

HOUSING AUTHORITY OF THE CITY OF VINELAND

REPORT OF AUDIT

FOR THE YEARS ENDED

SEPTEMBER 30, 2012 AND 2011



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HOUSING AUTHORITY OF THE CITY OF VINELAND

PART I - FINANCIAL SECTION

FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011

INDEPENDENT AUDITORS' REPORT

Board of Commissioners

Housing Authority of the City of Vineland

We have audited the accompanying statements of net assets of the Housing Authority of the City of Vineland (the "Authority"), a component unit of the City of Vineland, and its blended component unit, Vineland Housing Development Corporation as of September 30, 2012 and 2011, and the related statements of revenue, expenses, and changes in net assets, and cash flows, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audits.

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 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Vineland Housing Development Corporation were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2012 and 2011, and the respective changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 24, 2013 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 grants 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the basic financial statements. In addition, the accompanying Financial Data Schedule and other supplementary information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements but are required by the U.S. Department of Housing and Urban Development. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Woodbury, New Jersey
June 24, 2013

**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 City of Vineland

We have audited the financial statements of the Housing Authority of the City of Vineland, a component unit of the City of Vineland, as of and for the year ended September 30, 2012, and have issued our report dated June 24, 2013. 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 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 component unit, Vineland Housing Development Corporation, issues its own audited financial statements which are not audited in accordance with Government Auditing Standards. Accordingly, this report does not extend to the blended component unit.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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.

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 over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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.

We noted certain matters that we reported to management of the Housing Authority of the City of Vineland, in a separate letter dated June 24, 2013.

This report is intended solely for the information and use of the audit committee and management of the Housing Authority of the City of Vineland, New Jersey; the U.S. Department of Housing and Urban Development; the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, and other governmental agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Bowman's Company LLP
BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
June 24, 2013

Housing Authority of the City of Vineland

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

September 30, 2012

As management of the Vineland Housing Authority, 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 September 30, 2012. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which includes its blended component unit, Vineland Housing Development Corporation.

FINANCIAL HIGHLIGHTS

- The assets of the Authority exceeded its liabilities as of September 30, 2012 by \$22,870,795 (net assets).
- The Authority received federal awards of \$4,340,083.00 for the year ended September 30, 2012.

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 Assets - 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 Assets - 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, and capital and related financial activities.

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY-WIDE)

Current assets decreased by \$40,495 in 2012 primarily due to the decrease in cash from reduced HUD funding and by \$596,870 in 2011 primarily due to the decrease in receivables from HUD and capital improvements to the properties.

Restricted assets decreased in 2012 from the prior year in the amount of \$387,124 primarily due to HUD's recapture of Section 8 reserves and increased in 2011 from 2010 in the amount of \$51,337 due to Section 8 revenues exceeding expenses.

Property and Equipment decrease in 2012 from 2011 by \$689,806 primarily due to capital improvements and equipment purchases of \$789,318 which is offset by depreciation of \$1,473,166 and net asset removals of \$5,958 for fully depreciated items or retired assets and increased in 2011 from 2010 by \$301,164 due to capital improvements and equipment purchases of \$1,986,286 which is offset by depreciation of \$1,488,827 and net asset removals of \$196,295.

Current liabilities decreased in 2012 from 2011 by \$22,350 primarily due to a decrease in accounts and contracts payable and decreased in 2011 from 2010 by \$155,510 also due to a decrease in payables.

Noncurrent liabilities decreased in 2012 from 2011 by \$188,153 primarily due to the scheduled bond payment of \$200,000 and decreased in 2011 from 2010 by \$937,237 primarily due to the reversal of the accrual for post retirement benefits of \$732,710 which is no longer required since the authority has switched health benefits to the State program.

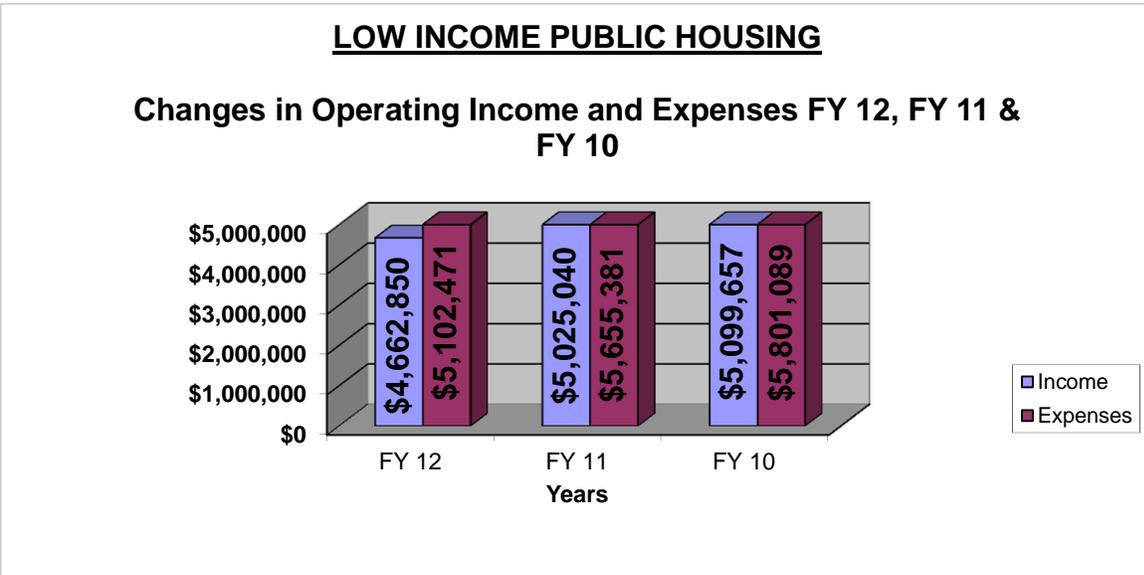
Housing Authority of the City of Vineland

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)

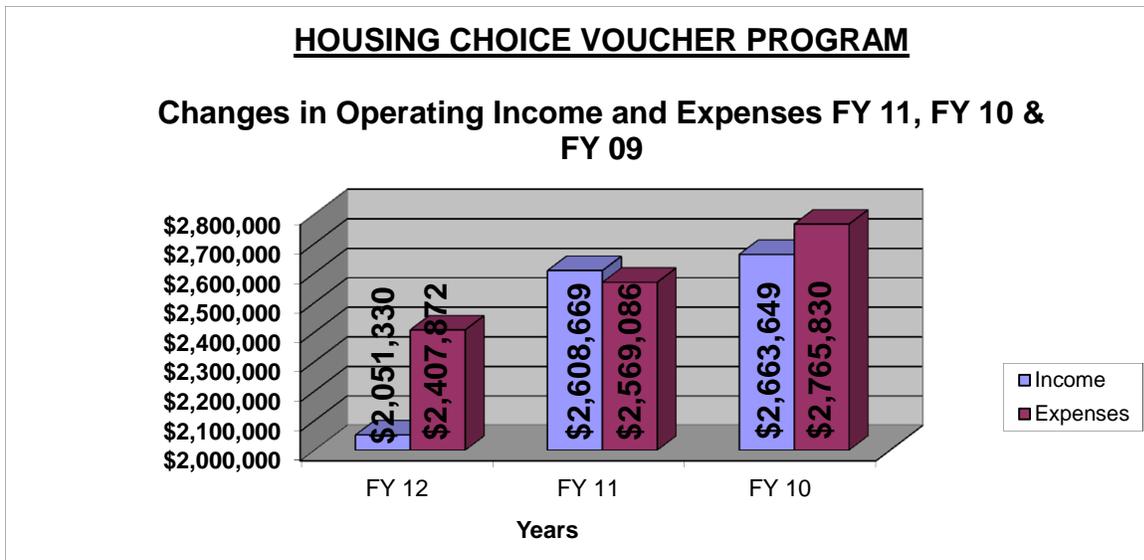
September 30, 2012

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

The following chart illustrates the **operating** income and expenses for the Low-Income Public Housing Program:



The following chart illustrates the **operating** income and expenses for the Housing Choice Voucher Program.



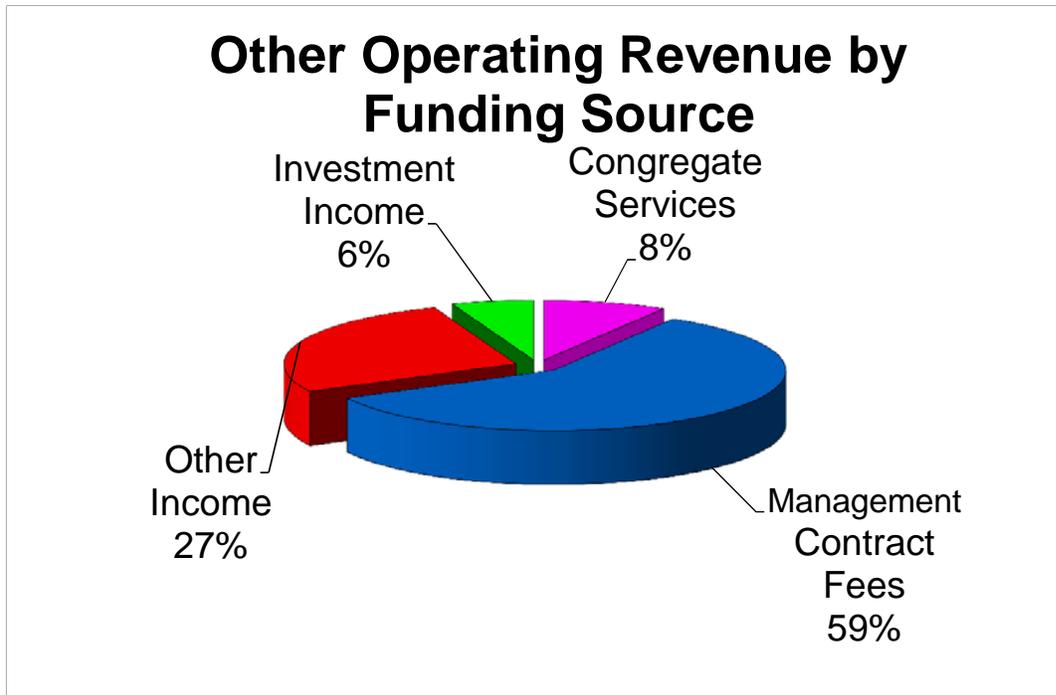
Housing Authority of the City of Vineland

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)

September 30, 2012

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

The following chart illustrates the income and expenses for other operating revenue sources:



The federal grants decreased in 2012 from 2011 in the amount of \$1,460,205 primarily due to the completion of capital improvement projects provided by CFRG-ARRA and CFRC-Comp Grants and HUD's recapture of Section 8 reserves. Federal grants increase in 2011 from 2010 in the amount of \$283,287 primarily due to site improvements at Parkview from the CFRG-ARRA and CFRC-Comp Grants.

