

**HOUSING AUTHORITY OF THE  
BOROUGH OF BUENA**

**REPORT OF AUDIT  
FOR THE YEARS ENDED  
MARCH 31, 2015 AND 2014**

HOUSING AUTHORITY OF THE BOROUGH OF BUENATable of ContentsMarch 31, 2015 and 2014

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**HOUSING AUTHORITY OF THE BOROUGH OF BUENA**

**FINANCIAL SECTION**

**FOR THE YEARS ENDED MARCH 31, 2015 AND 2014**

## **INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Housing Authority of the Borough of Buena

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

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the Borough of Buena, a component unit of the Borough of Buena, as of and for the years ended March 31, 2015 and 2014 and the related notes to the financial statements which collectively comprise the Authority's financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority of the Borough of Buena as of March 31, 2015 and 2014, and the respective changes in financial position and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

**Other Matters*****Required Supplementary Information***

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

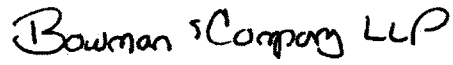
***Other Information***

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2015 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Woodbury, New Jersey  
November 17, 2015

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

Board of Commissioners  
Housing Authority of the Borough of Buena

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Housing Authority of the Borough of Buena, a component unit of the Borough of Buena, as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated November 17, 2015.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*Bowman & Company LLP*  
BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants

Woodbury, New Jersey  
November 17, 2015



**Housing Authority of the Borough of Buena  
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED  
March 31, 2015**

As management of the Housing Authority of the Borough of Buena, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activity of the Authority for the year ended March 31, 2015. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

**FINANCIAL HIGHLIGHTS**

- The assets of the Authority exceeded its liabilities as of March 31, 2015 by \$1,956,686 (net position).
- The Authority's cash balance as of March 31, 2015 was \$183,861 representing a decrease of \$17,706 from March 31, 2014.
- The Authority had intergovernmental revenues of \$111,034 from HUD operating subsidy and \$65,606 from HUD capital fund grants for the year ended March 31, 2015.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY-WIDE)**

Total assets decreased by \$46,462 in 2015 from the prior year primarily due to depreciation of capital assets of \$105,015 offset by the purchase of capital assets of \$40,620, an increase in subsidy receivable of \$27,202 and prepaid expenses of \$7,885, and a decrease in cash of \$17,706 primarily due to the payoff of the pension liability of \$17,374.

Total assets decreased by \$70,940 in 2014 from the prior year primarily due to depreciation of capital assets of \$106,683 and an increase in cash of \$34,707. Cash increased primarily due to additional rental income of \$9,951, additional federal funding of \$10,922 and other income of \$3,810.

**Housing Authority of the Borough of Buena**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)**  
**March 31, 2015**

Current liabilities increased by \$12,413 in 2015 from the prior year, due primarily to an increase in accrued utilities of \$11,641. Current liabilities decreased by \$27,098 in 2014 from the prior year, due primarily to a decrease in accounts payable of \$26,817.

Noncurrent liabilities decreased by \$16,255 in 2015 from the prior year due to the payoff of the pension liability of \$17,374 and an increase in accrued compensated absences of \$1,119. Noncurrent liabilities increased by \$1,150 in 2014 from the prior year due to an increase in long-term compensated absences of \$1,113 and an increase of \$37 in accrued pension costs.

The following table summarizes the changes in net position between March 31, 2015, 2014 and 2013 for the Authority as a whole:

| <b>ENTITY-WIDE</b>               | <b>2015</b>         | <b>2014</b>         | <b>2013</b>         |
|----------------------------------|---------------------|---------------------|---------------------|
| Cash and Cash Equivalents        | \$ 183,861          | \$ 201,567          | \$ 166,860          |
| Other Current Assets             | 50,967              | 15,328              | 14,291              |
| Capital Assets                   | 1,787,256           | 1,851,651           | 1,958,335           |
| <b>TOTAL ASSETS</b>              | <b>2,022,084</b>    | <b>2,068,546</b>    | <b>2,139,486</b>    |
| Current Liabilities              | 56,102              | 43,689              | 70,787              |
| Noncurrent Liabilities           | 9,296               | 25,551              | 24,401              |
| <b>TOTAL LIABILITIES</b>         | <b>65,398</b>       | <b>69,240</b>       | <b>95,188</b>       |
| Net Investment in Capital Assets | 1,787,256           | 1,851,651           | 1,958,335           |
| Unrestricted Net Position        | 169,430             | 147,655             | 85,963              |
| <b>TOTAL NET POSITION</b>        | <b>\$ 1,956,686</b> | <b>\$ 1,999,306</b> | <b>\$ 2,044,298</b> |

Comparatively, 2015 revenue increased by \$27,389 from 2014 primarily due to an increase in tenant rental income of \$11,039 and an increase in federal funding of \$17,673. Comparatively, 2014 revenue increased by \$24,683 from 2013 due to an increase in tenant rental income of \$9,951, an increase in federal funding of \$10,922 and other income of \$3,810.

