



**HOUSING AUTHORITY OF THE  
CITY OF VINELAND**

**REPORT OF AUDIT**

**FOR THE FISCAL YEARS ENDED  
SEPTEMBER 30, 2016 AND 2015**

**HOUSING AUTHORITY OF THE CITY OF VINELAND**

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**September 30, 2016 and 2015**

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**HOUSING AUTHORITY OF THE CITY OF VINELAND**

**PART I - FINANCIAL SECTION**

**FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

## **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 fiscal years ended September 30, 2016 and 2015, 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 control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **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, 2016 and 2015, and the changes in its financial position and its cash flows thereof for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Financial Data Schedule 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Financial Data Schedule as required by the U.S. Department of Housing and Urban Development are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Financial Data Schedule 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 8, 2017 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 8, 2017

**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 fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated June 8, 2017. 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 of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

**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 8, 2017



**Housing Authority of the City of Vineland**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED**  
**September 30, 2016**

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 fiscal year ended September 30, 2016. 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, 2016 by \$16,410,900 (net position).
- The Authority received federal awards of \$6,026,416 for the fiscal year ended September 30, 2016.

**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, non-capital financing, and capital and related financial activities.

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

Current assets decreased by \$400,940 in 2016 primarily due to a decrease in cash of \$783,292, a decrease in insurance claims receivable of \$167,907 which were collected, the write-off of uncollectible accounts of \$19,475, offset by an increase in tenant receivables of \$6,212, an increase in development fees receivable from Melrose Court Homes, LP of \$506,881, an increase in HUD receivables of \$44,214, an increase in other government receivables of \$8,716, an increase in miscellaneous receivable of \$2,639 and an increase in prepaids of \$1,072.

Current assets decreased by \$251,245 in 2015 primarily due to the receipt of loans to other entities of \$378,125, the receipt of other government receivable of \$50,014, the increase in the allowance for doubtful accounts of \$21,037, the reclassifications of loans of \$215,000 to Melrose Court Homes, LP to Other Assets, offset by increases in tenant receivables of \$8,952, increases in HUD receivables of \$48,546, increases in insurance claims receivable of \$167,907, increases in other receivables of \$84, increases in prepaid expenses of \$6,505 and increases in cash of \$180,938.

Non-current restricted assets increased in 2016 by \$35,328 due to an increase in security deposits and escrows and decreased in 2015 from 2014 by \$5,912 primarily due to a decrease in escrows.

Capital Assets, net, decreased in 2016 from 2015 by \$692,188 due to capital improvements and equipment purchases of \$434,731 which is offset by depreciation of \$1,126,919. Capital Assets, net, decreased in 2015 from 2014 by \$1,842,047 due to capital improvements and equipment purchases of \$286,688 which is offset by depreciation of \$1,221,658 and reductions of \$907,078 consisting of losses on disposal of fixed assets of \$470,865, reimbursements of construction in progress of \$408,851 for the Melrose project and \$27,364 from an impairment loss on the 1091 S. Mill Road property.

**Housing Authority of the City of Vineland**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)**  
**September 30, 2016**

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

Other Assets increased by \$854,278 from 2015 to 2016 due to additional loans to Melrose Court Homes, LP.

Other Assets increased by \$896,185 from 2014 to 2015 due to initial loans to Melrose Court Homes, LP.

Deferred Outflows of Resources increased by \$790,629 from 2015 to 2016 and by \$762,040 from 2014 to 2015 due to the required GASB 68 pension accrual.

Current liabilities increased in 2016 from 2015 by \$90,415 primarily due to an increase in accounts payable of \$93,376 due to the pension accrual, an increase in due to other governments of \$11,217, an increase in tenant funds on deposit of \$4,338 and an increase in the current portion of long-term debt of \$10,000, offset by a decrease in the current portion of accrued compensated absences of \$1,375, a decrease in interest payable of \$4,102 and a decrease in unearned revenue of \$23,039.

Current liabilities increased in 2015 from 2014 by \$130,151 primarily due to an increase in accounts payable of \$210,034 due to the pension accrual and accrued consulting fees, an increase in due to other governments of \$4,272, an increase in unearned revenue of \$4,601 and an increase in the current portion of long-term debt of \$10,000, offset by a decrease in the current portion of accrued compensated absences of \$8,918, a decrease in interest payable of \$3,711 and a decrease in tenant funds on deposit of \$86,127.

Long-term liabilities increased in 2016 from 2015 by \$873,377 primarily due to the required GASB 68 pension liability accrual of \$1,068,541 and an increase in tenant funds on deposit of \$44,547 offset by a decrease in long-term debt of \$235,000 and a decrease in accrued compensated absences of \$4,124.

Long-term liabilities increased in 2015 from 2014 by \$4,030,465 primarily due to the required GASB 68 pension liability accrual of \$4,182,747 and an increase in tenant funds on deposit of \$99,470 offset by a decrease in long-term debt of \$225,000 and a decrease in accrued compensated absences of \$26,752.

New for recent years is the adjustment required by Government Accounting Standards Board (GASB) Statement No. 68 Accounting and Financial Reporting for Pensions as required by Generally Accepted Accounting Principles for government entities. Under the provisions of GASB 68, the Authority must include its proportionate share of the net pension liability of the Public Employees' Retirement System (PERS). In 2016, the Authority was required to report \$1,552,669 of deferred outflows of resources, \$146,354 of deferred inflows of resources and the pension liability of \$5,211,619.

The federal grants decreased in 2016 from 2015 in the amount of \$170,273 primarily due to a decrease in capital funds of \$186,470 and a decrease in operating subsidy of \$11,111 offset by an increase in other grant revenue of \$14,790 and an increase in HAP of \$12,518.

The federal grants increased in 2015 from 2014 in the amount of \$205,940 primarily due to an increase in capital funding of \$172,955, an increase in operating subsidy of \$10,185 and an increase in HAP of \$22,800.

Other Government Grants decreased in 2016 from 2015 by \$3,465 due to decreased funding by the State of New Jersey but increased in 2015 from 2014 in the amount of \$16,158 due to an increase in funding by the State of New Jersey Congregate Service Program.

**Housing Authority of the City of Vineland**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)**  
**September 30, 2016**

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

Tenant revenue decreased in 2016 from 2015 in the amount of \$25,158 as a result of tenant turnover and units offline.

Tenant revenue increased in 2015 from 2014 in the amount of \$56,821 as a result of an increase in tenant earned income.

Management contract fees decreased in 2016 from 2015 in the amount of \$54,226 as a result of the termination of services provided to the Glassboro Housing Authority which overlapped year ends and the termination of IT services to various authorities.

Management contract fees decreased in 2015 from 2014 in the amount of \$379,601 as a result of the termination of services provided to the Glassboro Housing Authority.

Investment income decreased in 2016 from 2015 by \$5,880 and by \$2,750 in 2015 from 2014 due primarily to a less favorable interest rate than in the past and a reduction in the amount invested.

Other income increased in 2016 from 2015 by \$266,864 primarily due to an increase in development fees of \$428,462, an increase in miscellaneous income of \$9,687, offset by a decrease in insurance recovery income of \$144,463, and a decrease in tower rental income of \$26,822.

Other income increased in 2015 from 2014 by \$46,019 due to an increase in development fees of \$78,269, increase in tower rental income of \$7,794, an increase in miscellaneous income of \$5,764, offset by a decrease in insurance recovery income of \$45,808.

Administrative expenses decreased in 2016 from 2015 by \$171,202 primarily due to a decrease in salaries of \$162,998.

Administrative expenses increased in 2015 from 2014 by \$145,108 primarily due to an increase in employee benefits of \$114,964 due to increased pension costs, an increase in consultant expenses of \$133,338, offset by a decrease in salaries of \$103,670.

Tenant services increased in 2016 from 2015 by \$18,739 primarily due to an increase in escrow payments related to the FSS program of \$30,462 and program food costs of \$6,809. This was offset by a decrease in tenant service contract costs of \$18,808.

Tenant services increased in 2015 from 2014 by \$28,938 primarily due to an increase in meal costs of \$7,777 and an increase in Shelter Plus Care program expenses of \$25,790 offset by a decrease in FSS escrows of \$4,308.00

Utilities decreased in 2016 from 2015 by \$116,675 primarily due to mild temperatures all year resulting in lower electric and gas consumption. Utilities decreased in 2015 from 2014 by \$2,780 primarily due to a mild winter.

Housing assistance payments decreased in 2016 from 2015 by \$13,017 primarily due to fewer residents under contract. The same was true for the decrease in 2015 from 2014 of \$32,971.

**Housing Authority of the City of Vineland**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)**  
**September 30, 2016**

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

Ordinary maintenance and operation expenses increased in 2016 from 2015 by \$84,028 due to an increase in employee benefit costs of \$111,166 and an increase in material costs of \$61,310 offset by a decrease in salaries of \$52,729 and a decrease in contract costs of \$35,719. Employee benefits increased due to rising health care and pension costs.

Ordinary maintenance and operation expenses decreased in 2015 from 2014 by \$49,047 due to a decrease in material costs of \$63,459, a decrease in contract costs of \$24,126, a decrease in salaries of \$30,203 offset by an increase in employee benefits of \$68,741 due to increased pensions costs.

There were no changes in protective services from 2015 to 2016 or from 2014 to 2015.

General expenses decreased by \$436,056 primarily due to an expense of \$470,895 in 2015 that was not repeated in 2016 offset by an increase in compensated absences expense of \$22,463 and increase in PILOT of \$11,217. General expenses increased in 2015 from 2014 by \$493,725 primarily due to the expensing of construction in progress costs of \$470,865 which were not going to be recovered and therefore written off. These costs were incurred on property owed by the VHDC.

Depreciation expense decreased in 2016 from 2015 by \$94,738 primarily as a result of more capital assets being fully depreciated. The same was true for the decrease in 2015 from 2014 of \$111,456.

Insurance expense increased in 2016 from 2015 by \$5,790 due to yearly premium increases. The same is true for the increase in 2015 from 2014 of \$10,934.

Interest expense decreased in 2016 from 2015 by \$9,656 due to the repayment of the capital leveraging bond.