Other Government Grants decreased in 2012 by \$1,156 and by \$4,501 in 2011 due to a decrease in funding by the State of NJ Congregate service program.

Tenant revenue increased in 2012 from the prior year in the amount of \$24,325 and by \$24,910 in 2011 as a result of an increase in tenant earned income which is utilized to calculate the tenant's rent.

Management contract fees increased in 2012 by \$122,685 and by \$105,071 in 2011 due to additional contracts to provide services to third parties.

Other income decreased in 2012 from 2011 by \$900,051 and increased by \$782,521 in 2011 from 2010 primarily due to activity in 2011 related to the gain on change in OPEB plan of \$732,710 and insurance recovery, net of impairment loss of \$113,430 which was not repeated in 2012, a decrease in fraud recovery of \$18,144 and changes in miscellaneous revenues, such as late fees and sale of assets.

Investment income decreased in 2012 from the prior year in the amount of \$4,287, due primarily to a less favorable interest rate than in the past and decreased in 2011 by \$2,661 due to a less favorable interest rate and a reduction in the amount invested.

Housing Authority of the City of Vineland

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)

September 30, 2012

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

Administrative expenses increase in 2012 from the prior year in the amount of \$76,413 primarily due to salary increases and cost of benefits increases and decreased in 2011 from 2010 in the amount of \$305,367 primarily as a result of the retirement of employees who were not replaced and conservative spending.

Tenant services decreased in 2012 from the prior year in the amount of \$70,152 primarily due to the discontinuance of the after school program and decreased in 2011 from the prior year by \$31,528 due to a change in employees from full-time with benefits to part-time employees with no benefits.

Utilities decreased in 2012 from the prior year in the amount of \$131,821 primarily due to a mild winter and increased in 2011 from the prior year by \$8,296 due to a change in accounting method for accruals of utilities expenses.

Housing assistance payments decreased in 2012 from the prior year in the amount of \$87,405 and decreased by \$66,332 in 2011 as a result of fewer residents under contract in the Section 8 Housing Choice Voucher Program due to funding cuts.

Ordinary maintenance and operation expenses decreased in 2012 from the prior year in the amount of \$107,518 and increased in 2011 from prior year in the amount of \$39,166 due primarily to the maintenance performed on the scattered sites funded by the Weatherization program in 2011.

Protective services decreased in 2012 from the prior year in the amount of \$86,398 due to the severe cut back of contracted protective services for D'Orazio Terrace, Tarkiln Acres and Kidston Towers and increased in 2011 from the prior year in the amount of \$25,628 due to additional contract services and cost increases.

General expenses decreased in 2012 from the prior year in the amount of \$34,132 primarily due to the decrease in bad debts of \$58,883, the decrease in other general expenses and an increase in PILOT of \$17,476 and decreased in 2011 from the prior year in the amount of \$6,923 primarily due to the decrease in compensated absences of \$63,540 and an increased in bad debts of \$53,189 primarily due to the increase in the allowance account for the Due from Vineland Housing Solutions, LLC.

Depreciation expense decreased in 2012 from the prior year in the amount of \$15,661 primarily as a result of more capital assets being fully depreciated and increased in 2011 by \$111,619 primarily due to the depreciation on the new assets.

Housing Authority of the City of Vineland

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)

September 30, 2012

STATEMENTS OF NET ASSETS

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current Assets	\$ 5,826,824	\$ 5,867,319	\$ 6,464,189
Restricted Assets	350,905	738,029	686,692
Property and equipment, net	21,128,309	21,818,115	21,516,951
TOTAL ASSETS	<u>27,306,038</u>	<u>28,423,463</u>	<u>28,667,832</u>
Current Liabilities	874,972	897,322	1,052,832
Noncurrent Liabilities	3,560,271	3,748,424	4,685,661
TOTAL LIABILITIES	<u>4,435,243</u>	<u>4,645,746</u>	<u>5,738,493</u>
Invested in Capital Assets, Net of Debt	17,518,309	18,018,115	17,531,951
Restricted Net Assets	159,198	554,423	510,117
Unrestricted Net Assets	5,193,288	5,205,179	4,887,271
TOTAL NET ASSETS	<u>\$ 22,870,795</u>	<u>\$ 23,777,717</u>	<u>\$ 22,929,339</u>

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS

	<u>2012</u>	<u>2011</u>	<u>2010</u>
REVENUES:			
Federal grant awards	\$ 4,340,083	\$ 5,800,288	\$ 5,517,001
State and local grant awards	68,072	69,228	73,729
Tenant charges	2,431,946	2,407,621	2,385,711
Management contract fees	463,767	341,082	236,011
Investment income	45,149	49,436	52,097
Other income	154,562	1,054,613	272,092
TOTAL REVENUES	<u>7,503,579</u>	<u>9,722,268</u>	<u>8,536,641</u>
EXPENSES:			
Administrative	1,796,315	1,731,358	2,036,725
Tenant services	97,264	168,222	198,944
Utilities	1,004,493	1,136,314	1,128,018
Housing assistance payments	2,230,028	2,317,433	2,383,765
Ordinary maintenance and operation	1,266,697	1,374,215	1,335,049
Protective services	8,859	95,257	69,629
General expenses	190,459	212,329	219,252
Depreciation expense	1,473,166	1,488,827	1,377,208
Insurance	179,822	179,810	182,072
Interest	163,398	170,125	176,239
TOTAL EXPENSES	<u>8,410,501</u>	<u>8,873,890</u>	<u>9,106,901</u>
DECREASE IN NET ASSETS	<u>(906,922)</u>	<u>848,378</u>	<u>(570,260)</u>
NET ASSETS, BEGINNING	<u>23,777,717</u>	<u>22,929,339</u>	<u>23,499,599</u>
NET ASSETS, ENDING	<u>\$ 22,870,795</u>	<u>\$ 23,777,717</u>	<u>\$ 22,929,339</u>

Housing Authority of the City of Vineland

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)

September 30, 2012

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

The following table summarizes the changes in capital assets between September 30, 2012, 2011 and 2010:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Land	\$ 3,597,705	\$ 3,597,705	\$ 3,597,705
Building	43,949,900	43,309,691	41,377,139
Leasehold Improvements	-	-	-
Equipment	1,828,737	1,903,095	2,830,196
Construction-in-progress	282,826	258,239	438,173
Total	49,659,168	49,068,730	48,243,213
Accumulated Depreciation	28,530,859	27,250,615	26,726,262
Net Capital Assets	<u>\$ 21,128,309</u>	<u>\$ 21,818,115</u>	<u>\$ 21,516,951</u>

Significant capital asset events in the current year are related to capital fund improvements at the Authority sites based on the Authority spending the proceeds from the capital leveraging program revenue bonds Series 2004A.

Debt:

As of September 30, 2012, the Authority had \$3,610,000 in outstanding bond debt from the capital leveraging program.

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, 2012.

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wages rates;
- Local inflationary, recession and employment trends, which can affect resident incomes and, therefore, the amount of rental income
- Inflationary pressure on utility rates, supplies, interest rates and other costs;

CONTRACTING 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, Vineland Housing Authority, 191 W. Chestnut Avenue, Vineland, NJ 08360-5499, 856-691-4099.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Statements of Net Assets
September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,411,426	\$ 5,498,941
Accounts receivable, net of allowance for doubtful accounts of \$9,717 in 2012 and \$20,729 in 2011	9,717	20,729
Due from HUD	139,909	146,077
Due from other governments	142,228	66,326
Due from Vineland Housing Solutions LLC, net of allowance of \$63,882 in 2012 and \$61,383 in 2011	58,883	61,383
Other receivables	5,700	16,046
Prepaid expenses	58,961	54,953
Inventory		2,864
Total current assets	<u>5,826,824</u>	<u>5,867,319</u>
Non-current restricted assets		
Cash and cash equivalents	<u>350,905</u>	<u>738,029</u>
Property and equipment, net	<u>21,128,309</u>	<u>21,818,115</u>
	<u>\$ 27,306,038</u>	<u>\$ 28,423,463</u>
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 205,675	\$ 258,526
Current portion of liability for compensated absences	50,090	46,141
Tenant funds on deposit	191,708	183,607
Due to other governments	144,401	126,926
Deferred revenue	15,976	22,150
Current portion of long-term debt	200,000	190,000
Accrued interest payable	67,122	69,972
Total current liabilities	<u>874,972</u>	<u>897,322</u>
Long-term liabilities		
Long-term debt, net of current portion	3,410,000	3,610,000
Liability for compensated absences, net of current portion	<u>150,271</u>	<u>138,424</u>
Total long-term liabilities	<u>3,560,271</u>	<u>3,748,424</u>
Total liabilities	<u>4,435,243</u>	<u>4,645,746</u>
Net assets		
Invested in capital assets, net of related debt	17,518,309	18,018,115
Restricted	159,198	554,423
Unrestricted	<u>5,193,288</u>	<u>5,205,179</u>
Total net assets	<u>22,870,795</u>	<u>23,777,717</u>
	<u>\$ 27,306,038</u>	<u>\$ 28,423,463</u>

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

HOUSING AUTHORITY OF THE CITY OF VINELAND
Statements of Revenue, Expenses, and Changes in Net Assets
For the Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenue		
Federal grant awards	\$ 4,231,900	\$ 4,945,296
State and local grant awards	68,072	69,228
Tenant charges	2,431,946	2,407,621
Management contract fees	463,767	341,082
Other income	40,713	101,780
	<u>7,236,398</u>	<u>7,865,007</u>
Total operating revenue		
Operating expenses		
Administration	1,796,315	1,719,902
Tenant services	97,264	167,416
Utilities	1,004,493	1,136,314
Housing assistance payments	2,230,028	2,317,433
Ordinary maintenance and operation	1,266,697	1,374,215
Protective services	8,859	95,257
General expenses	190,459	224,591
Depreciation expense	1,473,166	1,488,827
Insurance	179,822	179,810
	<u>8,247,103</u>	<u>8,703,765</u>
Total operating expenses		
Operating loss	<u>(1,010,705)</u>	<u>(838,758)</u>
Non-operating revenue (expenses):		
Tower rental income	113,849	106,693
Capital grants	108,183	854,992
Investment income	45,149	49,436
Interest expense	(163,398)	(170,125)
Gain on change in OPEB plan		732,710
Insurance recovery on capital assets, net of impairment loss		113,430
	<u>103,783</u>	<u>1,687,136</u>
Net non-operating revenue		
Increase (decrease) in net assets	<u>(906,922)</u>	<u>848,378</u>
Net assets at the beginning of the year	<u>23,777,717</u>	<u>22,929,339</u>
Net assets at the end of the year	<u>\$ 22,870,795</u>	<u>\$ 23,777,717</u>

