

**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2017**

**WITH  
REPORT OF INDEPENDENT AUDITORS**

**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
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**YEAR ENDED SEPTEMBER 30, 2017**

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## REPORT OF INDEPENDENT AUDITORS

The Board of Commissioners  
Housing Authority of the Township of Neptune :

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

We have audited the accompanying financial statements of the Housing Authority of the Township of Neptune (the "Authority") as of and for the year ended September 30, 2017, and the related notes to the financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Authority'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 Authority'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.



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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2017 and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required pension information 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 Authority's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the 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.



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Novogradac & Company LLP*

July 12, 2018  
Toms River, New Jersey

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2017**

As management of the Housing Authority of the Township of Neptune ("the Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

**A. Financial Highlights**

1. The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3,216,222 (net position) as opposed to \$3,623,879 for the prior fiscal year.
2. As of the close of the current fiscal year, the Authority reported ending unrestricted net deficit of (\$2,584,827).
3. The Authority's cash and cash equivalents balance (including restricted cash and tenant security deposits) at September 30, 2017 totaled \$973,397 representing a decrease of \$11,851 from the prior fiscal year.
4. The Authority had total operating revenues of \$5,838,568 and total operating expenses of \$6,472,473 for the year ended September 30, 2017.
5. The Authority's Expenditures of Federal Awards amounted to \$4,112,143 for the fiscal year.

**B. Using the Annual Report**

**1. Management's Discussion and Analysis**

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

**2. Basic Financial Statements**

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2017**

B. Using the Annual Report (continued)

2. Basic Financial Statements (continued)

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

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

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

The Basic Financial Statements report on the Authority's activities. The activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe and sanitary housing to low income and special needs populations. The Basic Financial Statements can be found on Pages 10 through 14 in this report.

3. Notes to Financial Statements

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

4. Supplemental Information

The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance, Audits of States, Local Governments, and Non-profit Organizations and State of New Jersey Circular 15-08. The Schedule of Expenditures of Federal Awards can be found on page 35 of this report.



**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2017**

C. The Authority as a Whole

The Authority's Net Position decreased during the 2017 fiscal year as detailed on page 7. The Authority's revenues are primarily subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's operating revenues were not sufficient to cover all expenses, excluding depreciation during the fiscal year.

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

Significant account changes from 2016 to 2017 are detailed as follows:

- Cash and cash equivalents decreased \$48,638 primarily due to a decrease in HUD funding during the year ended September 30, 2017.
- Capital assets, net decreased \$292,347 as depreciation expense of \$533,289 exceeded capital asset additions of \$240,942.
- Accounts payable increased \$6,439 primarily due to the accrual of monies owed to the Public Employees' Retirement System.
- HUD capital grants decreased \$185,460 primarily due to the Authority decreasing its CFP Expenditures in fiscal year 2017.
- Operating Expenses (excluding depreciation and housing assistance payments) decreased \$23,537 primarily due to the following reasons:
  - i. Housing assistance payment expenses decreased \$21,254 due to a decrease in units months leased during year ending 2017.
  - ii. Tenant services costs increased \$12,907, as there was an increase in employee benefits expenses.
  - iii. Utilities expense increased from \$962,180 in 2016 to \$1,005,280 in 2017 or \$43,100. Water, sewer and gas costs all increased from 2016 to 2017.
  - iv. Ordinary repairs and maintenance expenses decreased \$56,842 primarily due to decreases in materials and contract costs as well as employee benefits.

**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2017**

**C. The Authority as a Whole (continued)**

Computations of Net Position is as follows:

	September 30, <u>2017</u>	September 30, <u>2016</u>
Cash and Other Assets	\$ 1,077,658	\$ 1,073,729
Capital Assets – Net	<u>5,730,240</u>	<u>6,022,587</u>
Total Assets	6,807,898	7,096,316
Deferred Outflows	1,223,092	847,371
Less: Total Liabilities	(3,763,073)	(3,774,797)
Deferred Inflows	<u>(1,051,695)</u>	<u>(545,011)</u>
Net Position	<u>\$ 3,216,222</u>	<u>\$ 3,623,879</u>
Net Invested in Capital Assets	\$ 5,730,240	\$ 6,022,587
Restricted Net Position	70,809	34,156
Unrestricted Net Position	<u>(2,584,827)</u>	<u>(2,432,864)</u>
Total Net Position	<u>\$ 3,216,222</u>	<u>\$ 3,623,879</u>

Computations of Changes in Net Position are as follows:

	Year <u>9/30/17</u>	Ended <u>9/30/16</u>
<u>Revenues</u>		
Tenant Revenues	\$ 1,729,843	\$ 1,670,177
HUD Subsidies	3,936,443	4,152,045
Other Revenues	<u>172,282</u>	<u>112,782</u>
Total Operating Revenues	<u>5,838,868</u>	<u>5,935,004</u>
<u>Expenses</u>		
Other Operating Expenses	3,383,642	3,407,179
Housing Assistance Payments	2,555,542	2,576,796
Depreciation Expense	<u>533,289</u>	<u>554,015</u>
Total Operating Expenses	<u>6,472,473</u>	<u>6,537,990</u>
Operating loss	<u>(633,905)</u>	<u>(602,986)</u>
<u>Non-Operating Revenues</u>		
Interest on Investments	7,243	4,739
HUD Capital Grants	<u>219,005</u>	<u>404,465</u>
Total Non-operating revenues	<u>226,248</u>	<u>409,204</u>
Change in Net Position	(407,657)	(193,782)
Net Position, Beginning of Year	<u>3,623,879</u>	<u>3,817,661</u>
Net Position, End of Year	<u>\$ 3,216,222</u>	<u>\$ 3,623,879</u>