Interest expense decreased in 2015 from 2014 by \$8,450 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, 2016**

**STATEMENTS OF NET POSITION**

	<u>2016</u>	<u>Restated 2015</u>	<u>2014</u>
Current Assets	\$ 5,270,830	\$ 5,671,770	\$ 5,923,015
Non-current Restricted Assets	337,553	302,225	308,137
Capital Assets, net	16,974,426	17,666,614	19,508,661
Other Assets	1,750,463	896,185	-
Total Assets	<u>24,333,272</u>	<u>24,536,794</u>	<u>25,739,813</u>
Deferred Outflows of Resources	<u>1,552,669</u>	<u>762,040</u>	<u>-</u>
Current Liabilities	1,252,287	1,161,872	1,031,721
Long-term Liabilities	8,076,400	7,203,023	3,172,558
Total Liabilities	<u>9,328,687</u>	<u>8,364,895</u>	<u>4,204,279</u>
Deferred Inflows of Resources	<u>146,354</u>	<u>74,544</u>	<u>-</u>
Net Investment in Capital Assets	14,214,426	14,681,614	15,907,940
Restricted Net Position	-	14,024	33,659
Unrestricted Net Position	<u>2,196,474</u>	<u>2,163,757</u>	<u>5,593,935</u>
NET POSITION	<u>\$ 16,410,900</u>	<u>\$ 16,859,395</u>	<u>\$ 21,535,534</u>

**STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**

	<u>2016</u>	<u>Restated 2015</u>	<u>2014</u>
REVENUES:			
Federal grant awards	\$ 6,026,416	\$ 6,196,689	\$ 5,990,749
State and local grant awards	98,269	101,734	85,576
Tenant charges	2,497,151	2,522,309	2,465,488
Management contract fees	60,221	114,447	494,048
Investment income	12,365	18,245	20,995
Other income	<u>630,514</u>	<u>363,650</u>	<u>317,631</u>
TOTAL REVENUES	9,324,936	9,317,074	9,374,487
EXPENSES:			
Administrative	1,995,737	2,155,465	2,010,357
Tenant services	169,493	150,754	121,816
Utilities	953,785	1,070,460	1,073,240
Housing assistance payments	3,574,700	3,587,717	3,620,688
Ordinary maintenance and operation	1,365,253	1,281,226	1,330,273
Protective services	1,200	1,200	1,200
General expenses	241,443	679,817	221,595
Depreciation expense	1,126,919	1,221,658	1,333,114
Insurance	214,705	208,914	197,980
Interest	<u>130,196</u>	<u>139,852</u>	<u>148,302</u>
TOTAL EXPENSES	<u>9,773,431</u>	<u>10,497,063</u>	<u>10,058,565</u>
CHANGES IN NET POSITION	(448,495)	(1,179,989)	(684,078)
NET POSITION, BEGINNING	16,859,395	21,535,534	22,219,612
PRIOR PERIOD ADJUSTMENT	-	(3,496,150)	-
NET POSITION, ENDING	<u>\$ 16,410,900</u>	<u>\$ 16,859,395</u>	<u>\$ 21,535,534</u>

**Housing Authority of the City of Vineland**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)**  
**September 30, 2016**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets:*

The following table summarizes the changes in capital assets between September 30, 2016, 2015 and 2014:

	<u>2016</u>	<u>Restated 2015</u>	<u>2014</u>
Land	\$ 3,398,069	\$ 3,398,069	\$ 3,597,705
Building	45,172,656	44,869,305	44,629,905
Equipment	1,971,213	1,841,842	1,875,279
Construction-in-progress	-	-	680,078
<b>Total</b>	<b>50,541,938</b>	<b>50,109,216</b>	<b>50,782,967</b>
Accumulated Depreciation	<u>33,567,512</u>	<u>32,442,602</u>	<u>31,274,306</u>
Net Capital Assets	<u>\$ 16,974,426</u>	<u>\$ 17,666,614</u>	<u>\$ 19,508,661</u>

*Debt:*

As of September 30, 2016, the Authority had \$2,760,000 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, 2016.

- 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, 2016 and 2015**

	<u>2016</u>	<u>Restated 2015</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 4,461,451	\$ 5,244,743
Accounts receivable, net of allowance for doubtful accounts of \$9,080 in 2016 and \$7,009 in 2015	27,238	21,026
Development fee receivable	506,881	-
Due from HUD	177,576	133,362
Due from other governments	24,318	15,602
Due from insurance company	-	167,907
Due from Vineland Housing Solutions LLC, net of allowance of \$0 in 2016 and \$103,290 in 2015	-	19,475
Other receivables	2,723	84
Prepaid expenses	70,643	69,571
	5,270,830	5,671,770
Non-current restricted assets		
Cash and cash equivalents	337,553	302,225
	16,974,426	17,666,614
Capital assets, net		
Due from Melrose Court Homes, LP	1,750,463	896,185
	\$ 24,333,272	\$ 24,536,794
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Related to pensions	\$ 1,552,669	\$ 762,040

(continued)

**HOUSING AUTHORITY OF THE CITY OF VINELAND**  
**Statements of Net Position (continued)**  
**September 30, 2016 and 2015**

	<u>2016</u>	<u>Restated 2015</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 531,921	\$ 438,545
Current portion of liability for compensated absences	52,227	53,602
Tenant funds on deposit	192,689	188,351
Due to other governments	156,326	145,109
Unearned revenue	31,266	54,305
Current portion of long-term debt	235,000	225,000
Accrued interest payable	52,858	56,960
Total current liabilities	1,252,287	1,161,872
Long-term liabilities		
Pension liability	5,211,619	4,143,078
Pension liability - contributions subsequent to measurement date	39,082	39,669
Long-term debt, net of current portion	2,525,000	2,760,000
Liability for compensated absences, net of current portion	156,682	160,806
Tenant funds on deposit	144,017	99,470
Total long-term liabilities	8,076,400	7,203,023
Total liabilities	\$ 9,328,687	\$ 8,364,895
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Related to pensions	\$ 146,354	\$ 74,544
<b>NET POSITION</b>		
Net investment in capital assets	\$ 14,214,426	\$ 14,681,614
Restricted	-	14,024
Unrestricted	2,196,474	2,163,757
Total net position	\$ 16,410,900	\$ 16,859,395

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



**HOUSING AUTHORITY OF THE CITY OF VINELAND**  
**Statements of Revenue, Expenses, and Changes in Net Position**  
**For the Fiscal Years Ended September 30, 2016 and 2015**

	<u>2016</u>	<u>Restated 2015</u>
Operating revenue		
Federal grant awards	\$ 5,865,377	\$ 5,927,663
State and local grant awards	98,269	101,734
Tenant charges	2,497,151	2,522,309
Management contract fees	60,221	114,447
Development fee	506,731	78,269
Other income	45,722	36,035
	9,073,471	8,780,457
Operating expenses		
Administration	1,984,263	2,155,465
Tenant services	169,493	150,754
Utilities	953,785	1,070,460
Housing assistance payments	3,574,700	3,587,717
Ordinary maintenance and operation	1,365,253	1,281,226
Protective services	1,200	1,200
General expenses	252,917	679,817
Depreciation expense	1,126,919	1,221,658
Insurance	214,705	208,914
	9,643,235	10,357,211
Operating loss	(569,764)	(1,576,754)
Non-operating revenue (expenses):		
Tower rental income	78,061	104,883
Capital grants	161,039	269,026
Investment income	12,365	18,245
Interest expense	(130,196)	(139,852)
Insurance recovery on capital assets, net of impairment loss	-	144,463
	121,269	396,765
Net non-operating revenue	121,269	396,765
Decrease in net position	(448,495)	(1,179,989)
Net position at the beginning of the year	16,859,395	18,039,384
Net position at the end of the year	\$ 16,410,900	\$ 16,859,395

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

**HOUSING AUTHORITY OF THE CITY OF VINELAND**  
**Statements of Cash Flows**  
**For the Fiscal Years Ended September 30, 2016 and 2015**

	<u>2016</u>	<u>Restated 2015</u>
Cash flows from operating activities		
Cash received from federal and state assistance programs	\$ 5,884,250	\$ 5,988,562
Cash received from tenants	2,542,373	2,527,758
Cash received from management contracts	61,100	160,293
Other operating cash receipts	546,481	114,304
Payments for goods and services	(3,648,216)	(3,626,528)
Payments to employees and for benefits	(777,609)	(1,208,536)
Payments to landlords for rent	(3,574,700)	(3,587,717)
Cash received from/(paid to) related organizations	(1,406,986)	(352,781)
Net cash provided by (used in) operating activities	<u>(373,307)</u>	<u>15,355</u>
Cash flows from non-capital financing activities		
Tower rental income	<u>78,061</u>	<u>104,883</u>
Net cash provided by non-capital financing activities	<u>78,061</u>	<u>104,883</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	(434,731)	(287,034)
Capital grants received	161,039	269,026
Principal payments on long-term debt	(225,000)	(225,000)
Interest payments on long-term debt	(134,298)	(134,298)
Transfer of capital assets to related party	-	408,849
Insurance recovery on capital assets	<u>167,907</u>	<u>5,000</u>
Net cash provided by (used in) capital and related financing activities	<u>(465,083)</u>	<u>36,543</u>
Cash flows from investing activities		
Interest income received	<u>12,365</u>	<u>18,245</u>
Net cash provided by investing activities	<u>12,365</u>	<u>18,245</u>
Increase (decrease) in cash and cash equivalents	(747,964)	175,026
Cash and cash equivalents, beginning of year	<u>5,546,968</u>	<u>5,371,942</u>
Cash and cash equivalents, end of year	<u>\$ 4,799,004</u>	<u>\$ 5,546,968</u>

**HOUSING AUTHORITY OF THE CITY OF VINELAND**  
**Statements of Cash Flows (continued)**  
**For the Years Ended September 30, 2016 and 2015**

	<u>2016</u>	<u>Restated 2015</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities		
Operating loss	\$ (569,764)	\$ (1,576,754)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Depreciation	1,126,919	1,221,658
Adjustment to actuarial pension expense	346,786	157,776
Adjustment to actuarial accounts payable amount	2,349	(158,675)
Loss on disposal of fixed assets	-	470,865
Provision for (reduction in) allowance of doubtful accounts	(101,219)	24,022
(Increase) decrease in assets		
Accounts receivable, net of allowance for doubtful accounts	(8,283)	(11,936)
Development fee receivable	(506,881)	-
Due from HUD	(44,214)	(48,546)
Due from other governments	(8,716)	50,014
Due from Vineland Housing Solutions LLC, net of allowance	122,765	-
Due from Vineland Housing Development Corporation	-	377,125
Due from Melrose Court Homes, LP	(854,278)	(681,185)
Due from Melrose Court GP, LLC	-	1,000
Other receivables	(2,639)	(84)
Prepaid expenses	(1,072)	(6,505)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	93,376	210,034
Liability for compensated absences	(5,499)	(35,670)
Tenant funds on deposit	48,885	13,343
Due to other governments	11,217	4,272
Unearned revenue	(23,039)	4,601
Net cash provided by (used in) operating activities	<u>\$ (373,307)</u>	<u>\$ 15,355</u>
Reconciliation of cash and cash equivalents to the statements of net position		
Cash and cash equivalents - unrestricted	\$ 4,461,451	\$ 5,244,743
Cash and cash equivalents - restricted	<u>337,553</u>	<u>302,225</u>
	<u>\$ 4,799,004</u>	<u>\$ 5,546,968</u>

Noncash capital and related financing activities:

The Housing Authority obtained capital assets related to loss restoration totaling \$172,907. There was an impairment loss associated with this restoration totaling \$28,444 for the year ended September 30, 2015.

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

**HOUSING AUTHORITY OF THE CITY OF VINELAND**  
**Notes to Financial Statements**

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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)**

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

As of September 30, 2016, 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. The component unit's fiscal year covers the period ending June 30, 2016. 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, 2016, the activities of the Authority included the ownership and/or management or oversight management of the following programs in Vineland, New Jersey:

The Housing Choice Voucher 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 136 units of project based vouchers. Project based vouchers are currently available only to tenants of Oakview Apartments in Millville, New Jersey (119) and Melrose Court Homes in Vineland, New Jersey (17).

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)**

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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, management contract fees, and other income are recognized as revenue when services are provided. Development fee revenue is recognized in accordance with a partnership agreement.

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

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

Budgets and budgetary control

The Authority prepares an annual budget as required by N.J.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 year and to adopt not later than the beginning of the Authority's 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, 2016 and 2015 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.

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

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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, change funds and cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value, as applicable.

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services, Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

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

Additionally, the Authority has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the GUDPA. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

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

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

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, or for other specified purposes.

Capital assets

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

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

Deferred outflows and deferred inflows of resources

The statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, reported after total assets, represents a reduction of net position that applies to future period(s) and will be recognized as an outflow of resources (expense) at that time. Deferred inflows of resources, reported after total liabilities, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time.

