchers	TOTAL
<b>REVENUE:</b>					
70300	Net tenant rental revenue	\$ 960,870	\$ -	\$ -	\$ 960,870
70400	Tenant revenue - other	4,385	-	-	4,385
70500	Total tenant revenue	965,255	-	-	965,255
70600	HUD PHA grants	767,081	132,957	1,490,331	2,390,369
70610	Capital grants	-	75,129	-	75,129
70800	Other government grants	-	-	-	-
71100	Investment income - unrestricted	2,055	-	258	2,313
71200	Mortgage interest income	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-
71301	Cost of sale of assets	-	-	-	-
71400	Fraud recovery	-	-	2,027	2,027
71500	Other revenue	90,391	-	610,854	701,245
71600	Gain or loss on sale of fixed assets	-	-	-	-
72000	Investment income - restricted	-	-	-	-
70000	<b>TOTAL REVENUE</b>	1,824,782	208,086	2,103,470	4,136,338
<b>EXPENSES:</b>					
Administrative					
91100	Administrative salaries	124,174	20,000	79,342	223,516
91200	Auditing fees	5,080	-	5,080	10,160
91300	Outside management fees	35,965	-	-	35,965
91310	Book-keeping fee	-	-	-	-
91400	Advertising and marketing	3,800	-	-	3,800
91500	Employee benefit contributions- administrative	152,192	-	25,712	177,904
91600	Office expenses	52,861	45,154	27,628	125,643
91700	Legal expenses	10,237	-	154	10,391
91800	Travel	3,223	-	1,119	4,342
91810	Allocated overhead	-	-	-	-
91900	Other	21,675	5,282	15,938	42,895
92000	Asset Management Fee	-	-	-	-
Tenant services					
92100	Tenant services - salaries	58,067	-	-	58,067
92200	Relocation costs	-	-	-	-
92300	Employee benefit contributions- tenant services	3,155	-	-	3,155
92400	Tenant services - other	10,214	-	-	10,214
Utilities					
93100	Water	52,020	-	-	52,020
93200	Electricity	170,397	-	-	170,397
93300	Gas	70,962	-	-	70,962
93400	Fuel	-	-	-	-
93500	Labor	-	-	-	-
93600	Sewer	107,297	-	-	107,297
93700	Employee benefit contributions- utilities	-	-	-	-
93800	Other utilities expense	-	-	-	-

<b>Brick Township Housing Authority</b>					
<b>NJ065</b>					
Financial Data Schedule (FDS)					
June 30, 2016					
Line Item #	Account Description	Operating	Capital	Housing Choice Vouchers	TOTAL
	Ordinary maintenance & operation				-
94100	Ordinary maintenance and operations - labor	204,121	-	-	204,121
94200	Ordinary maintenance and operations - materials & other	25,099	5,887	-	30,986
94300	Ordinary maintenance and operations - contract costs	204,352	46,634	-	250,986
94500	Employee benefit contributions- ordinary maintenance	149,025	-	-	149,025
	Protective services				-
95100	Protective services - labor	-	-	-	-
95200	Protective services- other contract costs	-	-	-	-
95300	Protective services - other	-	-	-	-
95500	Employee benefit contributions- protective services	-	-	-	-
	General expenses				-
96100	Insurance premiums	85,209	-	-	85,209
96140	All other insurance	-	-	-	-
96200	Other general expenses	-	-	3,858	3,858
96210	Compensated absences	11,129	-	-	11,129
96300	Payments in lieu of taxes	26,626	-	-	26,626
96400	Bad debt - tenant rents	1,545	-	-	1,545
96500	Bad debt- mortgages	-	-	-	-
96600	Bad debt - other	-	-	-	-
96700	Interest expense	-	-	-	-
96710	Amortization of bond issue costs	-	-	-	-
96800	Severance expense	-	-	-	-
96900	<b>TOTAL OPERATING EXPENSES</b>	<b>1,588,425</b>	<b>122,957</b>	<b>158,831</b>	<b>1,870,213</b>
97000	<b>EXCESS OPERATING REVENUE OVER OPERATING EXPENSES</b>	<b>236,357</b>	<b>85,129</b>	<b>1,944,639</b>	<b>2,266,125</b>
97100	Extraordinary maintenance	-	-	-	-
97200	Casualty losses - non capitalized	-	-	-	-
97300	Housing assistance payments	-	-	1,337,674	1,337,674
97350	HAP Portability - in	-	-	576,741	576,741
97400	Depreciation expense	321,349	-	-	321,349
97500	Fraud losses	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-
90000	<b>TOTAL EXPENSES</b>	<b>1,909,774</b>	<b>122,957</b>	<b>2,073,246</b>	<b>4,105,977</b>
	<b>OTHER FINANCING SOURCES (USES)</b>				
10010	Operating transfers in	10,000	-	-	10,000
10020	Operating transfers out	-	(10,000)	-	(10,000)
10030	Operating transfers from/to primary government	-	-	-	-
10040	Operating transfers from/to component unit	-	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-
10080	Special items (net gain/loss)	-	-	-	-
10091	Inter Project excess cash transfer in	-	-	-	-
10092	Inter Project excess cash transfer out	-	-	-	-
10093	Transfers between program and project in	-	-	-	-
10094	Transfers between program and project out	-	-	-	-
10100	<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>10,000</b>	<b>(10,000)</b>	<b>-</b>	<b>-</b>
10000	<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>(74,992)</b>	<b>75,129</b>	<b>30,224</b>	<b>30,361</b>

<b>Brick Township Housing Authority</b>					
<b>NJ065</b>					
Financial Data Schedule (FDS)					
June 30, 2016					
Line Item #	Account Description	Operating	Capital	Housing Choice Vouchers	TOTAL
<b>MEMO ACCOUNT INFORMATION:</b>					
11020	Required annual debt principal payments	-	-	-	-
11030	Beginning equity	5,353,004	-	(44,693)	5,308,311
11040	Prior period adjustments and equity transfers	75,129	(75,129)	-	-
11170	Administrative fee equity	-	-	(28,095)	(28,095)
11180	Housing assistance payments equity	-	-	21,759	21,759
11190	Unit months available	3,192	-	1,704	4,896
11210	Number of unit months leased	3,158	-	1,512	4,670
Equity Roll Forward Test:					
	Calculation from R/E Statement	\$ 5,353,141		\$ (14,469)	\$ 5,338,672
	B/S Line 513	\$ 5,353,141	\$ -	\$ (14,469)	\$ 5,338,672
		\$ -	\$ -	\$ -	\$ -