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

HOUSING AUTHORITY OF THE CITY OF VINELAND
Statements of Cash Flows
For the Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Cash received from federal and state assistance programs	\$ 4,253,714	\$ 5,214,296
Cash received from tenants	2,444,885	2,413,335
Cash received from management contracts	440,291	348,798
Other operating cash receipts	46,671	101,780
Payments for goods and services	(3,203,034)	(3,521,372)
Payments to employees and for benefits	(1,348,753)	(1,411,643)
Payments to landlords for rent	<u>(2,230,028)</u>	<u>(2,317,433)</u>
Net cash provided by operating activities	<u>403,746</u>	<u>827,761</u>
Cash flows from non-capital financing activities		
Tower rental income	<u>113,849</u>	<u>106,693</u>
Net cash provided by non-capital financing activities	<u>113,849</u>	<u>106,693</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	(789,318)	(1,676,561)
Capital grants received	108,183	854,992
Principal payments on long-term debt	(190,000)	(185,000)
Interest payments on long-term debt	<u>(166,248)</u>	<u>(172,767)</u>
Net cash used in capital and related financing activities	<u>(1,037,383)</u>	<u>(1,179,336)</u>
Cash flows from investing activities		
Interest income received	<u>45,149</u>	<u>49,436</u>
Net cash provided by investing activities	<u>45,149</u>	<u>49,436</u>
Decrease in cash and cash equivalents	(474,639)	(195,446)
Cash and cash equivalents, beginning of year	<u>6,236,970</u>	<u>6,432,416</u>
Cash and cash equivalents, end of year	<u>\$ 5,762,331</u>	<u>\$ 6,236,970</u>

HOUSING AUTHORITY OF THE CITY OF VINELAND
Statements of Cash Flows (continued)
For the Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (1,010,705)	\$ (838,758)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	1,473,166	1,488,827
Gain on change in OPEB plan		732,710
Loss on disposal of fixed assets	5,958	
(Increase) decrease in assets		
Accounts receivable, net of allowance for doubtful accounts	11,012	(4,521)
Due from HUD	6,168	190,314
Due from other governments	(75,902)	17,175
Due from Vineland Housing Solutions LLC, net of allowance	2,500	35,930
Other receivables	10,346	59,842
Prepaid expenses	(4,008)	51,172
Inventory	2,864	175
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(52,851)	(164,360)
Deferred revenue	(6,174)	3,203
Due to other governments	17,475	1,427
Other post-retirement benefits		(732,710)
Liability for compensated absences	15,796	(19,697)
Tenant funds on deposit	8,101	7,032
Net cash provided by operating activities	<u>\$ 403,746</u>	<u>\$ 827,761</u>
Reconciliation of cash and cash equivalents to the statement of net assets		
Cash and cash equivalents - unrestricted	\$ 5,411,426	\$ 5,498,941
Cash and cash equivalents - restricted	<u>350,905</u>	<u>738,029</u>
	<u>\$ 5,762,331</u>	<u>\$ 6,236,970</u>

Noncash capital and related financing activities:

Vineland Housing Authority obtained capital assets related to fire restoration totaling \$222,095 which was directly reimbursed to the contractor by the insurance company for the year ended September 30, 2011.

Vineland Housing Authority obtained capital assets and other noncash benefits from Gateway Community Action Partnership totaling \$138,032 and \$394,258 which was funded by the Weatherization grant for the years ended September 30, 2012 and 2011, respectively.

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

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements

Note 1: **ORGANIZATION AND ACTIVITY**

The Housing Authority of the City of Vineland (the "Authority") was created through a resolution of the Council of the City of Vineland in 1965. Organized as a public housing authority ("PHA") as defined by state statute (N.J.S.A. 40A:12A-1, et seq., the "Housing Authority Act") the Authority functions under the supervision of the U.S. Department of Housing and Urban Development and the New Jersey State Department of Community Affairs. The Board of Commissioners of the Authority is a seven-member board with five members appointed by the Council of the City of Vineland, one member appointed by the Mayor of the City of Vineland, and one member appointed by the Commissioner of the New Jersey State Department of Community Affairs.

Based upon the criteria described in GASB No. 14, as amended by GASB No. 39, the Authority considers Vineland Housing Development Corporation (VHDC) to be a component unit. VHDC is a separate entity from the Housing Authority of the City of Vineland but is related by common management. VHDC is a blended component unit which is included in the financial statements of the Authority. VHDC is a nonprofit entity incorporated June 8, 1999 and works in conjunction with the Housing Authority of the City of Vineland and the City of Vineland in an effort to create and increase affordable housing units within the city limits of Vineland, New Jersey. VHDC has a management agreement with the Housing Authority of the City of Vineland to manage the construction of several homeownership units. The component unit's fiscal year covers the period June 30, 2012 and 2011. The financial statements of the individual component unit may be obtained by writing to the Authority's Executive Director at 191 W. Chestnut Avenue, Vineland, NJ 08360-5499. The purpose of VHDC is to provide affordable housing to the needy and for other charitable purposes permitted by N.J.S.A. 15A:2-(1) and the Internal Revenue Code Section 501 (c)(3).

As of September 30, 2012, the activities of the Authority included the ownership and/or management or oversight management of the following housing projects in Vineland, New Jersey:

The Housing Assistance Payments Programs includes the Housing Choice Voucher program. This program provides housing assistance payments to participating owners on behalf of eligible tenants to provide decent, safe, and sanitary housing for extremely low and very low income families as defined by the Housing Act of 1998, at rents that they can afford. The U.S. Department of Housing and Urban Development ("HUD") provides assistance for approximately 347 housing units to the Authority.

The Public Housing Program consists of 600 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.

The Congregate Services Program is a federal and state-funded program that provides nutrition, housekeeping, and certain other services to tenants residing in the Authority's owned or managed housing projects for the elderly and disabled.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Housing Authority of the City of Vineland have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority and its component unit apply authoritative U.S. accounting and reporting standards for nongovernmental entities issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails, and all of the GASB pronouncements issued subsequently. The more significant of the Authority's accounting policies are described below.

Reporting entity

As required by generally accepted accounting principles, the financial statements present the Authority (the primary government) and its component unit. The primary government includes the accounts of all Authority operations. The component unit is included in the Authority's reporting entity because of the significance of their operational or financial relationships with the Authority.

The Authority is a component unit of the City of Vineland. The Council of the City of Vineland appoints six out of seven commissioners.

Basis of accounting

The financial statements of the Authority have been prepared under the accrual basis of accounting in order to recognize the flow of economic resources. Revenue is recognized when earned and expenses are recognized when a liability is incurred. The activities of the Authority are accounted for in an enterprise fund, used to account for governmental operations that are financed and operated in a manner similar to provide business enterprises. Enterprise fund accounting is used when the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate.

Revenue

The major sources of revenue are various subsidies from the U.S. Department of Housing and Urban Development, federal awards, management contract revenue, charges to tenants, and other miscellaneous revenue 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.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

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

Federal and state grant revenue - Operating subsidies, Section 8 housing assistance payments, and Capital Fund program revenue received from the U.S. Department of Housing and Urban Development are susceptible to accrual and are recognized during the fiscal year earned in accordance with applicable HUD 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 fiscal year are recorded as deferred revenue.

State financial assistance applicable to the Congregate Services Program is recognized when program expenditures are incurred in accordance with program guidelines. Such revenue is subject to review by the funding agency and may result in disallowance in subsequent periods.

Management contract fees - The Authority provides property management and administrative services to certain outside parties providing affordable housing. Management fees for these services are determined as prescribed in the individual management contracts. Revenue from these contracts is recognized on an accrual basis.

Tenant charges - Tenant charges consist of rental income and fees for nutrition, housekeeping, and certain other services. 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 deferred revenue.

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

Budgets and budgetary control

The Authority prepares an annual budget as required by N.J.A.C. 5:31-2. N.J.A.C. 5:31-2 requires the governing body to introduce the annual Authority budget at least 60 days prior to the end of the current fiscal year and to adopt not later than the beginning of the Authority's fiscal year. The governing body may amend the budget at any point during the year. The Authority's budget includes all operations of the Authority, exclusive of its component unit. Planned Capital Fund expenditures are included in a capital budget, which is part of the annual budget. The original budget and budget amendments must be approved by Board resolution. Budget amendments during the years ended September 30, 2012 and 2011 were not significant.

Annual budgets are prepared on the modified accrual basis of accounting. This basis differs in certain respects from the full accrual basis of accounting that the Authority utilizes for financial reporting.

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 CITY OF VINELAND
Notes to Financial Statements (continued)

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

Cash and cash equivalents and investments

Cash and cash equivalents include petty cash, cash in banks, and all highly liquid investments with an original maturity of three months or less at time of purchase.

Cash and cash equivalents are reported at fair value, which approximates cost. Investments are generally reported at fair value, which is determined using selected bases.

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 local units are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 40A:5-15.1 provides a list of permissible investments that may be purchased which include, but are not limited to bonds or other obligations of, or guaranteed by, the United States of America, government market mutual funds, bonds or other obligations of the local unit, and deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281.

The Authority has adopted a cash management plan that requires it to deposit public 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 and requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the N.J.S.A. 17:9-41 et seq.

Public depositories include banks (both state and national banks), and savings banks 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 full amount of their deposits to the governmental units.

Restricted assets

Certain cash of the Authority is restricted by HUD for use to fund future housing assistance payment, for tenant security deposits, Family Self-Sufficiency deposits, Housing Assistance Payments, or for other specified purposes.

Property and equipment

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

Expenditures, which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed 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.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

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

Property and equipment (continued)

Assets capitalized generally have an original cost of \$1,000 or more and a useful life in excess of three years. 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	15 years
Furniture and equipment	3 to 7 years

Compensated absences

Employees earn vacation and sick leave in varying amounts based upon length of service. Vacation may be accrued up to an amount equal to two years annual vacation. This amount will be fully reimbursed upon retirement. Sick leave may be accrued up to an unlimited amount; however, upon retirement, the employee will be reimbursed a half day's pay for each full day of accrued sick leave up to a maximum dollar amount of \$17,500. Employees having a balance of at least 30 sick days have the option to convert the sick days to a contribution to a Section 457(b) deferred compensation plan established for the employee.

Amounts accrued are charged to expense with a corresponding liability. The component unit has no employees and therefore no liability for compensated absences.

Net assets

In accordance with the provisions of 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 assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net of accumulated depreciation, and unamortized debt acquisition costs, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – This component of net assets consists of net assets that do not meet the definitions of "restricted" or "invested in capital assets, net of related debt."

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

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

Income Taxes

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

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.

Reclassifications

Certain reclassifications have been made to the financial statements for the year ended September 30, 2011 to conform to the presentation of the current year.