**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2017**

**D. Budgetary Highlights**

For the year ended September 30, 2017, individual program or grant budgets were prepared by the Authority and were approved by the Board of Commissioners. Also, the Authority adopted a comprehensive annual budget for the General Fund. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency. As indicated by the change in net position, the Authority's net position decreased during the fiscal year. This decrease is indicative that the Authority is having difficulty operating within its budgetary limitations in total, for all its programs resulting from increased costs and a continuing reduction in HUD subsidies.

**E. Capital Assets and Debt Administration**

**1. Capital Assets**

As of September 30, 2017, the Authority's capital assets were \$5,730,240 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and construction in progress,

Purchases of capital assets totaled \$240,942.

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

**2. Debt Administration**

The Authority has no outstanding long-term debt at this time.

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

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

1. The significant cut-back on HUD subsidies and grants.
2. The continued reduction in interest rates on funds invested.

**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AT SEPTEMBER 30, 2017**

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 Bart Cook, Executive Director, Housing Authority of the Township of Neptune, 881 Alberta Avenue, Neptune, NJ 07753.



## FINANCIAL STATEMENTS

**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**STATEMENT OF NET POSITION**  
**AS OF SEPTEMBER 30, 2017**

ASSETS

Current assets:	
Cash and cash equivalents	\$ 774,419
Tenant security deposits	128,169
Accounts receivable, net	64,437
Prepaid expenses	<u>39,824</u>
Total current assets	<u>1,006,849</u>
Non-current assets:	
Restricted cash and cash equivalents	70,809
Capital assets, net	<u>5,730,240</u>
Total non-current assets	<u>5,801,049</u>
Total assets	<u>6,807,898</u>

DEFERRED OUTFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	<u>1,223,092</u>
Total assets and deferred outflows of resources	<u>\$ 8,030,990</u>

*See accompanying notes to financial statements.*

**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**STATEMENT OF NET POSITION (continued)**  
**AS OF SEPTEMBER 30, 2017**

LIABILITIES

Current liabilities:	
Accounts payable	164,235
Accrued expenses	11,297
Accrued compensated absences, current	32,772
Tenant security deposits	128,169
Prepaid rent	12,481
Other current liabilities	<u>14,786</u>
Total current liabilities	<u>363,740</u>
Non-current liabilities:	
Accrued compensated absences, non-current	294,945
Accrued pension liability	<u>3,104,388</u>
Total non-current liabilities	<u>3,399,333</u>
Total liabilities	<u>3,763,073</u>

DEFERRED INFLOWS OF RESOURCES

State of New Jersey P.E.R.S.	<u>1,051,695</u>
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NET POSITION

Net position:	
Net investment in capital assets	5,730,240
Restricted	70,809
Unrestricted	<u>(2,584,827)</u>
Total net position	<u>3,216,222</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 8,030,990</u>

*See accompanying notes to financial statements.*

**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Operating revenues:	
Tenant revenue	\$ 1,729,843
HUD operating grants	3,936,443
Other revenues	<u>172,282</u>
Total operating revenues	<u>5,838,568</u>
Operating expenses:	
Administrative	915,357
Tenant services	130,259
Utilities	1,005,280
Ordinary repairs and maintenance	1,034,034
Insurance	149,269
General	149,443
Housing assistance payments	2,555,542
Depreciation	<u>533,289</u>
Total operating expenses	<u>6,472,473</u>
Operating loss	(633,905)
Non-operating revenues:	
Investment income	<u>7,243</u>
Loss before capital grants	(626,662)
Capital grants	<u>219,005</u>
Change in net position	(407,657)
Total net position, beginning of year	<u>3,623,879</u>
Total net position, end of year	<u>\$ 3,216,222</u>

*See accompanying notes to financial statements.*



**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

Cash Flows from Operating Activities:	
Cash received from tenants and other income	\$ 1,861,339
Cash received from grantors	3,966,443
Cash paid to suppliers	(4,909,582)
Cash paid to employees	<u>(915,357)</u>
Net cash provided by operating activities	<u>2,843</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from capital grants	219,005
Purchases of capital assets	<u>(240,942)</u>
Net cash used in capital and related financing activities	<u>(21,937)</u>
Cash Flows from Investing Activities:	
Investment income	<u>7,243</u>
Net cash provided by investing activities	<u>7,243</u>
Net decrease in cash and cash equivalents	(11,851)
Cash and cash equivalents, beginning of year	<u>985,248</u>
Cash and cash equivalents, end of year	<u><u>\$ 973,397</u></u>
Reconciliation of cash and cash equivalents to the Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 774,419
Tenant security deposits	128,169
Restricted cash and cash equivalents	<u>70,809</u>
	<u><u>\$ 973,397</u></u>

*See accompanying notes to financial statements.*

**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**STATEMENT OF CASH FLOWS (continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

Operating loss	\$	(633,905)
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Adjustments to reconcile operating loss to net cash  
provided by operating activities:

Depreciation		533,289
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Changes in operating assets, liabilities, deferred outflows  
and deferred inflows of resources:

Accounts receivable, net		(12,987)
Prepaid expenses		(2,793)
Accounts payable		6,439
Accrued expenses		235
Tenant security deposits		134
Prepaid revenues		2,067
Accrued compensated absences		(5,254)
Deferred inflows of resources		506,684
Deferred outflows of resources		(375,721)
Pension liability		(30,131)
Other current liabilities		<u>14,786</u>

Net cash provided by operating activities	\$	<u><u>2,843</u></u>
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*See accompanying notes to financial statements.*

**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2017**

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

**A. Organization**

The Housing Authority of the Township of Neptune (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 Neptune, New Jersey (the "Township"). The Authority is responsible for operating certain low-rent housing programs in the Township under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The 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 Authority's Board of Commissioners to manage the day-to-day operations of the Authority.

