

**HOUSING AUTHORITY OF THE
CITY OF VINELAND**

REPORT OF AUDIT

**FOR THE YEARS ENDED
SEPTEMBER 30, 2014 AND 2013**

VINELAND HOUSING AUTHORITYTable of ContentsSeptember 30, 2014 and 2013

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HOUSING AUTHORITY OF THE CITY OF VINELAND

PART I - FINANCIAL SECTION

FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Vineland

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities 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 and for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Authority's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Housing Authority of the City of Vineland, and its blended component unit, Vineland Housing Development Corporation as of September 30, 2014 and 2013, and the respective changes in its financial position and its cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Financial Data Schedule and other supplementary information as required by the U.S. Department of Housing and Urban Development are presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the Financial Data Schedule as required by the U.S. Department of Housing and Urban Development are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Financial Data Schedule are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2015 on our consideration of the Housing Authority of the City of Vineland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Vineland's internal control over financial reporting and compliance.

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

Woodbury, New Jersey
June 9, 2015

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

Board of Commissioners
Housing Authority of the City of Vineland

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and in compliance with audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the business-type activities of the Housing Authority of the City of Vineland, a component unit of the City of Vineland, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 9, 2015. 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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Woodbury, New Jersey
June 9, 2015

Housing Authority of the City of Vineland

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED

September 30, 2014

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, 2014. 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, 2014 by \$21,535,534 (net position).
- The Authority received federal awards of \$5,990,748 for the year ended September 30, 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY-WIDE)

Current assets increased by \$64,096 in 2014 primarily due to loans made to other entities of \$573,376, offset by decreases in cash of \$420,277, decreases in HUD receivables of \$70,806 and an increase in the allowance for doubtful accounts of \$20,870. Current assets increased by \$32,095 in 2013 primarily due to an increase in management fees from other authorities.

Non-current restricted assets increased in 2014 by \$12,280 due to an increase in security deposits and escrows. Non-current restricted assets decreased in 2013 by \$55,048 primarily due to HUD's recapture of Section 8 reserves.

Property and Equipment, net, decreased in 2014 from 2013 by \$833,517 due to capital improvements and equipment purchases of \$502,143 which is offset by depreciation of \$1,333,114 and reductions of \$2,546. Property and Equipment, net, decreased in 2013 from 2012 by \$786,131 due to capital improvements and equipment purchases of \$670,597 which is offset by depreciation of \$1,456,728.

Current liabilities increased in 2014 from 2013 by \$126,068 primarily due to an increase in accounts payable, an increase in tenant funds on deposit and an increase in unearned revenue. Current liabilities decreased in 2013 from 2012 by \$30,681 primarily due to an increase in accrued liabilities and tenant on deposit offset by a decrease in accounts and contracts payable.

Long-term liabilities decreased in 2014 from 2013 by \$199,131 due to the bond payment of \$210,000 which was offset by an increase in accrued compensated absences of \$15,869. Long-term liabilities decreased in 2013 from 2012 by \$188,582 primarily due to the bond payment of \$200,000 which was offset by an increase in accrued compensated absences of \$21,418.

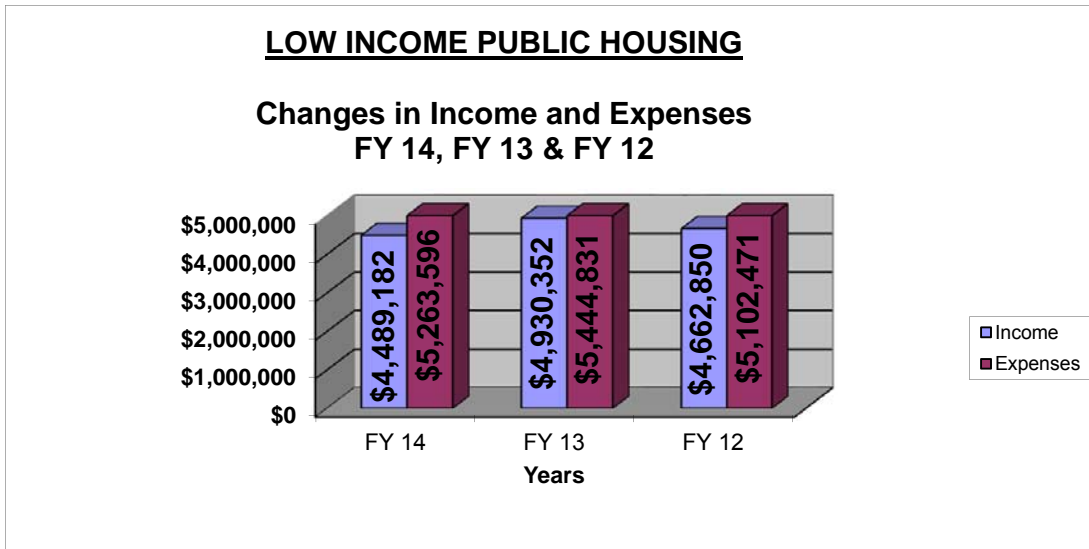
Housing Authority of the City of Vineland