New Accounting Standards Pronouncements to be Implemented in the Future

The Authority plans to implement the following pronouncements by the required implementation dates, and is in the process of evaluating the impact of the pronouncements on its financial statements:

Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements

Issued in November 2010, the objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

- Financial Accounting Standards Board (FASB) Statements and Interpretations
- Accounting Principles Board Opinions
- Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

Hereinafter, these pronouncements collectively are referred to as the "FASB and AICPA pronouncements."

This Statement also supersedes Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

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

New Accounting Standards Pronouncements to be Implemented in the Future (continued)

Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position

Issued in June 2011, this Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

Statement No. 65, Items Previously Reported as Assets and Liabilities

Issued in March 2012, this Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, Elements of Financial Statements, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

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

New Accounting Standards Pronouncements to be Implemented in the Future (continued)

Statement No. 61, The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34

Issued in November 2010, the objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the "substantively the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility (as defined in paragraph 8a) for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government. Lastly, additional reporting guidance is provided for blending a component unit if the primary government is a business-type activity that uses a single column presentation for financial reporting.

This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset.

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

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

New Accounting Standards Pronouncements to be Implemented in the Future (continued)

Statement No. 66, Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62

Issued in March 2012, The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

This Statement amends Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments.

This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

Statement No. 67, Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25

Issued in June 2012, The objective of this Statement is to improve financial reporting by state and local governmental pension plans. 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 Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

Statement No. 68, Accounting and Financial Reporting for Pensions, establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

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

New Accounting Standards Pronouncements to be Implemented in the Future (continued)

Statement No. 67, Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25 (continued)

This Statement and Statement 68 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 the activities of 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.

For defined benefit pension plans, this Statement establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan (the net pension liability), about which information is required to be presented. Distinctions are made regarding the particular requirements depending upon the type of pension plan administered, as follows:

- Single-employer pension plans—those in which pensions are provided to the employees of only one employer (as defined in this Statement)
- Agent multiple-employer pension plans (agent pension plans)—those 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 multiple-employer pension plans (cost-sharing pension plans) those 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.

This Statement also details the note disclosure requirements for defined contribution pension plans administered through trusts that meet the identified criteria

This Statement is effective for financial statements for fiscal years beginning after June 15, 2013.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

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

New Accounting Standards Pronouncements to be Implemented in the Future (continued)

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

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

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

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

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

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

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

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:

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

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

New Accounting Standards Pronouncements to be Implemented in the Future (continued)

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

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

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

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

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.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

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

New Accounting Standards Pronouncements to be Implemented in the Future (continued)

Statement No. 69, Government Combinations and Disposals of Government Operations (continued)

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.

Note 3: **CASH AND CASH EQUIVALENTS AND INVESTMENTS**

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. The Authority shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. As of September 30, 2012, the bank balances of \$5,724,814 and \$930 of the Authority and the component unit, respectively, were insured or collateralized as follows:

	<u>Authority</u>	<u>Component Unit</u>
Insured	\$ 562,316	\$ 930
Collateralized under GUDPA	5,162,498	-
Uninsured or uncollateralized	-	-
	<u>\$ 5,724,814</u>	<u>\$ 930</u>

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 3: **CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)**

Investments

Custodial credit risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. All investments are held in the Authority's name.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit risk – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. The Authority does have investment policies that are governed by HUD and N.J.S.A.40A which limits the risks associated with investing as listed above. See note 2 for detail of these policies.

Concentration of credit risk – Concentration of credit risk is the risk that there is no limit on the amount that may be invested in any one issuer. There were no investments as of September 30, 2012 and 2011.

Note 4: **RESTRICTED ASSETS**

The Authority established restricted cash accounts as required by HUD to report the associated cash associated with unused Housing Assistance Payments and to hold tenant security deposits.

The Authority's restricted cash is as follows:

	<u>September 30,</u>	
	<u>2012</u>	<u>2011</u>
Housing Assistance Payments	\$ 158,572	\$ 553,886
Tenant security deposits	191,707	183,607
Capital leveraging	626	536
	\$ 350,905	\$ 738,029

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 5: PROPERTY AND EQUIPMENT

The Authority's property and equipment activity for the years ended September 30, 2012 and 2011 was as follows:

	Balance September 30, 2011	Additions	Reductions	Balance September 30, 2012
Land	\$ 3,597,705			\$ 3,597,705
Buildings	43,318,742	\$ 631,158		43,949,900
Furniture, equipment & machinery - dwelling	495,940	4,905	\$ 151,159	349,686
Furniture, equipment & machinery – administration	1,398,104	128,668	47,721	1,479,051
Construction in progress	258,239	24,587		282,826
	49,068,730	789,318	198,880	49,659,168
Less accumulated depreciation	27,250,615	1,473,166	192,922	28,530,859
Net property and equipment	<u>\$ 21,818,115</u>	<u>\$ (683,848)</u>	<u>\$ 5,958</u>	<u>\$ 21,128,309</u>
	Balance September 30, 2010	Additions	Reductions	Balance September 30, 2011
Land	\$ 3,597,705			\$ 3,597,705
Buildings	41,386,189	\$ 1,944,131	\$ 11,578	43,318,742
Furniture, equipment & machinery – dwelling	1,051,585	11,975	567,620	495,940
Furniture, equipment & machinery - administration	1,769,560	13,820	385,276	1,398,104
Construction in progress	438,174	16,360	196,295	258,239
	48,243,213	1,986,286	1,160,769	49,068,730
Less accumulated depreciation	26,726,262	1,488,827	964,474	27,250,615
Net property and equipment	<u>\$ 21,516,951</u>	<u>\$ 497,459</u>	<u>\$ 196,295</u>	<u>\$ 21,818,115</u>

During 2012 and 2011, 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 CITY OF VINELAND
Notes to Financial Statements (continued)

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. Public Law 2009, c. 19 (S-21) was enacted on March 17, 2009 and allowed the Division of Pension and Benefits to provide non-state government pensions system employers the option of paying the full amount, or an amount that reflect a 50 percent reduction of the normal and accrued liability component of the PERS obligations. The Authority elected to pay the full amount of the employer normal and accrued liability portion of the PERS obligation. The Authority's total contributions to the plan, equal to the required contribution for each year were \$127,735, \$144,601, and \$117,693 for the years ended September 30, 2012, 2011, and 2010, respectively.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 7: **OTHER POST-RETIREMENT BENEFITS**

State Health Benefits Program

Plan Description - The Authority contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 2010, the Authority authorized participation in the SHBP's post-retirement benefit program through resolution number 2010-82. Eligibility to participate in the SHBP's post-retirement benefit program begins after 25 years of credited service with the Authority or if the employee retires on disability pensions based on fewer years of services credited in the retirement system. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

The SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/qasb-43-sept2009.pdf>

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Authority on a monthly basis. Payments made by plan members or beneficiaries receiving benefits at September 30, 2012 and 2011 totaled \$11,138 and \$8,430, respectively.

The Authority began contributions for post-retirement health benefits to the SHBP in the year ended September 30, 2011. The Authority contributions to the SHBP for post-retirement benefits for the year ended September 30, 2012 and 2011 was \$110,223 and \$112,851, respectively, which equaled the required contributions for that year. There were approximately 20 retired participants eligible at September 30, 2012 and 2011.

Prior Post-Employment Health Plan

Effective January 1, 2011, the Authority's single-employer defined benefit healthcare benefits plan was terminated and all current employees and retirees became participants in the State Health Benefits Plan. The cumulative (OPEB) liability of \$732,710 was reversed during the fiscal year ending September 30, 2012 and is reflected in the accompanying financial statements as gain on OPEB plan.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 8: LONG-TERM DEBT

The following summarizes compensated absences at year end:

	September 30,	
	2012	2011
	Compensated Absences	Compensated Absences
Beginning balance	\$ 184,565	\$ 204,262
Increase	123,071	115,779
Decrease	(107,274)	(135,476)
Ending balance	200,362	184,565
Current portion	\$ 50,090	\$ 46,141

On December 12, 2004, the Authority issued Capital Fund Program Revenue Bonds, Series 2004A in the amount of \$4,760,000. These bonds bear interest at 4.466 percent and require semi-annual payments of principal and interest on May 1 and November 1 through November 1, 2025.

The following is a summary of bonds payable for the year ended September 30, 2012 and 2011:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts due within the year
9/30/2012	\$ 3,800,000	\$ -	\$ (190,000)	\$ 3,610,000	\$ 200,000
9/30/2011	\$ 3,985,000	\$ -	\$ (185,000)	\$ 3,800,000	\$ 190,000

As of September 30, future principal and interest payments are as follows:

Year Ending September 30,	Principal	Interest	Total
2013	\$ 200,000	\$ 159,244	\$ 359,244
2014	210,000	151,649	361,649
2015	215,000	143,564	358,564
2016	225,000	134,297	359,297
2017	235,000	124,344	359,344
2018-2022	1,360,000	451,893	1,811,893
2023-2026	1,165,000	112,212	1,277,212
	<u>\$ 3,610,000</u>	<u>\$ 1,277,203</u>	<u>\$ 4,887,203</u>

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 9: COMMITMENTS

As of September 30, 2012, the Authority had commitments to expend approximately \$714,949 for various capital improvements and related costs for the 2011, 2010, 2009 Capital Fund grants as well as the Capital Fund Stimulus Formula grant funded by the Capital Fund Stimulus Recovery Act.

Note 10: RISK MANAGEMENT

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

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

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

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

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

New Jersey Public Housing Authorities Joint Insurance Fund
250 Phele Avenue, Suite 701
Saddle Brook, New Jersey 07663

Note 11: OTHER MATTERS

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

On January 5, 2011, a fire caused damage to several rental units of Parkview Apartments. Tenants were relocated to other accommodations and returned to their apartments by the end of the fiscal year. The insurance carrier is paying the costs of required physical restoration of the property directly to the contractor. Restoration work completed during 2011 totaled \$222,095, and this amount was paid by the insurance carrier during 2011. An impairment loss of \$108,665 has been recognized in accordance with relevant accounting standards and has been offset against the gain from the insurance recovery for a net gain in the amount of \$113,430.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 12: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY

Housing Authority of the City of Vineland has an outstanding loan due from Vineland Housing Development Corporation dated August 1, 2000. The purpose of the loan is to enable Vineland Housing Development Corporation to purchase and/or construct single family residences within the City of Vineland for sale to qualified buyers. This loan was refinanced and included in the loan described below in 2005.

