



HOUSING AUTHORITY OF THE CITY OF VINELAND

REPORT OF AUDIT

**FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 2017 AND 2016**

HOUSING AUTHORITY OF THE CITY OF VINELAND

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September 30, 2017 and 2016

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HOUSING AUTHORITY OF THE CITY OF VINELAND

PART I - FINANCIAL SECTION

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2017 AND 2016

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, 2017 and 2016, 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, 2017 and 2016, 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 basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The 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 basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2018 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 19, 2018

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, 2017, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated June 19, 2018. 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 19, 2018

Housing Authority of the City of Vineland
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
September 30, 2017

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, 2017. 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, 2017 by \$15,916,322 (net position).
- The Authority received federal awards of \$6,242,533 for the fiscal year ended September 30, 2017.

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 \$16,209 in 2017 primarily due to a decrease in cash of \$68,480, a decrease in tenant receivables of \$10,382, a decrease in development fees receivable of \$71,831, a decrease in other receivables of \$1,431 offset by an increase in receivables due from HUD of \$110,302, an increase in receivables due from other governments of \$25,337 and an increase in prepaid expenses of \$276.

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.

Non-current restricted assets increased in 2017 by \$47,415 due to an increase in security deposits and escrows.

Non-current restricted assets increased in 2016 by \$35,328 due to an increase in security deposits and escrows.

Capital Assets, net, decreased in 2017 from 2016 by \$905,578 due to capital improvements and equipment purchases of \$177,180 which is offset by depreciation of \$1,082,758.

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.

Housing Authority of the City of Vineland
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
September 30, 2017

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

Other Assets increased by \$25,000 from 2016 to 2017 due to additional loans to Melrose Court Homes, LP.

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

Deferred Outflows of Resources decreased by \$673,303 from 2016 to 2017 and increased by \$790,629 from 2015 to 2016 due to the required GASB 68 pension accrual.

Current liabilities decreased in 2017 from 2016 by \$24,467 primarily due to a decrease in accounts payable and accrued expenses of \$13,988, a decrease in due to other governments of \$15,410, a decrease in unearned revenues of \$14,902 and a decrease in accrued interest payable of \$4,283 offset by an increase in the current portion of accrued compensated absences of \$3,627, an increase in tenant funds on deposit of \$5,489 and an increase in the current portion of long-term debt of \$15,000.

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.

Long-term liabilities decreased in 2017 from 2016 by \$2,282,176 primarily due to the decrease in the required GASB 68 pension liability accrual of \$1,987,319, a decrease in the long-term debt of \$250,000, a decrease in tenant funds on deposit of \$55,738 offset by an increase in accrued compensated absences of \$10,881.

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.

The federal grants increased in 2017 from 2016 in the amount of \$216,117 primarily due to an increase in HAP revenues of \$357,426 and Shelter Plus Care Grant revenue of \$13,501 offset by a decrease in subsidy of \$65,808, a decrease in capital funds of \$67,436, a decrease in ROSS program revenue of \$19,975 and a decrease in FSS program revenue of \$9,271.

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 Vineland Housing Authority is the management agent for the Buena Housing Authority who has converted to the RAD Program; therefore, Vineland Housing receives the HAP revenue and administrative fee revenue regarding this program which is reflected in the increased revenues during 2017.

Housing Authority of the City of Vineland
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
September 30, 2017

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

Other Government Grants decreased in 2017 from 2016 by \$16,040 and by \$3,465 in 2016 from 2015 due to decreased funding by the State of New Jersey Congregate Service Program.

Tenant revenue decreased in 2017 from 2016 in the amount of \$59,428 and by \$25,158 in 2016 from 2015 as a result of tenant turnover and units offline.

Management contract fees increased in 2017 from 2016 in the amount of \$48,344 as a result of the contract with Buena Housing Authority to manage their RAD program and with Ocean City Housing Authority for management services.

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.

Investment income decreased in 2017 from 2016 by \$1,368 and by \$5,880 in 2016 from 2015 due primarily to a less favorable interest rate than in the past and a reduction in the amount invested.

Other income decreased in 2017 from 2016 by \$398,114 due to a decrease in tower rental income of \$18,446, and a decrease in development fee income of \$506,731, offset by an increase in FSS forfeitures of \$34,571, an increase in service fees from Melrose Court Homes, LP of \$38,133, a Clean Energy Rebate of \$52,000 received by the VHDC and other miscellaneous income increases of \$2,359.

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.

Administrative expenses decrease in 2017 from 2016 by \$321,720 primarily due to a decrease in employee benefits of \$304,320 due to the required GASB 68 pension adjustment and a decrease in salaries of \$24,884 offset by and increase in office supplies of \$5,779 and other administrative expenses of \$1,705.

Administrative expenses decreased in 2016 from 2015 by \$159,728 primarily due to a decrease in salaries of \$162,998, a decrease in consultants of \$48,514 offset by an increase in employee benefits costs of \$38,124, an increase in legal fees of \$9,751 and an increase in miscellaneous expenses of \$3,909.

Tenant services increased in 2017 from 2016 by \$52,320 primarily due to an increase in salaries of \$46,604 and an increase in employee benefits of \$41,477 offset by a decrease in other tenant services of \$35,761.

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.

Utilities increased in 2017 from 2016 by \$34,445 primarily due to cooler temperatures resulting in an increase in gas of \$37,550. There was also an increase in water of \$2,729, sewer of \$5,336 and other utilities of \$115 which was offset by a decrease in electric of \$11,285.

Housing Authority of the City of Vineland
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
September 30, 2017

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

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

Housing assistance payments increased in 2017 from 2016 by \$267,076 primarily due to the management of the RAD program for the Buena Housing Authority.

Housing assistance payments decreased in 2016 from 2015 by \$13,017 primarily due to fewer residents under contract.

Ordinary maintenance and operation expenses decreased in 2017 from 2016 by \$104,819 primarily due to a decrease in employee benefits of \$114,493 due to the required GASB 68 adjustment. Maintenance contracts also decreased in 2017 by \$23,392 which was offset by a increase in salaries of \$25,970 and materials of \$7,096.

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.

There were no changes in protective services from 2016 to 2017 or from 2015 to 2016.

General expenses decreased in 2017 from 2016 by \$38,577 primarily due to a decrease in other general expenses of \$8,586, a decrease in compensated absences of \$5,890, a decrease in payments in lieu of taxes of \$15,410 and a decrease in bad debts-other of \$19,097 offset by an increase in bad debts-tenants of \$10,406.

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.

Depreciation expense decreased in 2017 from 2016 by \$44,161 primarily as a result of more capital assets being fully depreciated. The same was true for the decrease in 2016 from 2015 of \$94,739.

Insurance expense increased in 2017 from 2016 by \$1,165 due to yearly premium increases. The same is true for the increase in 2016 from 2015 of \$5,791.

Interest expense decreased in 2017 from 2016 by \$10,135 due to the repayment of the capital leveraging bond.

Interest expense decreased in 2016 from 2015 by \$9,656 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, 2017

STATEMENTS OF NET POSITION

	2017	2016	Restated 2015
Current Assets	\$ 5,254,621	\$ 5,270,830	\$ 5,671,770
Non-current Restricted Assets	384,968	337,553	302,225
Capital Assets, net	16,068,848	16,974,426	17,666,614
Other Assets	1,775,463	1,750,463	896,185
Total Assets	<u>23,483,900</u>	<u>24,333,272</u>	<u>24,536,794</u>
Deferred Outflows of Resources	<u>879,366</u>	<u>1,552,669</u>	<u>762,040</u>
Current Liabilities	1,227,820	1,252,287	1,161,872
Long-term Liabilities	5,794,224	8,076,400	7,203,023
Total Liabilities	<u>7,022,044</u>	<u>9,328,687</u>	<u>8,364,895</u>
Deferred Inflows of Resources	<u>1,424,900</u>	<u>146,354</u>	<u>74,544</u>
Net Investment in Capital Assets	13,543,848	14,214,426	14,681,614
Restricted Net Position	97,766	-	14,024
Unrestricted Net Position	<u>2,274,708</u>	<u>2,196,474</u>	<u>2,163,757</u>
NET POSITION	<u>\$ 15,916,322</u>	<u>\$ 16,410,900</u>	<u>\$ 16,859,395</u>

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

	2017	2016	Restated 2015
REVENUES:			
Federal grant awards	\$ 6,242,533	\$ 6,026,416	\$ 6,196,689
State and local grant awards	82,229	98,269	101,734
Tenant charges	2,437,723	2,497,151	2,522,309
Management contract fees	108,565	60,221	114,447
Investment income	10,997	12,365	18,245
Other income	<u>232,400</u>	<u>630,514</u>	<u>363,650</u>
TOTAL REVENUES	9,114,447	9,324,936	9,317,074
EXPENSES:			
Administrative	1,674,017	1,995,737	2,155,465
Tenant services	221,813	169,493	150,754
Utilities	988,230	953,785	1,070,460
Housing assistance payments	3,841,776	3,574,700	3,587,717
Ordinary maintenance and operation	1,260,434	1,365,253	1,281,226
Protective services	1,200	1,200	1,200
General expenses	202,866	241,443	679,817
Depreciation expense	1,082,758	1,126,919	1,221,658
Insurance	215,870	214,705	208,914
Interest	<u>120,061</u>	<u>130,196</u>	<u>139,852</u>
TOTAL EXPENSES	<u>9,609,025</u>	<u>9,773,431</u>	<u>10,497,063</u>
CHANGES IN NET POSITION	(494,578)	(448,495)	(1,179,989)
NET POSITION, BEGINNING	16,410,900	16,859,395	21,535,534
PRIOR PERIOD ADJUSTMENT	-	-	(3,496,150)
NET POSITION, ENDING	<u>\$ 15,916,322</u>	<u>\$ 16,410,900</u>	<u>\$ 16,859,395</u>