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

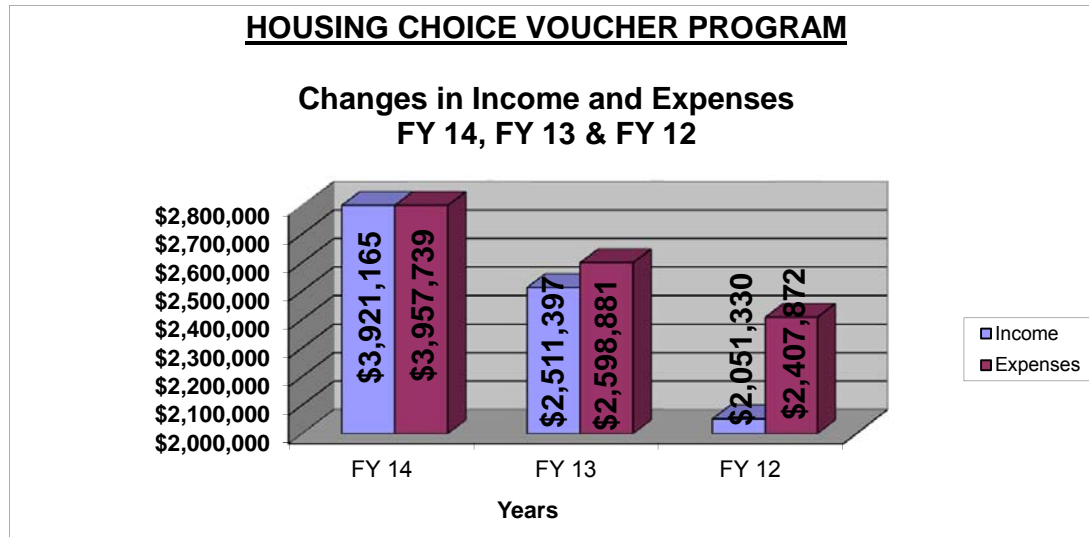
September 30, 2014

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

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



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



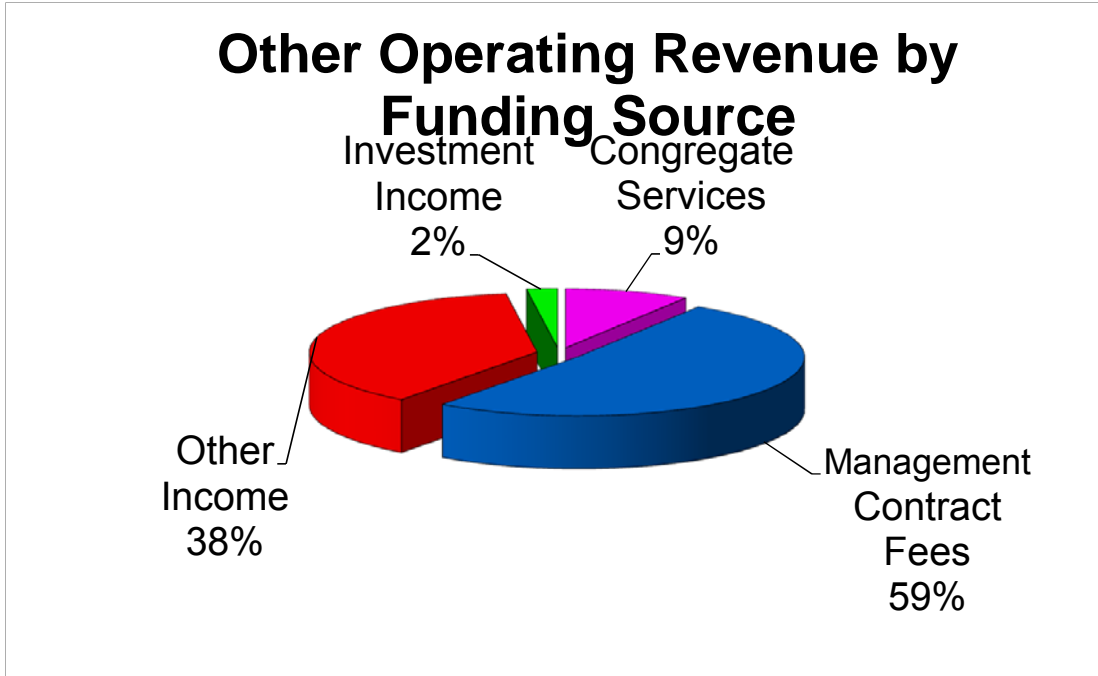
Housing Authority of the City of Vineland

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

September 30, 2014

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

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



The federal grants increased in 2014 from 2013 in the amount of \$1,024,671 primarily due to an increase in HAP funding due to the addition of 119 units of project based vouchers. The federal grants increased in 2013 from 2012 in the amount of \$625,995 primarily due to an increase in HAP funding. HUD had finished the recapture of Section 8 reserves during the year and funding resumed at normal levels.

Other Government Grants increased in 2014 from 2013 in the amount of \$16,501 and by \$1,003 from 2012 to 2013 due to increased funding by the State of New Jersey Congregate Service Program.

Tenant revenue decreased in 2014 from 2013 in the amount of \$23,935 as a result of a decrease in tenant earned income which is utilized to calculate the tenant's rent. Tenant revenue increased in 2013 from 2012 in the amount of \$57,477 as a result of an increase in tenant earned income.

Investment income decreased in 2014 from 2013 by \$15,152 and decreased in 2013 from 2012 by \$9,002, due primarily to a less favorable interest rate than in the past and a reduction in the amount invested.

Other income increased in 2014 from 2013 by \$185,225 due to an insurance recovery of \$190,271 and an increase in miscellaneous income of \$8,611 which was offset by a decrease in tower rental income of \$13,657. Other income decreased in 2013 from 2012 by \$22,156 primarily due to a decrease in fraud recovery and miscellaneous income.

Housing Authority of the City of Vineland

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

September 30, 2014

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

Administrative expenses increased in 2014 from 2013 by \$27,167 primarily due to cost of benefits increases. Administrative expenses increased in 2013 from 2012 by \$186,875 primarily due to salary increases/additional positions and cost of benefits increases, additional legal fees due to union negotiations, and an increase in computer expenses.

Tenant services increased in 2014 from 2013 by \$17,782 primarily due to an increase in salaries and benefits due to increased funding for the program. Tenant services increased in 2013 from 2012 by \$6,770 primarily due to an increase in salaries and benefits.

Utilities increased in 2014 from 2013 by \$71,869 primarily due to a cold winter and an increase in rates. Utilities decreased in 2013 from 2012 by \$3,122 primarily due to a mild winter.

Housing assistance payments increased in 2014 from 2013 by \$1,297,014 primarily due to 119 additional units of project based vouchers. Housing assistance payments increased in 2013 from 2012 by \$93,646 due to additional residents under contract due to increased funding.

Ordinary maintenance and operation expenses decreased in 2014 from 2013 by \$75,906 primarily due to a decrease in contract costs and increased in 2013 from 2012 by \$139,482 due to maintenance performed on the scattered sites.

There were no changes in protective services from 2013 to 2014. Protective services decreased in 2013 from 2012 by \$7,659 due to the cut back of contracted services for D'Orazio Terrace, Tarkiln Acres and Kidston Towers. The contracts ended in October 2012; therefore, one month of expense was incurred during year end 2012 and none in 2013.

General expenses increased in 2014 from 2013 by \$9,098 primarily due to an increase in bad debts of \$16,657 and general expenses of \$12,900 offset by decreases in PILOT of \$8,371 and compensated absences of \$12,088. General expenses increased in 2013 from 2012 by \$22,038 primarily due to an increase in accrued compensated absences.

Depreciation expense decreased in 2014 from 2013 by \$123,614 and decreased from 2013 to 2012 by \$16,438 primarily as a result of more capital assets being fully depreciated.

Insurance expense increased in 2014 from 2013 by \$2,147 due to yearly premium increases. Insurance expense increased in 2013 from 2012 by \$16,011 primarily due to an increase premiums due to fire claims.

Interest expense decreased in 2014 from 2013 by \$7,838 and decreased in 2013 from 2012 by \$7,258 due to the repayment of the capital leveraging bond. As the bond is repaid the interest expense incurred decreases.

Housing Authority of the City of Vineland

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

September 30, 2014

STATEMENTS OF NET POSITION

	2014	2013	2012
Current Assets	\$ 5,923,015	\$ 5,858,919	\$ 5,826,824
Non-current Restricted Assets	308,137	295,857	350,905
Property and Equipment, net	19,508,661	20,342,178	21,128,309
TOTAL ASSETS	25,739,813	26,496,954	27,306,038
Current Liabilities	1,031,721	905,653	874,972
Long-term Liabilities	3,172,558	3,371,689	3,560,271
TOTAL LIABILITIES	4,204,279	4,277,342	4,435,243
Net Investment in Capital Assets	15,907,940	16,736,252	17,518,309
Restricted Net Position	33,659	64,408	159,198
Unrestricted Net Position	5,593,935	5,418,952	5,193,288
NET POSITION	\$ 21,535,534	\$ 22,219,612	\$ 22,870,795

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

	2014	2013	2012
REVENUES:			
Federal grant awards	\$ 5,990,749	\$ 4,966,078	\$ 4,340,083
State and local grant awards	85,576	69,075	68,072
Tenant charges	2,465,488	2,489,423	2,431,946
Management contract fees	494,048	496,534	463,767
Investment income	20,995	36,147	45,149
Other income	317,631	132,406	154,562
TOTAL REVENUES	9,374,487	8,189,663	7,503,579
EXPENSES:			
Administrative	2,010,357	1,983,190	1,796,315
Tenant services	121,816	104,034	97,264
Utilities	1,073,240	1,001,371	1,004,493
Housing assistance payments	3,620,688	2,323,674	2,230,028
Ordinary maintenance and operation	1,330,273	1,406,179	1,266,697
Protective services	1,200	1,200	8,859
General expenses	221,595	212,497	190,459
Depreciation expense	1,333,114	1,456,728	1,473,166
Insurance	197,980	195,833	179,822
Interest	148,302	156,140	163,398
TOTAL EXPENSES	10,058,565	8,840,846	8,410,501
CHANGES IN NET POSITION	(684,078)	(651,183)	(906,922)
NET POSITION, BEGINNING	22,219,612	22,870,795	23,777,717
NET POSITION, ENDING	\$ 21,535,534	\$ 22,219,612	\$ 22,870,795