Transactions are classified as deferred outflows of resources and deferred inflows of resources only when specifically prescribed by the Governmental Accounting Standards Board (GASB) standards. The Authority is required to report the following as deferred outflows of resources and deferred inflows of resources related to the defined benefit pension plan: the difference between expected (actuarial) and actual experience, changes in actuarial assumptions, net difference between projected (actuarial) and actual earnings on pension plan investments, changes in the Authority's proportion of expenses and liabilities to the pension as a whole, differences between the Authority's pension contribution and its proportionate share of contributions, and the Authority's pension contributions subsequent to the pension valuation measurement date. See note 6 for more information regarding the pension plan.



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

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

Pensions

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

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, 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."

Income taxes

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

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

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

Operating and non-operating revenues and expenses

Federal and state grant revenue - Operating subsidies, Section 8 housing choice voucher revenue, 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 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 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 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 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)**

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

New accounting standards adopted

During the fiscal year ended September 30, 2016, 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 2016 financial statements.

*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.

*Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

Issued June 2015, this Statement identifies, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

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

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

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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. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*

Issued June 2015, this Statement's objective is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local government OPEB plans for making decisions and assessing accountability.

This Statement is effective for periods beginning after June 15, 2016.

*Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

Issued June 2015, this Statement's objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities.

This Statement is effective for periods beginning after June 15, 2017.

*Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*

Issued December 2015, this Statement addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

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

*Statement No. 82, Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*

Issued March 2016, this Statement addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standards of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

This Statement is effective for periods beginning after June 15, 2016.

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

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

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

*Statement No. 85, Omnibus 2017*

Issued March 2017, the objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

Note 3: **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents

Custodial credit risk – Custodial credit risk is the risk that, in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority’s formal policy regarding custodial credit risk is the same as described in Note 1, N.J.S.A. 17:9-41 et seq. and included in its cash management plan. The Authority shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. As of September 30, 2016, the bank balances of \$4,959,832 and \$2,705 of the Authority and the component unit, respectively, were insured or collateralized as follows:

	Authority	Component Unit
Insured	\$ 572,667	\$ 2,705
Collateralized under GUDPA	4,387,165	-
Uninsured or uncollateralized	-	-
	\$ 4,959,832	\$ 2,705

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

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Note 4: **RESTRICTED ASSETS**

The Authority established restricted cash accounts as required by HUD to report 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:

	September 30,	
	2016	2015
Housing Assistance Payments	\$ -	\$ 14,024
Tenant security deposits	192,689	188,351
Family Self-Sufficiency deposits	144,016	99,470
Capital leveraging	648	380
	<u>\$ 337,353</u>	<u>\$ 302,225</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 fiscal years ended September 30, 2016 and 2015 was as follows:

	Balance September 30, 2015	Additions	Reductions	Balance September 30, 2016
Land	\$ 3,398,069			\$ 3,398,069
Buildings	44,869,305	\$ 303,351		45,172,656
Furniture, equipment & machinery - dwelling	405,677	6,790		412,467
Furniture, equipment & machinery – administration	1,436,165	124,590	\$ 2,009	1,558,746
	50,109,216	434,731	2,009	50,541,938
Less accumulated depreciation	32,442,602	1,126,919	2,009	33,567,512
Capital assets, net	<u>\$ 17,666,614</u>	<u>\$ (692,188)</u>	<u>\$ -</u>	<u>\$ 16,974,426</u>
	Balance September 30, 2014	Additions	Reductions	Balance September 30, 2015
Land	\$ 3,597,705		\$ 199,636	\$ 3,398,069
Buildings	44,629,905	\$ 243,761	4,361	44,869,305
Furniture, equipment & machinery - dwelling	393,154	12,523		405,677
Furniture, equipment & machinery – administration	1,482,125	3,040	49,000	1,436,165
Construction in progress	680,078		680,078	-
	50,782,967	259,324	933,075	50,109,216
Less accumulated depreciation	31,274,306	1,221,658	53,361	32,442,602
Capital assets, net	<u>\$ 19,508,661</u>	<u>\$ (962,334)</u>	<u>\$ 879,714</u>	<u>\$ 17,666,614</u>

During the 2016 and 2015, there was various damage to Authority assets. Restoration work completed during 2016 totaled \$167,907 (net of insurance deductible) for fire damage at a Public Housing Scattered Site home which is a receivable as of September 30, 2015. For the year ended September 30, 2015, impairment loss was \$27,364 resulting in a gain from insurance recovery of \$140,543.

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

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Note 6: **PENSION PLAN**

Public Employees' Retirement System

A substantial number of the Authority's employees participate in the Public Employees' Retirement System ("PERS"), which is administered by the New Jersey Division of Pensions and Benefits. The plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey  
Division of Pensions and Benefits  
P.O. Box 295  
Trenton, New Jersey 08625-0295  
<http://www.state.nj.us/treasury/pensions>

General Information about the Pension Plan

**Plan Description**

The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A. The PERS's designed purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not a member of another state-administered retirement system or the other state pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS.

**Vesting and Benefit Provisions**

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

The following represents the membership tiers for PERS:

**Tier Definition**

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



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

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Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Contributions**

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.06% in State fiscal year 2016. The phase-in of the additional incremental member contribution rate takes place in July of each subsequent State fiscal year. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) increased from 8.5% of base salary to 10%. Employers' contribution amounts are based on an actuarially determined rate. Employers' contributions are based on an actuarially determined amount which included the normal cost and unfunded accrued liability. The Authority's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The Authority's contractually required contribution rate for the fiscal years ended September 30, 2016 and 2015 were 15.53% and 13.48%, respectively, of the Authority's covered payroll. These amounts were actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2016, the Authority's contractually required contribution to the pension plan for the fiscal year ended September 30, 2016 is \$156,326, and is payable by April 1, 2017. Employee contributions to the plan during the fiscal year ended September 30, 2016 were \$72,399.

Based on the PERS measurement date of June 30, 2015, the Authority's contractually required contribution to the pension plan for the year ended September 30, 2015 is \$158,675, and was payable by April 1, 2016. Employee contributions to the plan during the fiscal year ended September 30, 2015 were \$82,438.

Based on the PERS measurement date of June 30, 2014, the Authority's contractually required contribution to the pension plan for the year ended September 30, 2014 was \$152,563, which was paid on April 1, 2015. Employee contributions to the plan during the fiscal year ended September 30, 2014 were \$86,849.

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

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Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

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

At September 30, 2016 and 2015, the Authority's proportionate share of the PERS net pension liability was \$5,211,619 and \$4,143,078, respectively.

The net pension liability reported at September 30, 2016 was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2016 measurement date, the Authority's proportion was 0.0175966359%, which was a decrease of 0.0008597012% from its proportion measured as of June 30, 2015.

The net pension liability reported at September 30, 2015 was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2015. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. For the June 30, 2015 measurement date, the Authority's proportion was 0.0184563371%, which was a decrease of 0.0000499304% from its proportion measured as of June 30, 2014.

For the fiscal years ended September 30, 2016 and 2015, the Authority recognized pension expense of \$505,452 and \$310,331, respectively. These amounts were based on the plan's June 30, 2016 and 2015 measurement dates, respectively.

**HOUSING AUTHORITY OF THE CITY OF VINELAND**  
**Notes to Financial Statements**

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At September 30, 2016 and 2015, the Authority had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>September 30, 2016</u>		<u>September 30, 2015</u>	
	<u>Measurement Date June 30, 2016</u>		<u>Measurement Date June 30, 2015</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 96,920		\$ 98,839	
Change of assumptions	1,079,569		444,933	
Net difference between projected and actual earnings on pension plan investments	198,724			\$ 66,613
Changes in proportion and differences between Authority contributions and proportionate share of contributions	138,374	\$ 146,354	178,599	7,931
Authority contributions subsequent to the measurement date	<u>39,082</u>		<u>39,669</u>	
	<u>\$ 1,552,669</u>	<u>\$ 146,354</u>	<u>\$ 762,040</u>	<u>\$ 74,544</u>

**HOUSING AUTHORITY OF THE CITY OF VINELAND**  
**Notes to Financial Statements**

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Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

**Deferred Outflows of Resources and Deferred Inflows of Resources (continued)**

The deferred outflows of resources related to pensions totaling \$39,082 and \$39,669 will be included as a reduction of the net pension liability in the fiscal years ended September 30, 2017 and 2016.

Other amounts included as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future periods as follows:

<u>Fiscal Year Ending September 30,</u>	
2017	\$ 317,505
2018	317,505
2019	366,589
2020	287,193
2021	<u>78,441</u>
	<u>\$ 1,367,233</u>

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

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

**Deferred Outflows of Resources and Deferred Inflows of Resources (continued)**

The amortization of the other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of pension plan deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Changes of assumptions		
Year of pension plan deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
Net difference between projected and actual earnings on pension plan investments		
Year of pension plan deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions		
Year of pension plan deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57

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

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

**Actuarial Assumptions**

The net pension liability was measured as of June 30, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014. The total pension liability was calculated through the use of updated procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2016 and 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<b>Measurement Date June 30, 2016</b>	<b>Measurement Date June 30, 2015</b>
Inflation	3.08%	3.04%
Salary increases:		
2012-2021		2.15% - 4.40% Based on age
Through 2026	1.65% - 4.15% Based on age	
Thereafter	2.65% - 5.15% Based on age	3.15% - 5.40% Based on age
Investment rate of return	7.65%	7.90%
Mortality rate table	RP-2000	RP-2000
Period of actuarial experience		
Study upon which actuarial assumptions were based	July 1, 2011 – June 30, 2014	July 1, 2008 – June 30, 2011

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

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

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

**Actuarial Assumptions (continued)**

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016 and 7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 and 2015 are summarized in the table on the following page.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment grade credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High yield bonds	2.00%	4.56%	2.00%	4.03%
Inflation-indexed bonds	1.50%	3.44%	1.50%	3.25%
Broad US equities	26.00%	8.53%	27.25%	8.52%
Developed foreign equities	13.25%	6.83%	12.00%	6.88%
Emerging market equities	6.50%	9.95%	6.40%	10.00%
Private equity	9.00%	12.40%	9.25%	12.41%
Hedge funds/absolute return	12.50%	4.68%	12.00%	4.72%
Real estate (property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%
	<u>100.00%</u>		<u>100.00%</u>	

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

Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

**Discount Rate**

The discount rate used to measure the total pension liability was 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and 7.90%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034 for PERS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 for PERS, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

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

The following presents the Authority's proportionate share of the net pension liability at September 30, 2016, calculated using a discount rate of 3.98%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<u>1% Decrease (2.98%)</u>	<u>Current Discount Rate (3.98%)</u>	<u>1% Increase (4.98%)</u>
Authority's proportionate share of the net pension liability	<u>\$ 6,386,231</u>	<u>\$ 5,211,619</u>	<u>\$ 4,241,875</u>

The following presents the Authority's proportionate share of the net pension liability at September 30, 2015, calculated using a discount rate of 4.90%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rates used:

	<u>1% Decrease (3.90%)</u>	<u>Current Discount Rate (4.90%)</u>	<u>1% Increase (5.90%)</u>
Authority's proportionate share of the net pension liability	<u>\$ 5,149,339</u>	<u>\$ 4,143,078</u>	<u>\$ 3,299,436</u>



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

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Note 6: **PENSION PLAN (continued)**

Public Employees' Retirement System (continued)

**Pension Plan Fiduciary Net Position**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the PERS and additions to/deductions from PERS' respective fiduciary net position have been determined on the same basis as they are reported by PERS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS, please refer to the plan's Comprehensive Annual Financial Report (CAFR) which can be found at [www.nj.gov/treasury/pensions](http://www.nj.gov/treasury/pensions).