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

**B. Basis of Accounting / Preparation of Financial Statements**

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 and deferred outflows of resources, liabilities and 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 NEPTUNE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED SEPTEMBER 30, 2017**

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

**B. Basis of Accounting / Preparation of Financial Statements (continued)**

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

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions*, ("GASB 33") grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

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

Both administrative fee and HAP revenue continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions as defined by GASB 33 are met when these funds are available and measurable, not when these funds are expended. The Section 8 Housing Choice Voucher program is no longer a cost reimbursement grant; therefore, the Authority recognizes unspent administrative fee 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 is credited to the HAP restricted net position account and investment income earned on administrative fee cash balances is credited to the unrestricted net position account.

The Authority adopted GASB 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"). GASB 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures associated with pension plans of State and Local Governments. For defined benefit pensions, GASB 68 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, GASB 68 details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions.



**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED SEPTEMBER 30, 2017**

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

**C. Reporting Entity**

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB 14 and 34*, the Authority's basic financial statements include those of the Authority and any component units. Component units are legally separate 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. Description of Programs**

Public and Indian Housing Program

The Public and Indian Housing Program is designed to provide low-cost housing within the Township. 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 households 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 household.

Public Housing Capital Fund Program

The purpose of the Public Housing 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 NEPTUNE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED SEPTEMBER 30, 2017**

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

**E. Use of Management Estimates**

The preparation of financial statements in accordance 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 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 the State of New Jersey, or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey Authorities. The Authority is required to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

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

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

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

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

**G. Accounts Receivable -Tenants, Net**

Rents are due from tenants on the first day of each month. As a result, accounts receivable balances primarily consist of rents past due and vacated units. Also included in accounts receivable are those amounts that tenants owe the Authority as payment for committing fraud or misrepresentation.

**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED SEPTEMBER 30, 2017**

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

**G. Accounts Receivable -Tenants, Net (continued)**

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. Allowance for Doubtful Accounts**

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

**I. Prepaid Expenses**

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

**J. Capital Assets**

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

- |                           |             |
|---------------------------|-------------|
| • Buildings               | 40 Years    |
| • Leasehold Improvements  | 15 Years    |
| • Furniture and Equipment | 3 - 5 Years |

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

**K. Impairment of Long Lived Assets**

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements.



**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED SEPTEMBER 30, 2017**

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

**L. Compensated Absences**

Compensated absences represent amounts to which employees are entitled to based on accumulated leave earned in accordance with the Authority's Personnel Policy. Employees may be compensated for accumulated vacation leave in the event of retirement or termination from service at the current salary. Employees may be compensated for sick leave at retirement or termination at one half of the earned, accrued and unused sick leave at the current salary to a maximum of 130 days or 182.5 days depending on length of service.

**M. 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.

**N. Deferred Outflows / Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until that time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

**O. Prepaid Rent**

The Authority's prepaid rent primarily consists of the prepayment of rent by residents applicable to future periods.

**P. 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 to zero. In accordance with GASB 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.

**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED SEPTEMBER 30, 2017**

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

**Q. 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 and expenses as non-operating.

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

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

**S. Taxes**

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

**T. Budgets and Budgetary Accounting**

The Authority is required by contractual agreements to adopt annual, appropriated operating budgets for all its Enterprise Funds receiving federal awards. All budgets are prepared on a HUD basis, which is materially consistent with GAAP. All appropriations lapse at HUD's program year end or at the end of grant periods. Pursuant to N.J.S.A 40A:5A-10 and N.J.A.C. 5:31 each authority is required to submit a budget for each fiscal year to the Director of the Division of Local Government Services 60 days prior to the beginning of the fiscal year.

**U. Economic Dependency**

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



**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED SEPTEMBER 30, 2017**

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

**V. 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.

The joint insurance pool is both an insured and self-administered group of housing authorities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund is self-sustaining through member premiums. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the years ended September 30, 2017, 2016 and 2015.

**NOTE 2. CASH AND CASH EQUIVALENTS**

As of September 30, 2017, the Authority had funds on deposit in checking, statement savings and money market accounts. The carrying amounts of the Authority's cash and cash equivalents (including restricted cash and cash equivalents) was \$973,397 and the bank balances approximated \$991,654.

<u>Cash Category</u>	<u>Amount</u>
Unrestricted	\$ 774,419
Tenant security deposits	128,169
Restricted	<u>70,809</u>
	<u>\$ 973,397</u>

Of the bank balances, \$518,318 was covered by federal depository insurance and the remaining \$473,336 was collateralized by GUDPA as of September 30, 2017.