Housing Authority of the City of Vineland entered into a loan agreement with Vineland Housing Development Corporation dated June 1, 2005, in the amount of \$379,660 which was intended to refinance the remaining balance of the original note described above plus the remaining amount of additional funds at the time that the new note was formalized in writing. Although this new note was prepared, no formal board resolution was ever passed refinancing the balance on the remaining balance on the original note. The purpose of this new note is to enable Vineland Housing Development Corporation to purchase land located on Chestnut Avenue in Vineland, New Jersey in order to construct single family residential homes for sale to qualified buyers. Despite the agreement's provision to charge a six percent interest on the unpaid principal balance, no interest has been accrued or paid on the loan. The note provides for payment on demand and is included as a current liability in the accompanying Statement of Net Assets. The balance outstanding of the note, including the amount of the original note and additional funds advanced, at both September 30, 2012 and 2011 is \$374,167. As of the date of the preparation of the financial statements, no payments were made to the Authority on this loan.

In July 2012, the development discussed above was formally named Melrose Court. Melrose Court will be a 17-unit low-income residential housing project in Vineland, NJ. Management of Vineland Housing Development Corporation is moving forward with applying for financing and is seeking to obtain low-income housing credits pursuant to Internal Revenue Code Section 42. Capital Bank will be the tax credit investor on this project.

To begin construction, Housing Authority of the City of Vineland agreed to a predevelopment loan with Vineland Housing Development Corporation of up to \$312,500 at 0% interest in August 2012. This loan is payable at the earlier of the closing date of the financing for this project or August 31, 2013. Vineland Housing Development Corporation has the option to transfer the project and any outstanding contracts to Housing Authority of the City of Vineland to satisfy their obligation. The first draw on this loan occurred in September 2012 for \$2,500.

In March 2012, the Authority approved a resolution to provide a construction loan and permanent financing up to a \$2.1M. This loan will be treated as a second mortgage and will be paid for out of cash flow. The debt secured by mortgages discussed in the second paragraph above was discharged in November 2012.

In addition to the loans described above, the Housing Authority of the City of Vineland has advanced amounts to Vineland Housing Development Corporation for operating purposes, without interest. In April 2008, the Board of the Housing Authority of the City of Vineland passed a resolution authorizing cash advances of up to \$50,000 with no set payment terms. During the years ending September 30, 2012 and 2011, the Housing Authority of the City of Vineland advanced Vineland Housing Development Corporation \$15,000 and \$20,000, respectively. Additionally, from time to time the Authority has paid expenses attributable to the Corporation. The amount of outstanding advances and payments made for expenditures on behalf of the Corporation by the Housing Authority of the City of Vineland at September 30, 2012 and 2011 totaled \$62,806 and \$47,806, respectively. As of the date of the preparation of the financial statements, no payments were made to the Authority on these amounts due.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Financial Statements (continued)

Note 12: **RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY (continued)**

The following schedule reports receivables and payables at fiscal year-end. Receivables and payables within the Authority have been eliminated in the aggregation of financial data in the accompanying financial statements.

<u>Within the Authority</u>		
<u>Due to Other Programs</u>	<u>Due from Other Programs</u>	
Housing Choice Voucher	PHA Owned Housing Program	\$ 100,973
Homeownership	PHA Owned Housing Program	83,316
ROSS Program	PHA Owned Housing Program	38,991
Homeownership	Housing Choice Voucher	3,954
		<u>\$ 227,234</u>

<u>Between the Authority and Component Units</u>		
<u>Due to (from)</u> <u>Authority</u>	<u>Due to (from)</u> <u>Component Units</u>	
Homeownership Program	VHDC	\$ (409,167)
PHA Owned Housing Program	VHDC	<u>(27,806)</u>
		<u>\$ (436,973)</u>

The balances above resulted from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

HOUSING AUTHORITY OF THE CITY OF VINELAND

SUPPLEMENTARY INFORMATION

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

SEPTEMBER 30, 2012

VINELAND HOUSING AUTHORITY

Financial Data Schedule

Program Financials

Year Ended September 30, 2012

		<u>TOTAL</u>	<u>STATE</u>	<u>SEC 8</u>	<u>NEWHOP</u>	<u>VHDC</u>	<u>FSS & ROSS</u>	<u>FEMA</u>
111	Cash-Unrestricted	4,012,527	1,097	133,011	3,877,489	930	-	
112	Cash-Restricted-Modernization and Development	-						
113	Cash-Other Restricted	159,197	626	158,571				
114	Cash-Tenant Security Deposits	-						
115	Cash-Restricted for Payment of Current Liabilities	-						
100	Total Cash	4,171,724	1,723	291,582	3,877,489	930	-	-
121	A/R-PHA Projects	-						
122	A/R-HUD Other Projects	43,166					43,166	
124	A/R-Other Government	14,855	14,855	-				-
125	A/R-Miscellaneous	4,500			4,500			
126	A/R-Tenants	-						
126.1	Allowance for Doubtful Accounts-Tenants	-						
126.2	Allowance for Doubtful Accounts-Other	-						
127	Notes, Loans & Mortgages Receivable-Current	409,167			409,167			
128	Fraud Recovery	-						
128.1	Allowance for Doubtful Accounts-Fraud	-						
129	Accrued Interest Receivable	-						
120	Total Receivables, Net of Allowances	471,688	14,855	-	413,667	-	43,166	-
131	Investments-Unrestricted	-	-					
132	Investments-Restricted	-						
135	Investments-Restricted for Payment of Current Liability	-						
142	Prepaid Expenses and Other Assets	-						
143	Inventories	-						
143.1	Allowance for Obsolete Inventories	-						
144	Inter Program Due From	3,954		3,954				
145	Assets Held for Sale	-						
150	Total Current Assets	4,647,366	16,578	295,536	4,291,156	930	43,166	-
161	Land	251,748				251,748		
162	Buildings	-						
163	Furniture, Equip & Mach-Dwelling	-						
164	Furniture, Equip & Mach-Admin	71,829		71,829				
165	Leasehold Improvements	-						
166	Accumulated Depreciation	(70,554)		(70,554)				
167	Construction in Progress	282,826				282,826		
168	Infrastructure	-						
160	Total Capital Assets, Net of Accumulated Depreciation	535,849	-	1,275	-	534,574	-	-
171	Notes, Loans and Mortgages Receivable-Non-current	-						
172	Notes, Loans and Mort. Rec.-Non-current-Past Due	-						
173	Grants Receivable-Non Current	-						
174	Other Assets	-						
176	Investments in Joint Ventures	-						
180	Total Non-Current Assets	-	-	-	-	-	-	-
190	Total Assets	5,183,215	16,578	296,811	4,291,156	535,504	43,166	-
311	Bank Overdraft	-						
312	Accounts Payable<=90 Days	16,733	1,664	-	-	15,069	-	
313	Accounts Payable>90 Days Past Due	-						
321	Accrued Wages/Payroll Taxes Payable	9,887	2,134	3,578			4,175	
322	Accrued Compensation Absences-current portion	3,067	-	3,067				
324	Accrued Contingency Liability	-						
325	Accrued Interest Payable	-						
331	Accounts Payable-HUD PHA Programs	-						

37900									
VINELAND HOUSING AUTHORITY									
Financial Data Schedule									
Program Financials									
Year Ended September 30, 2012									
			TOTAL	STATE	SEC 8	NEWHOP	VHDC	FSS & ROSS	FEMA
332	Accounts Payable-PHA Projects	-							
333	Accounts Payable-Other Government	-							
341	Tenant Security Deposits	-							
342	Deferred Revenues	-			-				
343	Current Portion of LT-Capital Projects/Mtg Rev. Bonds	-							
344	Current Portion of LT-Operating Borrowings	374,167					374,167		
345	Other Current Liabilities	62,806			-		62,806		
346	Accrued Liabilities-Other	-							
347	Inter Program -Due To	227,234	-		100,973	87,270		38,991	
348	Loan Liability-Current	-						-	
310	Total Current Liabilities	693,894	3,798		107,618	87,270	452,042	43,166	
351	LT Debt, Net of Current -Capital Projects/Mtg Rev.	-	-						
352	LT Debt, Net of Current -Operating Borrowings	-	-				-		
353	Non-current Liabilities-Other	-					-		
354	Accrued Compensated Absences-Non current	9,202	-		9,202				
355	Loan Liability - Non current	-							
356	FASB 5 Liabilities	-							
357	Accrued Pension and OPEB Liabilities	-	-		-				
350	Total Non-Current Liabilities	9,202	-		9,202	-	-	-	
300	Total Liabilities	703,096	3,798		116,820	87,270	452,042	43,166	
508.1	Invested in Capital Assets, Net of Related Debt	535,849	-		1,275	-	534,574		
509.2	Fund Balance Reserved	-							
511.2	Unreserved, Designated Fund Balance	-							
511.1	Restricted Net Assets	159,200	626		158,574	-			
512.1	Unrestricted Net Assets	3,785,070	12,154		20,142	4,203,886	(451,112)	-	-
512.2	Unreserved, Undesignated Fund Balance	-							
513	Total Equity/Net Assets	4,480,119	12,780		179,991	4,203,886	83,462	-	-
600	Total Liabilities and Equity/Net Assets	5,183,215	16,578		296,811	4,291,156	535,504	43,166	-
		-	-		-	-	-		
70300	Net Tenant Rental Revenue	-							
70400	Tenant Revenue-Other	20,252	19,852		400				
70500	Total Tenant Revenue	20,252	19,852		400	-	-	-	-
70600	HUD PHA Operating Grants	2,154,025			2,020,700			133,325	-
70610	Capital Grants	-							-
70710	Management Fee	-							
70720	Asset Management Fee	-							
70730	Bookkeeping Fee	-							
70740	Front Line Service Fee	-							
70750	Other Fees	-							
70700	Total Fee Revenue	2,154,025	-		2,020,700	-	-	133,325	-
70800	Other Government Grants	123,806	68,072		-				55,734
71100	Investment Income-Unrestricted	37,528	-		282	37,246			
71200	Mortgage Interest Income	-							
71300	Proceeds from Disposition of Assets Held for Sales	-							
71310	Cost of Sale of Assets	-							
71400	Fraud Recovery	300			300				
71500	Other Revenue	31,930	4,818		27,112				
71600	Gain or Loss on Sale of Capital Assets	-							
72000	Investment Income-Restricted	2,539	3		2,536				
70000	Total Revenue	2,370,380	92,745		2,051,330	37,246	-	133,325	55,734
91100	Administrative Salaries	173,800			86,635			87,165	