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. In accordance with, resolution number 2015-25 dated June 18, 2015, this plan was terminated for employees hired after that date. 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>.

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.

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

**Note 7: OTHER POST-RETIREMENT BENEFITS (CONTINUED)**

State Health Benefits Program (continued)

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, 2016, 2015, and 2014 totaled \$21,235, \$19,061, and \$17,781, 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, 2016, 2015, and 2014 was \$200,497, \$164,681, and \$143,918, respectively, which equaled the required contributions for that year. There were approximately 27 retired participants eligible at September 30, 2016, approximately 23 at September 30, 2015, and approximately 20 at September 30, 2014.

**Note 8: LONG-TERM DEBT**

The following summarizes compensated absences:

	September 30,	
	2016	2015
Beginning balance	\$ 214,408	\$ 250,078
Increase	76,568	86,926
Decrease	(82,067)	(122,596)
Ending balance	\$ 208,909	\$ 214,408
Current portion	\$ 52,227	\$ 53,602

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 fiscal year ended September 30, 2016:

Beginning Balance	Additions	Retirements	Ending Balance	Amounts due within the year
\$ 2,985,000	\$ -	\$ (225,000)	\$ 2,760,000	\$ 235,000

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

**Note 8: LONG-TERM DEBT (CONTINUED)**

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

Year Ending September 30,	Principal	Interest	Total
2017	\$ 235,000	\$ 124,344	\$ 359,344
2018	250,000	113,844	363,844
2019	260,000	102,798	362,798
2020	270,000	91,313	361,313
2021	285,000	78,725	363,725
2022-2026	1,460,000	177,425	1,637,425
	<u>\$ 2,760,000</u>	<u>\$ 688,449</u>	<u>\$ 3,448,449</u>

**Note 9: COMMITMENTS**

As of September 30, 2016, the Authority had commitments to expend approximately \$262,581 for various capital improvements and related costs for the 2015 and 2014 Capital Fund grants.

**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  
9 Campus Drive, Suite 216  
Parsippany, New Jersey 07054-4412

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

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**Note 11: RELATED PARTY TRANSACTIONS**

Vineland Housing Development Corporation

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

Housing Authority of the City of Vineland entered into a loan agreement with Vineland Housing Development Corporation dated June 1, 2005, in the amount of \$379,660 which was intended to refinance the remaining balance of the original note described above plus the remaining amount of additional funds at the time that the new note was formalized in writing. Although this new note was prepared, no formal board resolution was ever passed refinancing the balance on the remaining balance on the original note. The purpose of this new note was 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 September 30, 2016 and 2015 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 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. \$3,500 has been advanced for this purpose to Vineland Housing Development Corporation for the year ending September 30, 2016. No amounts have been advanced for this purpose for the year ending September 30, 2015. 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, 2016 and 2015 totaled \$82,183 and \$81,845, respectively. As of the date of the preparation of the financial statements, no payments were made to the Authority on these amounts due.

Melrose Court Homes, LP

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.

The balance of the predevelopment loan between the Housing Authority of the City of Vineland and Vineland Housing Development Corporation at September 30, 2014 was \$292,124. During 2015, the loan balance, including the last draw made during 2015 of \$9,679, was transferred to Melrose Court Homes, LP and no longer includes VHDC.

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

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Note 11: **RELATED PARTY TRANSACTIONS (continued)**

Melrose Court Homes, LP (continued)

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 to Melrose Court Homes, LP. This loan will be treated as a second mortgage and will be paid for out of cash flow. Interest is accrued at a rate of 1% using the simple interest method. Draws commenced on this obligation during 2014. The balance on this loan at September 30, 2016 and 2015 is \$1,750,463 and \$896,185, respectively.

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% was held by an investor limited partner, Vineland Housing Development Corporation until October 1, 2014 when the Amended and Restated Partnership Agreement was executed.

Development costs that did not transfer to Melrose Court Homes, LP, as per the Amended and Restated Partnership Agreement were written off on the books of Vineland Housing Development Corporation, in the amount of \$470,865 for the year ended September 30, 2015.

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 Vineland Housing Development Corporation, and execution of management and developer's agreements. Vineland Housing Development Corporation is named as developer, and the Authority is named as the managing agent. The ownership interest previously held by Vineland Housing Development Corporation was transferred to Capital Bank on this date. The Authority and Vineland Housing Development Corporation joint and severably, unconditionally and irrevocably guarantee all obligations.

As the developer for the construction of the Melrose Court Project, Vineland Housing Development Corporation has earned development fees for the years ended September 30, 2016 and 2015 of \$506,731 and \$78,269, respectively. The amount accrued during the year ended September 30, 2016 represents the remaining balance of the total development fee of \$585,000, in accordance with the Amended and Restated Partnership Agreement. The amount accrued during the year ended September 30, 2016 was earned upon issuance of certificates of occupancy and the amount accrued during September 30, 2015 was earned upon the October 1, 2014 first closing in accordance with the Amended and Restated Partnership Agreement. No development fee was paid to Vineland Housing Development Corporation during 2016, and \$78,269 was paid to Vineland Housing Development Corporation during 2015.

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

**Note 12: RECEIVABLES AND PAYABLES WITHIN THE REPORTING ENTITY**

The following schedule reports receivables and payables at 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	\$	47,951
FSS Program	ROSS Program		23,189
ROSS Program	PHA Owned Housing Program		12,999
Congregate	ROSS Program		6,835
Homeownership Program	PHA Owned Housing Program		4,950
FSS Program	PHA Owned Housing Program		3,689
Congregate	PHA Owned Housing Program		1,120
			<u>\$ 100,733</u>

<u>Between the Authority and Component Units</u>			
<u>Due to (from) Authority</u>	<u>Due to (from) Component Units</u>		
PH Owned Housing Program	VHDC	\$	(45,183)
Homeownership Program	VHDC		<u>(414,667)</u>
			<u>\$ (459,850)</u>

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

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

**Note 13: COMPONENT UNIT CONSOLIDATION**

The following schedule details the blending of the primary government and its component unit, including eliminations in the Statement of Net Position as of September 30, 2016.

	<u>PG</u>	<u>CU</u>	<u>Eliminations</u>	<u>Consolidated</u> <u>2016</u>
<b>Assets</b>				
Current assets	\$ 4,760,650	\$ 510,180	\$ -	\$ 5,270,830
Non-current assets	2,547,866	-	(459,850)	2,088,016
Capital assets, net	<u>16,922,314</u>	<u>52,112</u>	<u>-</u>	<u>16,974,426</u>
<b>Total assets</b>	<b>24,230,830</b>	<b>562,292</b>	<b>(459,850)</b>	<b>24,333,272</b>
Deferred outflows of resources	1,552,669	-	-	1,552,669
<b>Liabilities</b>				
Current liabilities	1,164,128	587,091	(459,850)	1,291,369
Long term liabilities	<u>8,037,318</u>	<u>-</u>	<u>-</u>	<u>8,037,318</u>
<b>Total liabilities</b>	<b>9,201,446</b>	<b>587,091</b>	<b>(459,850)</b>	<b>9,328,687</b>
Deferred inflows of resources	146,354	-	-	146,354
<b>Net position</b>				
Net investment in capital assets	14,162,314	52,112	-	14,214,426
Restricted	-	-	-	-
Unrestricted	<u>2,273,385</u>	<u>(76,911)</u>	<u>-</u>	<u>2,196,474</u>
<b>Total net position (deficit)</b>	<b>\$ 16,435,699</b>	<b>\$ (24,799)</b>	<b>\$ -</b>	<b>\$ 16,410,900</b>

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

Note 13: **COMPONENT UNIT CONSOLIDATION (continued)**

The following schedule details the blending of the primary government and its component unit, including eliminations in the Statement of Net Position as of September 30, 2015.

	<u>PG</u>	<u>CU</u>	<u>Eliminations</u>	<u>Consolidated</u> <u>2015</u>
<b>Assets</b>				
Current assets	\$ 5,665,593	\$ 6,177	\$ -	\$ 5,671,770
Non-current assets	1,654,422		(456,012)	1,198,410
Capital assets, net	<u>17,614,502</u>	<u>52,112</u>	<u>-</u>	<u>17,666,614</u>
Total assets	24,934,517	58,289	(456,012)	24,536,794
Deferred outflows of resources	762,040	-	-	762,040
<b>Liabilities</b>				
Current liabilities	1,097,426	520,458	(456,012)	1,161,872
Long term liabilities	<u>7,203,023</u>	<u>-</u>	<u>-</u>	<u>7,203,023</u>
Total liabilities	8,300,449	520,458	(456,012)	8,364,895
Deferred inflows of resources	74,544	-	-	74,544
<b>Net position</b>				
Net investment in capital assets	14,629,502	52,112	-	14,681,614
Restricted	14,024	-	-	14,024
Unrestricted	<u>2,678,038</u>	<u>(514,281)</u>	<u>-</u>	<u>2,163,757</u>
Total net position (deficit)	<u>\$ 17,321,564</u>	<u>\$ (462,169)</u>	<u>\$ -</u>	<u>\$ 16,859,395</u>



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

Note 13: **COMPONENT UNIT CONSOLIDATION (continued)**

The following schedule details the blending of the primary government and its component unit, including eliminations in the Statement of Revenue, Expenses, and Changes in Net Position for the year ended September 30, 2016.

	<u>PG</u>	<u>CU</u>	<u>Eliminations</u>	<u>Consolidated</u> <u>2016</u>
Operating revenue	\$ 8,560,758	\$ 506,741	\$ -	\$ 9,067,499
Operating expenses	8,440,973	69,371	-	8,510,344
Depreciation	<u>1,126,919</u>	<u>-</u>	<u>-</u>	<u>1,126,919</u>
Operating income (loss)	(1,007,134)	437,370	-	(569,764)
Non-operating revenue	251,465	-	-	251,465
Non-operating expense	<u>(130,196)</u>	<u>-</u>	<u>-</u>	<u>(130,196)</u>
Increase (decrease) in net position	<u>(885,865)</u>	<u>437,370</u>	<u>-</u>	<u>(448,495)</u>
Net position, beginning	<u>17,321,564</u>	<u>(462,169)</u>	<u>-</u>	<u>16,859,395</u>
Net position (deficit), ending	<u>\$ 16,435,699</u>	<u>\$ (24,799)</u>	<u>\$ -</u>	<u>\$ 16,410,900</u>

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

Note 13: **COMPONENT UNIT CONSOLIDATION (continued)**

The following schedule details the blending of the primary government and its component unit, including eliminations in the Statement of Revenue, Expenses, and Changes in Net Position for the year ended September 30, 2015.