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 September 30, 2017, the Authority's bank balances were not exposed to custodial credit risk.

**NOTE 3. ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net consisted of the following at September 30, 2017:

<u>Description</u>	<u>Amount</u>
Accounts receivable - tenants, net	\$ 20,720
Accounts receivable - miscellaneous	<u>43,717</u>
Total accounts receivable, net	<u>\$ 64,437</u>

**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED SEPTEMBER 30, 2017**

**NOTE 3. ACCOUNTS RECEIVABLE, NET (continued)**

Accounts Receivable - Tenants, Net

Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent. The balance is shown net of an allowance for doubtful accounts of \$29,403.

Accounts Receivable - Miscellaneous

Accounts receivable - miscellaneous consists of overpayments related to the pension plan and insurance.

**NOTE 4. RESTRICTED DEPOSITS**

As of September 30, 2017, restricted deposits consisted of the following:

<u>Cash Category</u>	<u>Amount</u>
Housing assistance payments	\$ 70,809
Tenant security deposits	<u>128,169</u>
	<u>\$ 198,978</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for future housing assistance payments.

Tenant security deposits represent amounts held by the Authority on behalf of tenants participating in the Public and Indian Housing Program. Upon termination from the program, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

**NOTE 5. CAPITAL ASSETS, NET**

The following is a summary of changes in capital assets for the year ended September 30, 2017:

Description	September 30, 2016	Additions	Disposals	Transfers	September 30, 2017
<u>Non-depreciable:</u>					
Land	\$ 656,954	\$ -	\$ -	\$ -	\$ 656,954
Construction in progress	<u>506,251</u>	<u>219,005</u>		<u>(257,189)</u>	<u>468,067</u>
Total	<u>1,163,205</u>	<u>219,005</u>		<u>(257,189)</u>	<u>1,125,021</u>
<u>Depreciable:</u>					
Buildings	18,147,746	21,937	-	142,041	18,311,724
Furniture and equipment	633,412	-	-	-	633,412
Leasehold improvements	<u>4,572,267</u>	<u>-</u>	<u>-</u>	<u>115,148</u>	<u>4,687,415</u>
Total	<u>23,353,425</u>	<u>21,937</u>	<u>-</u>	<u>257,189</u>	<u>23,632,551</u>
Less: accumulated depreciation	<u>18,494,043</u>	<u>533,289</u>	<u>-</u>	<u>-</u>	<u>19,027,332</u>
Net capital assets	<u>\$ 6,022,587</u>	<u>\$ (292,347)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,730,240</u>

**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED SEPTEMBER 30, 2017**

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

Depreciation expense for the year ended September 30, 2017 amounted to \$533,289.

**NOTE 6. LONG TERM LIABILITIES**

A summary of the Authority's long-term liabilities for the year ended September 30, 2017 consisted of the following:

	September 30, 2016	Additions	Retirements	September 30, 2017	Due in One Year
Accrued compensated absences	\$ 332,971	\$ 119,380	\$ (124,634)	\$ 327,717	\$ 32,772
Accrued pension liability	<u>3,134,519</u>	<u>-</u>	<u>(30,131)</u>	<u>3,104,388</u>	<u>-</u>
Total	<u>\$ 3,467,490</u>	<u>\$ 119,380</u>	<u>\$ (154,765)</u>	<u>\$ 3,432,105</u>	<u>\$ 32,772</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 Neptune. Under the Cooperation Agreement, the Authority must pay the Township the lesser of 10% of its net shelter rent or the approximate full real property taxes. During the fiscal year ended September 30, 2017, PILOT expense was incurred in the amount of \$70,980.

**NOTE 8. PENSION PLAN**

**A. Plan Description**

The 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.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.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.



**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED SEPTEMBER 30, 2017**

**NOTE 8. PENSION PLAN (continued)**

**B. Benefits (continued)**

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<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65.

Early retirement benefits are available to tiers 1 and 2 before reaching age 60, tiers 3 and 4 before age 62 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more 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 full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**C. Contributions**

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

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

**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED SEPTEMBER 30, 2017**

**NOTE 8. PENSION PLAN (continued)**

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

At September 30, 2017, the Authority reported a liability of \$3,104,388, for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2016, and rolled forward to June 30, 2017.

For the year ended September 30, 2017 the Authority recognized pension expense of \$100,832. At September 30, 2017 the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 625,427	\$ 623,134
Changes in Proportion	503,428	428,561
Differences between expected and actual experience	73,098	-
Net differences between actual and projected earnings on pension plan investments	<u>21,139</u>	<u>-</u>
Total	<u>\$ 1,223,092</u>	<u>\$ 1,051,695</u>

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

<u>Year ending September 30:</u>	<u>Amount</u>
2018	129,761
2019	195,813
2020	118,652
2021	(157,808)
2022	<u>(115,021)</u>
	<u>\$ 171,397</u>

**E. Actuarial Assumptions**

The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions:



**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED SEPTEMBER 30, 2017**

**NOTE 8. PENSION PLAN (continued)**

**E. Actuarial Assumptions (continued)**

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 - 4.15% based on age
Thereafter	2.65 - 5.15% based on age
Investment rate of return	7.00%

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

**F. Long-term Expected Rate of Return**

The long-term expected rate of return on plan investments 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 rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED SEPTEMBER 30, 2017**

**NOTE 8. PENSION PLAN (continued)**

**G. Discount Rate**

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 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 contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 5.00 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 (4.00 percent) or 1 percentage point higher (6.00 percent) than the current rate.