VINELAND HOUSING AUTHORITY

Financial Data Schedule

Program Financials

Year Ended September 30, 2012

			<u>TOTAL</u>	<u>STATE</u>	<u>SEC 8</u>	<u>NEWHOP</u>	<u>VHDC</u>	<u>FSS & ROSS</u>	<u>FEMA</u>
91200	Auditing Fees	14,464			14,464		-		
91300	Management Fees	47,246			-	37,246		10,000	
91310	Bookkeeping Fees	24,893			24,893				
91400	Advertising and Marketing	-			-				
91500	Employee Benefits-Admin.	74,959			38,799			36,160	
91600	Office Expense	-			-				
91700	Legal Expense	306			122		184		
91800	Travel	-			-				
91810	Allocated Overhead	-			-				
91900	Other	12,523		1,583	8,681	-	2,259		
91000	Total Operating-Admin	348,191		1,583	173,594	37,246	2,443	133,325	-
92000	Asset Management Fee	-							
92100	Tenant Services-Salaries	32,295		32,295					
92200	Relocation Costs	-							
92300	Employee Benefits	13,838		13,838					
92400	Tenant Services-Other	21,182		21,182					
92500	Total Tenant Services	67,315		67,315	-	-	-	-	-
93100	Water	-							
93200	Electricity	-							
93300	Gas	-							
93400	Fuel	-							
93500	Labor	-							
93600	Sewer	-							
93700	Employee Benefits	-							
93800	Other Utilities	-							
93000	Total Utilities	-		-	-	-	-	-	-
94100	Ordinary Maint & Operations-Labor	-							
94200	Ordinary Maint. & Operations-Materials	5,841		4,651	1,190				
94300	Ordinary Maint. & Operations Contracts	59,194		-	-		3,460		55,734
94500	Employee Benefits	-							
94000	Total Maintenance	65,035		4,651	1,190	-	3,460	-	55,734
95100	Protective Services-Labor	-							
95200	Protective Services-Other Contract Costs	-							
95300	Protective Services-Other	-							
95500	Employee Benefits	-							
95000	Total Protective Services	-		-	-	-	-	-	-
96110	Property Insurance	-							
96120	Liability Insurance	-							
96130	Workmen's Compensation	-							
96140	All Other Insurance	-							
96100	Total Insurance Premiums	-		-	-	-	-	-	-
96200	Other General Expenses	55					55		
96210	Compensated Absences	-		-	-				
96300	Payments in Lieu of Taxes	-							
96400	Bad debts-Tenant Rents	-			-				
96500	Bad debts-Mortgages	-							
96600	Bad debts-Other	-							
96800	Severance Expense	-							
96000	Total Other General Expenses	55		-	-	-	55	-	-
96710	Interest of Mortgage (or Bonds) Payable	-							
96720	Interest on Notes Payable (Short and Long Term)	-							
96730	Amortization of Bond Issue Costs	-							

37900		VINELAND HOUSING AUTHORITY								
		Financial Data Schedule								
		Program Financials								
		Year Ended September 30, 2012								
			TOTAL	STATE	SEC 8	NEWHOP	VHDC	FSS & ROSS	FEMA	
	96700	Total Interest Expense and Amortization Cost	-	-	-	-	-	-	-	
	96900	Total Operating Expenses	480,596	73,549	174,784	37,246	5,958	133,325	55,734	
	97000	Excess of Operating Revenue over Operating Expenses	1,889,784	19,196	1,876,546	-	(5,958)	-	-	
	97100	Extraordinary Maintenance	-							
	97200	Casualty Losses	-							
	97300	Housing Assistance Payments	2,206,339		2,206,339					
	97350	HAP Portability-In	23,689		23,689					
	97400	Depreciation Expense	3,060		3,060					
	97500	Fraud Losses	-							
	97600	Capital Outlays-Governmental Funds	-							
	97700	Debt Principal Payment-Governmental Funds	-							
	97800	Dwelling Units Rent Expense	-							
	90000	Total Expenses	2,713,684	73,549	2,407,872	37,246	5,958	133,325	55,734	
	10010	Operating Transfer In	-							
	10020	Operating Transfer Out	-							
	10030	Operating Transfers from/to Primary Government	-							
	10040	Operating Transfers from/to Component Unit	-							
	10050	Proceeds from Notes, Loans and Bonds	-							
	10060	Proceeds from Property Sales	-							
	10070	Extraordinary Items, Net Gain/Loss	-							
	10080	Special Items (Net Gain/Loss)	-							
	10091	Inter Project Excess Cash Transfer In	-							
	10092	Inter Project Excess Cash Transfer Out	-			-				
	10093	Transfers between Program and Project-In	-							
	10094	Transfers between Program and Project-Out	(158,775)		-	(158,775)				
	10100	Total Other financing Sources (Uses)	(158,775)	-	-	(158,775)	-	-	-	
	10000	Excess (Deficiency) of Total Revenue Over (under)								
		Total Expenses	(502,079)	19,196	(356,542)	(158,775)	(5,958)	-	-	
	11020	Required Annual Debt Principal Payments	-							
	11030	Beginning Equity	5,102,870	(6,416)	657,205	4,362,661	89,420	-	-	
	11040	Prior Period Adj., Equity Transfers and Correction of Erro	(120,672)		(120,672)	-	-	-	-	
	11190	Unit Months Available	4,164		4,164					
	11210	Number of Unit Months Leased	3,319		3,319					
	11270	Excess Cash	-							
	11610	Land Purchases	-							
	11620	Building Purchases	-						-	
	11630	Furniture & Equipment-Dwelling Purchases	-							
	11640	Furniture & Equipment-Admin. Purchases	-							
	11650	Leasehold Improvements Purchases	-							
	11660	Infrastructure Purchases	-							
	13510	Replacement Housing Factor Funds	-							
	13901	Replacement Housing Factor Funds	-							
		Beginning Equity	5,102,870	(6,416)	657,205	4,362,661	89,420	-	-	
		Profit (Loss)	(502,079)	19,196	(356,542)	(158,775)	(5,958)	-	-	
		Prior Period Adj. and Equity Transfers	(120,672)		(120,672)	-	-	-	-	
		Total	4,480,119	12,780	179,991	4,203,886	83,462	-	-	
		Equity (line 513)	4,480,119	12,780	179,991	4,203,886	83,462	-	-	
		Difference	-	-	-	-	-	-	-	

37900											
VINELAND HOUSING AUTHORITY											
Financial Data Schedule											
Central Office and Project Balance Sheet											
Year Ended September 30, 2012											
		Per FS	Eliminations	TOTAL	PH ONLY	AMP1	AMP2	AMP3	AMP4	COCC	PROGRAMS
111	Cash-Unrestricted	5,411,426		5,411,426	480,791	73,153	22,650	225,060	159,928	918,108	4,012,527
112	Cash-Restricted-Modernization and Development	-		-	-	-	-	-	-	-	-
113	Cash-Other Restricted	159,197		159,197	-	-	-	-	-	-	159,197
114	Cash-Tenant Security Deposits	191,708		191,708	191,708	34,614	51,215	68,085	37,794	-	-
115	Cash-Restricted for Payment of Current Liabilities	-		-	-	-	-	-	-	-	-
100	Total Cash	5,762,331	0	5,762,331	672,499	107,767	73,865	293,145	197,722	918,108	4,171,724
121	A/R-PHA Projects	-	0	-	-	-	-	-	-	-	-
122	A/R-HUD Other Projects	139,909		139,909	96,743	8,064	19,055	51,503	18,121	-	43,166
124	A/R-Other Government	142,228		142,228	55,735	8,407	5,493	6,109	35,726	71,638	14,855
125	A/R-Miscellaneous	128,465	0	128,465	-	-	-	-	-	123,965	4,500
126	A/R-Tenants	19,434		19,434	19,434	1,379	2,691	1,971	13,393	-	-
126.1	Allowance for Doubtful Accounts-Tenants	(9,717)		(9,717)	(9,717)	(689)	(1,346)	(986)	(6,696)	-	-
126.2	Allowance for Doubtful Accounts-Other	(63,882)		(63,882)	-	-	-	-	-	(63,882)	-
127	Notes, Loans & Mortgages Receivable-Current	-	436,973	436,973	-	-	-	-	-	27,806	409,167
128	Fraud Recovery	-		-	-	-	-	-	-	-	-
128.1	Allowance for Doubtful Accounts-Fraud	-		-	-	-	-	-	-	-	-
129	Accrued Interest Receivable	-		-	-	-	-	-	-	-	-
120	Total Receivables, Net of Allowances	356,437	436,973	793,410	162,195	17,161	25,893	58,597	60,544	159,527	471,688
131	Investments-Unrestricted	-		-	-	-	-	-	-	-	-
132	Investments-Restricted	-		-	-	-	-	-	-	-	-
135	Investments-Restricted for Payment of Current Liabilities	-		-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	58,961		58,961	47,976	8,070	14,434	14,692	10,780	10,985	-
143	Inventories	-		-	-	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-		-	-	-	-	-	-	-	-
144	Inter Program Due From	-	1,044,503	1,044,503	910,951	201,561	321,652	369,539	18,199	129,598	3,954
145	Assets Held for Sale	-		-	-	-	-	-	-	-	-
150	Total Current Assets	6,177,729	1,481,476	7,659,205	1,793,621	334,559	435,844	735,973	287,245	1,218,218	4,647,366
161	Land	3,597,705		3,597,705	2,963,199	81,593	270,405	206,110	2,405,091	382,758	251,748
162	Buildings	43,949,900		43,949,900	40,324,899	8,076,015	12,952,403	16,142,283	3,154,198	3,625,001	-
163	Furniture, Equip & Mach-Dwelling	349,686		349,686	349,686	4,387	158,391	163,922	22,986	-	-
164	Furniture, Equip & Mach-Admin	1,479,051		1,479,051	757,113	316,523	12,271	411,729	16,590	650,109	71,829
165	Leasehold Improvements	-		-	-	-	-	-	-	-	-
166	Accumulated Depreciation	(28,530,859)		(28,530,859)	(25,965,242)	(5,710,944)	(8,868,670)	(9,277,574)	(2,108,054)	(2,495,063)	(70,554)
167	Construction in Progress	282,826		282,826	-	-	-	-	-	-	282,826
168	Infrastructure	-		-	-	-	-	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	21,128,309	0	21,128,309	18,429,655	2,767,574	4,524,800	7,646,470	3,490,811	2,162,805	535,849
171	Notes, Loans and Mortgages Receivable-Non-current	-	0	-	-	-	-	-	-	-	-
172	Notes, Loans and Mort. Rec.-Non-current-Past Due	-		-	-	-	-	-	-	-	-
173	Grants Receivable-Non Current	-		-	-	-	-	-	-	-	-
174	Other Assets	-		-	-	-	-	-	-	-	-
176	Investments in Joint Ventures	-		-	-	-	-	-	-	-	-
180	Total Non-Current Assets	-	0	-	-	-	-	-	-	-	-
190	Total Assets	27,306,038	1,481,476	28,787,514	20,223,276	3,102,133	4,960,644	8,382,443	3,778,056	3,381,023	5,183,215
311	Bank Overdraft	-		-	-	-	-	-	-	-	-
312	Accounts Payable<=90 Days	134,207	0	134,207	72,779	14,147	18,645	25,008	14,979	44,695	16,733
313	Accounts Payable>90 Days Past Due	-		-	-	-	-	-	-	-	-
321	Accrued Wages/Payroll Taxes Payable	71,469		71,469	24,179	8,832	7,154	5,918	2,275	37,403	9,887
322	Accrued Compensation Absences-current portion	50,090		50,090	17,187	3,940	5,381	6,181	1,685	29,836	3,067
324	Accrued Contingency Liability	-		-	-	-	-	-	-	-	-
325	Accrued Interest Payable	67,122		67,122	67,122	-	3,571	63,551	-	-	-
331	Accounts Payable-HUD PHA Programs	-		-	-	-	-	-	-	-	-
332	Accounts Payable-PHA Projects	-		-	-	-	-	-	-	-	-
333	Accounts Payable-Other Government	144,401		144,401	144,401	19,890	38,639	42,076	43,796	-	-
341	Tenant Security Deposits	191,708		191,708	191,708	34,614	51,215	68,085	37,794	-	-
342	Deferred Revenues	15,975		15,975	15,975	2,461	5,773	6,915	826	-	-
343	Current Portion of LT-Capital Projects/Mtg Rev. Bond	200,000		200,000	200,000	-	10,640	189,360	-	-	-
344	Current Portion of LT-Operating Borrowings	-	374,167	374,167	-	-	-	-	-	-	374,167
345	Other Current Liabilities	-	62,806	62,806	-	-	-	-	-	-	62,806
346	Accrued Liabilities-Other	-		-	-	-	-	-	-	-	-
347	Inter Program -Due To	-	1,044,503	1,044,503	-	-	-	-	-	817,269	227,234
348	Loan Liability-Current	-		-	-	-	-	-	-	-	-
310	Total Current Liabilities	874,972	1,481,476	2,356,448	733,351	83,884	141,018	407,094	101,355	929,203	693,894
351	LT Debt, Net of Current -Capital Projects/Mtg Rev.	3,410,000		3,410,000	3,410,000	-	181,460	3,228,540	-	-	-
352	LT Debt, Net of Current -Operating Borrowings	-	0	-	-	-	-	-	-	-	-
353	Non-current Liabilities-Other	-	0	-	-	-	-	-	-	-	-
354	Accrued Compensated Absences-Non current	150,271		150,271	51,562	11,820	16,142	18,543	5,057	89,507	9,202
355	Loan Liability - Non current	-		-	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-		-	-	-	-	-	-	-	-
357	Accrued Pension and OPEB Liabilities	-		-	-	-	-	-	-	-	-
350	Total Non-Current Liabilities	3,560,271	-	3,560,271	3,461,562	11,820	197,602	3,247,083	5,057	89,507	9,202