	<u>PG</u>	<u>CU</u>	<u>Eliminations</u>	<u>Consolidated</u> <u>2015</u>
Operating revenue	\$ 8,702,188	\$ 78,269	\$ -	\$ 8,780,457
Operating expenses	8,525,298	610,255	-	9,135,553
Depreciation	<u>1,221,658</u>	<u>-</u>	<u>-</u>	<u>1,221,658</u>
Operating loss	(1,044,768)	(531,986)	-	(1,576,754)
Non-operating revenue	536,617	-	-	536,617
Non-operating expense	<u>(139,852)</u>	<u>-</u>	<u>-</u>	<u>(139,852)</u>
Decrease in net position	<u>(648,003)</u>	<u>(531,986)</u>	<u>-</u>	<u>(1,179,989)</u>
Net position, beginning	<u>17,969,567</u>	<u>69,817</u>	<u>-</u>	<u>18,039,384</u>
Net position (deficit), ending	<u>\$ 17,321,564</u>	<u>\$ (462,169)</u>	<u>\$ -</u>	<u>\$ 16,859,395</u>

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

Note 13: **COMPONENT UNIT CONSOLIDATION (continued)**

The following schedule details the blending of the primary government and its component unit, including eliminations in the Statement of Cash Flows for the year ended September 30, 2016.

	<u>PG</u>	<u>CU</u>	<u>Eliminations</u>	<u>Consolidated 2016</u>
Net cash used in operating activities	\$ (369,835)	\$ (3,472)	\$ -	\$ (373,307)
Net cash provided by non-capital financing activities	78,061	-	-	78,061
Net cash used in capital and related financing activities	(465,083)	-	-	(465,083)
Net cash provided by investing activities	12,365	-	-	12,365
Decrease in cash and cash equivalents	<u>(744,492)</u>	<u>(3,472)</u>	<u>-</u>	<u>(747,964)</u>
Cash and cash equivalents, beginning of year	<u>5,540,791</u>	<u>6,177</u>	<u>-</u>	<u>5,546,968</u>
Cash and cash equivalents, end of year	<u>\$ 4,796,299</u>	<u>\$ 2,705</u>	<u>\$ -</u>	<u>\$ 4,799,004</u>

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

Note 13: **COMPONENT UNIT CONSOLIDATION (continued)**

The following schedule details the blending of the primary government and its component unit, including eliminations in the Statement of Cash Flows for the year ended September 30, 2015.

	<u>PG</u>	<u>CU</u>	<u>Eliminations</u>	<u>Consolidated 2015</u>
Net cash provided by operating activities	\$ 9,205	\$ 6,150	\$ -	\$ 15,355
Net cash provided by non-capital financing activities	104,883	-	-	104,883
Net cash provided by capital and related financing activities	36,543	-	-	36,543
Net cash provided by investing activities	18,245	-	-	18,245
Increase in cash and cash equivalents	<u>168,876</u>	<u>6,150</u>	<u>-</u>	<u>175,026</u>
Cash and cash equivalents, beginning of year	<u>5,371,915</u>	<u>27</u>	<u>-</u>	<u>5,371,942</u>
Cash and cash equivalents, end of year	<u>\$ 5,540,791</u>	<u>\$ 6,177</u>	<u>\$ -</u>	<u>\$ 5,546,968</u>

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

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**Note 14: RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS**

Administration expense, other receivables, and accounts payable and accrued expenses of the Authority as of September 30, 2015 were restated for prior period adjustments. The adjustment is related to additional expenses related to the Melrose Court Homes, L.P. project, in the amount of \$133,338. Administration expense has been restated from \$2,022,127 to \$2,155,465, other receivables have been restated from \$70,759 to \$84, and accounts payable and accrued expenses have been restated from \$375,882 to \$438,545. These corrections do not affect net position at October 1, 2014.

**HOUSING AUTHORITY OF THE CITY OF VINELAND**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2016 AND 2015**

**HOUSING AUTHORITY OF THE CITY OF VINELAND**  
**Required Supplementary Information**  
**Schedule of the Authority's Proportionate Share of the Net Pension Liability**  
**Public Employees' Retirement System (PERS)**  
**Last Four Fiscal Years**

	<u>Measurement Date Ending June 30,</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's proportion of the net pension liability	0.0175966359%	0.0184563371%	0.0185062675%	0.0171508299%
Authority's proportionate share of the net pension liability	\$ 5,211,619	\$ 4,143,078	\$ 3,464,879	\$ 3,277,864
Authority's covered payroll	\$ 1,210,524	\$ 1,235,308	\$ 1,248,148	\$ 1,156,124
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	430.53%	335.39%	277.60%	283.52%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%	52.08%	48.72%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

**HOUSING AUTHORITY OF THE CITY OF VINELAND**  
**Required Supplementary Information**  
**Schedule of the Authority's Contributions**  
**Public Employees' Retirement System (PERS)**  
**Last Four Fiscal Years**

	<u>Year Ended Spetember 30.</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 156,326	\$ 158,675	\$ 152,563	\$ 129,228
Contributions in relation to the contractually required contribution	<u>(156,326)</u>	<u>(158,675)</u>	<u>(152,563)</u>	<u>(129,228)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 1,006,307	\$ 1,177,257	\$ 1,257,149	\$ 1,254,517
Contributions as a percentage of Authority's covered payroll	15.53%	13.48%	12.14%	10.30%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.



**HOUSING AUTHORITY OF THE CITY OF VINELAND**  
**Note to Required Supplementary Information**  
**For the Years Ended September 30, 2016 and 2015**

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**Note to Required Supplementary Information**

*Changes in benefit terms* - None

*Changes in Assumptions* - For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65%, demographic assumptions were revised in accordance with the results of the July 1, 2011 - June 30, 2014 experience study and the mortality improvement scale incorporated the plan actuary's modified MP-2014 projection scale. Further, salary increases were assumed to increase between 1.65% and 4.15% (based on age) through fiscal year 2026 and 2.65% and 5.15% (based on age) for each fiscal year thereafter. For 2015, the discount rate changed to 4.90%. In addition, the social security wage base was set at \$118,500 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000 for 2015, increasing 3.00% per annum, compounded annually. For 2014, the discount rate was 5.39%.

**HOUSING AUTHORITY OF THE CITY OF VINELAND**

**SUPPLEMENTARY INFORMATION**

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

**SEPTEMBER 30, 2016**

**VINELAND HOUSING AUTHORITY**  
**Financial Data Schedule**  
**Program Financials**  
**Year Ended September 30, 2016**

	<b>TOTAL</b>	<b>STATE</b>	<b>SEC 8 &amp; S8FSS</b>	<b>NEWHOP</b>	<b>VHDC</b>	<b>SPC</b>	<b>ROSS</b>	<b>FSS under ROSS</b>	<b>FSS</b>
111 Cash-Unrestricted	2,066,453	35,731	78,199	1,948,585	2,705	1,233	-	-	-
112 Cash-Restricted-Modernization and Development	-								
113 Cash-Other Restricted	38,173	-	38,173						
114 Cash-Tenant Security Deposits	-								
115 Cash-Restricted for Payment of Current Liabilities	-								
100 Total Cash	<u>2,104,626</u>	<u>35,731</u>	<u>116,372</u>	<u>1,948,585</u>	<u>2,705</u>	<u>1,233</u>	<u>-</u>	<u>-</u>	<u>-</u>
121 A/R-PHA Projects	-								
122 A/R-HUD Other Projects	114,151		17,968			50,070	46,113		
124 A/R-Other Government	24,318	22,672	1,646						
125 A/R-Miscellaneous	506,881			-	506,881				
126 A/R-Tenants	3,112		3,112						
126.1 Allowance for Doubtful Accounts-Tenants	(778)		(778)						
126.2 Allowance for Doubtful Accounts-Other	-		-						
127 Notes, Loans & Mortgages Receivable-Current	2,165,130			2,165,130					
128 Fraud Recovery	-		-						
128.1 Allowance for Doubtful Accounts-Fraud	-		-						
129 Accrued Interest Receivable	-		-						
120 Total Receivables, Net of Allowances	<u>2,812,814</u>	<u>22,672</u>	<u>21,948</u>	<u>2,165,130</u>	<u>506,881</u>	<u>50,070</u>	<u>46,113</u>	<u>-</u>	<u>-</u>
131 Investments-Unrestricted	-	-							
132 Investments-Restricted	-								
135 Investments-Restricted for Payment of Current Liability	-								
142 Prepaid Expenses and Other Assets	594		-		594				
143 Inventories	-								
143.1 Allowance for Obsolete Inventories	-								
144 Inter Program Due From	25,215	5,715							19,500
145 Assets Held for Sale	-								
150 Total Current Assets	<u>4,943,249</u>	<u>64,118</u>	<u>138,320</u>	<u>4,113,715</u>	<u>510,180</u>	<u>51,303</u>	<u>46,113</u>	<u>-</u>	<u>19,500</u>
161 Land	52,112				52,112				
162 Buildings	-								
163 Furniture, Equip & Mach-Dwelling	-								
164 Furniture, Equip & Mach-Admin	75,579		75,579						
165 Leasehold Improvements	-								
166 Accumulated Depreciation	(72,204)		(72,204)						
167 Construction in Progress	-								
160 Total Capital Assets, Net of Accumulated Depreciation	<u>55,487</u>	<u>-</u>	<u>3,375</u>	<u>-</u>	<u>52,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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	<u>55,487</u>	<u>-</u>	<u>3,375</u>	<u>-</u>	<u>52,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
190 Total Assets	<u>4,998,736</u>	<u>64,118</u>	<u>141,695</u>	<u>4,113,715</u>	<u>562,292</u>	<u>51,303</u>	<u>46,113</u>	<u>-</u>	<u>19,500</u>
200 Deferred Outflow of Resources	194,652	-	194,652	-	-	-	-	-	-
290 Total Assets and Deferred Outflow of Resources	<u>5,193,388</u>	<u>64,118</u>	<u>336,347</u>	<u>4,113,715</u>	<u>562,292</u>	<u>51,303</u>	<u>46,113</u>	<u>-</u>	<u>19,500</u>
311 Bank Overdraft	-								
312 Accounts Payable<=90 Days	189,801	4,288	6,969	-	127,241	51,303	-		
313 Accounts Payable>90 Days Past Due	-								
321 Accrued Wages/Payroll Taxes Payable	17,114	4,246	5,733				3,091		4,044
322 Accrued Compensation Absences-current portion	4,191	-	4,191						
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	15,456	-	-						15,456
343 Current Portion of LT-Capital Projects/Mtg Rev. Bonds	-								
344 Current Portion of LT-Operating Borrowings	374,167				374,167				
345 Other Current Liabilities	85,683				85,683				

**VINELAND HOUSING AUTHORITY**  
**Financial Data Schedule**  
**Program Financials**  
**Year Ended September 30, 2016**