Housing Authority of the City of Vineland

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

September 30, 2014

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

The following table summarizes the changes in capital assets between September 30, 2014, 2013 and 2012:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Land	\$ 3,597,705	\$ 3,597,705	\$ 3,597,705
Building	44,629,905	44,358,017	43,949,900
Leasehold Improvements	-	-	-
Equipment	1,875,279	1,858,502	1,828,737
Construction-in-progress	<u>680,078</u>	<u>470,855</u>	<u>282,826</u>
Total	50,782,967	50,285,079	49,659,168
Accumulated Depreciation	<u>31,274,306</u>	<u>29,942,901</u>	<u>28,530,859</u>
Net Capital Assets	<u>\$ 19,508,661</u>	<u>\$ 20,342,178</u>	<u>\$ 21,128,309</u>

Debt:

As of September 30, 2014, the Authority had \$3,200,000 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, 2014.

- 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 Position
September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,063,805	\$ 5,484,082
Accounts receivable, net of allowance for doubtful accounts of \$4,025 in 2014 and \$4,636 in 2013	12,074	14,984
Due from HUD	84,816	155,622
Due from other governments	65,616	64,541
Due from Vineland Housing Solutions LLC, net of allowance of \$82,253 in 2014 and \$61,383 in 2013	40,513	61,383
Due from Vineland Housing Development Corporation	377,125	19,749
Due from Melrose Court Homes, LP	215,000	
Due from Melrose Court GP, LLC	1,000	
Prepaid expenses	63,066	58,558
Total current assets	<u>5,923,015</u>	<u>5,858,919</u>
Non-current restricted assets		
Cash and cash equivalents	<u>308,137</u>	<u>295,857</u>
Capital assets, net		
	<u>19,508,661</u>	<u>20,342,178</u>
	<u>\$ 25,739,813</u>	<u>\$ 26,496,954</u>
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses	\$ 228,511	\$ 170,831
Current portion of liability for compensated absences	62,520	57,230
Tenant funds on deposit	274,478	231,449
Due to other governments	140,837	149,207
Unearned revenue	49,704	22,918
Current portion of long-term debt	215,000	210,000
Accrued interest payable	60,671	64,018
Total current liabilities	<u>1,031,721</u>	<u>905,653</u>
Long-term liabilities		
Long-term debt, net of current portion	2,985,000	3,200,000
Liability for compensated absences, net of current portion	187,558	171,689
Total long-term liabilities	<u>3,172,558</u>	<u>3,371,689</u>
Total liabilities	<u>4,204,279</u>	<u>4,277,342</u>
Net position		
Net investment in capital assets	15,907,940	16,736,252
Restricted	33,659	64,408
Unrestricted	5,593,935	5,418,952
Total net position	<u>21,535,534</u>	<u>22,219,612</u>
	<u>\$ 25,739,813</u>	<u>\$ 26,496,954</u>

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

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HOUSING AUTHORITY OF THE CITY OF VINELAND
Statements of Revenue, Expenses, and Changes in Net Position
For the Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenue		
Federal grant awards	\$ 5,894,678	\$ 4,521,819
State and local grant awards	85,576	69,075
Tenant charges	2,465,488	2,489,423
Management contract fees	494,048	496,534
Other income	30,271	21,660
	<u>8,970,061</u>	<u>7,598,511</u>
Total operating revenue		
Operating expenses		
Administration	2,010,357	1,983,190
Tenant services	121,816	104,034
Utilities	1,073,240	1,001,371
Housing assistance payments	3,620,688	2,323,674
Ordinary maintenance and operation	1,330,273	1,406,179
Protective services	1,200	1,200
General expenses	221,595	212,497
Depreciation expense	1,333,114	1,456,728
Insurance	197,980	195,833
	<u>9,910,263</u>	<u>8,684,706</u>
Total operating expenses		
Operating loss	<u>(940,202)</u>	<u>(1,086,195)</u>
Non-operating revenue (expenses):		
Tower rental income	97,089	110,746
Capital grants	96,071	444,259
Investment income	20,995	36,147
Interest expense	(148,302)	(156,140)
Insurance recovery on capital assets, net of impairment loss	190,271	-
	<u>256,124</u>	<u>435,012</u>
Net non-operating revenue		
Decrease in net position	<u>(684,078)</u>	<u>(651,183)</u>
Net position at the beginning of the year	<u>22,219,612</u>	<u>22,870,795</u>
Net position at the end of the year	<u>\$ 21,535,534</u>	<u>\$ 22,219,612</u>

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

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HOUSING AUTHORITY OF THE CITY OF VINELAND
Statements of Cash Flows
For the Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Cash received from federal and state assistance programs	\$ 6,081,194	\$ 4,633,445
Cash received from tenants	2,500,713	2,530,839
Cash received from management contracts	500,339	515,957
Other operating cash receipts	30,271	21,660
Payments for goods and services	(3,475,216)	(3,498,091)
Payments to employees and for benefits	(1,415,284)	(1,436,685)
Payments to landlords for rent	(3,620,688)	(2,323,674)
Cash received from/(paid to) related organizations	(552,506)	12,846
Net cash provided by operating activities	<u>48,823</u>	<u>456,297</u>
Cash flows from non-capital financing activities		
Tower rental income	<u>97,089</u>	<u>110,746</u>
Net cash provided by non-capital financing activities	<u>97,089</u>	<u>110,746</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	(499,597)	(670,597)
Capital grants received	96,071	444,259
Principal payments on long-term debt	(210,000)	(200,000)
Interest payments on long-term debt	(151,649)	(159,244)
Insurance recovery on capital assets, net of impairment loss	<u>190,271</u>	<u> </u>
Net cash used in capital and related financing activities	<u>(574,904)</u>	<u>(585,582)</u>
Cash flows from investing activities		
Interest income received	<u>20,995</u>	<u>36,147</u>
Net cash provided by investing activities	<u>20,995</u>	<u>36,147</u>
Increase (decrease) in cash and cash equivalents	(407,997)	17,608
Cash and cash equivalents, beginning of year	<u>5,779,939</u>	<u>5,762,331</u>
Cash and cash equivalents, end of year	<u>\$ 5,371,942</u>	<u>\$ 5,779,939</u>

HOUSING AUTHORITY OF THE CITY OF VINELAND
Statements of Cash Flows (continued)
For the Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (940,202)	\$ (1,086,195)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	1,333,114	1,456,728
(Increase) decrease in assets		
Accounts receivable, net of allowance for doubtful accounts	2,910	(5,267)
Due from HUD	70,806	(15,713)
Due from other governments	(1,075)	77,687
Due from Vineland Housing Solutions LLC, net of allowance	20,870	(2,500)
Due from Vineland Housing Development Corporation	(357,376)	(14,049)
Due from Melrose Court Homes, LP	(215,000)	
Due from Melrose Court GP, LLC	(1,000)	
Prepaid expenses	(4,508)	403
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	57,680	(34,844)
Unearned revenue	26,786	6,942
Due to other governments	(8,370)	4,806
Liability for compensated absences	21,159	28,558
Tenant funds on deposit	43,029	39,741
	<u>\$ 48,823</u>	<u>\$ 456,297</u>
Net cash provided by operating activities		
Reconciliation of cash and cash equivalents to the statements of net position		
Cash and cash equivalents - unrestricted	\$ 5,063,805	\$ 5,484,082
Cash and cash equivalents - restricted	308,137	295,857
	<u>\$ 5,371,942</u>	<u>\$ 5,779,939</u>

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.