	1% Decrease (4.00%)	Discount Rate (5.00%)	1% Increase (6.00%)
Authority's proportionate share of the net pension liability	\$ <u>3,851,203</u>	\$ <u>3,104,388</u>	\$ <u>2,482,197</u>

**NOTE 9. OTHER POST-RETIREMENT 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 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. The SHBP is administered by the State of New Jersey, Department of Treasury, Division of Pension and Benefits.

**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED SEPTEMBER 30, 2017**

**NOTE 9. OTHER POST-RETIREMENT BENEFITS (continued)**

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

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

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

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

<u>Year</u>	<u>Amount</u>
2017	\$ <u>450,776</u>
2016	\$ <u>442,898</u>
2015	\$ <u>414,921</u>

**NOTE 10. RESTRICTED NET POSITION**

Restricted net position consists of the following as of September 30, 2017:

<u>Description</u>	<u>Amount</u>
Housing assistance payments reserves	\$ <u>70,809</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for future housing assistance payments.

**NOTE 11. CONTINGENCIES**

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of September 30, 2017, the Authority estimates that no material liabilities will result from such audits.



**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED SEPTEMBER 30, 2017**

**NOTE 12.      SUBSEQUENT EVENTS**

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Authority through July 12, 2018 (the date the financial statements were available to be issued) and concluded that no subsequent events occurred that would require disclosure in the notes to the financial statements.





**NOVOGRADAC  
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CERTIFIED PUBLIC ACCOUNTANTS

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

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

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 Neptune (the "Authority"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 12, 2018.

**Internal Control Over Financial Reporting**

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

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

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



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### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

*Novogradac & Company LLP*

July 12, 2018  
Toms River, New Jersey



**NOVOGRADAC  
& COMPANY** LLP®  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON 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 Neptune :

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

We have audited the Housing Authority of the Township of Neptune's (the "Authority") compliance with the types of compliance requirements described in the OMB Compliance Supplement and the State of New Jersey OMB Circular 15-08 that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2017. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to federal programs.

**Auditors' Responsibility**

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

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



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### **Opinion on Each Major Federal Program**

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

### **Report on Internal Control Over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

*Norogradac & Company LLP*

July 12, 2018  
Toms River, New Jersey



**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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>							
Housing Voucher Cluster							
Section 8 Housing Choice Voucher	14.871	N/A	10/1/2016	9/30/2017	2,817,851	2,774,546	2,774,546
Total Housing Voucher Cluster					2,817,851	2,774,546	2,774,546
Public and Indian Housing Program	14.850	N/A	1/1/2016	12/31/2017	1,846,699	918,965	1,762,804
Public Housing Capital Fund Program	14.872	N/A	4/13/2015	4/12/2020	914,485	418,632	852,838
Total U.S. Department of Housing and Urban Development					\$ 5,579,035	\$ 4,112,143	\$ 5,390,188

**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended September 30, 2017. 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) and State of New Jersey OMB Circular 15-08. Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in the Uniform Guidance and the State of New Jersey OMB Circular 15-08, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**NOTE 3. INDIRECT COST RATE**

The Authority has not elected to use the ten percent de minimus indirect cost rate allowed under the Uniform Guidance.

**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

The total amounts of Capital Fund Program Costs and Advances incurred and earned by the Authority as of and for the year ended September 30, 2017 are provided herein.

	<u>501-15</u>	<u>501-16</u>	<u>Totals</u>
Budget	<u>\$ 442,813</u>	<u>\$ 471,672</u>	<u>\$ 914,485</u>
<u>Advances:</u>			
Cumulative through 9/30/16	<u>\$ 358,577</u>	<u>\$ 55,629</u>	<u>\$ 414,206</u>
Current Year	<u>81,436</u>	<u>357,196</u>	<u>438,632</u>
Cumulative through 9/30/17	<u>440,013</u>	<u>412,825</u>	<u>852,838</u>
<u>Costs:</u>			
Cumulative through 9/30/16	<u>358,577</u>	<u>75,629</u>	<u>434,206</u>
Current Year	<u>81,436</u>	<u>337,196</u>	<u>418,632</u>
Cumulative through 9/30/17	<u>440,013</u>	<u>412,825</u>	<u>852,838</u>
Excess / (Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**SEPTEMBER 30, 2017**

I. Summary of Auditors' Results

Financial Statement Section

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

Federal Awards Section

- |                    |   |                    |                                |        |                                   |  |
|--------------------|---|--------------------|--------------------------------|--------|-----------------------------------|--|
| 1.                 | Internal Control over compliance:   |                    |                                |        |                                   |  |
| a.                 | Material weakness(es) identified?   | No                 |                                |        |                                   |  |
| b.                 | Significant deficiency(ies) identified?   | No                 |                                |        |                                   |  |
| 2.                 | Type of auditors' report on compliance for major programs:  | Unmodified         |                                |        |                                   |  |
| 3.                 | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  | No                 |                                |        |                                   |  |
| 4.                 | Identification of major programs:   |                    |                                |        |                                   |  |
|                    | <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;"><u>CFDA Number</u></td> <td style="width: 50%;"><u>Name of Federal Program</u></td> </tr> <tr> <td>14.871</td> <td>Section 8 Housing Choice Vouchers</td> </tr> </table> | <u>CFDA Number</u> | <u>Name of Federal Program</u> | 14.871 | Section 8 Housing Choice Vouchers |  |
| <u>CFDA Number</u> | <u>Name of Federal Program</u>  |                    |                                |        |                                   |  |
| 14.871             | Section 8 Housing Choice Vouchers   |                    |                                |        |                                   |  |
| 5.                 | Dollar threshold used to distinguish between Type A and Type B Programs:  | \$750,000          |                                |        |                                   |  |
| 6.                 | Auditee qualified as low-risk Auditee?  | No                 |                                |        |                                   |  |

**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**SEPTEMBER 30, 2017**

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

III. Federal Award Findings and Questioned Costs

None reported.