	<b>TOTAL</b>	<b>STATE</b>	<b>SEC 8 &amp; S8FSS</b>	<b>NEWHOP</b>	<b>VHDC</b>	<b>SPC</b>	<b>ROSS</b>	<b>FSS under ROSS</b>	<b>FSS</b>
346 Accrued Liabilities-Other	24,042		24,042						
347 Inter Program -Due To	100,311	-	52,339	4,950			43,022	-	-
348 Loan Liability-Current	-						-		
310 Total Current Liabilities	810,765	8,534	93,274	4,950	587,091	51,303	46,113	-	19,500
351 LT Debt, Net of Current -Capital Projects/Mtg Rev.	-	-			-				
352 LT Debt, Net of Current -Operating Borrowings	-	-			-				
353 Non-current Liabilities-Other	37,973		37,973						
354 Accrued Compensated Absences-Non current	12,571	-	12,571						
355 Loan Liability - Non current	-								
356 FASB 5 Liabilities	-								
357 Accrued Pension and OPEB Liabilities	661,079	-	661,079						
350 Total Non-Current Liabilities	711,623	-	711,623	-	-	-	-	-	-
300 Total Liabilities	1,522,388	8,534	804,897	4,950	587,091	51,303	46,113	-	19,500
400 Deferred Inflow of Resources	18,362	-	18,362	-	-	-	-	-	-
Net Position									
508.1 Invested in Capital Assets, Net of Related Debt	55,487	-	3,375	-	52,112				
511.1 Restricted Net Assets	-	-	-	-					
512.1 Unrestricted Net Assets	3,597,151	55,584	(490,287)	4,108,765	(76,911)	-	-	-	-
513 Total Equity/Net Assets	3,652,638	55,584	(486,912)	4,108,765	(24,799)	-	-	-	-
600 Total Liab., Deferred Inflow of Resources and Net Position	5,193,388	64,118	336,347	4,113,715	562,292	51,303	46,113	-	19,500
70300 Net Tenant Rental Revenue	-								
70400 Tenant Revenue-Other	-	-	-						
70500 Total Tenant Revenue	-	-	-	-	-	-	-	-	-
70600 HUD PHA Operating Grants	4,100,703		3,889,759			13,159	90,175	6,253	101,357
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	4,100,703	-	3,889,759	-	-	13,159	90,175	6,253	101,357
70800 Other Government Grants	98,269	98,269	-						
71100 Investment Income-Unrestricted	5,129		179	4,950					
71200 Mortgage Interest Income	-								
71300 Proceeds from Disposition of Assets Held for Sales	-								
71310 Cost of Sale of Assets	-								
71400 Fraud Recovery	-								
71500 Other Revenue	534,250	18,354	9,155		506,741				
71600 Gain or Loss on Sale of Capital Assets	-								
72000 Investment Income-Restricted	174		174						
70000 Total Revenue	4,738,525	116,623	3,899,267	4,950	506,741	13,159	90,175	6,253	101,357
91100 Administrative Salaries	236,172		121,385				45,354	4,035	65,398
91200 Auditing Fees	17,916		17,916						
91300 Management Fees	70,454		54,180	4,950			11,324		
91310 Bookkeeping Fees	33,862		33,862						
91400 Advertising and Marketing	-								
91500 Employee Benefits-Admin.	179,347		114,983				26,187	2,218	35,959
91600 Office Expense	4,245	113	4,132						
91700 Legal Expense	1,391	1,092	299						
91800 Travel	56		56						
91810 Allocated Overhead	-								
91900 Other	88,295	2,692	10,916		67,452		7,235		
91000 Total Operating-Admin	631,738	3,897	357,729	4,950	67,452	-	90,100	6,253	101,357
92000 Asset Management Fee	-								
92100 Tenant Services-Salaries	46,838	46,838							
92200 Relocation Costs	-								
92300 Employee Benefits	5,352	5,352							

**VINELAND HOUSING AUTHORITY**  
**Financial Data Schedule**  
**Program Financials**  
**Year Ended September 30, 2016**

	<b>TOTAL</b>	<b>STATE</b>	<b>SEC 8 &amp; S8FSS</b>	<b>NEWHOP</b>	<b>VHDC</b>	<b>SPC</b>	<b>ROSS</b>	<b>FSS under ROSS</b>	<b>FSS</b>
92400 Tenant Services-Other	61,078	47,844	-	-	-	13,159	75	-	-
92500 Total Tenant Services	113,268	100,034	-	-	-	13,159	75	-	-
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	3,930	1,709	2,221	-	-	-	-	-	-
94300 Ordinary Maint. & Operations Contracts	818	818	-	-	-	-	-	-	-
94500 Employee Benefits	-	-	-	-	-	-	-	-	-
94000 Total Maintenance	4,748	2,527	2,221	-	-	-	-	-	-
95100 Protective Services-Labor	-	-	-	-	-	-	-	-	-
95200 Protective Services-Other Contract Costs	-	-	-	-	-	-	-	-	-
95300 Protective Services-Other	-	-	-	-	-	-	-	-	-
95500 Employee Benefits	-	-	-	-	-	-	-	-	-
95000 Total Protective Services	-	-	-	-	-	-	-	-	-
96110 Property Insurance	589	-	-	-	589	-	-	-	-
96120 Liability Insurance	-	-	-	-	-	-	-	-	-
96130 Workmen's Compensation	-	-	-	-	-	-	-	-	-
96140 All Other Insurance	1,299	-	-	-	1,299	-	-	-	-
96100 Total Insurance Premiums	1,888	-	-	-	1,888	-	-	-	-
96200 Other General Expenses	9,185	-	9,155	-	30	-	-	-	-
96210 Compensated Absences	-	-	-	-	-	-	-	-	-
96300 Payments in Lieu of Taxes	-	-	-	-	-	-	-	-	-
96400 Bad debts-Tenant Rents	575	-	575	-	-	-	-	-	-
96500 Bad debts-Mortgages	-	-	-	-	-	-	-	-	-
96600 Bad debts-Other	-	-	-	-	-	-	-	-	-
96800 Severance Expense	-	-	-	-	-	-	-	-	-
96000 Total Other General Expenses	9,760	-	9,730	-	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	761,402	106,458	369,680	4,950	69,370	13,159	90,175	6,253	101,357
97000 Excess of Operating Revenue over Operating Expenses	3,977,123	10,165	3,529,587	-	437,371	-	-	-	-
97100 Extraordinary Maintenance	-	-	-	-	-	-	-	-	-
97200 Casualty Losses	-	-	-	-	-	-	-	-	-
97300 Housing Assistance Payments	3,574,700	-	3,574,700	-	-	-	-	-	-
97350 HAP Portability-In	-	-	-	-	-	-	-	-	-
97400 Depreciation Expense	375	-	375	-	-	-	-	-	-
97500 Fraud Losses	-	-	-	-	-	-	-	-	-
97600 Capital Outlays-Governmental Funds	-	-	-	-	-	-	-	-	-
97700 Debt Principal Payment-Governmental Funds	-	-	-	-	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-	-	-	-	-
90000 Total Expenses	4,336,477	106,458	3,944,755	4,950	69,370	13,159	90,175	6,253	101,357
10010 Operating Transfer In	-	-	-	-	-	-	-	-	-
10020 Operating Transfer Out	-	-	-	-	-	-	-	-	-
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-	-	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	-	-

**VINELAND HOUSING AUTHORITY**  
**Financial Data Schedule**  
**Program Financials**  
**Year Ended September 30, 2016**

	<u>TOTAL</u>	<u>STATE</u>	<u>SEC 8 &amp; S8FSS</u>	<u>NEWHOP</u>	<u>VHDC</u>	<u>SPC</u>	<u>ROSS</u>	<u>FSS under ROSS</u>	<u>FSS</u>
10091 Inter Project Excess Cash Transfer In	-								
10092 Inter Project Excess Cash Transfer Out	-			-					
10093 Transfers between Program and Project-In	-								
10094 Transfers between Program and Project-Out	(85,117)		-	(85,117)					
10100 Total Other financing Sources (Uses)	(85,117)	-	-	(85,117)	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (under)									
Total Expenses	316,931	10,165	(45,488)	(85,117)	437,371	-	-	-	-
11020 Required Annual Debt Principal Payments	-								
11030 Beginning Net Position	3,469,046	45,419	(441,424)	4,193,882	(328,831)	-	-	-	-
11040 Prior Period Adj., Equity Transfers and Correction of Errors	(133,339)		-	-	(133,339)	-	-	-	-
11190 Unit Months Available	5,592		5,592						
11210 Number of Unit Months Leased	4,515		4,515						
11270 Excess Cash	-								
11610 Land Purchases	-								
11620 Building Purchases	-							-	-
11630 Furniture & Equipment-Dwelling Purchases	-								
11640 Furniture & Equipment-Admin. Purchases	-								
11650 Leasehold Improvements Purchases	-								
11660 Infrastructure Purchases	-								
13510 Replacement Housing Factor Funds	-								
13901 Replacement Housing Factor Funds	-								