Interest income increased by \$53 in 2015 from 2014 due to higher balances in the bank accounts during the year. Interest income decreased by \$13 in 2014 from the prior year due to the combination of lower cash and investment balance maintained throughout the year along with lower interest rates.

Expenses increased by \$25,070 from 2014 to 2015 primarily due to increases in utility costs of \$18,047 and increases in maintenance expenses of \$10,220. Expenses decreased by \$1,514 from 2014 to 2013 primarily due to decreases in administrative expenses and utilities offset by increases in tenant services, maintenance, general expenses and depreciation.

Administrative expenses decreased by \$337 in 2015 from the prior year due to a decrease in sundry expenses. Administrative expenses decreased by \$16,934 in 2014 from the prior year primarily due to a decrease in employee salaries and benefits due to an employee's retirement.

**Housing Authority of the Borough of Buena**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)**  
**March 31, 2015**

Utilities expense increased in 2015 from the prior year in the amount of \$18,047 primarily due to a significant increase in gas consumption. Utilities expense decreased in 2014 from the prior year in the amount of \$16,264 primarily due to faulty gas meters and gas lines which were replaced by the township in the spring of 2013.

Maintenance expenses increased in 2015 from 2014 by \$10,220 primarily due to roof cleaning of \$5,040 and other small projects of \$5,997. Maintenance expenses increased in 2014 from 2013 by \$24,375 primarily due to flooring expenses of \$9,680, snow removal expenses of \$2,945, ventilation expenses of \$3,050, tree removal costs of \$2,000 and an increase in material costs of \$5,245.

Depreciation expense decreased in 2015 from the prior year by \$1,668 due to more capital assets being fully depreciated. Depreciation expense increased in 2014 from the prior year in the amount of \$4,004 due to depreciation on assets placed in service at the end of 2013.

The following table summarizes the changes in revenues and expenses between 2015, 2014 and 2013 for the Authority as a whole (entity-wide):

|   | <u>2015</u>         | <u>2014</u>         | <u>2013</u>         |
|---|---------------------|---------------------|---------------------|
| <b>OPERATING REVENUE:</b>               |                     |                     |                     |
| Tenant Rental Revenue                   | \$ 227,327          | \$ 216,288          | \$ 206,337          |
| Federal Grant Awards                    | 176,640             | 158,967             | 148,045             |
| Other Income                            | 6,434               | 7,757               | 3,947               |
| <b>TOTAL OPERATING REVENUE</b>          | <u>410,401</u>      | <u>383,012</u>      | <u>358,329</u>      |
| <b>OPERATING EXPENSES:</b>              |                     |                     |                     |
| Administrative                          | 122,400             | 122,737             | 139,671             |
| Tenant Services                         | 1,303               | 1,764               | 1,329               |
| Utilities                               | 89,279              | 71,232              | 87,496              |
| Maintenance                             | 100,669             | 90,449              | 66,074              |
| General Expenses                        | 34,550              | 35,281              | 32,411              |
| Depreciation Expense                    | 105,015             | 106,683             | 102,679             |
| <b>TOTAL OPERATING EXPENSES</b>         | <u>453,216</u>      | <u>428,146</u>      | <u>429,660</u>      |
| <b>NONOPERATING REVENUE (EXPENSES):</b> |                     |                     |                     |
| Insurance recovery, net                 | -                   | -                   | 11,233              |
| Investment Income                       | 195                 | 142                 | 155                 |
| Loss on Sale of Capital Assets          | -                   | -                   | (1,581)             |
| <b>NET NONOPERATING REVENUE</b>         | <u>195</u>          | <u>142</u>          | <u>9,807</u>        |
| <b>CHANGE IN NET POSITION</b>           | (42,620)            | (44,992)            | (61,524)            |
| <b>NET POSITION, BEGINNING</b>          | <u>1,999,306</u>    | <u>2,044,298</u>    | <u>2,105,822</u>    |
| <b>NET POSITION, ENDING</b>             | <u>\$ 1,956,686</u> | <u>\$ 1,999,306</u> | <u>\$ 2,044,298</u> |