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

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

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

Based upon the application of these criteria, the Authority is a component unit of the City of Vineland. The Council and Mayor of the City of Vineland appoint six out of seven commissioners. These financial statements would be either blended or discretely presented as a part of the City's financial statements if the City reported using generally accepted accounting principles applicable to governmental entities.

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

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

As of September 30, 2014, based upon the application of these criteria, the Authority considers Vineland Housing Development Corporation (VHDC) to be a component unit because of the significance of their operational or financial relationships with the Authority. 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 rental units. The component unit's fiscal year covers the periods ending June 30, 2014 and 2013. 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, 2014, the activities of the Authority included the ownership and/or management or oversight management of the following programs 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 466 housing units to the Authority. This includes 347 units of tenant based rental assistance and 119 units of project based vouchers. Project based vouchers are currently available only to tenants of Oakview Apartments in Millville, New Jersey.

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 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.

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

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

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

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

Basis of presentation (continued)

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

Basis of accounting

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

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

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

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

Budgets and budgetary control

The Authority prepares an annual budget as required by N.J.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, 2014 and 2013 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.

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

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

Budgets and budgetary control (continued)

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.

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.

Capital assets

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

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

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

Capital assets (continued)

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.

Assets capitalized generally have an original cost of \$2,000 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 position

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 position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, 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 net investment in capital assets. Rather that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position 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 position – This component of net position consists of net position that do not meet the definitions of "restricted" or "net investment in capital assets."

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.

Operating and non-operating revenues and expenses

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. Housing Choice Voucher Program income is recognized based on amounts reported per HUD's Voucher Management System (VMS), with subsequent adjustments computed by HUD in accordance with current regulations. Adjustments made by HUD in periods subsequent to the fiscal year end are reflected in the financial statements when they become known and are not anticipated to be material in amount. Advance payments received for the subsequent fiscal year are recorded as unearned 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 unearned revenue.

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

Use of estimates

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

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

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

New accounting standards adopted

During the year ended September 30, 2014, the Authority adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB). Implementation of these statements had no material impact on the Authority's 2014 financial statements.

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 adopted (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 adopted (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 adopted (continued)

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

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

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

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

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

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

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

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

New accounting pronouncements to be implemented in the future – The Authority plans to implement the following pronouncements by the required implementation dates or earlier, when deemed feasible:

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 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 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.

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

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

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

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

Statement No. 72, Fair Value Measurement and Application

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

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

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

Note 3: CASH AND CASH EQUIVALENTSCash 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, 2014, the bank balances of \$5,762,387 and \$27 of the Authority and the component unit, respectively, were insured or collateralized as follows:

	<u>Authority</u>	<u>Component Unit</u>
Insured	\$ 572,918	\$ 27
Collateralized under GUDPA	5,189,469	-
Uninsured or uncollateralized	-	-
	<u>\$ 5,762,387</u>	<u>\$ 27</u>

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, 2014 and 2013.

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

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, to hold tenant security deposits, and for capital leveraging purposes. The Authority also established a restricted cash account to hold money the Authority has set aside for tenants participating in the Family Self-Sufficiency Program. The purpose of the program is to reduce dependency on housing assistance. Participants can withdraw monies from their account to pay for certain expenditures, including the purchase of a home.

The Authority's restricted cash is as follows:

	<u>September 30,</u>	
	<u>2014</u>	<u>2013</u>
Housing Assistance Payments	\$ 32,617	\$ 63,694
Tenant security deposits	185,007	189,771
Family Self-Sufficiency deposits	89,471	41,678
Capital leveraging	<u>1,042</u>	<u>714</u>
	<u>\$ 308,137</u>	<u>\$ 295,857</u>

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

Note 5: CAPITAL ASSETS

The Authority's capital asset activity for the years ended September 30, 2014 and 2013 was as follows:

	Balance September 30, 2013	Additions	Reductions	Balance September 30, 2014
Land	\$ 3,597,705			\$ 3,597,705
Buildings	44,358,017	\$ 271,888		44,629,905
Furniture, equipment & machinery - dwelling	393,768	1,467	\$ 2,081	393,154
Furniture, equipment & machinery – administration	1,464,734	19,565	2,174	1,482,125
Construction in progress	470,855	209,223		680,078
	50,285,079	502,143	4,255	50,782,967
Less accumulated depreciation	29,942,901	1,333,114	1,709	31,274,306
Capital assets, net	<u>\$ 20,342,178</u>	<u>\$ (830,971)</u>	<u>\$ 2,546</u>	<u>\$ 19,508,661</u>
	Balance September 30, 2012	Additions	Reductions	Balance September 30, 2013
Land	\$ 3,597,705			\$ 3,597,705
Buildings	43,949,900	\$ 408,117		44,358,017
Furniture, equipment & machinery – dwelling	349,686	44,082		393,768
Furniture, equipment & machinery - administration	1,479,051	30,369	\$ 44,686	1,464,734
Construction in progress	282,826	188,029		470,855
	49,659,168	670,597	44,686	50,285,079
Less accumulated depreciation	28,530,859	1,456,728	44,686	29,942,901
Capital assets, net	<u>\$ 21,128,309</u>	<u>\$ (786,131)</u>	<u>\$ 0</u>	<u>\$ 20,342,178</u>

During the fiscal year, there was various damage to Authority assets. Restoration work completed during 2014 totaled \$249,381 (net of insurance deductible) for water damage to Kidston Towers and fire damage at Parkview which was equal to the insurance reimbursement. The impairment loss for both projects was \$59,110 resulting in a gain from insurance recovery of \$190,271.

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 \$129,228, \$128,740, and \$127,735 for the years ended September 30, 2014, 2013, and 2012, 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, 2014, 2013, and 2012 totaled \$17,781, \$15,936, and \$11,138, 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, 2014, 2013, and 2012 was \$143,918, \$144,710, and \$147,734, respectively, which equaled the required contributions for that year. There were approximately 20 retired participants eligible at September 30, 2014, 2013, and 2012.

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,	
	2014	2013
Beginning balance	\$ 228,919	\$ 200,361
Increase	140,555	142,737
Decrease	(119,396)	(114,179)
Ending balance	\$ 250,078	\$ 228,919
Current portion	\$ 62,520	\$ 57,230

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, 2014 and 2013:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts due within the year
9/30/2014	\$ 3,410,000	\$ -	\$ (210,000)	\$ 3,200,000	\$ 215,000
9/30/2013	\$ 3,610,000	\$ -	\$ (200,000)	\$ 3,410,000	\$ 210,000

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

Year Ending September 30,	Principal	Interest	Total
2015	\$ 215,000	\$ 143,564	\$ 358,564
2016	225,000	134,298	359,298
2017	235,000	124,344	359,344
2018	250,000	113,844	363,844
2019	260,000	102,798	362,798
2020-2024	1,490,000	322,553	1,812,553
2025-2026	525,000	24,910	549,910
	\$ 3,200,000	\$ 966,311	\$ 4,166,311

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

Note 9: **COMMITMENTS**

As of September 30, 2014, the Authority had commitments to expend approximately \$233,842 for various capital improvements and related costs for the 2014, 2013, 2012, and 2011 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

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

Note 11: 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. 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 balance outstanding of the note, including the amount of the original note and additional funds advanced, at both September 30, 2014 and 2013 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 conjunction with the development of this project, the mortgages which secured this debt discussed above were discharged in November 2012.