Housing Authority of the City of Vineland
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
September 30, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets:

The following table summarizes the changes in capital assets between September 30, 2017, 2016 and 2015:

	<u>2017</u>	<u>2016</u>	<u>Restated 2015</u>
Land	\$ 3,398,069	\$ 3,398,069	\$ 3,398,069
Building	45,216,971	45,172,656	44,869,305
Equipment	2,038,075	1,971,213	1,841,842
Construction-in-progress	<u>-</u>	<u>-</u>	<u>-</u>
Total	50,653,115	50,541,938	50,109,216
Accumulated Depreciation	<u>34,584,267</u>	<u>33,567,512</u>	<u>32,442,602</u>
Net Capital Assets	<u><u>\$ 16,068,848</u></u>	<u><u>\$ 16,974,426</u></u>	<u><u>\$ 17,666,614</u></u>

Debt:

As of September 30, 2017, the Authority had \$2,525,000 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, 2017.

- 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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,392,971	\$ 4,461,451
Accounts receivable, net of allowance for doubtful accounts of \$5,537 in 2017 and \$9,080 in 2016	16,856	27,238
Development fee receivable	435,050	506,881
Due from HUD	287,878	177,576
Due from other governments	49,655	24,318
Other receivables	1,292	2,723
Prepaid expenses	70,919	70,643
Total current assets	<u>5,254,621</u>	<u>5,270,830</u>
Non-current restricted assets		
Cash and cash equivalents	<u>384,968</u>	<u>337,553</u>
Capital assets, net	<u>16,068,848</u>	<u>16,974,426</u>
Due from Melrose Court Homes, LP	<u>1,775,463</u>	<u>1,750,463</u>
Total assets	<u><u>\$ 23,483,900</u></u>	<u><u>\$ 24,333,272</u></u>
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions	<u><u>\$ 879,366</u></u>	<u><u>\$ 1,552,669</u></u>

(continued)

HOUSING AUTHORITY OF THE CITY OF VINELAND
Statements of Net Position (continued)
September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	\$ 517,933	\$ 531,921
Current portion of liability for compensated absences	55,854	52,227
Tenant funds on deposit	198,178	192,689
Due to other governments	140,916	156,326
Unearned revenue	16,364	31,266
Current portion of long-term debt	250,000	235,000
Accrued interest payable	48,575	52,858
	<u>1,227,820</u>	<u>1,252,287</u>
Total current liabilities		
Long-term liabilities		
Pension liability	3,231,234	5,211,619
Pension liability - contributions subsequent to measurement date	32,148	39,082
Long-term debt, net of current portion	2,275,000	2,525,000
Liability for compensated absences, net of current portion	167,563	156,682
Tenant funds on deposit	88,279	144,017
	<u>5,794,224</u>	<u>8,076,400</u>
Total long-term liabilities		
Total liabilities	<u><u>\$ 7,022,044</u></u>	<u><u>\$ 9,328,687</u></u>
DEFERRED INFLOWS OF RESOURCES		
Related to pensions	<u><u>\$ 1,424,900</u></u>	<u><u>\$ 146,354</u></u>
NET POSITION		
Net investment in capital assets	\$ 13,543,848	\$ 14,214,426
Restricted	97,766	-
Unrestricted	<u>2,274,708</u>	<u>2,196,474</u>
Total net position	<u><u>\$ 15,916,322</u></u>	<u><u>\$ 16,410,900</u></u>

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

HOUSING AUTHORITY OF THE CITY OF VINELAND
Statements of Revenue, Expenses, and Changes in Net Position
For the Fiscal Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenue		
Federal grant awards	\$ 5,791,078	\$ 5,499,976
State and local grant awards	82,229	98,269
Tenant charges	2,437,723	2,497,151
Management contract fees	108,565	60,221
Development fee	-	506,731
Other income	172,786	45,722
	<u>8,592,381</u>	<u>8,708,070</u>
Total operating revenue		
Operating expenses		
Administration	1,674,017	1,984,263
Tenant services	221,813	169,493
Utilities	988,230	953,785
Housing assistance payments	3,841,776	3,574,700
Ordinary maintenance and operation	1,260,434	1,365,253
Protective services	1,200	1,200
General expenses	202,866	252,917
Depreciation expense	1,082,758	1,126,919
Insurance	215,870	214,705
	<u>9,488,964</u>	<u>9,643,235</u>
Total operating expenses		
Operating loss	<u>(896,583)</u>	<u>(935,165)</u>
Non-operating revenue (expenses):		
Tower rental income	59,615	78,061
Capital grants	451,454	526,440
Investment income	10,997	12,365
Interest expense	(120,061)	(130,196)
	<u>402,005</u>	<u>486,670</u>
Net non-operating revenue		
Decrease in net position	<u>(494,578)</u>	<u>(448,495)</u>
Net position at the beginning of the year	<u>16,410,900</u>	<u>16,859,395</u>
Net position at the end of the year	<u><u>\$ 15,916,322</u></u>	<u><u>\$ 16,410,900</u></u>

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

HOUSING AUTHORITY OF THE CITY OF VINELAND
Statements of Cash Flows
For the Fiscal Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Cash received from federal and state assistance programs	\$ 5,722,212	\$ 5,518,849
Cash received from tenants	2,398,409	2,542,373
Cash received from management contracts	108,565	61,100
Other operating cash receipts	172,786	546,481
Payments for goods and services	(3,421,473)	(3,648,216)
Payments to employees and for benefits	(1,193,592)	(777,609)
Payments to landlords for rent	(3,841,776)	(3,574,700)
Cash received from/(paid to) related organizations	48,262	(1,406,986)
	<u>(6,607)</u>	<u>(738,708)</u>
Cash flows from non-capital financing activities		
Tower rental income	59,615	78,061
	<u>59,615</u>	<u>78,061</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	(177,180)	(434,731)
Capital grants received	451,454	526,440
Principal payments on long-term debt	(235,000)	(225,000)
Interest payments on long-term debt	(124,344)	(134,298)
Insurance recovery on capital assets	-	167,907
	<u>(85,070)</u>	<u>(99,682)</u>
Cash flows from investing activities		
Interest income received	10,997	12,365
	<u>10,997</u>	<u>12,365</u>
Decrease in cash and cash equivalents	(21,065)	(747,964)
Cash and cash equivalents, beginning of year	4,799,004	5,546,968
Cash and cash equivalents, end of year	<u>\$ 4,777,939</u>	<u>\$ 4,799,004</u>

HOUSING AUTHORITY OF THE CITY OF VINELAND
Statements of Cash Flows (continued)
For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (896,583)	\$ (935,165)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	1,082,758	1,126,919
Adjustment to actuarial pension expense	(63,205)	346,786
Adjustment to actuarial accounts payable amount	34,669	2,349
Reduction in (provision for) allowance of doubtful accounts	3,543	(101,219)
(Increase) decrease in assets		
Accounts receivable, net of allowance for doubtful accounts	6,839	(8,283)
Development fee receivable	71,831	(506,881)
Due from HUD	(110,302)	(44,214)
Due from other governments	(25,337)	(8,716)
Due from Vineland Housing Solutions LLC, net of allowance	-	122,765
Due from Melrose Court Homes, LP	(25,000)	(854,278)
Other receivables	1,431	(2,639)
Prepaid expenses	(276)	(1,072)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(20,922)	93,376
Liability for compensated absences	14,508	(5,499)
Tenant funds on deposit	(50,249)	48,885
Due to other governments	(15,410)	11,217
Unearned revenue	(14,902)	(23,039)
Net cash used in operating activities	<u><u>\$ (6,607)</u></u>	<u><u>\$ (738,708)</u></u>
Reconciliation of cash and cash equivalents to the statements of net position		
Cash and cash equivalents - unrestricted	\$ 4,392,971	\$ 4,461,451
Cash and cash equivalents - restricted	<u>384,968</u>	<u>337,553</u>
	<u><u>\$ 4,777,939</u></u>	<u><u>\$ 4,799,004</u></u>

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

HOUSING AUTHORITY OF THE CITY OF VINELAND

Notes to Financial Statements

Note 1: ORGANIZATION AND ACTIVITY

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

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

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

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

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

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

Note 1: ORGANIZATION AND ACTIVITY (continued)

As of September 30, 2017, 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, 2017. 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, 2017, 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)

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, 2017 and 2016 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)

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)

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 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)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

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)

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.

Federal grants are generally classified as operating unless they are capital specific in which case they are classified as non-operating. During the year ended September 30, 2017, the Authority determined that certain grant revenues related to capital leveraging were more properly classified as non-operating as the funds were used for capital improvements. Amounts totaling \$364,991 for 2017 and \$365,401 for 2016 have been reclassified from operating revenues, federal grant awards to non-operating, capital grants in the accompanying Statements of Revenue, Expenses, and Changes in Net Position.

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

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards adopted

During the fiscal year ended September 30, 2017, 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 2017 financial statements.