**Housing Authority of the Borough of Buena**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)**  
**March 31, 2015**

**CAPITAL ASSETS**

The following table summarizes the changes in capital assets between March 31, 2015, 2014 and 2013:

|                              | <u>2015</u>                    | <u>2014</u>                    | <u>2013</u>                    |
|------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Land                         | \$ 313,978                     | \$ 313,978                     | \$ 313,978                     |
| Buildings and Improvements   | 3,482,564                      | 3,458,499                      | 3,474,454                      |
| Equipment-Dwelling           | 59,972                         | 59,972                         | 121,712                        |
| Equipment-Nondwelling        | <u>47,072</u>                  | <u>34,381</u>                  | <u>36,147</u>                  |
| <br>TOTAL CAPITAL ASSETS     | <br>3,903,586                  | <br>3,866,830                  | <br>3,946,291                  |
| <br>Accumulated depreciation | <br><u>2,116,330</u>           | <br><u>2,015,179</u>           | <br><u>1,987,956</u>           |
| <br>CAPITAL ASSETS, NET      | <br><u><u>\$ 1,787,256</u></u> | <br><u><u>\$ 1,851,651</u></u> | <br><u><u>\$ 1,958,335</u></u> |

**DEBT ADMINISTRATION**

*Debt:*

As of March 31, 2015, the Authority had no outstanding debt.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Housing Authority of the Borough of Buena, 600 Central Avenue, Minotola, NJ 08341-1014.

**Housing Authority of the Borough of Buena**  
**Statements of Net Position**  
**March 31, 2015 and 2014**

|  | <u>2015</u>         | <u>2014</u>         |
|--|---------------------|---------------------|
| <b>ASSETS</b>  |                     |                     |
| Current assets   |                     |                     |
| Unrestricted cash and cash equivalents   | \$ 163,317          | \$ 180,534          |
| Restricted cash and cash equivalents   | 20,544              | 21,033              |
| Accounts receivable, net of allowance for doubtful accounts<br>of \$0 in 2015 and 2014 | -                   | 67                  |
| Due from HUD   | 27,202              | -                   |
| Other receivables  | 1,283               | 664                 |
| Prepaid expenses   | 22,482              | 14,597              |
| Total current assets   | <u>234,828</u>      | <u>216,895</u>      |
| Non-current assets   |                     |                     |
| Capital assets, net of accumulated depreciation  | <u>1,787,256</u>    | <u>1,851,651</u>    |
| Total assets   | <u>\$ 2,022,084</u> | <u>\$ 2,068,546</u> |
| <b>LIABILITIES AND NET POSITION</b>  |                     |                     |
| Current liabilities  |                     |                     |
| Accounts payable   | \$ 5,654            | \$ 3,995            |
| Accrued expenses   | 13,774              | 1,854               |
| Accrued compensated absences   | 2,324               | 2,316               |
| Tenant security deposits   | 20,545              | 21,033              |
| Due to other governments   | 13,805              | 14,491              |
| Total current liabilities  | <u>56,102</u>       | <u>43,689</u>       |
| Non-current liabilities  |                     |                     |
| Accrued compensated absences   | 9,296               | 8,177               |
| Accrued pension costs  | -                   | 17,374              |
| Total non-current liabilities  | <u>9,296</u>        | <u>25,551</u>       |
| Total liabilities  | <u>65,398</u>       | <u>69,240</u>       |
| Net position   |                     |                     |
| Net investment in capital assets   | 1,787,256           | 1,851,651           |
| Unrestricted   | 169,430             | 147,655             |
| Total net position   | <u>1,956,686</u>    | <u>1,999,306</u>    |
|  | <u>\$ 2,022,084</u> | <u>\$ 2,068,546</u> |

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

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**Housing Authority of the Borough of Buena**  
**Statements of Revenue, Expenses, and Changes in Net Position**  
**For the Years Ended March 31, 2015 and 2014**