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 has obtained low-income housing credits pursuant to Internal Revenue Code Section 42. See note 12 for subsequent events regarding this project.

To begin construction on the Melrose Court project, 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 (extended to December 31, 2013 and extended again to December 31, 2014 in June 2014). 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. The balance on this loan at September 30, 2014 and 2013 is \$292,124 and \$195,927, respectively.

In March 2012 and updated again in October 2013, the Authority approved a resolution to provide a construction loan and permanent financing of up to a \$2.1M. This loan will be treated as a second mortgage and will be paid for out of cash flow. The only draws on this obligation as of September 30, 2014 was related to the predevelopment loan discussed above.

In September 2013, the Authority approved the allocation of 17 project-based vouchers for the Melrose Court project.

For the Melrose Court project, there are several organizations which have been formed for the purposes of executing the project. Melrose Court Homes, LP (the "LP") is the fee owner of the development, formed July 29, 2013. Melrose Court GP, LLC (the "LLC") is a General Partner with a .01% ownership interest in the LP, formed in July 29, 2013. The LLC is owned 49% by the Authority and 51% by VHDC. The remaining ownership interest in the LP of 99.99% is held by an investor limited partner, VHDC.

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

Note 11: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY (continued)

The Authority has advanced amounts to VHDC to pay fees directly to the New Jersey Housing Mortgage Finance Agency ("NJHMFA") for the Melrose Court project. During the year ending September 30, 2014, the Authority advanced \$108,597 for this project. This obligation is expected to be transferred to Melrose Court.

There are amounts due from VHDC which represent financial transactions which occurred between July 1 and September 30 of the Authority's year ends. This is the period after VHDC's year-end. These amounts remain after VHDC's financials were blended with the Authority's financials. At September 30, 2014 and 2013, amounts are due from VHDC totaling \$377,125 and \$19,749, respectively. These represent amounts loaned to VHDC for the Melrose Court project and for operating purposes. \$364,350 was repaid within a month after the Authority's year-end.

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 year ended September 30, 2013, the Housing Authority of the City of Vineland advanced Vineland Housing Development Corporation \$2,000. Additionally, from time to time the Authority has paid expenses attributable to VHDC. The amount of outstanding advances and payments made for expenditures on behalf of VHDC by the Housing Authority of the City of Vineland at September 30, 2014 and 2013 totaled \$78,419 and \$72,170, respectively. As of the date of the preparation of the financial statements, no payments were made to the Authority on these amounts due.

Amounts due from the LP at September 30, 2014 totaling \$215,000 were loaned to the LP to open an escrow account. Amounts due from the LLC at September 30, 2014 totaling \$1,000 was loaned to the LLC for operations purposes.

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

Note 11: **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	\$ 126,368
Homeownership	PHA Owned Housing Program	23,770
ROSS Program	PHA Owned Housing Program	<u>6,123</u>
		<u>\$ 156,261</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	\$ (811,888)
PHA Owned Housing Program	VHDC	<u>(41,419)</u>
		<u>\$ (853,307)</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.

Note 12: **SUBSEQUENT EVENTS**

On October 1, 2014, the LP closed or settled on the loans with the NJHMFA to begin construction of the Melrose Court project and an Amended and Restated Partnership Agreement was executed. This process included, but was not limited to, finalizing construction and permanent loans and mortgages with the NJHMFA and the Authority, assignment of the predevelopment loan and construction to the LP from VHDC, and execution of management and developer's agreements. VHDC is named as developer, and the Authority is named as the managing agent. The ownership interest previously held by VHDC was transferred to Capital Bank on this date. The Authority and Corporation joint and severably, unconditionally and irrevocably guarantee all obligations.

HOUSING AUTHORITY OF THE CITY OF VINELAND

SUPPLEMENTARY INFORMATION

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

SEPTEMBER 30, 2014

37900										
VINELAND HOUSING AUTHORITY										
Financial Data Schedule										
Program Financials										
Year Ended September 30, 2014										
				SEC 8						
			TOTAL	STATE	& S8FSS	NEWHOP	VHDC	SPC	ROSS	FSS
111	Cash-Unrestricted	3,026,707	7,143	165,302	2,816,735	27			-	37,500
112	Cash-Restricted-Modernization and Development	-								
113	Cash-Other Restricted	70,131	1,042	69,089						
114	Cash-Tenant Security Deposits	-								
115	Cash-Restricted for Payment of Current Liabilities	-								
100	Total Cash	3,096,838	8,185	234,391	2,816,735	27		-	-	37,500
121	A/R-PHA Projects	-								
122	A/R-HUD Other Projects	29,007		2,109				6,177	20,721	
124	A/R-Other Government	19,690	18,422	1,268						
125	A/R-Miscellaneous	590,029		-	589,029	1,000				
126	A/R-Tenants	1,640		1,640						
126.1	Allowance for Doubtful Accounts-Tenants	(410)		(410)						
126.2	Allowance for Doubtful Accounts-Other	-		-						
127	Notes, Loans & Mortgages Receivable-Current	811,888			811,888					
128	Fraud Recovery	-		-						
128.1	Allowance for Doubtful Accounts-Fraud	-		-						
129	Accrued Interest Receivable	-								
120	Total Receivables, Net of Allowances	1,451,844	18,422	4,607	1,400,917	1,000		6,177	20,721	-
131	Investments-Unrestricted	-	-							
132	Investments-Restricted	-								
135	Investments-Restricted for Payment of Current Liability	-								
142	Prepaid Expenses and Other Assets	287		287						
143	Inventories	-								
143.1	Allowance for Obsolete Inventories	-								
144	Inter Program Due From	-								
145	Assets Held for Sale	-								
150	Total Current Assets	4,548,969	26,607	239,285	4,217,652	1,027		6,177	20,721	37,500
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	(71,829)		(71,829)						
167	Construction in Progress	680,078				680,078				
160	Total Capital Assets, Net of Accumulated Depreciation	931,826	-	-	-	931,826		-	-	-
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	931,826	-	-	-	931,826		-	-	-
190	Total Assets	5,480,795	26,607	239,285	4,217,652	932,853		6,177	20,721	37,500
200	Deferred Outflow of Resources	-	-	-	-	-		-	-	-
290	Total Assets and Deferred Outflow of Resources	5,480,795	26,607	239,285	4,217,652	932,853		6,177	20,721	37,500
311	Bank Overdraft	-								
312	Accounts Payable<=90 Days	18,527	2,621	-	-	9,729		6,177	-	
313	Accounts Payable>90 Days Past Due	-				-				
321	Accrued Wages/Payroll Taxes Payable	16,465	2,310	10,485					3,670	-
322	Accrued Compensation Absences-current portion	2,507	-	2,507						
324	Accrued Contingency Liability	-								
325	Accrued Interest Payable	-								
331	Accounts Payable-HUD PHA Programs	-								
332	Accounts Payable-PHA Projects	-								
333	Accounts Payable-Other Government	-								
341	Tenant Security Deposits	-								
342	Unearned Revenues	37,500	-	-						37,500
343	Current Portion of LT-Capital Projects/Mtg Rev. Bonds	400,721				400,721				
344	Current Portion of LT-Operating Borrowings	374,167				374,167				