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.

The adoption of this statement had no impact on the Authority's financial statements.

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.

The adoption of this statement had no impact on the Authority's financial statements.

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.

The adoption of this statement had no impact on the Authority's financial statements.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting pronouncements to be implemented in the future

The Authority plans to implement the following pronouncements by the required implementation dates or earlier, when deemed feasible. Management has not determined the potential impact of these new pronouncements on the financial statements.

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. 83, Certain Asset Retirement Obligations

Issued November 2016, this Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement is effective for periods beginning after June 15, 2018.

Statement No. 84, Fiduciary Activities

Issued January 2017, The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting pronouncements to be implemented in the future (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.

Statement No. 86, Certain Debt Extinguishment Issues

Issued May 2017, the primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

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

Statement No. 87, Leases

Issued June 2017, the objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements

Issued April 2018, the primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

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

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, 2017 and 2016, the bank balances of the Authority and the component unit, were insured or collateralized as follows:

	September 30, 2017	
	Authority	Component Unit
Insured	\$ 723,937	\$ 122,697
Collateralized under GUDPA	3,965,807	-
Uninsured or uncollateralized	-	-
	<u>\$ 4,689,744</u>	<u>\$ 122,697</u>

	September 30, 2016	
	Authority	Component Unit
Insured	\$ 572,667	\$ 2,705
Collateralized under GUDPA	4,387,165	-
Uninsured or uncollateralized	-	-
	<u>\$ 4,959,832</u>	<u>\$ 2,705</u>

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

Note 4: RESTRICTED ASSETS

The Authority established restricted cash accounts as required by HUD to report 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,	
	2017	2016
Housing Assistance Payments	\$ 97,766	\$ -
Tenant security deposits	198,178	192,689
Family Self-Sufficiency deposits	88,279	144,016
Capital leveraging	745	648
	<u>\$ 384,968</u>	<u>\$ 337,353</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, 2017 and 2016 was as follows:

	Balance September 30, 2016	Additions	Reductions	Balance September 30, 2017
Land	\$ 3,398,069			\$ 3,398,069
Buildings	45,172,656	\$ 44,316	\$ 6,790	45,216,971
Furniture, equipment & machinery - dwelling	412,467	46,390		452,068
Furniture, equipment & machinery – administration	1,558,746	93,264	66,004	1,586,007
	50,541,938	183,970	72,794	50,653,115
Less accumulated depreciation	33,567,512	1,082,758	66,004	34,584,267
Capital assets, net	<u>\$ 16,974,426</u>	<u>\$ (898,788)</u>	<u>\$ 6,790</u>	<u>\$ 16,068,848</u>

	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>

During the 2016, 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.

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

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/financial-reports.shtml>

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 21, 2010
4. Members who were eligible to enroll after May 21, 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)

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 7.20% in State fiscal year 2017. 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) was 10% in State fiscal year 2017. Employers' contributions are based on an actuarially determined amount which included the normal cost and unfunded accrued liability.

The Authority's contractually required contribution rate for the fiscal years ended September 30, 2017 and 2016 were 12.70% and 15.53%, respectively, of the Authority's covered payroll. These amounts were actuarially determined as the amount that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the fiscal year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2017, the Authority's contractually required contribution to the pension plan for the fiscal year ended September 30, 2017 is \$128,591, and is payable by April 1, 2018. Employee contributions to the plan during the fiscal year ended September 30, 2017 were \$73,601.

Based on the PERS measurement date of June 30, 2016, the Authority's contractually required contribution to the pension plan for the year ended September 30, 2016 is \$156,326, and was 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 was \$158,675, which was paid on April 1, 2016. Employee contributions to the plan during the fiscal year ended September 30, 2015 were \$82,438.

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

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, 2017 and 2016, the Authority's proportionate share of the PERS net pension liability was \$3,231,234 and \$5,211,619, respectively. The net pension liability reported at September 30, 2017 was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. 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, 2017. 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, 2017 measurement date, the Authority's proportion was 0.0138808229%, which was a decrease of 0.0037158130% from its proportion measured as of June 30, 2016.

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, 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, 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.

For the fiscal years ended September 30, 2017 and 2016, the Authority recognized pension expense of \$93,252 and \$505,452, respectively. These amounts were based on the plan's June 30, 2017 and 2016 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, 2017 and 2016, the Authority had deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>September 30, 2017</u>		<u>September 30, 2016</u>	
	<u>Measurement Date June 30, 2017</u>		<u>Measurement Date June 30, 2016</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	\$ 76,084		\$ 96,920	
Change of assumptions	650,982	\$ 648,596	1,079,569	
Net difference between projected and actual earnings on pension plan investments	22,003		198,724	
Changes in proportion and differences between Authority contributions and proportionate share of contributions	98,149	776,304	138,374	\$ 146,354
Authority contributions subsequent to the measurement date	32,148		39,082	
	<u>\$ 879,366</u>	<u>\$ 1,424,900</u>	<u>\$ 1,552,669</u>	<u>\$ 146,354</u>

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 (continued)

The deferred outflows of resources related to pensions totaling \$32,148 and \$39,082 will be included as a reduction of the net pension liability in the fiscal years ended September 30, 2018 and 2017. This amount is based on an estimated April 1, 2019 and April 1, 2018 contractually required contribution, prorated from the pension plans measurement date of June 30, 2017 and June 30, 2016 to the Authority's year end of September 30, 2017 and 2016.

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

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Year of pension plan deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of assumptions		
Year of pension plan deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
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	-
June 30, 2017	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
June 30, 2017	5.48	5.48

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)

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

Fiscal Year Ending September 30,	
2018	\$ (63,878)
2019	(25,158)
2020	(92,447)
2021	(257,815)
2022	<u>(138,384)</u>
	<u>\$ (577,682)</u>

Actuarial Assumptions

The net pension liability was measured as of June 30, 2017 and 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 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, 2017 and 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	Measurement Date June 30, 2017	Measurement Date June 30, 2016
Inflation	2.25%	3.08%
Salary increases:		
Through 2026	1.65% - 4.15% Based on age	1.65% - 4.15% Based on age
Thereafter	2.65% - 5.15% Based on age	2.65% - 5.15% Based on age
Investment rate of return	7.00%	7.65%
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, 2011 – June 30, 2014

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)

For the June 30, 2017 measurement date, preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. 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).

For the June 30, 2016 measurement date, preretirement 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).

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017 and 7.65% at June 30, 2016) 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, 2017 and 2016 are summarized in the table on the following page.

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)

Asset Class	Measurement Date June 30, 2017		Measurement Date June 30, 2016	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Absolute Return/Risk Mitigation	5.00%	5.51%	5.00%	0.87%
Cash Equivalents	5.50%	1.00%	1.50%	1.74%
U.S. Treasuries	3.00%	1.87%	8.00%	1.79%
Investment Grade Credit	10.00%	3.78%	2.00%	1.67%
Public High Yield	2.50%	6.82%	2.00%	4.56%
Global Diversified Credit	5.00%	7.10%	1.50%	3.44%
Credit Oriented Hedge Funds	1.00%	6.60%	26.00%	8.53%
Debt Related Private Equity	2.00%	10.63%	13.25%	6.83%
Debt Related Real Estate	1.00%	6.61%	6.50%	9.95%
Private Real Estate	2.50%	11.83%	9.00%	12.40%
Equity Related Real Estate	6.25%	9.23%	12.50%	4.68%
U.S. Equity	30.00%	8.19%	2.00%	6.91%
Non-U.S. Developed Markets Equity	11.50%	9.00%	0.50%	5.45%
Emerging Markets Equity	6.50%	11.64%	5.00%	-0.25%
Buyouts/Venture Capital	8.25%	13.08%	5.25%	5.63%
	<u>100.00%</u>		<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2017 was 5.00%. The respective single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount 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 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liabilities.

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

Note 6: PENSION PLAN (continued)

Public Employees' Retirement System (continued)

Discount Rate (continued)

The discount rate used to measure the total pension liability at June 30, 2016 was 3.98%. The respective single blended discount rates were based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount 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. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, 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, 2017, calculated using a discount rate of 5.00%, 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:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Proportionate share of the net pension liability	<u>\$ 4,008,565</u>	<u>\$ 3,231,234</u>	<u>\$ 2,583,621</u>

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:

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

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

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 <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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)

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, 2017, 2016, and 2015 totaled \$19,128, \$21,235, and \$19,061, 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, 2017, 2016, and 2015 was \$229,086, \$200,497, and \$164,681, respectively, which equaled the required contributions for that year. There were approximately 25 retired participants eligible at September 30, 2017, approximately 27 at September 30, 2016, and approximately 23 at September 30, 2015.