|   | <u>2015</u>         | <u>2014</u>         |
|---|---------------------|---------------------|
| Operating revenue                         |                     |                     |
| Federal grant awards                      | \$ 176,640          | \$ 158,967          |
| Tenant charges                            | 227,327             | 216,288             |
| Other income                              | 6,434               | 7,757               |
|   | <u>410,401</u>      | <u>383,012</u>      |
| Total operating revenue                   |                     |                     |
| Operating expenses                        |                     |                     |
| Administration                            | 122,400             | 122,737             |
| Tenant services                           | 1,303               | 1,764               |
| Utilities                                 | 89,279              | 71,232              |
| Ordinary maintenance and operations       | 100,669             | 90,449              |
| General expenses                          | 34,550              | 35,281              |
| Depreciation expense                      | 105,015             | 106,683             |
|   | <u>453,216</u>      | <u>428,146</u>      |
| Total operating expenses                  |                     |                     |
| Operating loss                            | <u>(42,815)</u>     | <u>(45,134)</u>     |
| Non-operating revenue (expenses):         |                     |                     |
| Interest income                           | 195                 | 142                 |
|   | <u>195</u>          | <u>142</u>          |
| Non-operating revenue                     |                     |                     |
| Decrease in net position                  | <u>(42,620)</u>     | <u>(44,992)</u>     |
| Net position at the beginning of the year | <u>1,999,306</u>    | <u>2,044,298</u>    |
| Net position at the end of the year       | <u>\$ 1,956,686</u> | <u>\$ 1,999,306</u> |

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

**Housing Authority of the Borough of Buena**  
**Statements of Cash Flows**  
**For the Years Ended March 31, 2015 and 2014**

|  | <u>2015</u>       | <u>2014</u>       |
|--|-------------------|-------------------|
| Cash flows from operating activities   |                   |                   |
| Cash received from federal programs  | \$ 149,438        | \$ 158,967        |
| Cash received from tenants   | 226,906           | 217,799           |
| Other operating cash receipts  | 6,434             | 7,757             |
| Payments to employees  | (103,311)         | (99,521)          |
| Payments for goods and services  | (256,748)         | (250,437)         |
| Net cash provided by operating activities  | <u>22,719</u>     | <u>34,565</u>     |
| Cash flows from capital and related financing activities                             |                   |                   |
| Purchase of capital assets   | (40,620)          | -                 |
| Net cash used in capital and related financing activities                            | <u>(40,620)</u>   | <u>-</u>          |
| Cash flows from investing activities   |                   |                   |
| Proceeds from sales of investments   |                   |                   |
| Interest income received   | 195               | 142               |
| Net cash provided by investing activities  | <u>195</u>        | <u>142</u>        |
| Increase (decrease) in cash and cash equivalents                                     | (17,706)          | 34,707            |
| Cash and cash equivalents, beginning of year   | 201,567           | 166,860           |
| Cash and cash equivalents, end of year   | <u>\$ 183,861</u> | <u>\$ 201,567</u> |
| Reconciliation of operating loss to net cash provided by operating activities        |                   |                   |
| Operating loss   | \$ (42,815)       | \$ (45,134)       |
| Adjustments to reconcile operating loss to net cash provided by operating activities |                   |                   |
| Depreciation   | 105,015           | 106,683           |
| (Increase) decrease in assets  |                   |                   |
| Accounts receivable  | 67                | (67)              |
| Due from HUD   | (27,202)          | -                 |
| Other receivables  | (619)             | (664)             |
| Prepaid expenses   | (7,885)           | (306)             |
| Increase (decrease) in liabilities   |                   |                   |
| Accounts payable   | 1,659             | (26,816)          |
| Accrued expenses   | 11,920            | (5,027)           |
| Tenant security deposits   | (488)             | 1,718             |
| Due to other governments   | (686)             | 2,620             |
| Unearned revenue   | -                 | (140)             |
| Accrued compensated absences   | 1,127             | 1,661             |
| Accrued pension costs  | (17,374)          | 37                |
| Net cash provided by operating activities  | <u>\$ 22,719</u>  | <u>\$ 34,565</u>  |
| Reconciliation of cash and cash equivalents to the statements of net position        |                   |                   |
| Cash and cash equivalents - unrestricted   | \$ 163,317        | \$ 180,534        |
| Cash and cash equivalents - restricted   | 20,544            | 21,033            |
|  | <u>\$ 183,861</u> | <u>\$ 201,567</u> |

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

**HOUSING AUTHORITY OF THE BOROUGH OF BUENA**  
**Notes to Financial Statements**

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**Note 1: ORGANIZATION AND ACTIVITY**Reporting entity

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

As of March 31, 2015, the activities of the Authority include the ownership and/or management of the following housing projects in Buena, New Jersey:

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

Component unit

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

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

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



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

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

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

As of March 31, 2015, it has been determined by the Authority that no component units exist.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of presentation

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

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

Basis of accounting

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

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

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

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

Basis of accounting (continued)

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

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

Budgets and budgetary control

The Authority prepares an annual budget as required by N.J.S.A. 40A:5A-10. Such budgets are required to be prepared on the modified accrual basis of accounting which differs in certain respects from the full accrual basis of accounting that the Authority utilizes for financial reporting. Such budgets are required to be submitted to the State of New Jersey Department of Community Affairs and total appropriations constitute the legal level of control. Total expenditures are not permitted to exceed budgeted amounts without State approval. Budget amendments during the years ended March 31, 2015 and 2014 were not significant.