37900										
VINELAND HOUSING AUTHORITY										
Financial Data Schedule										
Program Financials										
Year Ended September 30, 2014										
				SEC 8						
			TOTAL	STATE	& S8FSS	NEWHOP	VHDC	SPC	ROSS	FSS
345	Other Current Liabilities	114,891		36,472			78,419			
346	Accrued Liabilities-Other	-								
347	Inter Program -Due To	167,189	-	126,368	23,770				17,051	-
348	Loan Liability-Current	-							-	
310	Total Current Liabilities	1,131,967	4,931	175,832	23,770	863,036	6,177	20,721	37,500	
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	7,520	-	7,520						
355	Loan Liability - Non current	-								
356	FASB 5 Liabilities	-								
357	Accrued Pension and OPEB Liabilities	-	-	-						
350	Total Non-Current Liabilities	7,520	-	7,520	-	-	-	-	-	-
300	Total Liabilities	1,139,487	4,931	183,352	23,770	863,036	6,177	20,721	37,500	
400	Deferred Inflow of Resources	-	-	-	-	-	-	-	-	-
	Net Position									
508.1	Invested in Capital Assets, Net of Related Debt	531,105	-	-	-	531,105				-
511.1	Restricted Net Assets	33,659	1,042	32,617						
512.1	Unrestricted Net Assets	3,776,544	20,634	23,316	4,193,882	(461,288)				
513	Total Equity/Net Assets	4,341,308	21,676	55,933	4,193,882	69,817				
600	Total Liab., Deferred Inflow of Resources and Net Position	5,480,795	26,607	239,285	4,217,652	932,853	6,177	20,721	37,500	
		-	-	-	-	-				-
70300	Net Tenant Rental Revenue	-								
70400	Tenant Revenue-Other	-	-	-						
70500	Total Tenant Revenue	-	-	-	-	-				
70600	HUD PHA Operating Grants	4,050,593		3,895,840			6,177	76,556	72,020	
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	4,050,593	-	3,895,840	-	-	6,177	76,556	72,020	
70800	Other Government Grants	85,576	85,576	-						
71100	Investment Income-Unrestricted	14,204		438	13,766					
71200	Mortgage Interest Income	-								
71300	Proceeds from Disposition of Assets Held for Sales	-								
71310	Cost of Sale of Assets	-								
71400	Fraud Recovery	2,250		2,250						
71500	Other Revenue	41,641	19,506	22,135						
71600	Gain or Loss on Sale of Capital Assets	-								
72000	Investment Income-Restricted	503	1	502						
70000	Total Revenue	4,194,767	105,083	3,921,165	13,766	-	6,177	76,556	72,020	
91100	Administrative Salaries	218,267		119,075					52,727	46,465
91200	Auditing Fees	14,912		14,912						
91300	Management Fees	76,953		55,500	13,766				7,687	
91310	Bookkeeping Fees	34,688		34,688						
91400	Advertising and Marketing	1,064		1,064						
91500	Employee Benefits-Admin.	120,157		79,652					14,950	25,555
91600	Office Expense	483	454	29						
91700	Legal Expense	2,499		2,078			421			
91800	Travel	-		-						
91810	Allocated Overhead	-								
91900	Other	27,236	10,530	12,723		2,791			1,192	
91000	Total Operating-Admin	496,259	10,984	319,721	13,766	3,212			76,556	72,020
92000	Asset Management Fee	-								

37900										
VINELAND HOUSING AUTHORITY										
Financial Data Schedule										
Program Financials										
Year Ended September 30, 2014										
				SEC 8						
			TOTAL	STATE	& S8FSS	NEWHOP	VHDC	SPC	ROSS	FSS
92100	Tenant Services-Salaries	49,485	49,485							
92200	Relocation Costs	-								
92300	Employee Benefits	4,083	4,083							
92400	Tenant Services-Other	39,021	32,844					6,177		
92500	Total Tenant Services	92,589	86,412	-	-	-	-	6,177	-	-
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	5,935	4,267	1,668						
94300	Ordinary Maint. & Operations Contracts	3,302	161	891			2,250			
94500	Employee Benefits	-								
94000	Total Maintenance	9,237	4,428	2,559	-	-	2,250	-	-	-
95100	Protective Services-Labor	-								
95200	Protective Services-Other Contract Costs	-								
95300	Protective Services-Other	-								
95500	Employee Benefits	-								
95000	Total Protective Services	-	-	-	-	-	-	-	-	-
96110	Property Insurance	551					551			
96120	Liability Insurance	-					-			
96130	Workmen's Compensation	-								
96140	All Other Insurance	807					807			
96100	Total Insurance Premiums	1,358	-	-	-	-	1,358	-	-	-
96200	Other General Expenses	13,512		13,482			30			
96210	Compensated Absences	1,289	-	1,289						
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	14,801	-	14,771	-	-	30	-	-	-
96710	Interest of Mortgage (or Bonds) Payable	-								
96720	Interest on Notes Payable (Short and Long Term)	-								
96730	Amortization of Bond Issue Costs	-								
96700	Total Interest Expense and Amortization Cost	-	-	-	-	-	-	-	-	-
96900	Total Operating Expenses	614,244	101,824	337,051	13,766	6,850	6,177	76,556	72,020	
97000	Excess of Operating Revenue over Operating Expenses	3,580,523	3,259	3,584,114	-	(6,850)	-	-	-	
97100	Extraordinary Maintenance	-								
97200	Casualty Losses	-								
97300	Housing Assistance Payments	3,599,974		3,599,974						
97350	HAP Portability-In	20,714		20,714						
97400	Depreciation Expense	-								
97500	Fraud Losses	-								
97600	Capital Outlays-Governmental Funds	-								
97700	Debt Principal Payment-Governmental Funds	-								
97800	Dwelling Units Rent Expense	-								
90000	Total Expenses	4,234,932	101,824	3,957,739	13,766	6,850	6,177	76,556	72,020	
10010	Operating Transfer In	-								
10020	Operating Transfer Out	-	-							