IV. Schedule of Prior Year Federal Audit Findings

There were no findings or questioned costs in the prior year

**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE  
REQUIRED PENSION INFORMATION  
YEAR ENDED SEPTEMBER 30, 2017**

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

	September 30, 2014	September 30, 2015	September 30, 2016	September 30, 2017
Contractually required contribution	\$ 119,197	\$ 108,731	\$ 94,022	\$ 123,543
Contributions in relation to the contractually required contribution	<u>119,197</u>	<u>108,731</u>	<u>94,022</u>	<u>123,543</u>
(Over) / under funded	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered-employee payroll	<u>\$ 1,162,939</u>	<u>\$ 1,136,756</u>	<u>\$ 1,033,658</u>	<u>\$ 1,054,138</u>
Contributions as a percentage of covered- employee payroll	<u>10.25 %</u>	<u>9.57 %</u>	<u>9.10 %</u>	<u>11.72 %</u>

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



**HOUSING AUTHORITY OF THE TOWNSHIP OF NEPTUNE  
REQUIRED PENSION INFORMATION  
YEAR ENDED SEPTEMBER 30, 2017**

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

	September 30, 2014	September 30, 2015	September 30, 2016	September 30, 2017
Authority's proportion of the net pension liability	<u>0.0145 %</u>	<u>0.0126 %</u>	<u>0.0106 %</u>	<u>0.0133 %</u>
Authority's proportionate share of the net pension liability	<u>\$ 2,707,100</u>	<u>\$ 2,839,017</u>	<u>\$ 3,134,519</u>	<u>\$ 3,104,388</u>
Authority's covered-employee payroll	<u>\$ 1,162,939</u>	<u>\$ 1,136,756</u>	<u>\$ 1,033,658</u>	<u>\$ 1,054,138</u>
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>232.78 %</u>	<u>249.75 %</u>	<u>303.25 %</u>	<u>294.50 %</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>52.08 %</u>	<u>47.93 %</u>	<u>40.14 %</u>	<u>48.10 %</u>

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

Housing Authority of the Township of Neptune								
NJ048								
Financial Data Schedule (FDS)								
September 30, 2017								
Line Item #		Account Description	Project Total		14,871 Housing Choice Vouchers		TOTAL	
<b>ASSETS:</b>								
<b>CURRENT ASSETS:</b>								
Cash:								
111		Cash - unrestricted	\$ 625,565		\$ 148,854		\$ 774,419	
112		Cash - restricted - modernization and developmer	-		-		-	
113		Cash - other restricted	-		70,809		70,809	
114		Cash - tenant security deposit:	128,169		-		128,169	
115		Cash - restricted for payment of current liability	-		-		-	
100		Total cash	753,734		219,663		973,397	
Accounts and notes receivables								
121		Accounts receivable - PHA project:	-		-		-	
122		Accounts receivable - HUD other project:	-		-		-	
124		Accounts receivable - other government	-		-		-	
125		Accounts receivable - miscellaneous	43,717		-		43,717	
126		Accounts receivable - tenants	41,441		-		41,441	
126.1		Allowance for doubtful accounts - tenant	(20,721)		-		(20,721)	
126.2		Allowance for doubtful accounts - other	-		-		-	
127		Notes and mortgages receivable - current	-		-		-	
128		Fraud recovery	8,682		-		8,682	
128.1		Allowance for doubtful accounts - fraud	(8,682)		-		(8,682)	
129		Accrued interest receivable	-		-		-	
120		Total receivables, net of allowances for doubtful account	64,437		-		64,437	
Current investments:								
131		Investments - unrestricted	-		-		-	
132		Investments - restricted	-		-		-	
135		Investments - restricted for payment of current liability	-		-		-	
142		Prepaid expenses and other assets:	39,824		-		39,824	
143		Inventories	-		-		-	
143.1		Allowance for obsolete inventory	-		-		-	
144		Interprogram - due from	-		-		-	
145		Assets held for sale	-		-		-	
150		TOTAL CURRENT ASSETS	857,995		219,663		1,077,658	
<b>NONCURRENT ASSETS:</b>								
Fixed assets:								
161		Land	656,954		-		656,954	
162		Buildings	18,311,724		-		18,311,724	
163		Furniture, equipment & machinery - dwelling	-		-		-	
164		Furniture, equipment & machinery - administrative	633,412		-		633,412	
165		Leasehold improvement:	4,687,415		-		4,687,415	
166		Accumulated depreciation	(19,027,332)		-		(19,027,332)	
167		Construction in Progress:	468,067		-		468,067	
168		Infrastructure	-		-		-	
160		Total fixed assets, net of accumulated depreciation	5,730,240		-		5,730,240	
Other non-current assets:								
171		Notes and mortgages receivable - non-current	-		-		-	
172		Notes and mortgages receivable-non-current - past due	-		-		-	
173		Grants Receivable Non Current	-		-		-	
174		Other assets	-		-		-	
175		Undistributed debits:	-		-		-	
176		Investment in joint venture	-		-		-	
180		TOTAL NONCURRENT ASSETS	5,730,240		-		5,730,240	
200		Deferred Outflows of Resources:	960,972		262,120		1,223,092	
290		TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 7,549,207		\$ 481,783		\$ 8,030,990	