37900											
VINELAND HOUSING AUTHORITY											
Financial Data Schedule											
Central Office and Project Balance Sheet											
Year Ended September 30, 2012											
		Per FS	Eliminations	TOTAL	PH ONLY	AMP1	AMP2	AMP3	AMP4	COCC	PROGRAMS
300	Total Liabilities	4,435,243	1,481,476	5,916,719	4,194,913	95,704	338,620	3,654,177	106,412	1,018,710	703,096
508.1	Invested in Capita Assets, Net of Related Debt	17,518,309		17,518,309	14,819,655	2,767,574	4,332,700	4,228,570	3,490,811	2,162,805	535,849
509.2	Fund Balance Reserved	-		-	-	-	-	-	-	-	-
511.2	Unreserved, Designated Fund Balance	-		-	-	-	-	-	-	-	-
511.1	Restricted Net Assets	159,200		159,200	-	-	-	-	-	-	159,200
512.1	Unrestricted Net Assets	5,193,286		5,193,286	1,208,708	238,855	289,324	499,696	180,833	199,508	3,785,070
512.2	Unreserved, Undesignated Fund Balance	-		-	-	-	-	-	-	-	-
513	Total Equity/Net Assets	22,870,795	-	22,870,795	16,028,363	3,006,429	4,622,024	4,728,266	3,671,644	2,362,313	4,480,119
600	Total Liabilities and Equity/Net Assets	27,306,038	1,481,476	28,787,514	20,223,276	3,102,133	4,960,644	8,382,443	3,778,056	3,381,023	5,183,215
70300	Net Tenant Rental Revenue	2,362,438		2,362,438	2,362,438	425,136	673,446	808,667	455,189	-	-
70400	Tenant Revenue-Other	67,593		67,593	47,341	7,347	17,935	11,722	10,337	-	20,252
70500	Total Tenant Revenue	2,430,031	-	2,430,031	2,409,779	432,483	691,381	820,389	465,526	-	20,252
70600	HUD PHA Operating Grants	4,038,132		4,038,132	1,884,107	419,509	445,766	972,981	45,851	-	2,154,025
70610	Capital Grants	108,183		108,183	108,183	34,639	14,952	10,844	47,748	-	-
70710	Management Fee	-	598,127	598,127	-	-	-	-	-	598,127	-
70720	Asset Management Fee	-	72,000	72,000	-	-	-	-	-	72,000	-
70730	Bookkeeping Fee	-	78,893	78,893	-	-	-	-	-	78,893	-
70740	Front Line Service Fee	-	-	-	-	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-	-	-	-	-
70700	Total Fee Revenue	4,146,315	749,020	4,895,335	1,992,290	454,148	460,718	983,825	93,599	749,020	2,154,025
70800	Other Government Grants	261,840		261,840	138,034	31,831	106,203	-	-	-	123,806
71100	Investment Income-Unrestricted	42,610		42,610	-	-	-	-	-	5,082	37,528
71200	Mortgage Interest Income	-		-	-	-	-	-	-	-	-
71300	Proceeds from Disposition of Assets Held for Sales	-		-	-	-	-	-	-	-	-
71310	Cost of Sale of Assets	-		-	-	-	-	-	-	-	-
71400	Fraud Recovery	1,916		1,916	1,616	-	725	891	-	-	300
71500	Other Revenue	624,287	72,000	696,287	127,090	7,754	115,190	3,209	937	537,267	31,930
71600	Gain or Loss on Sale of Capital Assets	(5,959)		(5,959)	(5,959)	(1,259)	(268)	(1,750)	(2,682)	-	-
72000	Investment Income-Restricted	2,539		2,539	-	-	-	-	-	-	2,539
70000	Total Revenue	7,503,579	821,020	8,324,599	4,662,850	924,957	1,373,949	1,806,564	557,380	1,291,369	2,370,380
91100	Administrative Salaries	946,617		946,617	184,306	40,118	56,610	61,647	25,931	588,511	173,800
91200	Auditing Fees	45,200		45,200	30,284	6,328	10,170	10,170	3,616	452	14,464
91300	Management Fees	-	598,127	598,127	550,881	104,625	171,458	207,296	67,502	-	47,246
91310	Bookkeeping Fees	-	78,893	78,893	54,000	11,250	18,270	18,000	6,480	-	24,893
91400	Advertising and Marketing	446		446	-	-	-	-	-	446	-
91500	Employee Benefits-Admin.	492,079		492,079	96,107	22,210	28,588	29,882	15,427	321,013	74,959
91600	Office Expense	7,852		7,852	-	-	-	-	-	7,852	-
91700	Legal Expense	26,863		26,863	9,413	3,130	785	3,558	1,940	17,144	306
91800	Travel	6,143		6,143	-	-	-	-	-	6,143	-
91810	Allocated Overhead	-		-	-	-	-	-	-	-	-
91900	Other	253,751	27,000	280,751	93,098	18,425	31,612	29,213	13,848	175,130	12,523
91000	Total Operating-Admin	1,778,951	704,020	2,482,971	1,018,089	206,086	317,493	359,766	134,744	1,116,691	348,191
92000	Asset Management Fee	-	72,000	72,000	72,000	15,000	24,360	24,000	8,640	-	-
92100	Tenant Services-Salaries	44,136		44,136	11,841	-	-	11,841	-	-	32,295
92200	Relocation Costs	-		-	-	-	-	-	-	-	-
92300	Employee Benefits	20,791		20,791	6,953	-	-	6,953	-	-	13,838
92400	Tenant Services-Other	30,682		30,682	9,500	2,991	298	5,345	866	-	21,182
92500	Total Tenant Services	95,609	72,000	167,609	100,294	17,991	24,658	48,139	9,506	-	67,315
93100	Water	73,167		73,167	72,074	22,017	18,696	20,131	11,230	1,093	-
93200	Electricity	604,838		604,838	572,984	149,813	144,083	278,801	287	31,854	-
93300	Gas	133,174		133,174	129,280	20,030	75,100	33,760	390	3,894	-
93400	Fuel	79		79	79	-	79	-	-	-	-
93500	Labor	-		-	-	-	-	-	-	-	-
93600	Sewer	193,235		193,235	191,347	41,718	67,035	66,935	15,659	1,888	-
93700	Employee Benefits	-		-	-	-	-	-	-	-	-
93800	Other Utilities	-		-	-	-	-	-	-	-	-
93000	Total Utilities	1,004,493	-	1,004,493	965,764	233,578	304,993	399,627	27,566	38,729	-
94100	Ordinary Maint & Operations-Labor	410,083		410,083	410,083	83,586	113,594	125,435	87,468	-	-
94200	Ordinary Maint. & Operations-Materials	184,354		184,354	168,464	35,373	26,718	63,970	42,403	10,049	5,841
94300	Ordinary Maint. & Operations Contracts	428,065	45,000	473,065	386,602	72,380	123,234	119,630	71,358	27,269	59,194
94500	Employee Benefits	244,196		244,196	244,196	49,726	67,578	74,623	52,269	-	-
94000	Total Maintenance	1,266,698	45,000	1,311,698	1,209,345	241,065	331,124	383,658	253,498	37,318	65,035
95100	Protective Services-Labor	-		-	-	-	-	-	-	-	-
95200	Protective Services-Other Contract Costs	8,858		8,858	8,858	1,932	4,063	2,863	-	-	-
95300	Protective Services-Other	-		-	-	-	-	-	-	-	-
95500	Employee Benefits	-		-	-	-	-	-	-	-	-
95000	Total Protective Services	8,858	-	8,858	8,858	1,932	4,063	2,863	-	-	-