37900											
VINELAND HOUSING AUTHORITY											
Financial Data Schedule											
Consolidated											
Year Ended September 30, 2014											
		Per FS	Eliminations	TOTAL	PH ONLY	AMP1	AMP2	AMP3	AMP4	COCC	PROGRAMS
111	Cash-Unrestricted	5,063,805	-	5,063,805	1,986,626	417,372	474,384	826,940	267,930	50,472	3,026,707
112	Cash-Restricted-Modernization and Development	-	-	-	-	-	-	-	-	-	-
113	Cash-Other Restricted	123,130	-	123,130	52,999	9,910	-	31,523	11,566	-	70,131
114	Cash-Tenant Security Deposits	185,007	-	185,007	185,007	33,107	51,017	61,702	39,181	-	-
115	Cash-Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-	-
100	Total Cash	5,371,942	-	5,371,942	2,224,632	460,389	525,401	920,165	318,677	50,472	3,096,838
121	A/R-PHA Projects	-	-	-	-	-	-	-	-	-	-
122	A/R-HUD Other Projects	84,816	-	84,816	55,809	7,917	25,426	13,746	8,720	-	29,007
124	A/R-Other Government	65,616	-	65,616	-	-	-	-	-	45,926	19,690
125	A/R-Miscellaneous	715,891	-	715,891	-	-	-	-	-	125,862	590,029
126	A/R-Tenants	16,099	-	16,099	14,459	1,703	747	5,631	6,378	-	1,640
126.1	Allowance for Doubtful Accounts-Tenants	(4,025)	-	(4,025)	(3,615)	(426)	(187)	(1,408)	(1,594)	-	(410)
126.2	Allowance for Doubtful Accounts-Other	(82,253)	-	(82,253)	-	-	-	-	-	(82,253)	-
127	Notes, Loans & Mortgages Receivable-Current	-	853,307	853,307	-	-	-	-	-	41,419	811,888
128	Fraud Recovery	-	-	-	-	-	-	-	-	-	-
128.1	Allowance for Doubtful Accounts-Fraud	-	-	-	-	-	-	-	-	-	-
129	Accrued Interest Receivable	-	-	-	-	-	-	-	-	-	-
120	Total Receivables, Net of Allowances	796,144	853,307	1,649,451	66,653	9,194	25,986	17,969	13,504	130,954	1,451,844
131	Investments-Unrestricted	-	-	-	-	-	-	-	-	-	-
132	Investments-Restricted	-	-	-	-	-	-	-	-	-	-
135	Investments-Restricted for Payment of Current Liability	-	-	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	63,066	-	63,066	51,927	9,105	16,285	14,375	12,162	10,852	287
143	Inventories	-	-	-	-	-	-	-	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	-
144	Inter Program Due From	-	310,338	310,338	-	-	-	-	-	310,338	-
145	Assets Held for Sale	-	-	-	-	-	-	-	-	-	-
150	Total Current Assets	6,231,152	1,163,645	7,394,797	2,343,212	478,688	567,672	952,509	344,343	502,616	4,548,969
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	44,629,905	-	44,629,905	41,003,226	8,102,097	13,418,919	16,202,214	3,279,996	3,626,679	-
163	Furniture, Equip & Mach-Dwelling	393,154	-	393,154	393,154	4,386	187,531	174,084	27,153	-	-
164	Furniture, Equip & Mach-Admin	1,482,125	-	1,482,125	730,726	289,431	14,152	409,116	18,027	679,570	71,829
165	Leasehold Improvements	-	-	-	-	-	-	-	-	-	-
166	Accumulated Depreciation	(31,274,306)	-	(31,274,306)	(28,472,832)	(6,273,170)	(9,653,464)	(10,244,233)	(2,301,965)	(2,729,645)	(71,829)
167	Construction in Progress	680,078	-	680,078	-	-	-	-	-	-	680,078
160	Total Capital Assets, Net of Accumulated Depreciation	19,508,661	-	19,508,661	16,617,473	2,204,337	4,237,543	6,747,291	3,428,302	1,959,362	931,826
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	19,508,661	-	19,508,661	16,617,473	2,204,337	4,237,543	6,747,291	3,428,302	1,959,362	931,826
190	Total Assets	25,739,813	1,163,645	26,903,458	18,960,685	2,683,025	4,805,215	7,699,800	3,772,645	2,461,978	5,480,795
200	Deferred Outflow of Resources	-	-	-	-	-	-	-	-	-	-
290	Total Assets and Deferred Outflow of Resources	25,739,813	1,163,645	26,903,458	18,960,685	2,683,025	4,805,215	7,699,800	3,772,645	2,461,978	5,480,795
311	Bank Overdraft	-	-	-	-	-	-	-	-	-	-
312	Accounts Payable<=90 Days	142,164	-	142,164	88,399	18,873	23,516	31,004	15,006	35,238	18,527
313	Accounts Payable>90 Days Past Due	-	-	-	-	-	-	-	-	-	-
321	Accrued Wages/Payroll Taxes Payable	86,347	-	86,347	28,899	9,906	7,350	8,195	3,448	40,983	16,465
322	Accrued Compensation Absences-current portion	62,520	-	62,520	29,695	5,003	11,249	11,546	1,897	30,318	2,507
324	Accrued Contingency Liability	-	-	-	-	-	-	-	-	-	-
325	Accrued Interest Payable	60,671	-	60,671	60,671	-	3,228	57,443	-	-	-
331	Accounts Payable-HUD PHA Programs	-	-	-	-	-	-	-	-	-	-
332	Accounts Payable-PHA Projects	-	-	-	-	-	-	-	-	-	-
333	Accounts Payable-Other Government	140,837	-	140,837	140,837	20,039	37,666	40,916	42,216	-	-
341	Tenant Security Deposits	185,007	-	185,007	185,007	33,107	51,017	61,702	39,181	-	-
342	Unearned Revenues	49,704	-	49,704	12,204	2,118	4,478	3,993	1,615	-	37,500
343	Current Portion of LT-Capital Projects/Mtg Rev. Bonds	215,000	400,721	615,721	215,000	-	11,438	203,562	-	-	400,721
344	Current Portion of LT-Operating Borrowings	-	374,167	374,167	-	-	-	-	-	-	374,167
345	Other Current Liabilities	89,471	78,419	167,890	52,999	9,910	-	31,523	11,566	-	114,891
346	Accrued Liabilities-Other	-	-	-	-	-	-	-	-	-	-
347	Inter Program -Due To	-	310,338	310,338	143,149	42,004	26,309	62,510	12,326	-	167,189
348	Loan Liability-Current	-	-	-	-	-	-	-	-	-	-
310	Total Current Liabilities	1,031,721	1,163,645	2,195,366	956,860	140,960	176,251	512,394	127,255	106,539	1,131,967
351	LT Debt, Net of Current -Capital Projects/Mtg Rev.	2,985,000	-	2,985,000	2,985,000	-	158,850	2,826,150	-	-	-
352	LT Debt, Net of Current -Operating Borrowings	-	-	-	-	-	-	-	-	-	-
353	Non-current Liabilities-Other	-	-	-	-	-	-	-	-	-	-
354	Accrued Compensated Absences-Non current	187,558	-	187,558	89,085	15,009	33,746	34,639	5,691	90,953	7,520
355	Loan Liability - Non current	-	-	-	-	-	-	-	-	-	-
356	FASB 5 Liabilities	-	-	-	-	-	-	-	-	-	-
357	Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-	-	-	-
350	Total Non-Current Liabilities	3,172,558	-	3,172,558	3,074,085	15,009	192,596	2,860,789	5,691	90,953	7,520