**VINELAND HOUSING AUTHORITY**

**Financial Data Schedule**

**Consolidated**

**Year Ended September 30, 2016**

	<b>Per FS</b>	<b>Eliminations</b>	<b>TOTAL</b>	<b>PH ONLY</b>	<b>AMP1</b>	<b>AMP2</b>	<b>AMP3</b>	<b>AMP4</b>	<b>COCC</b>	<b>PROGRAMS</b>
111 Cash-Unrestricted	4,461,451	-	4,461,451	2,252,560	455,818	651,748	931,338	213,656	142,438	2,066,453
112 Cash-Restricted-Modernization and Development	-	-	-	-	-	-	-	-	-	-
113 Cash-Other Restricted	144,864	-	144,864	106,691	8,137	34	61,651	36,869	-	38,173
114 Cash-Tenant Security Deposits	192,689	-	192,689	192,689	34,139	56,083	63,065	39,402	-	-
115 Cash-Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-	-	-	-
100 Total Cash	4,799,004	-	4,799,004	2,551,940	498,094	707,865	1,056,054	289,927	142,438	2,104,626
121 A/R-PHA Projects	-	-	-	-	-	-	-	-	-	-
122 A/R-HUD Other Projects	177,576	-	177,576	63,425	5,358	21,956	10,916	25,195	-	114,151
124 A/R-Other Government	24,318	-	24,318	-	-	-	-	-	-	24,318
125 A/R-Miscellaneous	509,604	-	509,604	2,639	57	2,440	57	85	84	506,881
126 A/R-Tenants	36,318	-	36,318	33,206	13,470	1,272	8,546	9,918	-	3,112
126.1 Allowance for Doubtful Accounts-Tenants	(9,080)	-	(9,080)	(8,302)	(3,367)	(318)	(2,137)	(2,480)	-	(778)
126.2 Allowance for Doubtful Accounts-Other	-	-	-	-	-	-	-	-	-	-
127 Notes, Loans & Mortgages Receivable-Current	1,750,463	459,850	2,210,313	-	-	-	-	-	45,183	2,165,130
128 Fraud Recovery	-	-	-	-	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts-Fraud	-	-	-	-	-	-	-	-	-	-
129 Accrued Interest Receivable	-	-	-	-	-	-	-	-	-	-
120 Total Receivables, Net of Allowances	2,489,199	459,850	2,949,049	90,968	15,518	25,350	17,382	32,718	45,267	2,812,814
131 Investments-Unrestricted	-	-	-	-	-	-	-	-	-	-
132 Investments-Restricted	-	-	-	-	-	-	-	-	-	-
135 Investments-Restricted for Payment of Current Liability	-	-	-	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	70,643	-	70,643	54,571	9,569	17,114	15,107	12,781	15,478	594
143 Inventories	-	-	-	-	-	-	-	-	-	-
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	-
144 Inter Program Due From	-	515,012	515,012	-	-	-	-	-	489,797	25,215
145 Assets Held for Sale	-	-	-	-	-	-	-	-	-	-
150 Total Current Assets	7,358,846	974,862	8,333,708	2,697,479	523,181	750,329	1,088,543	335,426	692,980	4,943,249
161 Land	3,398,069	-	3,398,069	2,963,199	81,593	270,405	206,110	2,405,091	382,758	52,112
162 Buildings	45,172,654	-	45,172,654	41,538,514	8,109,259	13,716,595	16,218,907	3,493,753	3,634,140	-
163 Furniture, Equip & Mach-Dwelling	412,468	-	412,468	412,468	4,386	194,321	178,387	35,374	-	-
164 Furniture, Equip & Mach-Admin	1,558,747	-	1,558,747	832,653	293,117	22,548	486,368	30,620	650,515	75,579
165 Leasehold Improvements	-	-	-	-	-	-	-	-	-	-
166 Accumulated Depreciation	(33,567,512)	-	(33,567,512)	(30,594,532)	(6,719,645)	(10,421,544)	(10,949,078)	(2,504,265)	(2,900,776)	(72,204)
167 Construction in Progress	-	-	-	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	16,974,426	-	16,974,426	15,152,302	1,768,710	3,782,325	6,140,694	3,460,573	1,766,637	55,487
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	16,974,426	-	16,974,426	15,152,302	1,768,710	3,782,325	6,140,694	3,460,573	1,766,637	55,487
190 Total Assets	24,333,272	974,862	25,308,134	17,849,781	2,291,891	4,532,654	7,229,237	3,795,999	2,459,617	4,998,736
200 Deferred Outflow of Resources	1,552,669	-	1,552,669	901,229	201,723	253,784	279,314	166,408	456,788	194,652
290 Total Assets and Deferred Outflow of Resources	25,885,941	974,862	26,860,803	18,751,010	2,493,614	4,786,438	7,508,551	3,962,407	2,916,405	5,193,388
311 Bank Overdraft	-	-	-	-	-	-	-	-	-	-
312 Accounts Payable<=90 Days	299,442	-	299,442	84,226	10,100	13,884	33,164	27,078	25,415	189,801
313 Accounts Payable>90 Days Past Due	-	-	-	-	-	-	-	-	-	-
321 Accrued Wages/Payroll Taxes Payable	76,153	-	76,153	33,972	5,853	7,107	15,372	5,640	25,067	17,114
322 Accrued Compensation Absences-current portion	52,227	-	52,227	23,393	4,351	7,636	5,391	6,015	24,643	4,191
324 Accrued Contingency Liability	-	-	-	-	-	-	-	-	-	-
325 Accrued Interest Payable	52,858	-	52,858	52,858	-	2,812	50,046	-	-	-
331 Accounts Payable-HUD PHA Programs	-	-	-	-	-	-	-	-	-	-
332 Accounts Payable-PHA Projects	-	-	-	-	-	-	-	-	-	-
333 Accounts Payable-Other Government	156,326	-	156,326	156,326	22,959	42,551	46,505	44,311	-	-
341 Tenant Security Deposits	192,689	-	192,689	192,689	34,139	56,083	63,065	39,402	-	-
342 Unearned Revenues	31,266	-	31,266	15,810	3,072	5,451	5,591	1,696	-	15,456
343 Current Portion of LT-Capital Projects/Mtg Rev. Bonds	235,000	-	235,000	235,000	-	12,502	222,498	-	-	-
344 Current Portion of LT-Operating Borrowings	-	374,167	374,167	-	-	-	-	-	-	374,167
345 Other Current Liabilities	-	85,683	85,683	-	-	-	-	-	-	85,683
346 Accrued Liabilities-Other	195,408	-	195,408	114,413	24,841	31,431	35,343	22,798	56,953	24,042
347 Inter Program -Due To	-	515,012	515,012	414,701	100,489	106,884	132,404	74,924	-	100,311
348 Loan Liability-Current	-	-	-	-	-	-	-	-	-	-
310 Total Current Liabilities	1,291,369	974,862	2,266,231	1,323,388	205,804	286,341	609,379	221,864	132,078	810,765
351 LT Debt, Net of Current -Capital Projects/Mtg Rev.	2,525,000	-	2,525,000	2,525,000	-	134,378	2,390,622	-	-	-
352 LT Debt, Net of Current -Operating Borrowings	-	-	-	-	-	-	-	-	-	-
353 Non-current Liabilities-Other	144,017	-	144,017	106,044	8,137	-	61,038	36,869	-	37,973
354 Accrued Compensated Absences-Non current	156,682	-	156,682	70,181	13,054	22,910	16,173	18,044	73,930	12,571
355 Loan Liability - Non current	-	-	-	-	-	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	5,211,619	-	5,211,619	3,008,235	686,349	860,473	934,298	527,115	1,542,305	661,079

**VINELAND HOUSING AUTHORITY**

**Financial Data Schedule**

**Consolidated**

**Year Ended September 30, 2016**

	<u>Per FS</u>	<u>Eliminations</u>	<u>TOTAL</u>	<u>PH ONLY</u>	<u>AMP1</u>	<u>AMP2</u>	<u>AMP3</u>	<u>AMP4</u>	<u>COCC</u>	<u>PROGRAMS</u>
350 Total Non-Current Liabilities	8,037,318	-	8,037,318	5,709,460	707,540	1,017,761	3,402,131	582,028	1,616,235	711,623
300 Total Liabilities	9,328,687	974,862	10,303,549	7,032,848	913,344	1,304,102	4,011,510	803,892	1,748,313	1,522,388
400 Deferred Inflow of Resources	146,354	-	146,354	84,922	19,029	23,935	26,323	15,635	43,070	18,362
Net Position	-	-	-	-	-	-	-	-	-	-
508.4 Net Investment in Capital Assets	14,214,426	-	14,214,426	12,392,302	1,768,710	3,635,445	3,527,574	3,460,573	1,766,637	55,487
511.4 Restricted Net Position	-	-	-	-	-	-	-	-	-	-
512.4 Unrestricted Net Position	2,196,474	-	2,196,474	(759,062)	(207,469)	(177,044)	(56,856)	(317,693)	(641,615)	3,597,151
513 Total Net Position	16,410,900	-	16,410,900	11,633,240	1,561,241	3,458,401	3,470,718	3,142,880	1,125,022	3,652,638
600 Total Liab., Deferred Inflow of Resources and Net Posi	25,885,941	974,862	26,860,803	18,751,010	2,493,614	4,786,438	7,508,551	3,962,407	2,916,405	5,193,388
70300 Net Tenant Rental Revenue	2,425,399	-	2,425,399	2,425,399	452,079	683,223	808,255	481,842	-	-
70400 Tenant Revenue-Other	41,492	-	41,492	41,492	5,176	17,383	11,953	6,980	-	-
70500 Total Tenant Revenue	2,466,891	-	2,466,891	2,466,891	457,255	700,606	820,208	488,822	-	-
70600 HUD PHA Operating Grants	5,865,377	-	5,865,377	1,764,674	365,365	444,626	864,942	89,741	-	4,100,703
70610 Capital Grants	161,039	-	161,039	161,039	6,620	69,108	6,620	78,691	-	-
70710 Management Fee	5,950	587,483	593,433	-	-	-	-	-	593,433	-
70720 Asset Management Fee	-	72,000	72,000	-	-	-	-	-	72,000	-
70730 Bookkeeping Fee	-	87,862	87,862	-	-	-	-	-	87,862	-
70740 Front Line Service Fee	-	-	-	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	-	-	-	-
70700 Total Fee Revenue	6,032,366	747,345	6,779,711	1,925,713	371,985	513,734	871,562	168,432	753,295	4,100,703
70800 Other Government Grants	98,269	-	98,269	-	-	-	-	-	-	98,269
71100 Investment Income-Unrestricted	12,188	-	12,188	6,597	1,379	2,236	2,190	792	462	5,129
71200 Mortgage Interest Income	-	-	-	-	-	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sales	-	-	-	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-	-	-	-	-
71400 Fraud Recovery	11,907	-	11,907	11,907	4,431	-	1,310	6,166	-	-
71500 Other Revenue	703,139	72,000	775,139	95,956	10,690	78,354	833	6,079	144,933	534,250
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
72000 Investment Income-Restricted	176	-	176	2	-	-	2	-	-	174
70000 Total Revenue	9,324,936	819,345	10,144,281	4,507,066	845,740	1,294,930	1,696,105	670,291	898,690	4,738,525
91100 Administrative Salaries	786,497	-	786,497	262,774	66,787	64,044	79,872	52,071	287,551	236,172
91200 Auditing Fees	46,600	-	46,600	28,214	5,878	9,546	9,404	3,386	470	17,916
91300 Management Fees	-	587,483	587,483	517,029	104,909	176,751	169,554	65,815	-	70,454
91310 Bookkeeping Fees	-	87,862	87,862	54,000	11,250	18,270	18,000	6,480	-	33,862
91400 Advertising and Marketing	1,920	-	1,920	667	148	148	148	223	1,253	-
91500 Employee Benefits-Admin.	723,515	-	723,515	286,578	73,376	71,410	87,280	54,512	257,590	179,347
91600 Office Expense	18,470	-	18,470	7,447	1,560	2,494	2,445	948	6,778	4,245
91700 Legal Expense	31,116	-	31,116	29,383	6,854	6,751	7,964	7,814	342	1,391
91800 Travel	1,333	-	1,333	221	-	-	221	-	1,056	56
91810 Allocated Overhead	-	-	-	-	-	-	-	-	-	-
91900 Other	374,812	27,000	401,812	138,280	24,447	41,959	41,271	30,603	175,237	88,295
91000 Total Operating-Admin	1,984,263	702,345	2,686,608	1,324,593	295,209	391,373	416,159	221,852	730,277	631,738
92000 Asset Management Fee	-	72,000	72,000	72,000	15,000	24,360	24,000	8,640	-	-
92100 Tenant Services-Salaries	46,838	-	46,838	-	-	-	-	-	-	46,838
92200 Relocation Costs	-	-	-	-	-	-	-	-	-	-
92300 Employee Benefits	5,352	-	5,352	-	-	-	-	-	-	5,352
92400 Tenant Services-Other	117,303	-	117,303	56,225	6,140	1,674	30,090	18,321	-	61,078
92500 Total Tenant Services	169,493	72,000	241,493	128,225	21,140	26,034	54,090	26,961	-	113,268
93100 Water	78,573	-	78,573	77,447	18,354	20,262	25,851	12,980	1,126	-
93200 Electricity	522,927	-	522,927	496,841	149,062	118,654	228,777	348	26,086	-
93300 Gas	134,551	-	134,551	130,125	19,492	75,986	34,185	462	4,426	-
93400 Fuel	-	-	-	-	-	-	-	-	-	-
93500 Labor	-	-	-	-	-	-	-	-	-	-
93600 Sewer	202,238	-	202,238	200,258	43,712	70,110	70,010	16,426	1,980	-
93700 Employee Benefits	-	-	-	-	-	-	-	-	-	-
93800 Other Utilities	15,496	-	15,496	15,496	-	-	-	15,496	-	-
93000 Total Utilities	953,785	-	953,785	920,167	230,620	285,012	358,823	45,712	33,618	-
94100 Ordinary Maint & Operations-Labor	314,892	-	314,892	314,892	58,635	94,643	98,576	63,038	-	-
94200 Ordinary Maint. & Operations-Materials	229,729	-	229,729	223,866	35,057	43,024	100,529	45,256	1,933	3,930
94300 Ordinary Maint. & Operations Contracts	386,100	45,000	431,100	407,948	72,316	115,204	115,403	105,025	22,334	818
94500 Employee Benefits	434,532	-	434,532	434,532	90,076	125,086	130,227	89,143	-	-
94000 Total Maintenance	1,365,253	45,000	1,410,253	1,381,238	256,084	377,957	444,735	302,462	24,267	4,748
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	-	-	-	-