Note 8: LONG-TERM DEBT

The following summarizes compensated absences:

	September 30,	
	2017	2016
Beginning balance	\$ 208,909	\$ 214,408
Increase	110,680	76,568
Decrease	<u>(96,172)</u>	<u>(82,067)</u>
Ending balance	<u>\$ 223,417</u>	<u>\$ 208,909</u>
Current portion	<u>\$ 55,854</u>	<u>\$ 52,227</u>

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, 2017:

Beginning Balance	Additions	Retirements	Ending Balance	Amounts due within the year
\$ 2,760,000	\$ -	\$ (235,000)	\$ 2,525,000	\$ 250,000

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
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	295,000	65,213	360,213
2023-2026	1,165,000	112,213	1,277,213
	<u>\$ 2,525,000</u>	<u>\$ 564,106</u>	<u>\$ 3,089,106</u>

Note 9: COMMITMENTS

As of September 30, 2017, the Authority had commitments to expend approximately \$740,347 for various capital improvements and related costs for the 2017, 2016, and 2015 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)

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, 2017 and 2016 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. No amounts have been advanced for this purpose for the year ending September 30, 2017. \$3,500 has been advanced for this purpose to Vineland Housing Development Corporation for the year ending September 30, 2016. 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, 2017 and 2016 totaled \$86,799 and \$82,183, 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

Melrose Court is a 17-unit low-income residential housing project in Vineland, NJ. The project qualified for low-income housing tax credits pursuant to Internal Revenue Code Section 42, which regulates the use of the project.

Several organizations are involved in the project, including, Melrose Court Homes, LP (the "LP") who is the owner of the development. Melrose Court GP, LLC (the "LLC") is a General Partner with a .01% ownership interest in the LP. 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.

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

Note 11: RELATED PARTY TRANSACTIONS (continued)

Melrose Court Homes, LP (continued)

The Authority provided 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. The balance on this loan at September 30, 2017 and 2016 is \$1,775,463 and \$1,750,463, respectively.

As the developer for the construction of the Melrose Court Project, Vineland Housing Development Corporation has earned development fees for the year ended September 30, 2016 of \$506,731. 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. \$71,831 was paid to Vineland Housing Development Corporation during 2017, and no development fee was paid to Vineland Housing Development Corporation during 2016.

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	\$ 146,642
FSS Program	PHA Owned Housing Program	85,095
FSS Program	ROSS Program	24,863
Shelter Plus Care	PHA Owned Housing Program	11,059
Homeownership Program	PHA Owned Housing Program	8,538
ROSS Program	PHA Owned Housing Program	5,538
FSS Program	PHA Owned Housing Program	3,176
Congregate	PHA Owned Housing Program	1,848
FSS Program	Congregate	1,120
		<u>\$ 287,879</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	\$ (46,299)
Homeownership Program	VHDC	<u>(414,667)</u>
		<u>\$ (460,966)</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, 2017.

	<u>PG</u>	<u>CU</u>	<u>Eliminations</u>	<u>Consolidated</u> <u>2017</u>
Assets				
Current assets	\$ 5,157,542	\$ 558,045	\$ (460,966)	\$ 5,254,621
Non-current assets	2,160,431	-	-	2,160,431
Capital assets, net	<u>16,016,736</u>	<u>52,112</u>	<u>-</u>	<u>16,068,848</u>
Total assets	23,334,709	610,157	(460,966)	23,483,900
Deferred outflows of resources	879,366	-	-	879,366
Liabilities				
Current liabilities	1,066,515	622,271	(460,966)	1,227,820
Long term liabilities	<u>5,794,224</u>	<u>-</u>	<u>-</u>	<u>5,794,224</u>
Total liabilities	6,860,739	622,271	(460,966)	7,022,044
Deferred inflows of resources	1,424,900	-	-	1,424,900
Net position				
Net investment in capital assets	13,491,736	52,112	-	13,543,848
Restricted	97,766	-	-	97,766
Unrestricted	<u>2,338,934</u>	<u>(64,226)</u>	<u>-</u>	<u>2,274,708</u>
Total net position (deficit)	<u>\$ 15,928,436</u>	<u>\$ (12,114)</u>	<u>\$ -</u>	<u>\$ 15,916,322</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 Net Position as of September 30, 2016.

	<u>PG</u>	<u>CU</u>	<u>Eliminations</u>	<u>Consolidated</u> <u>2016</u>
Assets				
Current assets	\$ 4,760,650	\$ 558,045	\$ (459,850)	\$ 4,810,980
Non-current assets	2,547,866	-	-	2,547,866
Capital assets, net	<u>16,922,314</u>	<u>52,112</u>	<u>-</u>	<u>16,974,426</u>
Total assets	24,230,830	610,157	(459,850)	24,333,272
Deferred outflows of resources	1,552,669	-	-	1,552,669
Liabilities				
Current liabilities	1,164,128	622,271	(459,850)	1,291,369
Long term liabilities	<u>8,037,318</u>	<u>-</u>	<u>-</u>	<u>8,037,318</u>
Total liabilities	9,201,446	622,271	(459,850)	9,328,687
Deferred inflows of resources	146,354	-	-	146,354
Net position				
Net investment in capital assets	14,162,314	52,112	-	14,214,426
Restricted	-	-	-	-
Unrestricted	<u>2,273,385</u>	<u>(64,226)</u>	<u>-</u>	<u>2,196,474</u>
Total net position (deficit)	<u>\$ 16,435,699</u>	<u>\$ (12,114)</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, 2017.

	<u>PG</u>	<u>CU</u>	<u>Eliminations</u>	<u>Consolidated 2017</u>
Operating revenue	\$ 8,540,381	\$ 52,000	\$ -	\$ 8,592,381
Operating expenses	8,366,891	39,315	-	8,406,206
Depreciation	<u>1,082,758</u>	<u>-</u>	<u>-</u>	<u>1,082,758</u>
Operating income (loss)	(909,268)	12,685	-	(896,583)
Non-operating revenue	522,066	-	-	522,066
Non-operating expense	<u>(120,061)</u>	<u>-</u>	<u>-</u>	<u>(120,061)</u>
Increase (decrease) in net position	<u>(507,263)</u>	<u>12,685</u>	<u>-</u>	<u>(494,578)</u>
Net position, beginning	<u>16,435,699</u>	<u>(24,799)</u>	<u>-</u>	<u>16,410,900</u>
Net position (deficit), ending	<u>\$ 15,928,436</u>	<u>\$ (12,114)</u>	<u>\$ -</u>	<u>\$ 15,916,322</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 2016</u>
Operating revenue	\$ 8,201,329	\$ 506,741	\$ -	\$ 8,708,070
Operating expenses	8,446,945	69,371	-	8,516,316
Depreciation	<u>1,126,919</u>	<u>-</u>	<u>-</u>	<u>1,126,919</u>
Operating income (loss)	(1,372,535)	437,370	-	(935,165)
Non-operating revenue	616,866	-	-	616,866
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 Cash Flows for the year ended September 30, 2017.

	<u>PG</u>	<u>CU</u>	<u>Eliminations</u>	<u>Consolidated 2017</u>
Net cash provided by (used in) operating activities	\$ (126,599)	\$ 119,992	\$ -	\$ (6,607)
Net cash provided by non-capital financing activities	59,615	-	-	59,615
Net cash used in capital and related financing activities	(85,070)	-	-	(85,070)
Net cash provided by investing activities	<u>10,997</u>	<u>-</u>	<u>-</u>	<u>10,997</u>
Increase (decrease) in cash and cash equivalents	(141,057)	119,992	-	(21,065)
Cash and cash equivalents, beginning of year	<u>4,796,299</u>	<u>2,705</u>	<u>-</u>	<u>4,799,004</u>
Cash and cash equivalents, end of year	<u>\$ 4,655,242</u>	<u>\$ 122,697</u>	<u>\$ -</u>	<u>\$ 4,777,939</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	\$ (735,236)	\$ (3,472)	\$ -	\$ (738,708)
Net cash provided by non-capital financing activities	78,061	-	-	78,061
Net cash used in capital and related financing activities	(99,682)	-	-	(99,682)
Net cash provided by investing activities	<u>12,365</u>	<u>-</u>	<u>-</u>	<u>12,365</u>
Decrease in cash and cash equivalents	(744,492)	(3,472)	-	(747,964)
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 14: OTHER MATTERS

The Rental Assistance Demonstration (RAD) program was created to assist housing authorities with preserving and/or improving public housing properties. The RAD program allows housing authorities to leverage public housing stock and public and private debt to make these improvements in the absence of federal funding for this purpose. In addition, converting to RAD provides for a more stable funding stream.

The Authority is in the process of having several properties converted to the RAD program including Parkview Apartments, Tarkiln Acres, Asselta Acres, Kidston Towers, and Olivio Towers. The first step in conversion is completing an application to the Department of Housing and Urban Development ("HUD"). Several forms and tasks must be completed prior to being approved for conversion. Once approved, HUD will issue a commitment to enter into a Housing Assistance Payment ("CHAP"). Then HUD will issue a RAD Conversion Commitment ("RCC"), along with a checklist of items required to complete the contract and closing documents. A final closing is necessary to complete the process. The properties listed above are in various stages of conversion. Parkview Apartments, Tarkiln Acres, and Asselta Acres applied for RAD in December 2013, received its CHAP in March 2015, and received its RCC December 2017. These properties are working toward an anticipated closing in the third quarter of 2018. Kidston Towers and Olivio Towers applied for RAD in October 2017 and received their CHAP February 2018.

The Authority conversion to RAD will involve bond issuance for the Asselta Acres and Tarkiln Acres projects.

The Authority cannot pay itself housing assistance payments, per RAD regulations, a separate not-for-profit entity was created in April 2018, the Affordable Housing Corporation of Vineland, to be party to the HAP contract.