Housing Authority of the Township of Neptune							
NJ048							
Financial Data Schedule (FDS)							
September 30, 2017							
Line Item #		Account Description	Project Total	14,871 Housing Choice Vouchers	TOTAL		
LIABILITIES AND EQUITY							
Liabilities:							
Current Liabilities:							
311		Bank overdraft	\$ -	\$ -	\$ -		
312		Accounts payable ≤ 90 days	22,455	-	22,455		
313		Accounts payable > 90 days past due	-	-	-		
321		Accrued wage/payroll taxes payable	11,297	-	11,297		
322		Accrued compensated absences - current portion	31,504	1,268	32,772		
324		Accrued contingency liability	-	-	-		
325		Accrued interest payable	-	-	-		
331		Accounts payable - HUD PHA program	-	-	-		
332		Accounts payable - PHA project	-	-	-		
333		Accounts payable - other government	141,780	-	141,780		
341		Tenant security deposits	128,169	-	128,169		
342		Unearned revenue	12,481	-	12,481		
343		Current portion of L-T debt - capital project	-	-	-		
344		Current portion of L-T debt - operating borrowing	-	-	-		
345		Other current liabilities	-	-	-		
346		Accrued liabilities - other	14,786	-	14,786		
347		Interprogram - due to	-	-	-		
348		Loan liability - Current	-	-	-		
310		<b>TOTAL CURRENT LIABILITIES</b>	<b>362,472</b>	<b>1,268</b>	<b>363,740</b>		
NONCURRENT LIABILITIES							
351		Long-term debt, net of current - capital project	-	-	-		
352		Long-term debt, net of current - operating borrowing	-	-	-		
353		Non-current liabilities- other	-	-	-		
354		Accrued compensated absences - noncurrent	283,534	11,411	294,945		
355		Loan Liability - Non Current	-	-	-		
356		FASB 5 Liabilities	-	-	-		
357		Accrued pension and OPEB liabilities	2,715,613	388,775	3,104,388		
350		<b>TOTAL NONCURRENT LIABILITIES</b>	<b>2,999,147</b>	<b>400,186</b>	<b>3,399,333</b>		
300		<b>TOTAL LIABILITIES</b>	<b>3,361,619</b>	<b>401,454</b>	<b>3,763,073</b>		
400		Deferred Inflows of Resources:	818,717	232,978	1,051,695		
EQUITY:							
508.1		Invested in Capital Assets, Net of Related Deb	5,730,240	-	5,730,240		
511.1		Restricted Net Position	-	70,809	70,809		
512.1		Unrestricted Net Position	(2,361,369)	(223,458)	(2,584,827)		
513		<b>TOTAL EQUITY</b>	<b>3,368,871</b>	<b>(152,649)</b>	<b>3,216,222</b>		
600		<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND EQUITY</b>	<b>\$ 7,549,207</b>	<b>\$ 481,783</b>	<b>\$ 8,030,990</b>		
Proof of concept				-	-	-	