**VINELAND HOUSING AUTHORITY**

**Financial Data Schedule**

**Consolidated**

**Year Ended September 30, 2016**

	<b>Per FS</b>	<b>Eliminations</b>	<b>TOTAL</b>	<b>PH ONLY</b>	<b>AMP1</b>	<b>AMP2</b>	<b>AMP3</b>	<b>AMP4</b>	<b>COCC</b>	<b>PROGRAMS</b>
96110 Property Insurance	76,659		76,659	74,054	12,986	23,224	20,500	17,344	2,016	589
96120 Liability Insurance	61,282		61,282	59,657	10,461	18,709	16,515	13,972	1,625	-
96130 Workmen's Compensation	63,348		63,348	61,670	10,814	19,340	17,073	14,443	1,678	-
96140 All Other Insurance	13,416		13,416	11,796	2,068	3,699	3,286	2,763	321	1,299
96100 Total Insurance Premiums	214,705	-	214,705	207,177	36,329	64,972	57,354	48,522	5,640	1,888
96200 Other General Expenses	15,198		15,198	6,013	-	311	5,702	-	-	9,185
96210 Compensated Absences	45,671		45,671	27,865	5,300	12,544	3,865	6,156	17,806	-
96300 Payments in Lieu of Taxes	156,326		156,326	156,326	22,959	42,551	46,505	44,311	-	-
96400 Bad debts-Tenant Rents	16,246		16,246	15,671	2,189	2,012	3,706	7,764	-	575
96500 Bad debts-Mortgages	-		-	-	-	-	-	-	-	-
96600 Bad debts-Other	19,475		19,475	-	-	-	-	-	19,475	-
96800 Severance Expense	-		-	-	-	-	-	-	-	-
96000 Total Other General Expenses	252,916	-	252,916	205,875	30,448	57,418	59,778	58,231	37,281	9,760
96710 Interest of Mortgage (or Bonds) Payable	130,196		130,196	130,196	-	6,926	123,270	-	-	-
96720 Interest on Notes Payable (Short and Long Term)	-		-	-	-	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-		-	-	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	130,196	-	130,196	130,196	-	6,926	123,270	-	-	-
96900 Total Operating Expenses	5,071,811	819,345	5,891,156	4,298,671	869,830	1,210,892	1,514,209	703,740	831,083	761,402
97000 Excess of Operating Revenue over Operating Expenses	4,253,125	-	4,253,125	208,395	(24,090)	84,038	181,896	(33,449)	67,607	3,977,123
97100 Extraordinary Maintenance	-		-	-	-	-	-	-	-	-
97200 Casualty Losses	-		-	-	-	-	-	-	-	-
97300 Housing Assistance Payments	3,574,700		3,574,700	-	-	-	-	-	-	3,574,700
97350 HAP Portability-In	-		-	-	-	-	-	-	-	-
97400 Depreciation Expense	1,126,919		1,126,919	1,026,987	192,726	386,021	345,614	102,626	99,557	375
97500 Fraud Losses	-		-	-	-	-	-	-	-	-
97600 Capital Outlays-Governmental Funds	-		-	-	-	-	-	-	-	-
97700 Debt Principal Payment-Governmental Funds	-		-	-	-	-	-	-	-	-
97800 Dwelling Units Rent Expense	-		-	-	-	-	-	-	-	-
90000 Total Expenses	9,773,430	819,345	10,592,775	5,325,658	1,062,556	1,596,913	1,859,823	806,366	930,640	4,336,477
10010 Operating Transfer In	-	493,207	493,207	493,207	27,081	29,982	362,198	73,946	-	-
10020 Operating Transfer Out	-	(493,207)	(493,207)	(493,207)	(27,081)	(29,982)	(362,198)	(73,946)	-	-
10030 Operating Transfers from/to Primary Government	-		-	-	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-		-	-	-	-	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-		-	-	-	-	-	-	-	-
10060 Proceeds from Property Sales	-		-	-	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-		-	-	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-		-	-	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-		-	-	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-		-	-	-	-	-	-	-	-
10093 Transfers between Program and Project-In	-	(85,117)	85,117	85,117	1,776	1,776	78,902	2,663	-	-
10094 Transfers between Program and Project-Out	-	85,117	(85,117)	-	-	-	-	-	-	(85,117)
10100 Total Other financing Sources (Uses)	-	-	-	85,117	1,776	1,776	78,902	2,663	-	(85,117)
10000 Excess (Deficiency) of Total Revenue Over (under) Total Expenses	(448,494)	-	(448,494)	(733,475)	(215,040)	(300,207)	(84,816)	(133,412)	(31,950)	316,931
11020 Required Annual Debt Principal Payments	365,400		365,400	365,400	-	19,439	345,961	-	-	-
11030 Beginning Net Position	16,992,733		16,992,733	12,366,715	1,776,281	3,758,608	3,555,534	3,276,292	1,156,972	3,469,046
11040 Prior Period Adj., Equity Transfers and Correction of E	(133,339)		(133,339)	-	-	-	-	-	-	(133,339)
11190 Unit Months Available	12,792		12,792	7,200	1,500	2,436	2,400	864	-	5,592
11210 Number of Unit Months Leased	11,640		11,640	7,125	1,479	2,421	2,391	834	-	4,515
11270 Excess Cash	857,727		857,727	857,727	227,632	347,082	276,940	6,074	-	-
11610 Land Purchases	-		-	-	-	-	-	-	-	-
11620 Building Purchases	124,459		124,459	124,459	-	55,698	-	68,761	-	-
11630 Furniture & Equipment-Dwelling Purchases	6,790		6,790	6,790	-	6,790	-	-	-	-
11640 Furniture & Equipment-Admin. Purchases	29,790		29,790	29,790	6,620	6,620	6,620	9,930	-	-
11650 Leasehold Improvements Purchases	-		-	-	-	-	-	-	-	-
11660 Infrastructure Purchases	-		-	-	-	-	-	-	-	-
13510 Replacement Housing Factor Funds	-		-	-	-	-	-	-	-	-
13901 Replacement Housing Factor Funds	-		-	-	-	-	-	-	-	-

**HOUSING AUTHORITY OF THE CITY OF VINELAND**

**PART II - SINGLE AUDIT SECTION**

**SEPTEMBER 30, 2016**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners  
Housing Authority of the City of Vineland

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

We have audited the Housing Authority of the City of Vineland's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the fiscal year ended September 30, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 fiscal year ended September 30, 2016.

### **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 of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on 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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Woodbury, New Jersey  
June 8, 2017

**HOUSING AUTHORITY OF THE CITY OF VINELAND**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended September 30, 2016**

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development Direct Programs				
<b>Housing Choice Voucher Cluster</b>				
Section 8 Housing Choice Voucher Program	14.871	N/A		\$ 3,889,759
Public and Indian Housing Program	14.850a	N/A		1,234,022
Resident Opportunity and Supportive Services - Service Coordinators	14.870	N/A		90,175
Family Self-Sufficiency Program	14.896	N/A		101,357
Public Housing Family Self-Sufficiency under Resident Opportunity and Supportive Services	14.877	N/A		6,253
Public Housing - Capital Fund Program	14.872	N/A		691,692
Shelter Plus Care	14.238	N/A		<u>13,158</u>
Total expenditures of federal awards				<u>\$ 6,026,416</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**

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**Note 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Housing Authority of the City of Vineland (the "Authority") under programs of the federal government for the fiscal year ended September 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

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

Basis of Presentation

Expenditures reported on this Schedule is reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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 for prior year's administrative fees received from the United States Department of Housing and Urban Development (HUD) of \$754 for 2015 and no amounts for 2015 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 \$98,269 under the State of New Jersey, Department of Community Affairs Congregate Housing Services Program, which is not subject to a State Single Audit.

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

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**Note 5: PHA'S STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND PROGRAM COSTS**  
**Fund Program Costs – NJ39P063501-10 (FFY 2010), NJ39P063501-11 (FFY 2011), NJ39P063501-12**  
**(FFY 2012), and NJ39P063501-13 (FFY 2013)**  
**Annual Contributions Contract NY-1115**

1. Actual Capital Fund Program Costs are as follows:

Contract #	<u>NJ39P063501-10</u>	<u>NJ39P063501-11</u>
Funds approved	\$ 959,309	\$ 797,068
Funds expended	<u>959,309</u>	<u>797,068</u>
Excess of funds approved	<u>\$ -</u>	<u>\$ -</u>
Funds advanced	\$ 959,309	\$ 797,068
Funds expended	<u>959,309</u>	<u>797,068</u>
Excess of funds advanced	<u>\$ -</u>	<u>\$ -</u>
Contract #	<u>NJ39P063501-12</u>	<u>NJ39P063501-13</u>
Funds approved	\$ 734,284	\$ 656,082
Funds expended	<u>734,284</u>	<u>656,082</u>
Excess of funds approved	<u>\$ -</u>	<u>\$ -</u>
Funds advanced	\$ 734,284	\$ 656,082
Funds expended	<u>734,284</u>	<u>656,082</u>
Excess of funds advanced	<u>\$ -</u>	<u>\$ -</u>

2. The distribution of costs by project shown on the Final Performance and Evaluation Reports dated October 26, 2015 (NJ39P063501-10, NJ39P063501-11, and NJ39P063501-13) and March 11, 2016 (NJ39P063501-12) accompanying the Actual Capital Cost Certificates submitted to HUD for approval are in agreement with the PHA's records.
3. All Capital Fund Program Costs have been paid and all related liabilities have been discharged through payment.

**HOUSING AUTHORITY OF THE CITY OF VINELAND**

**PART III – SCHEDULE OF FINDINGS & QUESTIONED COSTS**

**SEPTEMBER 30, 2016**



**HOUSING AUTHORITY OF THE CITY OF VINELAND  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended September 30, 2016**

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***Section 1 – Summary of Auditor’s Results***

Financial Statements

- |  |            |
|--|------------|
| A. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP | Unmodified |
| B. Internal control over financial reporting:  |            |
| 1. Material weakness(es) identified?   | None noted |
| 2. Significant deficiency(ies) identified?   | None noted |
| C. Noncompliance material to financial statements noted?   | None noted |

Federal Awards Section

- |   |            |
|---|------------|
| D. Internal control over major federal programs:  |            |
| 1. Material weakness(es) identified?  | None noted |
| 2. Significant deficiency(ies) identified?  | None noted |
| E. Type of auditor’s report on compliance for major federal programs:                             | Unmodified |
| F. Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a): | None noted |
| G. Identification of major federal programs:  |            |

CFDA Numbers	Name of Federal Program or Cluster
14.871	Section 8 Housing Choice Voucher Program

- |   |            |
|---|------------|
| H. Dollar threshold used to distinguish between type A and type B programs: | \$ 750,000 |
| I. Auditee qualified as low-risk auditee?                                   | No         |

**HOUSING AUTHORITY OF THE CITY OF VINELAND**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended September 30, 2016**

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***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 Fiscal Year Ended September 30, 2016**

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***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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

None noted.

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

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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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**FINANCIAL STATEMENT FINDINGS**

**Finding No. 2015-001**

**Condition**

During the course of the audit it was determined that material adjusting journal entries in Vineland Housing Development Corporation (VHDC), a blended component unit which is included in the financial statements of the Authority, which were necessary in order to achieve proper presentation of the financial statements.

**Recommendation**

We recommend that the general ledger be accurately and completely maintained in accordance with GAAP in order to ensure adequate control over the preparation of financial statements.

**Current Status**

Management continues to work to improve its internal control structure as opportunities arise. No material adjusting entries were necessary during the completion of the current year audit.

**FEDERAL AWARDS**

No Prior Year Findings.

**APPRECIATION**

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

Respectfully submitted,

*Bowman & Company LLP*

BOWMAN & COMPANY LLP  
Certified Public Accountants  
& Consultants