HOUSING AUTHORITY OF THE CITY OF VINELAND

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2017 AND 2016

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 Five Plan Years

	<u>Measurement Date Ending June 30,</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's proportion of the net pension liability	0.0138808229%	0.0175966359%	0.0184563371%	0.0185062675%	0.0171508299%
Authority's proportionate share of the net pension liability	\$ 3,231,234	\$ 5,211,619	\$ 4,143,078	\$ 3,464,879	\$ 3,277,864
Authority's covered payroll (plan measurement period)	\$ 971,556	\$ 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	332.58%	430.53%	335.39%	277.60%	283.52%
Plan fiduciary net position as a percentage of the total pension liability	48.10%	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 Five Fiscal Years

	<u>Year Ended September 30,</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 128,591	\$ 156,326	\$ 158,675	\$ 152,563	\$ 129,228
Contributions in relation to the contractually required contribution	<u>(128,591)</u>	<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>	<u>\$ -</u>
Authority's covered payroll (fiscal year)	\$ 1,012,832	\$ 1,006,307	\$ 1,177,257	\$ 1,257,149	\$ 1,254,517
Contributions as a percentage of Authority's covered payroll	12.70%	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, 2017 and 2016

Note to Required Supplementary Information

Changes in benefit terms - None

Changes in Assumptions - For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%. For 2016, the discount rate changed to 3.98%, the long-term expected rate of return changed to 7.65% from 7.90%, 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 \$118,500.00 for 2015, increasing 4.00% per annum, compounded annually and the 401(a)(17) pay limit was set at \$265,000.00 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, 2017

VINELAND HOUSING AUTHORITY
Financial Data Schedule
Program Financials
Year Ended September 30, 2017

	<u>TOTAL</u>	<u>STATE</u>	<u>SEC 8 & S8FSS</u>	<u>NEWHOP</u>	<u>VHDC</u>	<u>SPC</u>	<u>ROSS</u>	<u>FSS</u>
111 Cash-Unrestricted	2,212,553.00	52,630.00	189,111.00	1,844,045.00	122,697.00	1,233.00	2,837.00	-
112 Cash-Restricted-Modernization and Development	-							
113 Cash-Other Restricted	134,041.00	-	134,041.00					
114 Cash-Tenant Security Deposits	-							
115 Cash-Restricted for Payment of Current Liabilities	11,755.00		11,755.00					
100 Total Cash	2,358,349.00	52,630.00	334,907.00	1,844,045.00	122,697.00	1,233.00	2,837.00	-
121 A/R-PHA Projects	-							
122 A/R-HUD Other Projects	179,068.00		883.00			87,789.00	30,718.00	59,678.00
124 A/R-Other Government	20,686.00	19,860.00	826.00					
125 A/R-Miscellaneous	435,150.00		100.00	-	435,050.00			
126 A/R-Tenants	5,746.00		5,746.00					
126.1 Allowance for Doubtful Accounts-Tenants	(1,436.00)		(1,436.00)					
126.2 Allowance for Doubtful Accounts-Other	-		-					
127 Notes, Loans & Mortgages Receivable-Current	2,190,130.00			2,190,130.00				
128 Fraud Recovery	-		-					
128.1 Allowance for Doubtful Accounts-Fraud	-		-					
129 Accrued Interest Receivable	-							
120 Total Receivables, Net of Allowances	2,829,344.00	19,860.00	6,119.00	2,190,130.00	435,050.00	87,789.00	30,718.00	59,678.00
131 Investments-Unrestricted	-	-						
132 Investments-Restricted	-							
135 Investments-Restricted for Payment of Current Liability	-							
142 Prepaid Expenses and Other Assets	678.00		380.00		298.00			
143 Inventories	-							
143.1 Allowance for Obsolete Inventories	-							
144 Inter Program Due From	-	-	-					-
145 Assets Held for Sale	-							
150 Total Current Assets	5,188,371.00	72,490.00	341,406.00	4,034,175.00	558,045.00	89,022.00	33,555.00	59,678.00

VINELAND HOUSING AUTHORITY

Financial Data Schedule

Program Financials

Year Ended September 30, 2017

	<u>TOTAL</u>	<u>STATE</u>	<u>SEC 8 & S8FSS</u>	<u>NEWHOP</u>	<u>VHDC</u>	<u>SPC</u>	<u>ROSS</u>	<u>FSS</u>
161 Land	52,112.00				52,112.00			
162 Buildings	-							
163 Furniture, Equip & Mach-Dwelling	-							
164 Furniture, Equip & Mach-Admin	75,579.00		75,579.00					
165 Leasehold Improvements	-							
166 Accumulated Depreciation	(72,954.00)		(72,954.00)					
167 Construction in Progress	-				-			
160 Total Capital Assets, Net of Accumulated Depreciation	54,737.00	-	2,625.00	-	52,112.00	-	-	-
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	54,737.00	-	2,625.00	-	52,112.00	-	-	-
190 Total Assets	5,243,108.00	72,490.00	344,031.00	4,034,175.00	610,157.00	89,022.00	33,555.00	59,678.00
200 Deferred Outflow of Resources	118,222.00	-	118,222.00	-	-	-	-	-
290 Total Assets and Deferred Outflow of Resources	5,361,330.00	72,490.00	462,253.00	4,034,175.00	610,157.00	89,022.00	33,555.00	59,678.00

VINELAND HOUSING AUTHORITY

Financial Data Schedule

Program Financials

Year Ended September 30, 2017

	<u>TOTAL</u>	<u>STATE</u>	<u>SEC 8 & S8FSS</u>	<u>NEWHOP</u>	<u>VHDC</u>	<u>SPC</u>	<u>ROSS</u>	<u>FSS</u>
311 Bank Overdraft	-							
312 Accounts Payable<=90 Days	249,726.00	7,239.00	4,919.00	-	159,605.00	77,963.00	-	
313 Accounts Payable>90 Days Past Due	-							
321 Accrued Wages/Payroll Taxes Payable	15,100.00	1,678.00	6,527.00				3,153.00	3,742.00
322 Accrued Compensation Absences-current portion	5,022.00	-	5,022.00					
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	-	-	-					-
343 Current Portion of LT-Capital Projects/Mtg Rev. Bonds	-				-			
344 Current Portion of LT-Operating Borrowings	374,167.00				374,167.00			
345 Other Current Liabilities	100,254.00		11,755.00		88,499.00			
346 Accrued Liabilities-Other	20,107.00		20,107.00					
347 Inter Program -Due To	255,545.00	2,968.00	146,642.00	8,538.00		11,059.00	30,402.00	55,936.00
348 Loan Liability-Current	-						-	
310 Total Current Liabilities	1,019,921.00	11,885.00	194,972.00	8,538.00	622,271.00	89,022.00	33,555.00	59,678.00
351 LT Debt, Net of Current -Capital Projects/Mtg Rev.	-	-			-			
352 LT Debt, Net of Current -Operating Borrowings	-	-			-			
353 Non-current Liabilities-Other	36,275.00		36,275.00		-			
354 Accrued Compensated Absences-Non current	15,068.00	-	15,068.00					
355 Loan Liability - Non current	-							
356 FASB 5 Liabilities	-							
357 Accrued Pension and OPEB Liabilities	436,273.00	-	436,273.00					
350 Total Non-Current Liabilities	487,616.00	-	487,616.00	-	-	-	-	-
300 Total Liabilities	1,507,537.00	11,885.00	682,588.00	8,538.00	622,271.00	89,022.00	33,555.00	59,678.00
400 Deferred Inflow of Resources	163,498.00	-	163,498.00	-	-	-	-	-

VINELAND HOUSING AUTHORITY
Financial Data Schedule
Program Financials
Year Ended September 30, 2017

	<u>TOTAL</u>	<u>STATE</u>	<u>SEC 8 & S8FSS</u>	<u>NEWHOP</u>	<u>VHDC</u>	<u>SPC</u>	<u>ROSS</u>	<u>FSS</u>
Net Position								
508.1 Invested in Capital Assets, Net of Related Debt	54,737.00	-	2,625.00	-	52,112.00			-
511.4 Restricted Net Position	97,766.00	-	97,766.00	-				
512.4 Unrestricted Net Position	3,537,792.00	60,605.00	(484,224.00)	4,025,637.00	(64,226.00)	-	-	-
513 Total Equity/Net Assets	3,690,295.00	60,605.00	(383,833.00)	4,025,637.00	(12,114.00)	-	-	-
600 Total Liab., Deferred Inflow of Resources and Net Position	5,361,330.00	72,490.00	462,253.00	4,034,175.00	610,157.00	89,022.00	33,555.00	59,678.00
70300 Net Tenant Rental Revenue	-							
70400 Tenant Revenue-Other	-	-	-					
70500 Total Tenant Revenue	-	-	-	-	-	-	-	-
70600 HUD PHA Operating Grants	4,451,912.00		4,256,713.00			26,660.00	70,200.00	98,339.00
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	4,451,912.00	-	4,256,713.00	-	-	26,660.00	70,200.00	98,339.00
70800 Other Government Grants	82,229.00	82,229.00	-					
71100 Investment Income-Unrestricted	3,880.00		292.00	3,588.00				
71200 Mortgage Interest Income	-							
71300 Proceeds from Disposition of Assets Held for Sales	-							
71310 Cost of Sale of Assets	-							
71400 Fraud Recovery	4,151.00		4,151.00					
71500 Other Revenue	93,668.00	16,189.00	25,479.00		52,000.00			
71600 Gain or Loss on Sale of Capital Assets	-							
72000 Investment Income-Restricted	177.00		177.00					
70000 Total Revenue	4,636,017.00	98,418.00	4,286,812.00	3,588.00	52,000.00	26,660.00	70,200.00	98,339.00