37900											
VINELAND HOUSING AUTHORITY											
Financial Data Schedule											
Consolidated											
Year Ended September 30, 2014											
		Per FS	Eliminations	TOTAL	PH ONLY	AMP1	AMP2	AMP3	AMP4	COCC	PROGRAMS
300	Total Liabilities	4,204,279	1,163,645	5,367,924	4,030,945	155,969	368,847	3,373,183	132,946	197,492	1,139,487
400	Deferred Inflow of Resources	-	-	-	-	-	-	-	-	-	-
	Net Position	-	-	-	-	-	-	-	-	-	-
508.4	Net Investment in Capital Assets	15,907,940		15,907,940	13,417,473	2,204,337	4,067,255	3,717,579	3,428,302	1,959,362	531,105
511.4	Restricted Net Position	33,659		33,659	-	-	-	-	-	-	33,659
512.4	Unrestricted Net Position	5,593,935		5,593,935	1,512,267	322,719	369,113	609,038	211,397	305,124	3,776,544
513	Total Net Position	21,535,534	-	21,535,534	14,929,740	2,527,056	4,436,368	4,326,617	3,639,699	2,264,486	4,341,308
600	Total Liab., Deferred Inflow of Resources and Net Pos	25,739,813	1,163,645	26,903,458	18,960,685	2,683,025	4,805,215	7,699,800	3,772,645	2,461,978	5,480,795
70300	Net Tenant Rental Revenue	2,391,430		2,391,430	2,391,430	436,623	686,183	809,724	458,900	-	-
70400	Tenant Revenue-Other	51,745		51,745	51,745	4,496	18,455	19,640	9,154	-	-
70500	Total Tenant Revenue	2,443,175	-	2,443,175	2,443,175	441,119	704,638	829,364	468,054	-	-
70600	HUD PHA Operating Grants	5,894,678		5,894,678	1,844,085	388,715	489,444	898,242	67,684	-	4,050,593
70610	Capital Grants	96,071		96,071	96,071	13,491	45,307	22,571	14,702	-	-
70710	Management Fee	-	556,066	556,066	-	-	-	-	-	556,066	-
70720	Asset Management Fee	-	72,000	72,000	-	-	-	-	-	72,000	-
70730	Bookkeeping Fee	-	88,688	88,688	-	-	-	-	-	88,688	-
70740	Front Line Service Fee	-	-	-	-	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-	-	-	-	-
70700	Total Fee Revenue	5,990,749	716,754	6,707,503	1,940,156	402,206	534,751	920,813	82,386	716,754	4,050,593
70800	Other Government Grants	85,576		85,576	-	-	-	-	-	-	85,576
71100	Investment Income-Unrestricted	20,492		20,492	71	7	2	62	-	6,217	14,204
71200	Mortgage Interest Income	-		-	-	-	-	-	-	-	-
71300	Proceeds from Disposition of Assets Held for Sales	-		-	-	-	-	-	-	-	-
71310	Cost of Sale of Assets	-		-	-	-	-	-	-	-	-
71400	Fraud Recovery	2,806		2,806	556	556	-	-	-	-	2,250
71500	Other Revenue	641,381	72,000	713,381	105,690	402	102,103	3,185	-	566,050	41,641
71600	Gain or Loss on Sale of Capital Assets	(466)		(466)	(466)	-	(466)	-	-	-	-
72000	Investment Income-Restricted	503		503	-	-	-	-	-	-	503
70000	Total Revenue	9,184,216	788,754	9,972,970	4,489,182	844,290	1,341,028	1,753,424	550,440	1,289,021	4,194,767
91100	Administrative Salaries	1,053,165		1,053,165	240,615	65,434	64,439	79,398	31,344	594,283	218,267
91200	Auditing Fees	46,600		46,600	31,222	6,524	10,485	10,485	3,728	466	14,912
91300	Management Fees	-	556,066	556,066	479,113	100,292	160,871	160,938	57,012	-	76,953
91310	Bookkeeping Fees	-	88,688	88,688	54,000	11,250	18,270	18,000	6,480	-	34,688
91400	Advertising and Marketing	1,805		1,805	-	-	-	-	-	741	1,064
91500	Employee Benefits-Admin.	581,902		581,902	154,289	42,000	40,964	50,967	20,358	307,456	120,157
91600	Office Expense	5,076		5,076	239	50	81	79	29	4,354	483
91700	Legal Expense	31,637		31,637	9,663	1,580	1,582	2,882	3,619	19,475	2,499
91800	Travel	2,409		2,409	-	-	-	-	-	2,409	-
91810	Allocated Overhead	-		-	-	-	-	-	-	-	-
91900	Other	287,763	27,000	314,763	90,840	16,099	30,317	29,954	14,470	196,687	27,236
91000	Total Operating-Admin	2,010,357	671,754	2,682,111	1,059,981	243,229	327,009	352,703	137,040	1,125,871	496,259
92000	Asset Management Fee	-	72,000	72,000	72,000	15,000	24,360	24,000	8,640	-	-
92100	Tenant Services-Salaries	49,485		49,485	-	-	-	-	-	-	49,485
92200	Relocation Costs	-		-	-	-	-	-	-	-	-
92300	Employee Benefits	4,083		4,083	-	-	-	-	-	-	4,083
92400	Tenant Services-Other	68,248		68,248	29,227	5,477	1,130	16,162	6,458	-	39,021
92500	Total Tenant Services	121,816	72,000	193,816	101,227	20,477	25,490	40,162	15,098	-	92,589
93100	Water	73,593		73,593	72,461	14,688	20,637	23,920	13,216	1,132	-
93200	Electricity	563,380		563,380	536,238	156,309	115,147	264,324	458	27,142	-
93300	Gas	215,581		215,581	207,438	25,406	120,858	60,719	455	8,143	-
93400	Fuel	-		-	-	-	-	-	-	-	-
93500	Labor	-		-	-	-	-	-	-	-	-
93600	Sewer	205,620		205,620	203,602	44,330	71,340	71,241	16,691	2,018	-
93700	Employee Benefits	-		-	-	-	-	-	-	-	-
93800	Other Utilities	15,066		15,066	15,066	-	-	-	15,066	-	-
93000	Total Utilities	1,073,240	-	1,073,240	1,034,805	240,733	327,982	420,204	45,886	38,435	-
94100	Ordinary Maint & Operations-Labor	397,824		397,824	397,824	73,668	136,814	126,747	60,595	-	-
94200	Ordinary Maint. & Operations-Materials	231,879		231,879	223,586	35,350	59,687	93,826	34,723	2,358	5,935
94300	Ordinary Maint. & Operations Contracts	445,945	45,000	490,945	461,969	76,763	142,028	143,807	99,371	25,674	3,302
94500	Employee Benefits	254,625		254,625	254,625	46,478	88,110	80,628	39,409	-	-
94000	Total Maintenance	1,330,273	45,000	1,375,273	1,338,004	232,259	426,639	445,008	234,098	28,032	9,237
95100	Protective Services-Labor	-		-	-	-	-	-	-	-	-
95200	Protective Services-Other Contract Costs	1,200		1,200	1,200	-	1,200	-	-	-	-
95300	Protective Services-Other	-		-	-	-	-	-	-	-	-
95500	Employee Benefits	-		-	-	-	-	-	-	-	-
95000	Total Protective Services	1,200	-	1,200	1,200	-	1,200	-	-	-	-

HOUSING AUTHORITY OF THE CITY OF VINELAND

PART II - SINGLE AUDIT SECTION

SEPTEMBER 30, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Commissioners
Housing Authority of the City of Vineland

Report on Compliance for Each Major Federal Program

We have audited the compliance of the Housing Authority of the City of Vineland with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014. The Authority's federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Housing Authority of the City of Vineland's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Bureau of Authority Regulation, Division of Local Government Services, Department of Community Affairs, State of New Jersey; 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 Housing Authority of the City of Vineland's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the City of Vineland complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Report on 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 types of compliance requirements referred to above. In planning and performing our audit, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Woodbury, New Jersey
June 9, 2015

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HOUSING AUTHORITY OF THE CITY OF VINELAND
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2014

<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>\$ 3,895,840</u>
Public and Indian Housing Program	14.850a	<u>1,212,208</u>
Resident Opportunity and Supportive Services - Service Coordinators	14.870	<u>76,556</u>
Public Housing Family Self-Sufficiency under Resident Opportunity and Supportive Services	14.877	<u>72,020</u>
Public Housing - Capital Fund Program	14.872	<u>727,947</u>
Shelter Plus Care	14.238	<u>6,177</u>
Total expenditures of federal awards		<u><u>\$ 5,990,748</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.

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) of \$6,082 for fiscal year 2013 and no amounts for 2013 for housing assistance payments were included. 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 \$85,576 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: PHA'S STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS

There were no Modernization Cost Certificates filed by the Housing Authority in 2014.

HOUSING AUTHORITY OF THE CITY OF VINELAND
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

Section 1 – Summary of Auditor’s Results

Financial Statement Section

A. Type of auditor’s report issued:	Unmodified
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?	Yes
F. Type of auditor’s report on compliance for major programs:	Unmodified
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, 2014**

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 noted.

**HOUSING AUTHORITY OF THE CITY OF VINELAND
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014**

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 noted.

**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

None noted.

FEDERAL AWARDS

None noted.

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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