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VINELAND HOUSING AUTHORITY											
Financial Data Schedule											
Central Office and Project Balance Sheet											
Year Ended September 30, 2012											
		Per FS	Eliminations	TOTAL	PH ONLY	AMP1	AMP2	AMP3	AMP4	COCC	PROGRAMS
		-									
96110	Property Insurance	63,812		63,812	62,121	10,893	19,482	17,197	14,549	1,691	-
96120	Liability Insurance	51,406		51,406	50,044	8,775	15,694	13,854	11,721	1,362	-
96130	Workmen's Compensation	54,440		54,440	52,997	9,293	16,620	14,672	12,412	1,443	-
96140	All Other Insurance	10,164		10,164	9,895	1,735	3,103	2,739	2,318	269	-
96100	Total Insurance Premiums	179,822	-	179,822	175,057	30,696	54,899	48,462	41,000	4,765	-
		-									
96200	Other General Expenses	7,720		7,720	7,665	-	408	7,257	-	-	55
96210	Compensated Absences	50,877		50,877	173	-	-	-	173	50,704	-
96300	Payments in Lieu of Taxes	144,402		144,402	144,402	19,891	38,639	42,076	43,796	-	-
96400	Bad debts-Tenant Rents	3,979		3,979	3,979	-	164	303	3,512	-	-
96500	Bad debts-Mortgages	-		-	-	-	-	-	-	-	-
96600	Bad debts-Other	2,500		2,500	-	-	-	-	-	2,500	-
96800	Severance Expense	-		-	-	-	-	-	-	-	-
96000	Total Other General Expenses	209,478	-	209,478	156,219	19,891	39,211	49,636	47,481	53,204	55
		-									
96710	Interest of Mortgage (or Bonds) Payable	163,398		163,398	163,398	-	8,693	154,705	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	-		-	-	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	-		-	-	-	-	-	-	-	-
96700	Total Interest Expense and Amortization Cost	163,398	-	163,398	163,398	-	8,693	154,705	-	-	-
		-									
96900	Total Operating Expenses	4,707,307	821,020	5,528,327	3,797,024	751,239	1,085,134	1,446,856	513,795	1,250,707	480,596
		-									
97000	Excess of Operating Revenue over Operating Expenses	2,796,272	-	2,796,272	865,826	173,718	288,815	359,708	43,585	40,662	1,889,784
		-									
97100	Extraordinary Maintenance	-		-	-	-	-	-	-	-	-
97200	Casualty Losses	-		-	-	-	-	-	-	-	-
97300	Housing Assistance Payments	2,206,339		2,206,339	-	-	-	-	-	-	2,206,339
97350	HAP Portability-In	23,689		23,689	-	-	-	-	-	-	23,689
97400	Depreciation Expense	1,473,166		1,473,166	1,305,447	251,710	402,215	554,287	97,235	164,659	3,060
97500	Fraud Losses	-		-	-	-	-	-	-	-	-
97600	Capital Outlays-Governmental Funds	-		-	-	-	-	-	-	-	-
97700	Debt Principal Payment-Governmental Funds	-		-	-	-	-	-	-	-	-
97800	Dwelling Units Rent Expense	-		-	-	-	-	-	-	-	-
90000	Total Expenses	8,410,501	821,020	9,231,521	5,102,471	1,002,949	1,487,349	2,001,143	611,030	1,415,366	2,713,684
		-									
10010	Operating Transfer In	-	430,290	430,290	430,290	11,563	38,258	379,179	1,290	-	-
10020	Operating Transfer Out	-	(430,290)	(430,290)	(430,290)	(11,563)	(38,258)	(379,179)	(1,290)	-	-
10030	Operating Transfers from/to Primary Government	-		-	-	-	-	-	-	-	-
10040	Operating Transfers from/to Component Unit	-		-	-	-	-	-	-	-	-
10050	Proceeds from Notes, Loans and Bonds	-		-	-	-	-	-	-	-	-
10060	Proceeds from Property Sales	-		-	-	-	-	-	-	-	-
10070	Extraordinary Items, Net Gain/Loss	-		-	-	-	-	-	-	-	-
10080	Special Items (Net Gain/Loss)	-		-	-	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	-	100,000	100,000	100,000	-	-	-	100,000	-	-
10092	Inter Project Excess Cash Transfer Out	-	(100,000)	(100,000)	(100,000)	(100,000)	-	-	-	-	-
10093	Transfers between Program and Project-In	-	158,775	158,775	157,704	19,559	-	-	138,145	1,071	-
10094	Transfers between Program and Project-Out	-	(158,775)	(158,775)	-	-	-	-	-	-	(158,775)
10100	Total Other financing Sources (Uses)	-	-	-	157,704	(80,441)	-	-	238,145	1,071	(158,775)
		-									
10000	Excess (Deficiency) of Total Revenue Over (under)										
	Total Expenses	(906,922)	-	(906,922)	(281,917)	(158,433)	(113,400)	(194,579)	184,495	(122,926)	(502,079)
		-									

HOUSING AUTHORITY OF THE CITY OF VINELAND

PART II - SINGLE AUDIT SECTION

SEPTEMBER 30, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Housing Authority of the City of Vineland

Compliance

We have audited the compliance of the Housing Authority of the City of Vineland, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* could have a direct and material effect on its major federal programs for the year ended September 30, 2012. The Authority's federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Housing Authority of the City of Vineland's compliance based on our audit.

The Authority's blended component unit, Vineland Housing Development Corporation is not subject to Single Audit requirements and is not covered by this report.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of the Housing Authority of the City of Vineland is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee and management of the Housing Authority of the City of Vineland, New Jersey; the U.S. Department of Housing and Urban Development; the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, and other governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.

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

Woodbury, New Jersey
June 24, 2013

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HOUSING AUTHORITY OF THE CITY OF VINELAND
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2012

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development Direct Programs		
Section 8 Housing Choice Voucher Program	14.871	<u>\$ 2,020,700</u>
Public and Indian Housing Program	14.850a	<u>1,376,149</u>
Resident Opportunity and Supportive Services - Service Coordinators	14.870	<u>79,429</u>
Public Housing Family Self-Sufficiency under Resident Opportunity and Supportive Services	14.877	<u>53,896</u>
Public Housing - Capital Fund Program	14.872	<u>616,142</u>
Total U.S. Department of Housing and Urban Development		4,146,316
U.S. Department of Homeland Security, Passed through New Jersey Department of Law and Public Safety, Office of Emergency Management		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	<u>61,812</u>
Total expenditures of federal awards		<u><u>\$ 4,208,128</u></u>

See accompanying notes to schedule of expenditures of federal awards.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Schedule of Expenditures of Federal Awards

Note 1: **GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal programs of the Vineland Housing Authority. The Authority's component unit, Vineland Housing Development Corporation, is not subject to a Single Audit.

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, except as explained in Note 5.

Note 4: **RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Included in the amount reported as Federal expenditures in the accompanying schedule for CFDA number 14.871 are settlements prior year's administrative fees received from the United States Department of Housing and Urban Development (HUD) netting to (\$4,509) for fiscal year 2011. All other amounts in the accompanying schedule agree with, in all material respects, the amounts reported in the related federal financial reports. Additionally, there were expenditures of \$68,072 under the State of New Jersey, Department of Community Affairs Congregate Housing Services Program, which is not subject to a State Single Audit.

Note 5: **NONCASH BENEFITS**

The Authority received noncash benefits from Gateway Community Action Partnership funded by the Federal grant, CFDA number 81.042 in the amount of \$138,032. This benefit was received during the fiscal year at the Kidston, Olivio, and D'Orazio Apartments for various building improvements and other capital items. The Authority was the recipient of the benefit of this award, but had no control over its administration or compliance with the requirements of the award. Therefore, this is not included on the Schedule of Expenditures of Federal Awards.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Notes to Schedule of Expenditures of Federal Awards

Note 6: PHA'S STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

Fund Program Costs - NJ39P06350106 (FFY 2006), NJ39P06350107 (FFY 2007), and NJ39P06350108 (FFY 2008)

Annual Contributions Contract NY-1115

1. The Actual Capital Fund Program Costs are as follows:

Contract #	<u>NJ39P06350106</u>	<u>NJ39P06350107</u>	<u>NJ39P06350108</u>
Funds approved	\$ 947,720	\$ 920,458	\$ 971,509
Funds expended	<u>947,720</u>	<u>920,458</u>	<u>971,509</u>
Excess of funds approved	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds advanced	\$ 947,720	\$ 920,458	\$ 971,509
Funds expended	<u>947,720</u>	<u>920,458</u>	<u>971,509</u>
Excess of funds advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2. The distribution of costs by project shown on the Final Performance and Evaluation Reports dated February 28, 2012 (NJ39P06350106), February 28, 2012 (NJ39P06350107), and March 12, 2012 (NJ39P06350108) accompanying the Actual Capital Cost Certificates submitted to HUD for approval are in agreement with the PHA's records.

3. All Capital Fund Program Costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012

Section 1 – Summary of Auditor’s Results

Financial Statement Section

A. Type of auditors' report issued:	Unqualified
B. Internal control over financial reporting:	
1. Material weaknesses	None noted
2. Other significant control deficiencies	None noted
C. Noncompliance material to financial statements:	None noted

Federal Awards Section

D. Dollar threshold used to determine Type A programs:	\$ 300,000
E. Auditee qualifies as low-risk auditee?	No
F. Type of auditors' report on compliance for major programs:	Unqualified
G. Internal control over compliance:	
1. Material weaknesses	None noted
2. Other significant control deficiencies	None noted
H. Audit findings required to be reported in accordance with OMB Circular A-133 (Section .510(a)):	None noted
I. Identification of major federal programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
14.872	Public Housing – Capital Fund Program
14.850a	Public and Indian Housing Program
14.871	Section 8 Housing Choice Voucher Program

**HOUSING AUTHORITY OF THE CITY OF VINELAND
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012**

Section 2- Schedule of Financial Statement Findings

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 as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey.

NONE

**HOUSING AUTHORITY OF THE CITY OF VINELAND
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2012**

Section 3- Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by OMB Circular A-133.

NONE

HOUSING AUTHORITY OF THE CITY OF VINELAND
Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and Federal Awards that are required to be reported in accordance with Government Auditing Standards, and OMB Circular A-133.

FINANCIAL STATEMENT FINDINGS

Finding No. 2011-1

Condition

Significant audit adjustments were required to certain general ledger accounts to achieve proper presentation in the financial statements. Additionally, certain financial statement reclassifications were required.

Recommendation

It is recommended that proper support of all significant general ledger accounts be prepared on a periodic basis, and that comparisons be made to recorded balances with adjustments recorded as necessary. Additionally, the Authority should take steps to ensure that the controls over the preparation of financial statements and related footnotes are emphasized in the future.

Current Status

This matter was corrected for the year ended September 30, 2012.

FEDERAL AWARDS

Finding No. 2011-2

Information on the Federal Program

Public Housing Capital Fund Stimulus (Competitive) Recovery Act Funded (CFDA No. 14.884)

Condition

Amount of expenditures reported on the second and third quarter fiscal year 2011 reports were not supported by the Authority's accounting records.

Recommendation

All grant reporting should be based on the Authority's current accounting records.

Current Status

This matter was corrected in June 2013.

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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