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Program Financials

Year Ended September 30, 2017

	<u>TOTAL</u>	<u>STATE</u>	<u>SEC 8 & S8FSS</u>	<u>NEWHOP</u>	<u>VHDC</u>	<u>SPC</u>	<u>ROSS</u>	<u>FSS</u>
91100 Administrative Salaries	173,655.00		118,938.00				54,717.00	
91200 Auditing Fees	17,858.00		17,858.00		-			
91300 Management Fees	83,163.00		57,516.00	3,588.00		11,059.00	11,000.00	
91310 Bookkeeping Fees	35,947.00		35,947.00				-	
91400 Advertising and Marketing	669.00		669.00					
91500 Employee Benefits-Admin.	95,920.00		91,473.00				4,447.00	
91600 Office Expense	3,901.00	450.00	3,451.00					
91700 Legal Expense	105.00	-	30.00		75.00			
91800 Travel	-		-					
91810 Allocated Overhead	-							
91900 Other	46,898.00	1,903.00	8,030.00	-	36,965.00		-	
91000 Total Operating-Admin	458,116.00	2,353.00	333,912.00	3,588.00	37,040.00	11,059.00	70,164.00	-
92000 Asset Management Fee	-							
92100 Tenant Services-Salaries	93,442.00	36,376.00						57,066.00
92200 Relocation Costs	-							
92300 Employee Benefits	46,829.00	5,556.00						41,273.00
92400 Tenant Services-Other	59,172.00	43,535.00	-			15,601.00	36.00	
92500 Total Tenant Services	199,443.00	85,467.00	-	-	-	15,601.00	36.00	98,339.00
93100 Water	-							
93200 Electricity	-							
93300 Gas	-							
93400 Fuel	-							
93500 Labor	-							
93600 Sewer	-							
93700 Employee Benefits	-							
93800 Other Utilities	-							
93000 Total Utilities	-	-	-	-	-	-	-	-

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Program Financials
Year Ended September 30, 2017

	<u>TOTAL</u>	<u>STATE</u>	<u>SEC 8 & S8FSS</u>	<u>NEWHOP</u>	<u>VHDC</u>	<u>SPC</u>	<u>ROSS</u>	<u>FSS</u>
94100 Ordinary Maint & Operations-Labor	-							
94200 Ordinary Maint. & Operations-Materials	3,725.00	3,209.00	516.00		-			
94300 Ordinary Maint. & Operations Contracts	3,147.00	2,368.00	-		779.00			
94500 Employee Benefits	-							
94000 Total Maintenance	6,872.00	5,577.00	516.00	-	779.00	-	-	-
95100 Protective Services-Labor	-							
95200 Protective Services-Other Contract Costs	-							
95300 Protective Services-Other	-							
95500 Employee Benefits	-							
95000 Total Protective Services	-	-	-	-	-	-	-	-
96110 Property Insurance	386.00		386.00		-			
96120 Liability Insurance	312.00		312.00		-			
96130 Workmen's Compensation	381.00		381.00					
96140 All Other Insurance	1,468.00		62.00		1,406.00			
96100 Total Insurance Premiums	2,547.00	-	1,141.00	-	1,406.00	-	-	-
96200 Other General Expenses	90.00		-		90.00			
96210 Compensated Absences	4,602.00	-	4,602.00					
96300 Payments in Lieu of Taxes	-							
96400 Bad debts-Tenant Rents	658.00		658.00					
96500 Bad debts-Mortgages	-							
96600 Bad debts-Other	378.00		378.00					
96800 Severance Expense	-							
96000 Total Other General Expenses	5,728.00	-	5,638.00	-	90.00	-	-	-
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	-	-	-	-	-	-	-	-

VINELAND HOUSING AUTHORITY
Financial Data Schedule
Program Financials
Year Ended September 30, 2017

	<u>TOTAL</u>	<u>STATE</u>	<u>SEC 8 & S8FSS</u>	<u>NEWHOP</u>	<u>VHDC</u>	<u>SPC</u>	<u>ROSS</u>	<u>FSS</u>
96900 Total Operating Expenses	672,706.00	93,397.00	341,207.00	3,588.00	39,315.00	26,660.00	70,200.00	98,339.00
97000 Excess of Operating Revenue over Operating Expenses	3,963,311.00	5,021.00	3,945,605.00	-	12,685.00	-	-	-
97100 Extraordinary Maintenance	-							
97200 Casualty Losses	-							
97300 Housing Assistance Payments	3,831,568.00		3,831,568.00					
97350 HAP Portability-In	10,208.00		10,208.00					
97400 Depreciation Expense	750.00		750.00					
97500 Fraud Losses	-							
97600 Capital Outlays-Governmental Funds	-							
97700 Debt Principal Payment-Governmental Funds	-							
97800 Dwelling Units Rent Expense	-							
90000 Total Expenses	4,515,232.00	93,397.00	4,183,733.00	3,588.00	39,315.00	26,660.00	70,200.00	98,339.00
10010 Operating Transfer In	-							
10020 Operating Transfer Out	-	-						
10030 Operating Transfers from/to Primary Government	-							
10040 Operating Transfers from/to Component Unit	-							
10050 Proceeds from Notes, Loans and Bonds	-							
10060 Proceeds from Property Sales	-							
10070 Extraordinary Items, Net Gain/Loss	-							
10080 Special Items (Net Gain/Loss)	-							
10091 Inter Project Excess Cash Transfer In	-							
10092 Inter Project Excess Cash Transfer Out	-			-				
10093 Transfers between Program and Project-In	-							
10094 Transfers between Program and Project-Out	(83,128.00)		-	(83,128.00)				
10100 Total Other financing Sources (Uses)	(83,128.00)	-	-	(83,128.00)	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (under)								
Total Expenses	37,657.00	5,021.00	103,079.00	(83,128.00)	12,685.00	-	-	-

VINELAND HOUSING AUTHORITY
Financial Data Schedule
Program Financials
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	<u>TOTAL</u>	<u>STATE</u>	<u>SEC 8 & S8FSS</u>	<u>NEWHOP</u>	<u>VHDC</u>	<u>SPC</u>	<u>ROSS</u>	<u>FSS</u>
11020 Required Annual Debt Principal Payments	-							
11030 Beginning Net Position	3,652,638.00	55,584.00	(486,912.00)	4,108,765.00	(24,799.00)	-	-	-
11040 Prior Period Adj., Equity Transfers and Correction of Error	-		-	-	-	-		-
11190 Unit Months Available	5,652.00		5,652.00					
11210 Number of Unit Months Leased	4,793.00		4,793.00					
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	-							

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	<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>
111 Cash-Unrestricted	4,392,971		4,392,971	1,794,547	357,149	649,858	663,522	124,018	385,871	2,212,553
112 Cash-Restricted-Modernization and Development	-		-	-	-	-	-	-	-	-
113 Cash-Other Restricted	146,331		146,331	12,290	-	40	6,385	5,865	-	134,041
114 Cash-Tenant Security Deposits	198,177		198,177	198,177	33,347	56,706	65,997	42,127	-	-
115 Cash-Restricted for Payment of Current Liabilities	40,460		40,460	28,705	-	-	28,705	-	-	11,755
100 Total Cash	4,777,939	-	4,777,939	2,033,719	390,496	706,604	764,609	172,010	385,871	2,358,349
121 A/R-PHA Projects	-	-	-	-	-	-	-	-	-	-
122 A/R-HUD Other Projects	287,878		287,878	108,810	8,477	33,900	60,676	5,757	-	179,068
124 A/R-Other Government	49,655		49,655	-	-	-	-	-	28,969	20,686
125 A/R-Miscellaneous	436,342	-	436,342	677	-	677	-	-	515	435,150
126 A/R-Tenants	22,392		22,392	16,646	2,079	3,797	5,680	5,090	-	5,746
126.1 Allowance for Doubtful Accounts-Tenants	(5,536)		(5,536)	(4,100)	(520)	(888)	(1,420)	(1,272)	-	(1,436)
126.2 Allowance for Doubtful Accounts-Other	-		-	-	-	-	-	-	-	-
127 Notes, Loans & Mortgages Receivable-Current	1,775,463	460,966	2,236,429	-	-	-	-	-	46,299	2,190,130
128 Fraud Recovery	-		-	-	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts-Fraud	-		-	-	-	-	-	-	-	-
129 Accrued Interest Receivable	-		-	-	-	-	-	-	-	-
120 Total Receivables, Net of Allowances	2,566,194	460,966	3,027,160	122,033	10,036	37,486	64,936	9,575	75,783	2,829,344
131 Investments-Unrestricted	-		-	-	-	-	-	-	-	-
132 Investments-Restricted	-		-	-	-	-	-	-	-	-
135 Investments-Restricted for Payment of Current Liability	-		-	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	70,919		70,919	54,548	9,561	17,111	15,098	12,778	15,693	678
143 Inventories	-		-	-	-	-	-	-	-	-
143.1 Allowance for Obsolete Inventories	-		-	-	-	-	-	-	-	-
144 Inter Program Due From	-	394,272	394,272	-	-	-	-	-	394,272	-
145 Assets Held for Sale	-		-	-	-	-	-	-	-	-
150 Total Current Assets	7,415,052	855,238	8,270,290	2,210,300	410,093	761,201	844,643	194,363	871,619	5,188,371
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	45,216,973		45,216,973	41,582,833	8,109,259	13,724,637	16,252,813	3,496,124	3,634,140	-
163 Furniture, Equip & Mach-Dwelling	452,068		452,068	452,068	4,386	229,379	182,929	35,374	-	-
164 Furniture, Equip & Mach-Admin	1,586,005		1,586,005	854,019	294,989	24,420	503,990	30,620	656,407	75,579
165 Leasehold Improvements	-		-	-	-	-	-	-	-	-
166 Accumulated Depreciation	(34,584,267)		(34,584,267)	(31,567,546)	(6,859,385)	(10,812,615)	(11,283,815)	(2,611,731)	(2,943,767)	(72,954)
167 Construction in Progress	-		-	-	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	16,068,848	-	16,068,848	14,284,573	1,630,842	3,436,226	5,862,027	3,355,478	1,729,538	54,737