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

The Authority's annual budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by function and nature. The total amount of appropriations constitutes the legal level of control. Expenditures may not exceed appropriations at this level without approval of the State of New Jersey Department of Community Affairs.

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

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

Cash and cash equivalents and investments

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

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

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

Additionally, the Authority has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. The Act was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

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

Restricted assets

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

Prepaid expenses

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

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

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

Capital assets

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

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

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

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

Compensated absences

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

Amounts accrued are charged to expense with a corresponding liability.

Net Position

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

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

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

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

Net Position (continued)

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

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

Income Taxes

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

Revenue

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

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

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

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

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

Use of Estimates

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

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

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

New accounting standards adopted

During the year ended March 31, 2015, the Authority adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB). Implementation of these statements had no material impact on the Authority's 2015 financial statements.

*Statement No. 69, Government Combinations and Disposals of Government Operations*

Issued in January 2013, This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

The distinction between a government merger and a government acquisition is based upon whether an exchange of significant consideration is present within the combination transaction. Government mergers include combinations of legally separate entities without the exchange of significant consideration. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. Conversely, government acquisitions are transactions in which a government acquires another entity, or its operations, in exchange for significant consideration. This Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. This Statement defines the term operations for purposes of determining the applicability of this Statement and requires the use of carrying values to measure the assets and liabilities in a transfer of operations.

A disposal of a government's operations results in the removal of specific activities of a government. This Statement provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold.

This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.

The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

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

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

New accounting standards adopted (continued)

*Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees*

Issued in April 2013, the objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range.

This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor.

This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units.

This Statement is effective for periods beginning after June 15, 2013.

New accounting standards to be implemented in the future

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

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

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

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

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

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

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

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

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

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

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

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

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



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

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

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

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

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

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

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

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

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

*Statement No. 72, Fair Value Measurement and Application*

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

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

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

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**Note 3: CASH AND CASH EQUIVALENTS**

Custodial credit risk – Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's formal policy regarding custodial credit risk is the same as described in Note 1, N.J.S.A. 17:9-41 et seq. and included in its cash management plan. N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Authority in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Authority relative to the happening of a future condition. As of March 31, 2015, all of the Authority's bank balances of \$185,176 were insured by Federal depository insurance.

**Note 4: RESTRICTED ASSETS**

The Authority established restricted cash accounts as required by HUD to report the associated cash associated with holding tenant security deposits. As of March 31, 2015 and 2014, the Authority's restricted cash balances are \$20,544 and \$21,033, respectively.

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

**Note 5: CAPITAL ASSETS**

The Authority's capital asset activity for the years ended March 31, 2015 and 2014 was as follows:

|                                     | Balance<br>March 31,<br>2014 | Additions           | Reductions  | Balance<br>March 31,<br>2015 |
|-------------------------------------|------------------------------|---------------------|-------------|------------------------------|
| Land                                | \$ 313,978                   |                     |             | \$ 313,978                   |
| Buildings                           | 3,458,499                    | \$ 24,065           |             | 3,482,564                    |
| Furniture & equipment – dwelling    | 59,972                       |                     |             | 59,972                       |
| Furniture & equipment – nondwelling | 34,381                       | 16,555              | \$ 3,865    | 47,071                       |
|                                     | 3,866,830                    | 40,620              | 3,865       | 3,903,585                    |
| Less accumulated depreciation       | 2,015,179                    | 105,015             | 3,865       | 2,116,329                    |
| Net capital assets                  | <u>\$ 1,851,651</u>          | <u>\$ (64,395)</u>  | <u>\$ -</u> | <u>\$ 1,787,256</u>          |
|                                     | Balance<br>March 31,<br>2013 | Additions           | Reductions  | Balance<br>March 31,<br>2014 |
| Land                                | \$ 313,978                   |                     |             | \$ 313,978                   |
| Buildings                           | 3,474,454                    |                     | \$ 15,955   | 3,458,499                    |
| Furniture, equipment – dwelling     | 121,711                      |                     | 61,739      | 59,972                       |
| Furniture & equipment – nondwelling | 36,148                       |                     | 1,767       | 34,381                       |
|                                     | 3,946,291                    | -                   | 79,461      | 3,866,830                    |
| Less accumulated depreciation       | 1,987,956                    | \$ 106,684          | 79,461      | 2,015,179                    |
| Net capital assets                  | <u>\$ 1,958,335</u>          | <u>\$ (106,684)</u> | <u>\$ -</u> | <u>\$ 1,851,651</u>          |

During 2014, the Authority removed from its general ledger certain fully depreciated capital assets. Some of these assets were removed because they were no longer in use, and some were below the Authority's current capitalization threshold.