Housing Authority of the Township of Neptune									
NJ048									
Financial Data Schedule (FDS)									
September 30, 2017									
Line Item #	Account Description	OPERATING	CAPITAL	14.871 Housing Choice Vouchers	TOTAL				
	<b>REVENUE:</b>								
70300	Net tenant rental revenue	\$ 1,715,075	\$ -	\$ -	\$ 1,715,075				
70400	Tenant revenue - other	14,768	-	-	14,768				
70500	Total tenant revenue	1,729,843	-	-	1,729,843				
70600	HUD PHA grants	918,965	199,627	2,817,851	3,936,443				
70610	Capital grants	-	219,005	-	219,005				
70710	Management fee	-	-	-	-				
70720	Asset management fee	-	-	-	-				
70730	Book keeping fee	-	-	-	-				
70740	Front line service fee	-	-	-	-				
70750	Other fees	-	-	-	-				
70800	Other government grants	-	-	-	-				
71100	Investment income - unrestricted	6,445	-	798	7,243				
71200	Mortgage interest income	-	-	-	-				
71300	Proceeds from disposition of assets held for sale	-	-	-	-				
71301	Cost of sale of assets	-	-	-	-				
71400	Fraud recovery	11,488	-	-	11,488				
71500	Other revenue	160,794	-	-	160,794				
71600	Gain or loss on sale of fixed asset	-	-	-	-				
72000	Investment income - restricted	-	-	-	-				
70000	<b>TOTAL REVENUE</b>	<b>2,827,535</b>	<b>418,632</b>	<b>2,818,649</b>	<b>6,064,816</b>				
	<b>EXPENSES:</b>								
	<b>Administrative</b>								
91100	Administrative salaries	263,901	21,750	111,194	396,845				
91200	Auditing fees	11,360	-	2,000	13,360				
91300	Outside management fees	-	-	-	-				
91310	Book-keeping fee	-	-	-	-				
91400	Advertising and marketing	-	-	-	-				
91500	Employee benefit contributions- administrative	240,055	7,250	28,252	275,557				
91600	Office expenses	43,168	-	23,628	68,796				
91700	Legal expenses	24,381	-	15,311	39,692				
91800	Travel	23,981	-	15,348	39,329				
91810	Allocated overhead	-	-	-	-				
91900	Other	-	76,627	5,151	81,778				
	Total Administrative	608,846	105,627	200,884	915,357				
92000	Asset Management Fee	-	-	-	-				
	<b>Tenant services</b>								
92100	Tenant services - salaries	74,471	-	-	74,471				
92200	Relocation costs	-	-	-	-				
92300	Employee benefit contributions- tenant service	53,832	-	-	53,832				
92400	Tenant services - other	1,956	-	-	1,956				
	Total Tenant Service	130,259	-	-	130,259				
	<b>Utilities</b>								
93100	Water	166,458	-	-	166,458				
93200	Electricity	97,459	-	-	97,459				
93300	Gas	295,586	-	-	295,586				
93400	Fuel	-	-	-	-				
93500	Labor	172,973	-	-	172,973				
93600	Sewer	159,160	-	-	159,160				
93700	Employee benefit contributions- utility	113,644	-	-	113,644				
93800	Other utilities expense	-	-	-	-				
	Total Utilities	1,005,280	-	-	1,005,280				
	<b>Ordinary maintenance &amp; operation</b>								
94100	Ordinary maintenance and operations - labor	403,603	-	-	403,603				
94200	Ordinary maintenance and operations - materials & other	197,608	-	-	197,608				
94300	Ordinary maintenance and operations - contract cost	169,646	-	-	169,646				
94500	Employee benefit contributions- ordinary maintenance	263,177	-	-	263,177				
	Total Ordinary Maintenance	1,034,034	-	-	1,034,034				
	<b>Protective services</b>								
95100	Protective services - labor	-	-	-	-				
95200	Protective services- other contract cost	-	-	-	-				
95300	Protective services - other	-	-	-	-				
95500	Employee benefit contributions- protective service	-	-	-	-				
	Total Protective Service	-	-	-	-				

<b>Housing Authority of the Township of Neptune</b>					
<b>NJ048</b>					
Financial Data Schedule (FDS)					
September 30, 2017					
Line Item #	Account Description	OPERATING	CAPITAL	14.871 Housing Choice Vouchers	TOTAL
	General expenses				
96110	Property insurance	-	-	-	-
96120	Liability insurance	-	-	-	-
96130	Workmen's compensation	-	-	-	-
96140	All other insurance	133,619	-	15,650	149,269
	Total Insurance	133,619	-	15,650	149,269
96200	Other general expenses	-	-	2,470	2,470
96210	Compensated absences	62,655	-	-	62,655
96300	Payments in lieu of taxes	70,980	-	-	70,980
96400	Bad debt - tenant rents	13,338	-	-	13,338
96500	Bad debt- mortgages	-	-	-	-
96600	Bad debt - other	-	-	-	-
96700	Interest expense	-	-	-	-
96710	Interest of mortgage (or bonds) payabl	-	-	-	-
96720	Interest on Notes Payable (Short and Long Term	-	-	-	-
96730	Amortization of bond issue costs	-	-	-	-
96800	Severance expense	-	-	-	-
	Total General Expenses	146,973	-	2,470	149,443
96900	<b>TOTAL OPERATING EXPENSES</b>	3,059,011	105,627	219,004	3,383,642
97000	<b>EXCESS OPERATING REVENUE OVER OPERATING EXPENSES</b>	(231,476)	313,005	2,599,645	2,681,174
97100	Extraordinary maintenance	-	-	-	-
97200	Casualty losses - non capitalized	-	-	-	-
97300	Housing assistance payments	-	-	2,555,542	2,555,542
97350	HAP Portability - in	-	-	-	-
97400	Depreciation expense	533,289	-	-	533,289
97500	Fraud losses	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-
90000	<b>TOTAL EXPENSES</b>	3,592,300	105,627	2,774,546	6,472,473
	<b>OTHER FINANCING SOURCES (USES)</b>				
10010	Operating transfers in	94,000	-	-	94,000
10020	Operating transfers out	-	(94,000)	-	(94,000)
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>	94,000	(94,000)	-	-
10000	<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	(670,765)	219,005	44,103	(407,657)
	<b>MEMO ACCOUNT INFORMATION:</b>				
11020	Required annual debt principal payments	-	-	-	-
11030	Beginning equity	3,314,380	506,251	(196,752)	3,623,879
11040	Prior period adjustments and equity transfers	257,189	(257,189)	-	-
11170	Administrative fee equity	-	-	(195,206)	(195,206)
11180	Housing assistance payments equity	-	-	70,809	70,809
		-	-	(124,397)	(124,397)
11190	Unit months available	4,140	-	3,816	7,956
11210	Number of unit months leased	4,089	-	2,650	6,739
	Equity Roll Forward Test:				
	Calculation from R/E Statement	\$ 3,368,871	\$ -	\$ (152,649)	\$ 3,216,222
	B/S Line 513	\$ 3,368,871	\$ -	\$ (152,649)	\$ 3,216,222
		\$ -	\$ -	\$ -	\$ -