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	<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>
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	16,068,848	-	16,068,848	14,284,573	1,630,842	3,436,226	5,862,027	3,355,478	1,729,538	54,737
190 Total Assets	23,483,900	855,238	24,339,138	16,494,873	2,040,935	4,197,427	6,706,670	3,549,841	2,601,157	5,243,108
200 Deferred Outflow of Resources	879,366	-	879,366	522,800	120,117	155,671	142,214	104,798	238,344	118,222
290 Total Assets and Deferred Outflow of Resources	24,363,266	855,238	25,218,504	17,017,673	2,161,052	4,353,098	6,848,884	3,654,639	2,839,501	5,361,330
311 Bank Overdraft	-	-	-	-	-	-	-	-	-	-
312 Accounts Payable<=90 Days	309,856	-	309,856	30,037	10,207	3,921	11,101	4,808	30,093	249,726
313 Accounts Payable>90 Days Past Due	-	-	-	-	-	-	-	-	-	-
321 Accrued Wages/Payroll Taxes Payable	77,786	-	77,786	33,609	8,071	10,096	10,707	4,735	29,077	15,100
322 Accrued Compensation Absences-current portion	55,854	-	55,854	22,262	5,253	6,935	6,445	3,629	28,570	5,022
324 Accrued Contingency Liability	-	-	-	-	-	-	-	-	-	-
325 Accrued Interest Payable	48,575	-	48,575	48,575	-	2,585	45,990	-	-	-
331 Accounts Payable-HUD PHA Programs	-	-	-	-	-	-	-	-	-	-
332 Accounts Payable-PHA Projects	-	-	-	-	-	-	-	-	-	-
333 Accounts Payable-Other Government	140,916	-	140,916	140,916	19,626	38,129	41,810	41,351	-	-
341 Tenant Security Deposits	198,178	-	198,178	198,178	33,347	56,708	65,996	42,127	-	-
342 Unearned Revenues	16,364	-	16,364	16,364	3,554	5,738	5,625	1,447	-	-
343 Current Portion of LT-Capital Projects/Mtg Rev. Bonds	250,000	-	250,000	250,000	-	13,300	236,700	-	-	-
344 Current Portion of LT-Operating Borrowings	-	374,167	374,167	-	-	-	-	-	-	374,167
345 Other Current Liabilities	13,455	86,799	100,254	-	-	-	-	-	-	100,254
346 Accrued Liabilities-Other	160,739	-	160,739	94,925	20,638	26,379	28,283	19,625	45,707	20,107
347 Inter Program -Due To	-	394,272	394,272	138,727	38,264	69,608	30,006	849	-	255,545
348 Loan Liability-Current	-	-	-	-	-	-	-	-	-	-
310 Total Current Liabilities	1,271,723	855,238	2,126,961	973,593	138,960	233,399	482,663	118,571	133,447	1,019,921

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	<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>
351 LT Debt, Net of Current -Capital Projects/Mtg Rev.	2,275,000		2,275,000	2,275,000	-	121,078	2,153,922	-	-	-
352 LT Debt, Net of Current -Operating Borrowings	-		-	-	-	-	-	-	-	-
353 Non-current Liabilities-Other	76,524		76,524	40,249	-	-	34,384	5,865	-	36,275
354 Accrued Compensated Absences-Non current	167,563		167,563	66,786	15,760	20,805	19,334	10,887	85,709	15,068
355 Loan Liability - Non current	-		-	-	-	-	-	-	-	-
356 FASB 5 Liabilities	-		-	-	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	3,231,234		3,231,234	1,895,172	446,323	571,898	531,047	345,904	899,789	436,273
350 Total Non-Current Liabilities	5,750,321	-	5,750,321	4,277,207	462,083	713,781	2,738,687	362,656	985,498	487,616
300 Total Liabilities	7,022,044	855,238	7,877,282	5,250,800	601,043	947,180	3,221,350	481,227	1,118,945	1,507,537
400 Deferred Inflow of Resources	1,424,900	-	1,424,900	803,520	173,991	210,239	286,664	132,626	457,882	163,498
Net Position	-		-	-	-	-	-	-	-	-
508.4 Net Investment in Capital Assets	13,543,848		13,543,848	11,759,573	1,630,842	3,301,848	3,471,405	3,355,478	1,729,538	54,737
511.4 Restricted Net Position	97,766		97,766	-	-	-	-	-	-	97,766
512.4 Unrestricted Net Position	2,274,708		2,274,708	(796,220)	(244,824)	(106,169)	(130,535)	(314,692)	(466,864)	3,537,792
513 Total Net Position	15,916,322	-	15,916,322	10,963,353	1,386,018	3,195,679	3,340,870	3,040,786	1,262,674	3,690,295
600 Total Liab., Deferred Inflow of Resources and Net Pos	24,363,266	855,238	25,218,504	17,017,673	2,161,052	4,353,098	6,848,884	3,654,639	2,839,501	5,361,330
70300 Net Tenant Rental Revenue	2,363,442		2,363,442	2,363,442	424,255	682,765	796,891	459,531	-	-
70400 Tenant Revenue-Other	52,799		52,799	52,799	8,039	22,652	16,878	5,230	-	-
70500 Total Tenant Revenue	2,416,241	-	2,416,241	2,416,241	432,294	705,417	813,769	464,761	-	-
70600 HUD PHA Operating Grants	5,791,078		5,791,078	1,339,166	352,212	395,413	555,111	36,430	-	4,451,912
70610 Capital Grants	451,454		451,454	451,454	1,872	61,902	385,310	2,370	-	-
70710 Management Fee	-	598,285	598,285	-	-	-	-	-	598,285	-
70720 Asset Management Fee	-	69,434	69,434	-	-	-	-	-	69,434	-
70730 Bookkeeping Fee	-	89,947	89,947	-	-	-	-	-	89,947	-
70740 Front Line Service Fee	-		-	-	-	-	-	-	-	-
70750 Other Fees	108,565		108,565	-	-	-	-	-	108,565	-
70700 Total Fee Revenue	6,351,097	757,666	7,108,763	1,790,620	354,084	457,315	940,421	38,800	866,231	4,451,912

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	<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>
70800 Other Government Grants	82,229		82,229	-	-	-	-	-	-	82,229
71100 Investment Income-Unrestricted	10,809		10,809	6,085	1,272	2,063	2,020	730	844	3,880
71200 Mortgage Interest Income	-		-	-	-	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sales	-		-	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-		-	-	-	-	-	-	-	-
71400 Fraud Recovery	5,294		5,294	1,143	-	1,143	-	-	-	4,151
71500 Other Revenue	239,203	72,000	311,203	105,545	7,832	61,343	10,635	25,735	111,990	93,668
71600 Gain or Loss on Sale of Capital Assets	9,386		9,386	4,911	-	-	4,911	-	4,475	-
72000 Investment Income-Restricted	188		188	11	-	-	11	-	-	177
70000 Total Revenue	9,114,447	829,666	9,944,113	4,324,556	795,482	1,227,281	1,771,767	530,026	983,540	4,636,017
91100 Administrative Salaries	761,613		761,613	248,023	57,497	61,842	76,122	52,562	339,935	173,655
91200 Auditing Fees	46,600		46,600	28,272	5,890	9,565	9,424	3,393	470	17,858
91300 Management Fees	-	598,285	598,285	515,122	102,719	168,394	180,702	63,307	-	83,163
91310 Bookkeeping Fees	-	89,947	89,947	54,000	11,250	18,270	18,000	6,480	-	35,947
91400 Advertising and Marketing	2,335		2,335	581	129	129	129	194	1,085	669
91500 Employee Benefits-Admin.	419,982		419,982	175,262	41,910	45,405	60,174	27,773	148,800	95,920
91600 Office Expense	24,249		24,249	7,275	1,503	2,303	2,445	1,024	13,073	3,901
91700 Legal Expense	30,533		30,533	12,924	1,925	4,494	3,895	2,610	17,504	105
91800 Travel	3,804		3,804	-	-	-	-	-	3,804	-
91810 Allocated Overhead	-		-	-	-	-	-	-	-	-
91900 Other	374,214	27,000	401,214	176,286	33,932	37,472	76,571	28,311	178,030	46,898
91000 Total Operating-Admin	1,663,330	715,232	2,378,562	1,217,745	256,755	347,874	427,462	185,654	702,701	458,116
92000 Asset Management Fee	-	69,434	69,434	69,434	15,000	24,360	24,000	6,074	-	-
92100 Tenant Services-Salaries	93,442		93,442	-	-	-	-	-	-	93,442
92200 Relocation Costs	-		-	-	-	-	-	-	-	-
92300 Employee Benefits	46,829		46,829	-	-	-	-	-	-	46,829
92400 Tenant Services-Other	78,714		78,714	16,477	1,628	76	14,245	528	3,065	59,172
92500 Total Tenant Services	218,985	69,434	288,419	85,911	16,628	24,436	38,245	6,602	3,065	199,443