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

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**Note 6: PENSION PLAN**

Public Employees' Retirement System

The Authority contributes to the State of New Jersey Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the New Jersey Division of Pensions and Benefits. PERS provides retirement, death, disability and medical benefits to certain qualified plan members and beneficiaries. PERS was established in January 1955 under the provisions of N.J.S.A 43:15A. Membership in PERS is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction. The Board of Trustees of PERS is primarily responsible for the administration of PERS.

According to the State of New Jersey administrative code, all obligations of PERS will be assumed by the State of New Jersey should PERS terminate.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly-available financial reports that include the financial statements and required supplementary information for PERS. 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 contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members enrolled in the Public Employees' Retirement System are required to contribute 5.5% of their annual covered salary. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The Authority is billed annually for its normal contribution plus any accrued liability. The Authority's total contributions to the plan, equal to the required contribution for each year were \$8,202, \$8,253, and \$8,626 for the years ended March 31, 2015, 2014, and 2013, respectively.

Early Retirement Incentive Program

Legislation enacted in 1991 and 1993 made early retirement available through Early Retirement Incentive Programs. These programs, which were subject to the approval of the Authority's governing body (within a limited period of time), were available to employees who met certain minimum requirements. The governing body of the Authority approved the program for eligible members of the PERS. Program costs are billed annually by the Division of Pensions. The Authority paid the remaining balance of their liability during 2015, in the amount of \$19,702. As of March 31, 2014, the accrued liability to the PERS for the 1993 program was \$17,374, payable in annual installments to April 1, 2033. For 2015, 2014, and 2013, payments were made in the amounts of \$19,702, \$1,276 and \$1,227, respectively.

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

**Note 7: LONG-TERM DEBT**

The following summarizes compensated absences at year end:

|                   | March 31,        |                  |
|-------------------|------------------|------------------|
|                   | 2015             | 2014             |
| Beginning balance | \$ 10,493        | \$ 8,833         |
| Increase          | 6,735            | 5,106            |
| Decrease          | 5,608            | 3,446            |
| Ending balance    | <u>\$ 11,620</u> | <u>\$ 10,493</u> |
| Current portion   | <u>\$ 2,324</u>  | <u>\$ 2,316</u>  |

**Note 8: MANAGEMENT AGREEMENT**

The Housing Authority of the Borough of Buena entered into an agreement to retain management services from the Housing Authority of the City of Vineland and has agreed to pay \$29,500 annually and to be invoiced monthly. The Housing Authority of the City of Vineland provides management services and additional services on an as-needed basis for the Housing Authority of the Borough of Buena. The current agreement became effective as of January 1, 2013, and is effective until December 31, 2017. This agreement will renew one additional five year term through December 31, 2022 unless written notice is received 30 days prior to expiration. The total management fees paid was \$29,500 for the years ended March 31, 2015 and 2014.

**Note 9: RISK MANAGEMENT**

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

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

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

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

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

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

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**Note 10: OTHER MATTERS**

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

**HOUSING AUTHORITY OF THE BOROUGH OF BUENA**

**SUPPLEMENTARY INFORMATION**

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

**MARCH 31, 2015**

|  |   |             |      |             |
|--|---|-------------|------|-------------|
| 30200  |   |             |      |             |
| <b>HOUSING AUTHORITY OF THE BOROUGH OF BUENA</b> |   |             |      |             |
| <b>Financial Data Schedule</b>                   |   |             |      |             |
| <b>Year Ended March 31, 2015</b>                 |   |             |      |             |
|  |   | 3/31/2015   | 2014 |             |
|  |   | LOW RENT    | CF   | TOTAL       |
| Line Item #                                      | Account Description                                     |             |      |             |
|  | ASSETS:   |             |      | -           |
|  | CURRENT ASSETS:   |             |      | -           |
|  | Cash:   |             |      | -           |
| 111  | Cash-unrestricted                                       | 163,317     |      | 163,317     |
| 112  | Cash-restricted-modernization and dev                   |             |      | -           |
| 113  | Cash-other restricted                                   |             |      | -           |
| 114  | Cash-tenant security deposits                           | 20,546      |      | 20,546      |
| 100  | Total cash  | 183,863     | -    | 183,863     |
|  | Accounts and notes receivables:                         |             |      | -           |
| 121  | Accounts receivable-PHA projects                        |             |      | -           |
| 122  | Accounts receivable-HUD other projects                  | 27,202      | -    | 27,202      |
| 124  | Accounts receivable-other government                    | -           |      | -           |
| 125  | Accounts receivable-miscellaneous                       | 1,283       |      | 1,283       |
| 126  | Accounts receivable-tenants-dwelling rents              | -           |      | -           |
| 126.1  | Allowance for doubtful accounts-dwelling rents          | -           |      | -           |
| 126.2  | Allowance for doubtful accounts-other                   |             |      | -           |
| 127  | Notes and mortgages receivable-current                  |             |      | -           |
| 128  | Fraud recovery  |             |      | -           |
| 128.1  | Allowance for doubtful accounts-fraud                   |             |      | -           |
| 129  | Accrued interest receivable                             | -           |      | -           |
| 120  | Total receivables, net of allowances for uncollectibles | 28,485      | -    | 28,485      |
|  | Current investments                                     |             |      | -           |
| 131  | Investments-unrestricted                                | -           |      | -           |
| 132  | Investments-restricted                                  |             |      | -           |
| 142  | Prepaid expenses and other assets                       | 22,482      |      | 22,482      |
| 143  | Inventories   |             |      | -           |
| 143.1  | Allowance for obsolete inventories                      |             |      | -           |
| 144  | Interprogram due from                                   |             |      | -           |
| 146  | Amounts to be provided                                  |             |      | -           |
| 150  | TOTAL CURRENT ASSETS                                    | 234,830     | -    | 234,830     |
|  | NONCURRENT ASSETS:                                      |             |      |             |
|  | Fixed assets:   |             |      |             |
| 161  | Land  | 313,978     |      | 313,978     |
| 162  | Buildings   | 3,482,564   | -    | 3,482,564   |
| 163  | Furniture, equipment & mach.-dwellings                  | 59,972      | -    | 59,972      |
| 164  | Furniture, equipment & mach.-admin.                     | 47,072      | -    | 47,072      |
| 165  | Leasehold improvements                                  |             |      | -           |
| 166  | Accumulated Depreciation                                | (2,116,329) | -    | (2,116,329) |
| 167  | Construction in Progress                                | -           |      | -           |
| 160  | Total fixed assets, net of accumulated depreciation     | 1,787,257   | -    | 1,787,257   |
| 171  | Notes and mortgages receivable-non-current              |             |      | -           |
| 172  | Notes and mortgages receivable-non-current-past due     |             |      | -           |
| 174  | Other assets  |             |      | -           |
| 175  | Undistributed debits                                    |             |      | -           |
| 176  | Investment in joint ventures                            |             |      | -           |
| 180  | TOTAL NONCURRENT ASSETS                                 | 1,787,257   | -    | 1,787,257   |
| 190  | TOTAL ASSETS  | 2,022,087   | -    | 2,022,087   |
| 200  | Deferred Outflow of Resources                           | -           | -    | -           |
| 290  | TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES          | 2,022,087   | -    | 2,022,087   |