VINELAND HOUSING AUTHORITY
Financial Data Schedule
Consolidated
Year Ended September 30, 2017

	<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>
93100 Water	81,302		81,302	80,127	18,357	22,435	26,527	12,808	1,175	-
93200 Electricity	511,642		511,642	486,427	144,741	113,804	227,663	219	25,215	-
93300 Gas	172,101		172,101	166,575	20,030	93,282	52,744	519	5,526	-
93400 Fuel	-		-	-	-	-	-	-	-	-
93500 Labor	-		-	-	-	-	-	-	-	-
93600 Sewer	207,574		207,574	205,540	44,863	71,955	71,854	16,868	2,034	-
93700 Employee Benefits	-		-	-	-	-	-	-	-	-
93800 Other Utilities	15,611		15,611	15,611	-	-	-	15,611	-	-
93000 Total Utilities	988,230	-	988,230	954,280	227,991	301,476	378,788	46,025	33,950	-
94100 Ordinary Maint & Operations-Labor	340,862		340,862	340,862	69,493	90,833	137,225	43,311	-	-
94200 Ordinary Maint. & Operations-Materials	236,825		236,825	229,904	47,854	41,461	112,368	28,221	3,196	3,725
94300 Ordinary Maint. & Operations Contracts	362,708	45,000	407,708	381,419	72,934	100,866	128,727	78,892	23,142	3,147
94500 Employee Benefits	320,039		320,039	320,039	66,699	78,864	121,006	53,470	-	-
94000 Total Maintenance	1,260,434	45,000	1,305,434	1,272,224	256,980	312,024	499,326	203,894	26,338	6,872
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	-	-	-	-
96110 Property Insurance	76,380		76,380	73,974	12,967	23,203	20,476	17,328	2,020	386
96120 Liability Insurance	61,534		61,534	59,595	10,447	18,692	16,496	13,960	1,627	312
96130 Workmen's Compensation	64,025		64,025	61,953	10,860	19,432	17,149	14,512	1,691	381
96140 All Other Insurance	13,931		13,931	11,782	2,066	3,695	3,261	2,760	681	1,468
96100 Total Insurance Premiums	215,870	-	215,870	207,304	36,340	65,022	57,382	48,560	6,019	2,547
96200 Other General Expenses	8,654		8,654	8,564	-	296	5,440	2,828	-	90
96210 Compensated Absences	39,781		39,781	10,583	4,783	-	5,800	-	24,596	4,602
96300 Payments in Lieu of Taxes	140,916		140,916	140,916	19,626	38,129	41,810	41,351	-	-
96400 Bad debts-Tenant Rents	26,652		26,652	25,994	11,862	2,088	10,304	1,740	-	658
96500 Bad debts-Mortgages	-		-	-	-	-	-	-	-	-
96600 Bad debts-Other	378		378	-	-	-	-	-	-	378
96800 Severance Expense	-		-	-	-	-	-	-	-	-
96000 Total Other General Expenses	216,381	-	216,381	186,057	36,271	40,513	63,354	45,919	24,596	5,728

VINELAND HOUSING AUTHORITY
Financial Data Schedule
Consolidated
Year Ended September 30, 2017

	<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>
96710 Interest of Mortgage (or Bonds) Payable	120,061		120,061	120,061	-	6,388	113,673	-	-	-
96720 Interest on Notes Payable (Short and Long Term)	-		-	-	-	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-		-	-	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	120,061	-	120,061	120,061	-	6,388	113,673	-	-	-
96900 Total Operating Expenses	4,684,491	829,666	5,514,157	4,044,782	830,965	1,098,933	1,578,230	536,654	796,669	672,706
97000 Excess of Operating Revenue over Operating Expenses	4,429,956	-	4,429,956	279,774	(35,483)	128,348	193,537	(6,628)	186,871	3,963,311
97100 Extraordinary Maintenance	-		-	-	-	-	-	-	-	-
97200 Casualty Losses	-		-	-	-	-	-	-	-	-
97300 Housing Assistance Payments	3,831,568		3,831,568	-	-	-	-	-	-	3,831,568
97350 HAP Portability-In	10,208		10,208	-	-	-	-	-	-	10,208
97400 Depreciation Expense	1,082,758		1,082,758	987,398	139,740	391,070	349,122	107,466	94,610	750
97500 Fraud Losses	-		-	-	-	-	-	-	-	-
97600 Capital Outlays-Governmental Funds	-		-	-	-	-	-	-	-	-
97700 Debt Principal Payment-Governmental Funds	-		-	-	-	-	-	-	-	-
97800 Dwelling Units Rent Expense	-		-	-	-	-	-	-	-	-
90000 Total Expenses	9,609,025	829,666	10,438,691	5,032,180	970,705	1,490,003	1,927,352	644,120	891,279	4,515,232
10010 Operating Transfer In	-	500,943	500,943	500,943	27,267	41,919	405,488	26,269	-	-
10020 Operating Transfer Out	-	(500,943)	(500,943)	(500,943)	(27,267)	(41,919)	(405,488)	(26,269)	-	-
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	-	95,128	95,128	37,737	-	-	25,737	12,000	57,391	-
10094 Transfers between Program and Project-Out	-	(95,128)	(95,128)	-	-	-	-	-	(12,000)	(83,128)
10100 Total Other financing Sources (Uses)	-	-	-	37,737	-	-	25,737	12,000	45,391	(83,128)
10000 Excess (Deficiency) of Total Revenue Over (under)										
Total Expenses	(494,578)	-	(494,578)	(669,887)	(175,223)	(263,045)	(129,848)	(102,094)	137,652	37,657

VINELAND HOUSING AUTHORITY
Financial Data Schedule
Consolidated
Year Ended September 30, 2017

	<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>
11020 Required Annual Debt Principal Payments	364,991		364,991	364,991	-	19,418	345,573	-	-	-
11030 Beginning 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
11040 Prior Period Adj., Equity Transfers and Correction of E	-		-	-	-	-	-	-	-	-
11190 Unit Months Available	12,852		12,852	7,200	1,500	2,436	2,400	864	-	5,652
11210 Number of Unit Months Leased	11,926		11,926	7,133	1,490	2,415	2,373	855	-	4,793
11270 Excess Cash	835,721		835,721	835,721	192,527	419,560	210,726	12,908	-	-
11610 Land Purchases	-		-	-	-	-	-	-	-	-
11620 Building Purchases	41,247		41,247	41,247	-	5,554	33,323	2,370	-	-
11630 Furniture & Equipment-Dwelling Purchases	39,600		39,600	39,600	-	35,058	4,542	-	-	-
11640 Furniture & Equipment-Admin. Purchases	5,616		5,616	5,616	1,872	1,872	1,872	-	-	-
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, 2017

**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, 2017. 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 the 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, 2017.

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 19, 2018

HOUSING AUTHORITY OF THE CITY OF VINELAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2017

<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				
Housing Choice Voucher Cluster				
Section 8 Housing Choice Voucher Program	14.871	N/A		\$ 4,256,713
Public and Indian Housing Program	14.850a	N/A		1,168,214
Resident Opportunity and Supportive Services - Service Coordinators	14.870	N/A		70,200
Family Self-Sufficiency Program	14.896	N/A		98,339
Public Housing - Capital Fund Program	14.872	N/A		622,406
Shelter Plus Care	14.238	N/A		<u>26,660</u>
Total expenditures of federal awards				<u><u>\$ 6,242,532</u></u>

See accompanying notes to schedule of expenditures of federal awards.

HOUSING AUTHORITY OF THE CITY OF VINELAND

Notes to Schedule of Expenditures of Federal Awards

Note 1: 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, 2017. 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 are 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 \$2,035 for 2016 and no amounts for 2016 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 \$82,229 under the State of New Jersey, Department of Community Affairs Congregate Housing Services Program, which is not subject to a State Single Audit.

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

There were no Modernization Cost Certificates filed by the Housing Authority in 2017.

HOUSING AUTHORITY OF THE CITY OF VINELAND

PART III – SCHEDULE OF FINDINGS & QUESTIONED COSTS

SEPTEMBER 30, 2017

HOUSING AUTHORITY OF THE CITY OF VINELAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2017

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: | | | | | |
| <table border="0" style="margin-left: auto; margin-right: auto;"><tr><td style="text-align: center; border-bottom: 1px solid black; width: 20%;">CFDA Numbers</td><td style="text-align: center; border-bottom: 1px solid black; width: 60%;">Name of Federal Program or Cluster</td></tr><tr><td style="text-align: center;">14.871</td><td style="text-align: center;">Section 8 Housing Choice Voucher Program</td></tr></table> | CFDA Numbers | Name of Federal Program or Cluster | 14.871 | Section 8 Housing Choice Voucher Program | |
| 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, 2017

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, 2017

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

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

None noted.

FEDERAL AWARDS

None noted.

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