**HOUSING AUTHORITY OF THE BOROUGH OF BUENA**

## Financial Data Schedule

**Year Ended March 31, 2015**

|                     |  | 3/31/2015 | 2014   |         |
|---------------------|--|-----------|--------|---------|
| Account Description |  | LOW RENT  | CF     | TOTAL   |
| Line Item #         |  |           |        | -       |
|                     | EXPENSES:  |           |        |         |
|                     | Administrative                                     |           |        |         |
| 911                 | Administrative salaries                            | 27,954    |        | 27,954  |
| 912                 | Auditing fees                                      | 9,800     |        | 9,800   |
| 913                 | Management Fee                                     | 29,500    |        | 29,500  |
| 914                 | Advertising and Marketing                          | -         |        | -       |
| 915                 | Employee benefit contributions-administrative      | 18,311    |        | 18,311  |
| 916                 | Office Expense                                     | 3,299     |        | 3,299   |
| 917                 | Legal Expense                                      | 5,000     |        | 5,000   |
| 918                 | Travel   | 3,345     |        | 3,345   |
| 919                 | Other  | 25,192    |        | 25,192  |
|                     |  | -         |        | -       |
|                     | Tenant services                                    |           |        |         |
| 921                 | Tenant services-salaries                           | -         |        | -       |
| 922                 | Relocation costs                                   | -         |        | -       |
| 923                 | Employee benefit contributions-tenant services     | -         |        | -       |
| 924                 | Tenant services-other                              | 1,303     |        | 1,303   |
|                     | Utilities  |           |        |         |
| 931                 | Water  | 15,494    |        | 15,494  |
| 932                 | Electricity  | 14,397    |        | 14,397  |
| 933                 | Gas  | 26,144    |        | 26,144  |
| 934                 | Fuel   |           |        | -       |
| 935                 | Labor  |           |        | -       |
| 937                 | Employee benefit contributions-utilities           |           |        | -       |
| 938                 | Other utilities expense                            | 33,245    |        | 33,245  |
|                     | Ordinary maintenance & operation                   |           |        |         |
| 941                 | Ordinary maint and op-labor                        | 43,549    |        | 43,549  |
| 942                 | Ordinary maintenance and op-materials & other      | 13,718    |        | 13,718  |
| 943                 | Ordinary maintenance and op-contract costs         | 34,232    |        | 34,232  |
| 945                 | Employee benefit contributions-ord. Maintenance.   | 9,170     |        | 9,170   |
|                     | Protective services                                |           |        |         |
| 951                 | Protective services-labor                          |           |        | -       |
| 952                 | Protective services-other contract costs           |           |        | -       |
| 953                 | Protective services-other                          |           |        | -       |
| 955                 | Employee benefit contributions-protective services |           |        | -       |
|                     | General expenses                                   |           |        |         |
| 961                 | Insurance premiums                                 |           |        | -       |
| 961.1               | Property   | 10,545    |        | 10,545  |
| 961.2               | Liability  | 5,881     |        | 5,881   |
| 961.3               | Workmen's Comp                                     | 1,227     |        | 1,227   |
| 961.4               | Other  | 1,966     |        | 1,966   |
|                     |  |           |        |         |
| 962                 | Other General Expenses                             | -         |        | -       |
| 962.1               | Compensated Absences                               | 1,127     |        | 1,127   |
| 963                 | Payments in lieu of taxes                          | 13,805    |        | 13,805  |
| 964                 | Bad debt-tenant rents                              |           |        | -       |
| 965                 | Bad debt-mortgages                                 |           |        | -       |
| 966                 | Bad debt-other                                     |           |        | -       |
| 967                 | Interest expense                                   |           |        | -       |
| 968                 | Severance expense                                  |           |        | -       |
| 969                 | TOTAL OPERATING EXPENSES                           | 348,204   | -      | 348,204 |
|                     | EXCESS OPERATING REVENUE OVER OPERATING            |           |        |         |
| 970                 | EXPENSES   | (3,215)   | 65,606 | 62,391  |



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**HOUSING AUTHORITY OF THE BOROUGH OF BUENA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended March 31, 2015**

| <u>Federal Grantor Program Title</u>                                | <u>Federal<br/>CFDA Number</u> | <u>Federal<br/>Expenditures</u> |
|---|--------------------------------|---------------------------------|
| U.S. Department of Housing and Urban Development<br>Direct Programs |                                |                                 |
| Public and Indian Housing Program                                   | 14.850a                        | \$ 111,034                      |
| Public Housing - Capital Fund Program                               | 14.872                         | <u>65,606</u>                   |
| Total expenditures of federal awards                                |                                | <u>\$ 176,640</u>               |

See accompanying notes to schedule of expenditures of federal awards.

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

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**Note 1: GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal programs of the Housing Authority of the Borough of Buena.

**Note 2: BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

**Note 3: RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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

**Note 4: PURPOSE OF SCHEDULE**

Expenditures of federal awards were less than the single audit dollar threshold required by OMB Circular A-133 and therefore were not subject to a single audit. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Department of Housing and Urban Development and is not a required part of basic financial statements, as described in the Independent Auditor's Report.

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

There were no Modernization Cost Certificates filed by the Housing Authority in 2015.

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**Housing Authority of the Borough of Buena  
Schedule of Findings  
For the Year Ended March 31, 2015**

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This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements prescribed by HUD.

**Schedule of Current Year Findings**

No Current Year Findings.

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

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This section identifies the status of prior year findings that are required to be reported in accordance with Government Auditing Standards and with the audit requirements as prescribed by the HUD.

No Prior Year Findings.

APPRECIATION

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

Respectfully submitted,

*Bowman & Company LLP*  
BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants