

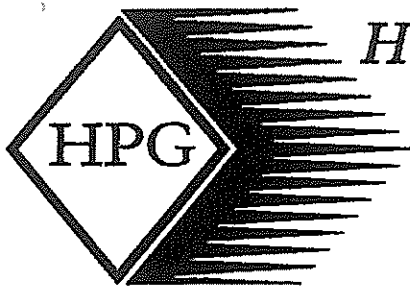
Report On Audit

**THE CITY OF WILDWOOD
HOUSING AUTHORITY**

**For the Year Ended
March 31, 2014**

The City of Wildwood Housing Authority
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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
The City of Wildwood Housing Authority
3700 New Jersey Avenue
Wildwood, New Jersey 08260-7379

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Wildwood Housing Authority (a nonprofit corporation) in Wildwood, New Jersey, hereafter referred to as the Authority, which comprise the statement of net position as of March 31, 2014 and 2013, and the related statement of revenue, expenses and changes in net position, statement of cash flows for the years then ended, and the related notes to the financial statements.

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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 City of Wildwood Housing Authority'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 the City of Wildwood Housing Authority'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the City of Wildwood Housing Authority as of March 31, 2014 and 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year's 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 Management's Discussion and Analysis and budgetary comparison information on pages 4 through 16 and page 42 be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards accepted in the United States of America, which consisted of inquiries of management about the method of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. Lastly, the supplemental information on the accompanying Financial Data Schedule is presented for the purpose of additional analysis and is not a required part of the financial statements. The Schedule of Federal Awards and the Financial Data Schedule are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued reports dated September 11, 2014 on our consideration of the City of Wildwood Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Hymanson, Parnes & Giampaolo

Lincroft, New Jersey

Date: September 11, 2014

**THE CITY OF WILDWOOD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT MARCH 31, 2014**

As Management of the City of Wildwood Housing Authority (the Authority), present the following discussion and analysis which is supplementary information required by the Governmental Accounting Standards Board (GASB), and is intended to provide an easily readable explanation of the information provided in the attached financial statements. Management Discussion and Analysis is designed to focus on the current year activities, resulting changes, and current known facts. It is by necessity highly summarized, and in order to gain a thorough understanding of the Authority's financial position, the financial statements and footnotes should be viewed in their entirety beginning on page 17 of this report. New standards issued by GASB have significantly changed the format of the financial statements. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented elsewhere in this report.

FINANCIAL HIGHLIGHTS

Net position of the Authority's enterprise fund was \$2,501,235 greater than the liabilities, a decrease in the financial position of \$18,951 or 1% percent.

As noted above, the net position of the Authority exceeded its liabilities by \$2,501,235 as of March 31, 2014. Of this amount, the unrestricted position is \$989,614 representing a decrease of \$43,013 or 4% percent from the previous year. The net investment in capital assets increased \$24,062 or 2% percent for an ending balance of \$1,511,621. Additional information on the Authority's unrestricted net position can be found in Note 16 to the financial statements, which is included in this report.

The Authority's unrestricted cash, and cash equivalent at March 31, 2014 is \$1,129,819 representing an increase of \$92,445 or 9% percent from the prior fiscal year. Total restricted cash increased \$579 or 1% percent for an ending balance of \$48,187. Investments increased \$1,194 from the prior fiscal year for an ending balance of \$143,043. The full detail of these amounts can be found in the Statement of Cash Flow on page 19 of this report.

The Authority's total assets are \$2,885,277 of which capital assets net book value is \$1,511,621, leaving total current assets at \$1,373,656. Total current assets increased from the previous year by \$83,560 or 6% percent. Unrestricted cash and cash equivalents increased by \$92,445, restricted cash and cash equivalents increased \$579, investments increased by \$1,194, accounts receivables decreased by \$28,821, and prepaid expenses increased by \$18,163.

The Authority's total liabilities are reported at \$384,042, of which noncurrent liabilities are stated at \$164,319. Total liabilities increased during the year as compared to the prior year in the amount of \$126,573 or 49% percent. Total current liabilities increased during the year by \$92,772 leaving non current liabilities for an increase of \$33,801 as compared to the previous year.

**THE CITY OF WILDWOOD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT MARCH 31, 2014**

FINANCIAL HIGHLIGHTS - CONTINUED

Total current liabilities increased from the previous year by \$92,772 or 73% percent. Accounts payables increased by \$52,820, mainly due to increases in vendor payables and accrual of utility payments. Accrued liabilities increased by \$38,956 mainly due to an amount owed to Complete Care health center. Tenant security deposit payable increased by \$579, and unearned revenue increased \$417.

Total noncurrent liabilities increased by \$33,801 or 26% percent. Long-term obligations such as noncurrent compensated absences with an ending balance of \$37,328, with no offsetting assets, increased \$10,931 from the previous year. Accrued other post-employment benefits (OPEB) liabilities increased \$22,870 or 22% percent. Additional information on the Authority's accrued OPEB liability at March 31, 2014 can be found in Note 15 to the financial statements, which is included in this report.

The Authority had total operating revenue of \$1,430,641 as compared to \$1,526,042 from the prior year for a decrease of \$95,401 or 6% percent. The Authority had total operating expenses of \$1,503,980 as compared to \$1,670,231 from the previous year for an decrease of \$166,251 or 10% percent, resulting in a deficiency of revenue from operations in the amount of \$73,339 for the current year as compared to a deficiency of revenue from operations in the amount of \$144,189 for a decrease in deficit of \$70,850 or 49% percent from the previous year.

Total capital improvements contributions from HUD were in the amount of \$78,367 as compared to \$58,013 from the previous year for an increase of \$20,354 or 35% percent.

The Authority had capital outlays in the amount of \$128,803 for the fiscal year. These expenditures were funded by grants received during the year from the U.S. Department of Housing and Urban Development in the amount of \$78,367 and the remainder through management's reserves. A full detail of capital outlays can be found in the Notes to the Financial Statements section Note – 8 Fixed Assets.

The Authority's Expenditures of Federal Awards amounted to \$696,298 for the fiscal year 2014 as compared to \$798,137 for the previous fiscal year 2013 for a decrease of \$101,839 or 13% percent.

**THE CITY OF WILDWOOD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT MARCH 31, 2014**

USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

1. Low Rent Public Housing
2. Public Housing Capital Fund Program

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

This discussion and analysis are intended to serve as an introduction to the Housing Authority's basic financial statements. The basic financial statements are prepared on an entity wide basis and consist of:

- 1) Statement of Net Position
- 2) Statement of Revenue, Expenses, and Changes in Net Position
- 3) Statement of Cash Flow
- 4) Notes to the Financial Statements

The Authority's financial statements and notes to financial statements included in this Report were prepared in accordance with generally accepted accounting principles (GAAP) applicable to governmental entities in the United States of America for the Enterprise Fund types. The Authority's activities are primarily supported by HUD subsidies and grants. The Authority's function is to provide decent, safe, and sanitary housing to low income and special needs populations. The financial statements can be found on pages 17 through 19.

Statement of Net Position – This statement presents information on the Authority's total of assets and deferred outflow of resources, and total of liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position will serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

Statement of Revenue, Expenses and Changes in Net Position – This statement presents information showing how the Authority's net position increased or decreased during the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash inflows and cash outflows in the future periods.

**THE CITY OF WILDWOOD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT MARCH 31, 2014**

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION - CONTINUED

Statement of Cash Flow– This statement presents information showing the total cash receipts and cash disbursements of the Housing Authority during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e. capital additions, debt payments, prior period obligations, etc.). In addition, the statement reflects the receipt of cash that was obligated to the Housing Authority in prior periods and subsequently received during the current fiscal year (i.e. accounts receivable, notes receivable, etc.).

Notes to the Financial Statements - Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Housing Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Housing Authority may face. The Notes to Financial Statements can be found in this Report beginning on page 20 through 40.

In addition to the basic financial statements listed above, our report includes supplemental information. This information is to provide more detail on the Housing Authority's various programs and the required information mandated by regulatory bodies that fund the Housing Authority's various programs.

The Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-profit Organizations. The schedule of Expenditures of Federal Awards can be found on page 41 of this report.

- 1. Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133, federal award is defined as federal financial assistance and federal cost reimbursement contracts that non-federal agencies receive directly or indirectly from federal agencies or pass-through entities. Federal financial assistance is defined as assistance that nonfederal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, direct appropriations and other assistance.
- 2. Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and OMB Circular A- 133 establish the levels of expenditures or expenses to be used in defining Type A and Type B Federal financial assistance programs. Type A programs for the City of Wildwood Housing Authority are those which equal or exceeded \$300,000 in expenditures for the fiscal year ended March 31, 2014. Type B programs for the City of Wildwood Housing Authority are those which are less than \$300,000 in expenditures for the fiscal year ended March 31, 2014.

The budget comparison of actual results to the Authority's adopted budget for the Low Income Public Housing Program can be found on page 42.

**THE CITY OF WILDWOOD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT MARCH 31, 2014**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE)

The following summarizes the computation of Net Position between March 31, 2014 and March 31, 2013.

	<u>Year Ended</u>		<u>Increase</u>
	<u>March-14</u>	<u>March-13</u>	<u>(Decrease)</u>
Cash	\$ 1,178,006	\$ 1,084,982	\$ 93,024
Other Current Assets	195,650	205,114	(9,464)
Capital Assets - Net	1,511,621	1,487,559	24,062
Total Assets	2,885,277	2,777,655	107,622
Less: Current Liabilities	(219,723)	(126,951)	(92,772)
Less: Non Current Liabilities	(164,319)	(130,518)	(33,801)
Net Position	\$ 2,501,235	\$ 2,520,186	\$ (18,951)
<hr/>			
Net Investment in Capital Assets	1,511,621	1,487,559	24,062
Unrestricted Net Position	989,614	1,032,627	(43,013)
	\$ 2,501,235	\$ 2,520,186	\$ (18,951)

Cash increased by \$93,024 or 9% percent. Net cash provided by operating activities was \$134,832, net cash used by related financing activities was \$46,151, and net cash provided by investing activities was \$4,343. The full detail of this amount can be found in the Statement of Cash Flow on page 19 of this audit report.

Other current assets decreased \$9,464. The Authority's investments increased \$1,194. Account receivable decreased \$28,821 mainly due to decreases in HUD receivables as well as miscellaneous receivables. Prepaid expenses increased \$18,163 due to annual pension expense being prepaid.

Capital assets reported an increase in the net book value of the capital assets in the amount of \$24,062 or 2% percent. The major factor that contributed for the increase was the purchase of fixed assets in the amount of \$128,803, less the recording of depreciation expense in the amount of \$104,741. A full detail of capital outlays can be found in the Notes to the Financial Statements section Note - 8 Fixed Assets.

**THE CITY OF WILDWOOD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT MARCH 31, 2014**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

Total current liabilities increased from the previous year by \$92,772 or 73% percent. Accounts payables increased by \$52,820, mainly due to increases in vendor payables and accrual of utility payments. Accrued liabilities increased by \$38,956 mainly due to an amount owed to Complete Care health center. Tenant security deposit payable increased by \$579, and unearned revenue increased \$417.

Total noncurrent liabilities increased by \$33,801 or 26% percent. Long-term obligations such as noncurrent compensated absences with an ending balance of \$37,328, with no offsetting assets, increased \$10,931 from the previous year. Accrued other post-employment benefits (OPEB) liabilities increased \$22,870 or 22% percent.

The Authority's reported net position of \$2,501,235 is made up of two categories. The net investment in capital assets in the amount of \$1,511,621 represents 60% percent of the total account balance. The net investment in capital assets (e.g., land, buildings, vehicles, equipment, and construction in process); less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide housing services to the tenants; consequently, these assets are not available for future spending. The schedule below reflects the activity in this account for the current fiscal year:

Balance March 31, 2013	\$ 1,487,559
Fixed Asset Acquisitions	128,803
Depreciation Expense	(104,741)
Balance March 31, 2014	<u>\$ 1,511,621</u>

The rest of the Authority's net position is made up of its unrestricted net position in the amount of \$989,614.

The City of Wildwood Housing Authority operating results for March 31, 2014 reported a decrease in unrestricted position of \$43,013 or 4% percent for an ending balance of \$989,614. A full detail of these accounts can be found in the Notes to the Financial Statements section Note – 16.

At the end of the current year, the Authority is able to report positive balances in the two categories of net position. The same situation held true for the prior year.

**THE CITY OF WILDWOOD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT MARCH 31, 2014**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The following summarizes the changes in Net Position between March 31, 2014 and March 31, 2013:

Computation of Changes in Net Position are as follows:

	<u>Year Ended</u>		Increase
	March-14	March-13	(Decrease)
<u>Revenues</u>			
Tenant Revenues	\$ 548,864	\$ 536,010	\$ 12,854
HUD Subsidies	617,931	740,124	(122,193)
Other Government Grants	78,213	92,329	(14,116)
Other Revenues	185,633	157,579	28,054
Total Operating Income	1,430,641	1,526,042	(95,401)
<u>Expenses</u>			
Operating Expenses	1,399,239	1,446,813	(47,574)
Depreciation Expense	104,741	223,418	(118,677)
Total Operating Expenses	1,503,980	1,670,231	(166,251)
Operating Income before Non Operating Income	(73,339)	(144,189)	70,850
Interest Income	5,537	6,357	(820)
Extraordinary Maintenance	(29,516)	-	(29,516)
HUD Capital Grants	78,367	58,013	20,354
Change in Net Position	(18,951)	(79,819)	60,868
Net Position Prior Year	2,520,186	2,600,005	(79,819)
Total Net Position	\$ 2,501,235	\$ 2,520,186	\$ (18,951)

Approximately 43% percent of the Authority's total revenue was provided by HUD operating subsidy, while 38% percent resulted from tenant revenue. Charges for various services and other governmental grants provided 19% percent of the total income. The City of Wildwood Housing Authority received capital fund improvement grant money during the year in the amount of \$78,367 as compared to \$58,013 for the previous year.

The Authority incurred extraordinary maintenance expense in the amount of \$29,516 for fiscal year ended March 31, 2014. These expenses were mainly associated with extermination costs due to infestation by bedbugs.

**THE CITY OF WILDWOOD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT MARCH 31, 2014**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The Authority's operating expenses cover a range of expenses. The largest expense was for administrative expenses representing 31% percent of total operating expenses. Tenant services accounted for 9% percent, utilities expense accounted for 19% percent, maintenance expense accounted for 24% percent, other operating expenses accounted for 10% percent, and depreciation accounted for the remaining 7% percent of the total operating expenses.

The Authority operating expenses exceeded its operating revenue resulting in a deficiency of revenue from operations in the amount of \$73,339 from operations as compared to excess expenses from operations of \$144,189 for the previous year. The key element for the decrease in deficit in comparison to the prior year is as follow:

- The Authority reported a decrease in HUD PHA operating grants in the amount of \$122,193 or 17% percent. This follows a decrease of \$115,343 or 13% percent, from the prior fiscal year ended March 31, 2013. The United States Department of Housing and Urban Development has been facing reductions in their budget for the past few years due to cuts being made by the United States Congress.
- The Authority experienced an increase in tenant rental revenue in the amount of \$12,854 or 2% percent and other revenue increased \$28,054 or 18% percent.
- Administrative expenses increased \$43,771 due to increases in salaries and benefits as well as travel expenses.
- In order to combat reductions in subsidy by HUD the Authority decreased some key expenses as listed below:
 - Maintenance expenses decreased \$51,850 or 13% percent.
 - Tenant services expenses decreased \$7,930 or 5% percent.
 - Protective services expenses decreased \$26,990 or 52%.

Total net cash provided by operating activities during the year was \$134,832 as compared to net cash provided in the prior fiscal year in the amount of \$24,617. A full detail of this amount can be found on the Statement of Cash Flow on page 19 of this report.

**THE CITY OF WILDWOOD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT MARCH 31, 2014**

FINANCIAL ANALYSIS OF THE AUTHORITY (ENTITY WIDE) - CONTINUED

The following are financial highlights of significant items for a four year period of time ending on March 31, 2014.

	March-14	March-13	March-12	March-11
Significant Income				
Total Tenant Revenue	\$ 548,864	\$ 536,010	\$ 544,890	\$ 512,476
HUD Operating Grants	617,931	740,124	855,467	737,364
HUD Capital Grants	78,367	58,013	150,350	169,639
Other Government Grants	78,213	92,329	99,677	108,734
Investment Income	5,537	6,357	5,779	11,420
Other Income	185,633	157,579	127,128	123,258
Total	<u>\$ 1,514,545</u>	<u>\$ 1,590,412</u>	<u>\$ 1,783,291</u>	<u>\$ 1,662,891</u>
Payroll Expense				
Administrative Salaries	\$ 126,803	\$ 102,684	\$ 198,087	\$ 231,776
Tenant Services Salaries	55,388	53,959	109,419	100,194
Utilities Labor	-	-	20,805	23,675
Maintenance Labor	131,553	147,655	132,673	94,701
Protective Services Labor	25,290	45,312	-	-
Employee Benefits Expense	133,733	162,130	198,617	264,247
Total Payroll Expense	<u>\$ 472,767</u>	<u>\$ 511,740</u>	<u>\$ 659,601</u>	<u>\$ 714,593</u>
Other Significant Expenses				
Other Administrative Expenses	\$ 283,247	\$ 276,047	\$ 173,084	\$ 101,423
Utilities Expense	286,710	291,742	298,605	320,823
Maintenance Supplies	40,870	42,839	44,274	30,229
Maintenance Contract Cost	118,720	122,561	82,981	113,868
Insurance Premiums	84,810	90,291	74,454	69,162
Total	<u>\$ 814,357</u>	<u>\$ 823,480</u>	<u>\$ 673,398</u>	<u>\$ 635,505</u>
Total Operating Expenses	<u>\$ 1,503,980</u>	<u>\$ 1,670,231</u>	<u>\$ 1,669,823</u>	<u>\$ 1,725,899</u>
Total of Federal Awards	<u>\$ 696,298</u>	<u>\$ 798,137</u>	<u>\$ 1,005,817</u>	<u>\$ 907,003</u>

**THE CITY OF WILDWOOD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT MARCH 31, 2014**

THE AUTHORITY AS A WHOLE

The Authority's revenues consist primarily of rents and subsidies and grants received from HUD. The Authority receives subsidies each month based on a pre-approved amount by HUD. Grants are drawn down based on need against a pre-authorized funding level. The Authority's revenues were not sufficient to cover all expenses excluding depreciation expense. The Authority's unrestricted net position appears sufficient to cover any foreseeable shortfall rising from a possible economic turndown and reduced subsidies and grants.

By far, the largest portion of the Authority's net position reflects its net investment in capital assets (e.g., land, buildings, equipment, and construction in progress). The Authority uses these capital assets to provide housing services to its tenants. Consequently, these assets are reported as "Net Investment in Capital Assets" and are not available for future spending. The unrestricted position of the Authority is available for future use to provide program services.

THE THE CITY OF WILDWOOD HOUSING AUTHORITY PROGRAMS

Public Housing Program:

Under the Public Housing Program, the Authority rents units that it owns to low-income households. This program is operated under an Annual Contributions Contract (ACC) with HUD. HUD's rent subsidy program provides housing assistance to low income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts: (a) 30% of the family's adjusted monthly income, (b) 10% of the family's monthly income, or (c) the City of Wildwood Housing Authority flat rent amount.

Capital Fund Program:

The public Housing Capital Fund was established under the Quality Housing & Work Responsibility Act of 1998 (QHWRA). This fund is used for repairs, major replacements, upgrading and other non-routine maintenance work that needs to be done on the Authority's apartments and homes to keep them clean, safe and in good condition.

State - Congregate Housing Services Program

The Congregate Housing Services Program offers grants to States, to provide meals and other supportive services needed by frail elderly residents and residents with disabilities in federally subsidized housing. This program prevents premature and unnecessary institutionalization of frail elderly, non-elderly disabled, and temporarily disabled persons. It provides a variety of innovative approaches for the delivery of meals and non-medical supportive services while making use of existing service programs, fills gaps in existing service systems, and ensures availability of funding for meals and other programs necessary for independent living. Assistance is in the form of grants to provide at least one hot meal per day in a group setting, 7 days per week, plus other supportive services necessary for independent living. Nutrition service providers may solicit voluntary contributions for meals furnished.

**THE CITY OF WILDWOOD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT MARCH 31, 2014**

BUDGETARY HIGHLIGHTS

For the year ended March 31, 2014, individual program or grant budgets were prepared by the Authority and adopted by the Board of Commissioners. The budgets were primarily used as a management tool and have no legal stature. The budgets were prepared in accordance with the accounting procedures prescribed by the applicable funding agency.

The budget for the Low Rent Public Housing was adopted on the basis of accounting practices prescribed by the U.S. Department of Housing and Urban Development (HUD), which differ in some respects from generally accepted accounting principles. The full detail can be found in the Budget comparison to actual results for the Low Rent Public Housing Program on page 42 of this report.

NEW INITIATIVES

For the fiscal year 2014 the Housing Authority's primary focus has been on funding and accountability. As a public entity that derives approximately 46% percent of its revenue from the Department of Housing and Urban Development, (2013 was 50% percent), the Authority are constantly monitoring for any appropriation changes especially since it appears the nation is continuing an era of need for additional public assistance to help families meet the challenges of a very tumultuous economy.

The current administration of the Authority is determined to improve the financial results of the Authority's operations. The Authority has made steady progress in various phases of the operations, all the while maintaining a strong occupancy percentage in the public housing units. Interactions with the residents are a constant reminder of the need of the services. Regardless of the constraints (financial or regulatory) placed on this Housing Authority, the Authority will continuously look for ways to better provide or expand housing to qualified residents of the City of Wildwood all the while being mindful of their responsibility to be good stewards of the public's tax dollars.

For 2013 due to budget cuts once again by Congress, HUD prorated everyone's eligibility for operating funds at 81.86%. For calendar year 2013 the Authority was eligible for \$699,108, after the proration the Authority was only able to receive \$573,910, which is a decrease in funding of \$125,198.

**THE CITY OF WILDWOOD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT MARCH 31, 2014**

CAPITAL ASSETS AND DEBT ADMINISTRATION

1 – Capital Assets

The Authority's net investment in capital assets as of March 31, 2014 was \$1,511,621 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, equipment, and construction in progress. The total increased during the year in the Authority's investment in capital assets was \$24,062 or 2% percent. Major capital expenditures of \$128,803 were made during the year. Major capital assets events during the fiscal year included the following:

- Heat Pumps
- Rooftop Heater Repair
- A&E Fees
- Repair and Restoration of Drainage around a sinkhole
- Roof Replacement
- A Commercial Dishwasher

	March-14	March-13	Increase (Decrease)
Land and Improvements	\$ 415,252	\$ 415,252	\$ -
Buildings & Improvements	5,496,677	5,474,227	22,450
Furniture & Equipment - Dwelling	475,159	454,396	20,763
Furniture & Equipment -	919,304	913,767	5,537
Leashold Improvements	3,680,556	3,550,494	130,062
Construction in Progress	173,977	223,986	(50,009)
Totals	11,160,925	11,032,122	128,803
Accumulated Depreciation	(9,649,304)	(9,544,563)	(104,741)
Net Book Value	<u>\$ 1,511,621</u>	<u>\$ 1,487,559</u>	<u>\$ 24,062</u>

Additional information on the Authority's capital assets can be found in Note 8 to the financial statements, which is included in this report.

2 - Debt Administration

The Authority had no outstanding debt to report as of March 31, 2014.

**THE CITY OF WILDWOOD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AT MARCH 31, 2014**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Wildwood Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The need for Congress to fund the war on terrorism and other impending military activities, and the impact these activities may have on federal funds available for HUD subsidies and grants.

The capital budgets for the 2014 fiscal year have already been submitted to HUD for approval and no major changes are expected. The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing property including administrative fees involved in the modernization.

The following factors were considered in preparing the Authority's budget for the fiscal year ending March 31, 2015.

- State of New Jersey economy including the impact on tenant income. Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income. Tenant rental payments are based on tenant income.
- The need for Congress to fund the war on terrorism and other impending military activities, and the impact these activities may have on federal funds available for HUD subsidies and grants. Even if HUD was fully funded for both the Operating and Capital Funds, it is unlikely that Congress would appropriate adequate funding. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs.
- Continued increases in health care insurance are expected to impact employee benefits cost over the next several years.
- Inflationary pressure on utility rates, supplies and other cost.

The Authority's unrestricted net position appears sufficient to cover any foreseeable shortfall rising from a possible economic turndown and reduced subsidies and grants

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Paul F. Dice, Executive Director, The City of Wildwood Housing Authority, 3700 New Jersey Avenue, Wildwood, NJ 08260-7379 or call (609) 729-0220 ext. 3115.

THE CITY OF WILDWOOD HOUSING AUTHORITY
STATEMENT OF NET POSITION
AS OF MARCH 31, 2014 AND 2013

	March 31, 2014	2013
Assets		
Current Assets:		
Cash and Cash Equivalents - Unrestricted	\$ 1,129,819	\$ 1,037,374
Restricted Cash - Security Deposits	48,187	47,608
Investments - Unrestricted	143,043	141,849
Accounts Receivables, Net of Allowances	8,740	37,561
Prepaid Expenses	43,867	25,704
Total Current Assets	<u>1,373,656</u>	<u>1,290,096</u>
Noncurrent Assets		
Capital Assets		
Land	415,252	415,252
Building	5,496,677	5,474,227
Furniture, Equipment - Dwelling	475,159	454,396
Furniture, Equipment - Administration	919,304	913,767
Leasehold Improvements	3,680,556	3,550,494
Construction in Process	173,977	223,986
Total Capital Assets	<u>11,160,925</u>	<u>11,032,122</u>
Less: Accumulated Depreciation	<u>(9,649,304)</u>	<u>(9,544,563)</u>
Net Book Value	<u>1,511,621</u>	<u>1,487,559</u>
Total Assets	<u>2,885,277</u>	<u>2,777,655</u>
Deferred Outflow of Resources		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 2,885,277</u>	<u>\$ 2,777,655</u>
Liabilities		
Current Liabilities:		
Accounts Payable	\$ 128,310	\$ 75,490
Accrued Liabilities	42,135	3,179
Tenant Security Deposit Payable	48,187	47,608
Unearned Revenue	1,091	674
Total Current Liabilities	<u>219,723</u>	<u>126,951</u>
Noncurrent Liabilities		
Accrued Compensated Absences - Long-Term	37,328	26,397
Accrued Other Post-Employment Benefits Liabilities	126,991	104,121
Total Noncurrent Liabilities	<u>164,319</u>	<u>130,518</u>
Total Liabilities	<u>384,042</u>	<u>257,469</u>
Deferred Inflow of Resources		
Total Deferred Inflow of Resources	<u>-</u>	<u>-</u>
Net Position:		
Net Investment in Capital Assets	1,511,621	1,487,559
Unrestricted	989,614	1,032,627
Total Net Position	<u>2,501,235</u>	<u>2,520,186</u>
Total Liabilities, Deferred Inflow of Resources, and Net Position	<u>\$ 2,885,277</u>	<u>\$ 2,777,655</u>

See accompanying notes to the financial statements.

THE CITY OF WILDWOOD HOUSING AUTHORITY
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION
FOR THE TWELVE MONTHS ENDED MARCH 31, 2014 AND 2013

	March 31,	
	2014	2013
Revenue:		
Tenant Rental Revenue	\$ 548,864	\$ 536,010
HUD PHA Operating Grants	617,931	740,124
Other Government Grants	78,213	92,329
Other Revenue	185,633	157,579
Total Revenue	<u>1,430,641</u>	<u>1,526,042</u>
Operating Expenses:		
Administrative Expense	470,879	427,108
Tenant Services	140,454	148,384
Utilities Expense	286,710	291,742
Maintenance Expense	357,230	409,080
Protective Services Expense	25,290	52,280
Other Operating Expenses	118,676	118,219
Depreciations Expense	104,741	223,418
Total Operating Expenses	<u>1,503,980</u>	<u>1,670,231</u>
Excess Expenses Over Revenue From Operations	<u>(73,339)</u>	<u>(144,189)</u>
Non Operating Income and (Expenses):		
Investment Income	5,537	6,357
Extraordinary Expenses	(29,516)	-
Total Non Operating (Expenses) and Income	<u>(23,979)</u>	<u>6,357</u>
Capital Grants	<u>78,367</u>	<u>58,013</u>
Change in Net Position	<u>(18,951)</u>	<u>(79,819)</u>
Beginning Net Position	<u>2,520,186</u>	<u>2,600,005</u>
Ending Net Position	<u>\$ 2,501,235</u>	<u>\$ 2,520,186</u>

See accompanying notes to the financial statements.

THE CITY OF WILDWOOD HOUSING AUTHORITY
STATEMENT OF CASH FLOW
FOR THE TWELVE MONTHS ENDED MARCH 31, 2014 AND 2013

	March 31,	
	2014	2013
Cash Flow From Operating Activities		
Receipts from Tenants	\$ 548,804	\$ 525,922
Receipts from Federal Grants	630,905	747,951
Receipts from Other Grants	78,213	92,329
Receipts from Misc. Sources	185,633	157,579
Payments to Vendors and Suppliers	(549,246)	(695,682)
Payments to Employees	(339,034)	(349,610)
Payment of Employee Benefits	(133,733)	(162,130)
Payments for Utilities	(286,710)	(291,742)
Net Cash Provided by Operating Activities	<u>134,832</u>	<u>24,617</u>
Cash Flow From Capital and Related Financing Activities		
Receipts from Capital Grants	78,367	58,013
Acquisitions and Construction of Capital Assets	(128,803)	(71,760)
Increase (Decrease) in Accrued Compensated Absences	10,931	(3,754)
Accrued Other Post-Employment Benefits Liabilities	22,870	22,872
Extraordinary Maintenance	(29,516)	-
Net Cash (Used) Provided by Capital and Related Financing Activities	<u>(46,151)</u>	<u>5,371</u>
Cash Flow From Investing Activities		
Interest Income	5,537	6,357
(Increase) in Investments	(1,194)	(1,491)
Net Cash Provided by Investing Activities	<u>4,343</u>	<u>4,866</u>
Net Increase in Cash and Cash Equivalents	93,024	34,854
Beginning Cash	<u>1,084,982</u>	<u>1,050,128</u>
Ending Cash	<u>\$ 1,178,006</u>	<u>\$ 1,084,982</u>
Reconciliation of Cash Balances:		
Cash and Cash Equivalents - Unrestricted	\$ 1,129,819	\$ 1,037,374
Tenant Security Deposits	48,187	47,608
Total Ending Cash	<u>\$ 1,178,006</u>	<u>\$ 1,084,982</u>
Reconciliation of Operating Income to Net Cash		
(Used) by Operating Activities		
Excess of Expenses Over Revenue	\$ (73,339)	\$ (144,189)
Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities:		
Depreciation Expense - net of adjustments	104,741	223,418
(Increase) Decrease in:		
Accounts Receivables	28,821	7,590
Prepaid Expenses	(18,163)	(4,290)
Increase (Decrease) in:		
Accounts Payable	52,820	(3,555)
Accrued Liabilities	38,956	(9,097)
Tenant Security Deposit Payable	579	(1,196)
Unearned Revenue	417	(44,064)
Other Current Liabilities	-	-
Net Cash Provided by Operating Activities	<u>\$ 134,832</u>	<u>\$ 24,617</u>

See accompanying notes to the financial statements.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2014

NOTE 1 - SUMMARY OF ORGANIZATION, ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

1. Organization - The Authority is a non-profit corporation which was organized under the laws public corporation created under federal and state housing laws as defined by State statute (N.J., S.A. 4A: 12A-1, et. Seq. the Housing Authority Act) for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the City of Wildwood in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD).

The Authority is governed by a Board of Commissioners which is essentially autonomous but is responsible to the U.S. Department of Housing and Urban Development and the State of New Jersey Department of Community Affairs. An Executive Director is appointed by the Housing Authority's Board to manage the day-to-day operations of the Authority.

Operating and modernization subsidies are provided to the Authority by the federal government.

The financial statements include all the accounts of the Authority. The Authority is the lowest level of government over which the Authority's Board of Commissioners and Executive Director exercise oversight responsibility. The Authority is not included in any governmental "reporting entity" since its board members; while they are appointed primarily by the Mayor of Wildwood and City Council, the Board of Commissioners have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary responsibility for accounting and fiscal matters. The Authority has also concluded that it is excluded from the City of Wildwood reporting entity.

Based on the following criteria, the Authority has not identified any entities which should be subject to evaluation for inclusion in the Authority's reporting entity. The criteria for including or excluding a component unit relationship as set forth in Section 2100 of GASB's Codification of governmental Accounting and Financial Reporting Standards, include whether:

- A. The organization is legally separate.
- B. The primary government holds the corporate powers of the organization.
- C. The primary government appoints a voting majority of the organization's board.
- D. The primary government is able to impose its will on the organization.
- E. There is calendar dependency by the organization on the primary government.
- F. The organization has potential to impose a financial benefit or burden on the primary government.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2014

2. Significant Accounting Policies

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements are presented in conformity with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. The Authority has determined that the applicable measurement focus (flow of economic resources) and accounting basis (accrual) is similar to that of a commercial enterprise. As such, the use of proprietary funds best reflects the activities of the Authority. Entities using this method observe all Financial Accounting Standards Board (FASB) Statements and Interpretations in the preparation of financial statements, unless the GASB has specifically addressed the accounting issue in one of its own pronouncements. GASB-20-"Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting" addresses the applicability of the various FASB's, and allows several options in the use of the FASB's. The Authority has elected to use Alternative 2 of GASB-20 which states that "a proprietary activity may also apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements". Also, the Authority has elected to not follow FASB-106, FASB-112, and FASB-132, which all deal with pension reporting. Instead, the Authority follows GASB-45-"Accounting for Pensions by State and Local Governmental Employers."

Basis of Accounting –

The financial statements of the Authority are prepared under the accrual basis of accounting in order to recognize the flow of economic resources. Under the accrual basis of accounting, transactions are recognized when they occur, regardless of when cash is received or disbursed. Revenues and expenses are recognized on the accrual basis, with revenues recognized in the accounting period in which they are earned and become measurable, and expenses recognized in the period incurred, if measurable. Operating revenue and expenses consist of those revenue and expenses that result from ongoing principal operations of the Authority. Non-operating revenue and expenses consist of those revenues and expenses that are related to financing and investing activities and result from non-exchange transactions or ancillary activities. All assets, liabilities, net position, revenue, and expenses are accounting for through a single enterprise fund for the primary government.

The major sources of revenue are tenants dwelling rentals, HUD operating subsidy, capital grants, and other revenue.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements March 31, 2014

Basis of Accounting – Continued

HUD's rent subsidy program provides housing to low income families so that they are able to lease "decent, safe, and sanitary" housing for specific eligible tenants. The rent paid by the tenant is a percentage of tenant gross income subject to a \$50 minimum; it cannot exceed the greater of the following amounts:

- (a) 30% of the family's adjusted monthly income,
- (b) 10% of the family's monthly income, or
- (c) The City of Wildwood Housing Authority's flat rent amount.

Tenants dwelling rental charges are determined and billed monthly and are recognized as revenue when assessed because they are measurable and are collectible within the current period. The amounts not received by March 31, are considered to be accounts receivable and any amounts received for subsequent period are recorded as deferred revenue.

HUD operating, capital grants which finance capital and current operations are susceptible to accrual and recognized during the year earned in accordance with applicable HUD program guidelines. The Capital Fund Grant program of the Authority is entitled to receive advances as expenditures are incurred.

Financial transactions are recorded and organized in accordance with the purpose of the transaction. Each program is an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. All material inter-program accounts and transactions are eliminated in the preparation of the basic financial statements. Because the Authority's activity is considered self-financing and does not rely on specific taxes or fines (i.e. property taxes, sales and use tax etc.) no activity will be maintained as governmental funds but will be recorded as proprietary funds under the Enterprise Fund.

In enterprise funds, activity is recorded using the accrual basis of accounting. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This requires the Housing Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2014

Report Presentation -

The Authority's basic financial statements are presented on an entity-wide basis consisting of various housing programs. The financial statements included in this report were prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America. In accordance with GASB Statement No. 34, the report includes Management's Discussion and Analysis. The Authority has implemented the general provisions of GASB Statement No. 34.

Also the Authority adopted the provisions of Statement No. 37 "Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments" Statement No.38 "Certain Financial Statement Note Disclosures", and Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" which supplements GASB Statement No. 34.

GASB Statement No. 34 established standards for external financial reporting for all State and Local Governments entities that includes a statement of net assets, a statement of revenue, expenses, and changes in net assets, and a statement of cash flow.

GASB Statement No. 63 requires the classification of "net assets" into "net position" which consists of three components, Net Investment in Capital Assets, Restricted, and Unrestricted.

The adoptions of Statement No. 34, Statement No. 37, Statement No. 38, and Statement No. 63 have no significant effect on the financial statements except, for the classification of net position in accordance with Statement No. 63.

Net Investment in Capital Assets.

The net position consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.

Restricted.

The net position less that are subject to constraints on their use by creditors, grantors, contributors, legislation, or other governmental laws or regulations.

Unrestricted.

The net position consists of net position that do not meet the definition of Restricted Net Position or Invested in Capital Assets, Net of Related Debt.

The federally funded programs administered by the Authority are detailed in the Financial Data Schedule and the Schedule of Expenditures of Federal Awards; both are which are included as Supplemental information.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2014

Other accounting policies are as follows

1 – Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash in banks, petty cash and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. Investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

2 – Collection losses on accounts receivable are charged against an allowance for doubtful accounts.

3 – Buildings and equipment are recorded at cost for all programs and depreciation is computed on the straight line basis.

4 – Repairs funded out of operations, such as painting, roofing and plumbing, are charged against income for all programs.

5 – Operating subsidies received from HUD are recorded as income when earned.

6 – The cost of accumulated unpaid compensated absences, including fringe benefits, is reported in the period earned rather than in the period paid.

7 – Prepaid expenses represent payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.

8 - The Authority has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of accounting Procedure issued after November 30, 1989.

9 – The Authority does not have any infrastructure assets for its Enterprise Fund.

10 – Inter-fund receivable and payables arise from inter-fund transactions and are recorded by all funds in the period in which the transactions are executed.

11- Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Authority but which will only be resolved when one or more future events occur or fail to occur. The Authority's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Authority or unasserted claims that may result in such proceedings, the Authority's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2014

Other accounting policies – Continued

11- Continued - sought or expected to be sought therein. If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Authority's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

12- Costs related to environmental remediation are charged to expense. Other environmental costs are also charged to expense unless they increase the value of the property and/or provide future economic benefits, in which event they are capitalized. Liabilities are recognized when the expenditures are considered probable and can be reasonably estimated. Measurement of liabilities is based on currently enacted laws and regulations, existing technology, and undiscounted site-specific costs. Generally, such recognition coincides with the Authority's commitment to a formal plan of action.

13 – The Authority defines its operating revenues as income derived from charges to residents and other services provided, as well as government subsidies and grants used for operating purposes. Operating expenses are cost incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenue as non-operating.

14- Fair Value Measurements – Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Generally accepted accounting principles defined a three-tier hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Observable inputs such as quoted prices in active markets;
- Level 2: Inputs, other than quoted prices in active markets that are observable either directly or indirectly; and
- Level 3: Unobservable inputs for which there is little or no market data, which requires the Authority to develop assumptions.

The carrying amounts reported for cash and short-term investments approximate fair value.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2014

Budgetary and Policy Control –

The Authority submits its annual operating and capital budgets to the State of New Jersey Department of Community Affairs in accordance with New Jersey statute. After the New Jersey Department of Community Affairs approves the budget, it is formally adopted by resolution of the Housing Authority's Board of Commissioners. Once adopted, the Board of Commissioners may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenses. Each fund's budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by expense classification within each revenue source.

Budgetary Comparison under GASB No. 34, budgetary comparison information is required to be presented for the Low Rent Housing Program which the Board of Commissions has legally adopted the budget during the year. The budgetary comparison schedules have been provided for these programs to demonstrate compliance with the budgets. The comparison of actual results to the Authority's for the Low Income Public Housing Program found on page 42.

Activities - The only programs or activities administered by the Authority were:

Program	CFDA #	Project #	Units Authorized
<u>Public Housing</u>			
Low Rent Housing	14.850	NJ-080	170
Capital Fund	14.872		
<u>State of New Jersey</u>			
Congregate Service Program			

A. Low Rent Public Housing Program

The low rent public housing program is designed to provide low-cost housing within the City of Wildwood. Funding is provided by eligible residents who are charged monthly rent based on family size, family income and other determinants, as well as by subsidies provided by HUD.

B. Capital Fund Programs

Substantially all additions to land, structures and equipment are accomplished through these programs (included in the financial statements under PHA Owned Housing). These funds replace or materially upgrade deteriorated portions of existing Authority property. These programs are financed by HUD subsidies. The capital fund programs are now merged into the low rent public housing program.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements March 31, 2014

Activities - Continued

C. Congregate Services Program

The Congregate Services Program is used to provide meals and other supportive services needed by elderly residents and residents with disabilities in the City of Wildwood Housing Authority's federally subsidized housing. This program prevents premature and unnecessary institutionalization of frail elderly, non-elderly disabled, and temporarily disabled persons.

Taxes - Under federal, state, and local law, the Authority's program are exempt from income, property and excise taxes. However, the Authority is required to make payments in lieu of taxes (PILOT) for the low-income housing program in accordance with the provision of a Cooperation Agreement. Under the Cooperation Agreement, the Authority must pay the municipality the lesser of 10% of its net shelter rent or the approximate full real property taxes.

Grants - The Authority receives reimbursement from various grantors for the cost of sponsored projects, including administrative cost. Grant revenues are recognized as income when earned. Grant expenditures are recognized on the accrual basis.

Board of Commissioners - The criteria used in determining the scope of the entity for financial reporting purposes are as follows:

1. The ability of the Board to exercise supervision of a component unit's financial independence.
2. The Board's governing authority extends to financial decision making authority and is held primarily accountable for decisions.
3. The Board appoints the management of the Authority who is responsible for the day-to-day operations and this management are directly accountable to the Board.
4. The ability of the Board to significantly influence operations through budgetary approvals, signing and authorizing contracts, exercising control over facilities, and approving the hiring or retention of key managerial personnel.
5. The ability of the Board to have absolute authority over all funds of the Authority and have accountability in fiscal matters.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2014

NOTE 2 – ESTIMATES

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectibility of accounts receivable, the use, and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

NOTE 3 - PENSION PLAN

The Authority participates in the State of New Jersey Public Employees Retirement System (PERS), which is sponsored and administered by the New Jersey Division of Pensions and Benefits. It is a cost sharing, multiple-employer defined benefit pension plan. PERS was established in January 1955 under the provision of NJ SA 43:15A to provide coverage, including post-retirement health care, for substantially all full time employees of the state, its counties, municipalities, school districts or public agencies, provided the employee is not a member of another state administered retirement system.

Membership is mandatory for such employees. Contributions to the plan are made by both the employee and the Authority. Required employee contributions to the system are based on a flat rate determined by the New Jersey Division of Pensions for active plan members. Benefits paid to retired employees are based on length of service, latest earnings, and veteran status. Authority contributions to the system are determined by PERS and are billed annually to the Authority.

The State of New Jersey, Department of Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0925.

On the web:

<http://www.state.nj.us/treasury/pensions/pdf/financial/2013divisioncombined.pdf>

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2014

NOTE 3 - PENSION PLAN - CONTINUED

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994 and Chapter 115, P.L. of 1998, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employer's contributions are actuarially determined annually by the Division of Pensions. Employee contributions are currently 6.78% of base wages. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments, and the cost of medical premiums after retirement for qualified retirees, and noncontributory death benefits. The Authority's contributions for 2014 and 2013 amounted to \$27,003 and \$37,621.

Post Employment Retirement Benefits

The Authority also provides post employment health care benefits and life insurance to all eligible retirees. Eligibility requires that employees be 55 years or older with at least 25 years of service.

NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Authority's cash, cash equivalents are stated at cost, which approximates market. Cash, cash equivalents and investment includes cash in banks, petty cash and a money market checking account and certificates of deposit, and other investments with original maturities of less than three months from the date of purchase. For the statement of cash flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase. It is the Authority's policy to maintain collateralization in accordance with the State of New Jersey and HUD requirements.

HUD requires housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment. HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority. These funds at various banks are collateral pledge under the New Jersey Government Code of the Banking Law.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2014

NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

The New Jersey Government Code requires New Jersey banks and savings and loan associations to be covered by the Governmental Unit Deposit Protection Act of the State of New Jersey, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. The market value of the pledged securities must equal at least 110% of the Authority's deposits.

The book balances at March 31, 2014 and 2013 for unrestricted cash were \$1,129,819 and \$1,037,374, restricted cash of \$48,187 and \$47,608, and investments in the amount of \$143,043 and \$141,849 as discussed below:

	March-14	March-13
Crest Savings	\$ 1,272,362	\$ 1,178,723
Bank of America	-	47,608
TD Bank	48,187	-
Petty Cash	500	500
Total Cash, Cash Equivalants, and Investments	<u>\$ 1,321,049</u>	<u>\$ 1,226,831</u>

The Authority has total restricted cash at March 31, 2014 and 2013 in the amount of \$48,187 and \$47,608, respectively, which consists of Low Income Housing Program tenant security deposits.

Risk Disclosures

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At March 31, 2014, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

Credit Risk

This is risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2014

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts Receivable at March 31, 2014 and 2013 consisted of the following:

	March-14	March-13
Tenants Accounts Receivable - Present	\$ 2,523	\$ 2,463
Less Allowance for Doubtful Accounts	(631)	(616)
Net Tenants Accounts Receivable	1,892	1,847
Accounts Receivable- HUD	-	12,974
Accounts Receivable - State of New Jersey	6,718	21,793
Accounts Receivable - Caring Inc.	130	947
Net Accounts Receivable - Other	6,848	35,714
Total Accounts Receivable	\$ 8,740	\$ 37,561

The City of Wildwood Housing Authority carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Authority evaluates its accounts receivable and establishes an allowance for doubtful accounts based on history of past write off's, collections, and current credit conditions. Accounts are written off as uncollectible when management determines that a sufficient period of time has elapsed without receiving payment and the individual do not exhibit the ability to meet their obligations.

NOTE 6 - PREPAID EXPENSES

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items. All purchases of insurance premiums are written off on a monthly basis. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed. Prepaid expenses at March 31, 2014 and 2013 consisted of the following:

	March-14	March-13
Net Book Value - Inventory on Hand	\$ 1,086	\$ 1,357
Prepaid Insurance Premiums	24,425	24,347
Prepaid Annual Pension	18,356	-
Total Prepaid Expenses	43,867	25,704

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements March 31, 2014

NOTE 7 – INTERFUND ACTIVITY

Interfund activity is reported as short term loans, services provided during the course of operations, reimbursements, or transfers. Short term loans are reported as interfund short term receivables and payable as appropriate. The amounts between the various programs administered by the Authority at March 31, 2014 are detailed on the Financial Data Schedule of this report. Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

NOTE 8 - FIXED ASSETS

Fixed assets consist primarily of expenditures to acquire, construct, place in operations, and improve the facilities of the Authority and are stated by an appraisal value.

Expenditures for repairs, maintenance and minor renewals are charged against income in the year they are incurred. Major renewals and betterment are capitalized. Expenditures are capitalized when they meet the Capitalization Policy requirements. Under the policy, assets purchased or constructed at a cost not exceeding \$1,000 are expensed when incurred.

Donated fixed assets are stated at their fair value on the date donated. Depreciation is provided using the straight line method over the estimated useful lives of the assets.

1. Building and Structure	40 years
2. Office Improvements	7 years
3. Site Improvements	15 years
4. Building Components	15 years
5. Office Equipment	5 years

The City of Wildwood Housing Authority has given consideration to the Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, (SFAS No. 144) in the preparation of these financial statements.

The carrying value of long-live assets in accordance with SFAS No. 144, when indications of an impairment are present, the recoverability of the carrying value of the asset in question are assessed based on the future undiscounted cash flow expected to result from their use. If the carrying value cannot be recovered, impairment losses would be recognized to the extent the carrying value exceeds fair value. The Authority has not recognized any impairment in the carry value of its fixed assets at March 31, 2014.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2014

NOTE 8 - FIXED ASSETS – CONTINUED

Below is a schedule of changes in fixed assets for the twelve months ending March 31, 2014 and 2013:

	Balance March-13	Additions	Transfer	Balance March-14
Land and Improvements	\$ 415,252	\$ -	\$ -	\$ 415,252
Buildings & Improvements	5,474,227	22,450	-	5,496,677
Furniture & Equipment - Dwelling	454,396	-	20,763	475,159
Furniture & Equipment - Administration	913,767	5,537	-	919,304
Leashold Improvements	3,550,494	22,449	107,613	3,680,556
Construction in Progress	223,986	78,367	(128,376)	173,977
Totals	11,032,122	128,803	-	11,160,925
Accumulated Depreciation	(9,544,563)	(104,741)	-	(9,649,304)
Net Book Value	\$ 1,487,559	\$ 24,062	\$ -	\$ 1,511,621

	Balance March-12	Additions	Transfer	Balance March-13
Land and Improvements	\$ 415,252	\$ -	\$ -	\$ 415,252
Buildings & Improvements	5,474,227	-	-	5,474,227
Furniture & Equipment - Dwelling	440,649	13,747	-	454,396
Furniture & Equipment - Administration	903,868	-	9,899	913,767
Leashold Improvements	3,410,289	-	140,205	3,550,494
Construction in Progress	316,077	58,013	(150,104)	223,986
Totals	10,960,362	71,760	-	11,032,122
Accumulated Depreciation	(9,321,145)	(223,418)	-	(9,544,563)
Net Book Value	\$ 1,639,217	\$ (151,658)	\$ -	\$ 1,487,559

NOTE 9 – ACCOUNTS PAYABLE

The Authority reported accounts payable on its statement of net position as of March 31, 2014 and 2013. Accounts payable vendors are amount owing to creditors or generally on open accounts, as a result of delivered goods and completed services. Accounts payable at March 31, 2014 and 2013 consist of the following:

	March-14	March-13
Accounts Payable Vendors	\$ 97,775	\$ 56,643
Accounts Payable - Other Government	30,535	18,847
Total Accounts Payable	\$ 128,310	\$ 75,490

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2014

NOTE 10 – ACCOUNTS PAYABLE – OTHER GOVERNMENT

The Authority reported accounts payable other government on its statement of net position as of March 31, 2014 and 2013 as detailed below:

	March-14	March-13
Pilot Payable	\$ 21,388	\$ 18,847
Congregate Service Program Payable to State	9,147	-
Total Accounts Payable - Other Government	<u>\$ 30,535</u>	<u>\$ 18,847</u>

Pilot Payable

Under Federal, State and local law, the Authority's programs are exempt from income, property and excise taxes. However, the Authority is required to make a payment in lieu of taxes (PILOT) for the PHA Owned Program in accordance with the provisions of its Cooperation Agreement with the City of Wildwood. Under the Cooperation Agreements, the Authority must pay the municipality the littlest of 10% of its net shelter rent or the approximate full real property taxes. The total amount of PILOT payable at March 31, 2014 and 2013 consisted of the following:

P.I.L.O.T Payable March 31, 2012	\$ 18,441
P.I.L.O.T Expense	18,761
Less: Payments	<u>(18,355)</u>
P.I.L.O.T Payable March 31, 2013	18,847
P.I.L.O.T Expense	21,388
Less: Payments	<u>(18,847)</u>
P.I.L.O.T Payable March 31, 2014	<u>\$ 21,388</u>

NOTE 11 – ACCRUED EXPENSES

The Authority reported accrued expenses on its statement of net position. Accrued expenses are liabilities covering expenses incurred on or before March 31, and are payable at some future date. Accrued expenses at March 31, 2014 and 2013 consist of the following:

	March-14	March-13
Accrued Wages	\$ -	\$ 246
Compensated Absences - Current Portion	4,147	2,933
Liability owed to Complete Care	37,988	-
Total Accrued Expenses	<u>\$ 42,135</u>	<u>\$ 3,179</u>

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2014

NOTE 12 – ACCRUED COMPENSATED ABSENCES

Compensated absences are those for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the Authority will be accounted for in the period in which such services were rendered.

Unused sick leave may be carried to future periods without limitations and used in the event of extended illness. In the event of retirement, or termination, an employee is compensated for one-half of his unused sick days, or six month salary whichever is less. In no event, shall the maximum cash-out of sick time exceed \$15,000. Unused personal days will be forfeited at the end of each calendar year. Generally, unused vacation may be carried over to the next year and then must be used. In the event of separation from the Authority, the employee is eligible for compensation of up to one year plus any time earned in the year of separation.

The Authority has determined that the potential liability for accumulated vacation and sick time is as follows:

	March-14	March-13
Accumulated Sick Time	\$ 13,913	\$ 9,945
Accumulated Vacation Time	7,326	4,584
Accumulated Compensation for Over Time	17,289	12,717
FICA Expense	2,947	2,084
Total Accumulated Time	41,475	29,330
Less: Current Portion	(4,147)	(2,933)
Total Accrued Compensated Absences	<u>\$ 37,328</u>	<u>\$ 26,397</u>

NOTE 13 – UNEARNED REVENUE

The Authority reported unearned revenues on its Statement of Net Position. Unearned revenues arise when resources are received by the Authority before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Authority has a legal claim to the resources, the liability for unearned revenue is removed from the statement of net position and the revenue is recognized. The unearned revenue for March 31, 2014 and 2013 is \$1,091 and \$674 which consisted of prepaid rents for April 2014 and April 2013, respectively.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2014

NOTE 14 – LONG TERM DEBT

At December 31, 1999, the Authority's Long Term Debt (guaranteed by HUD), in accordance with HUD's GAAP Conversion Guide, the Long Term Debt and related debt service accounts were written off.

GASB Interpretation No. 2, "Disclosure of Conduit Debt Obligations," provided guidance as to the proper GAAP treatment of this HUD-guaranteed debt. The debt transactions between the Authority and HUD are similar to conduit debt obligations, which are "certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by the state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer" financial reporting entity.

The transaction between the Authority and HUD is similar to HUD giving funds to the Authority to operate and the funds are a capital contribution. HUD has essentially made an investment in the Authority. Therefore, the liability was reclassified as a capital contribution. Since HUD is paying the obligations directly, the outstanding Long Term Debt balance at March 31, 2014 could not be readily determined.

NOTE 15 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

The Authority's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of employer ("ARC"), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty (30) years.

The following table shows the components of the Authority's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Authority's net OPEB obligation to the plan:

	March-14	March-13
Annual Required Contribution	\$ 14,203	\$ 14,984
Interest on net OPEB obligation	779	1,038
Amortization of UAL	19,913	18,875
Annual OPEB cost (expense)	34,895	34,897
Contributions made	(12,025)	(12,025)
Increase in net OPEB obligation	22,870	22,872
Net OPEB Obligation – beginning of year	104,121	81,249
Net OPEB Obligation – end of year	\$ 126,991	\$ 104,121

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2014

NOTE 15 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION - CONTINUED FUNDED STATUS AND FUNDING PROGRESS

As of March 31, 2013, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$384,419, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$384,419.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented in the required supplementary information following the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by employer and plan members) and include the types of benefits provided at the time each valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

• Actuarial Cost Method	Projected Unit Credit
• Investment Rate of Return	5.50% per annum
• Healthcare Trend Rates	9.00% for next 4 years
• General Inflation Assumption:	1% per annum
• Annual Compensation Increases	2.5% per annum
• Actuarial Value of Assets:	Market Value
• Amortization of UAAL:	Amortized as level dollar amount
• Remaining Amortization Period:	30 years at April 1, 2010

Reconciliation of Plan Participation (As of April 1, 2012) Employees:

Number of Active Employees	6
Number of Retirees	1
Average Years of Service - Active	10.33
Average Age - Active	39.33
Average Expected Future Work Time	24

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements March 31, 2014

NOTE 16 – UNRESTRICTED

The Authority's Unrestricted Net Position account balance at March 31, 2014 is \$989,614. The detail of the account balance is as follows:

	LIH Program Reserves	Congregate Service	COCC	Total
Balance March 31, 2012	\$ 822,411	\$ (88,350)	\$ 226,727	\$ 960,788
Increase During the Year	37,335	14,063	20,441	71,839
Balance March 31, 2013	859,746	(74,287)	247,168	1,032,627
(Decrease) Increase During the Year	(35,066)	(15,714)	7,767	(43,013)
Balance March 31, 2014	\$ 824,680	\$ (90,001)	\$ 254,935	\$ 989,614

NOTE 17 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Authority purchases commercial insurance. During the year ended March 31, 2014, the Authority's risk management program, in order to deal with the above potential liabilities, purchased various insurance policies for fire, general liability, crime, auto, employee bond, worker's compensation, and public-officials errors omissions. Periodically, but not less than once annually, the Authority conducts a physical inspection of all its buildings for the purpose of determining potential liability issues.

The Authority participates in the New Jersey Public housing Authority Joint Insurance Fund (NJPHA-JIF), which was established in 1996 by several Housing Authority's as a means of reducing the cost of general liability insurance. The NJPHA-JIF is a public entity risk pool currently operating as a common risk management and insurance program for the member Authority's. The main purpose of the Consortium is to jointly self-insure certain risks up to an agreed upon retention limit and to obtain excess catastrophic coverage and aggregate stop-loss reinsurance over the selected retention limit. Coverage includes all property and \$5,000,000 for liability.

In 2000 NJPHA -JIF added statutory worker's compensation coverage. For the fiscal year ended March 31, 2014 the Authority paid \$78,497 to NJPHA-JIF for property, general liability, public employee bond, public officials bond, auto coverage, excess liability, commercial package, and worker's compensation protection. Since the Consortium requests initial payments to cover substantially any losses to be incurred for that policy year, the Authority anticipates no future liabilities for incurred losses.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2014

NOTE 18 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES

Pursuant to the Annual Contribution Contract, HUD makes annual debt service contributions to the Authority for each permanently financed project in the amount equal to the debt service on its bonds, plus, if necessary, an amount to fully amortize the Authority's indebtedness represented by permanent notes or project notes. Accrued HUD contributions for the year ended March 31, 2014 were \$ - 0 -.

HUD also contributes an additional operating subsidy approved in the operating budget under the Annual Contribution Contract. Additional operating subsidy contributions for the year ended March 31, 2014 and 2013 were \$574,626 and \$663,715, respectively.

NOTE 19 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Authority operations are concentrated in the low income housing real estate market. In addition, the Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules, and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Statement of Financial Accounting Standards (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% percent of the audited entity's revenues. Total financial support by HUD was \$696,298 to the Authority which represents approximately 46% percent of the Authority's total revenue for the fiscal year March 31, 2014 and \$798,137 which represents approximately 50% percent for 2013.

THE CITY OF WILDWOOD HOUSING AUTHORITY

Notes to Financial Statements

March 31, 2014

NOTE 19 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS - CONTINUED

Total financial support by HUD for the year ending at March 31, 2014 and 2013 was \$696,298 and \$798,137, respectively:

		March 31,	
	CFDA #'s	2014 Expenditures	2013 Expenditures
<u>PHA Owned Housing</u>			
Low Rent Public Housing	14.850	\$ 574,626	\$ 663,715
Public Housing Capital Fund Program	14.872	121,672	134,422
Total Awards		<u>\$ 696,298</u>	<u>\$ 798,137</u>

NOTE 20 - CONTINGENCIES

Litigation – At March 31, 2014, the Authority is subject to one legal proceeding arising in the ordinary course of business. While the outcome of this matter is currently undeterminable, management does not expect that the ultimate cost to resolve this matter will have a material adverse effect on the Authority's financial position, results of operation or cash flows.

Grants Disallowances – The Authority participates in federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits performed by the federal government could lead to adjustments for disallowed claims, including amounts already collected, and reimbursement by the Authority for expenditures disallowed under the terms of the grant. The Authority's management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

NOTE 21 - SUBSEQUENT EVENTS

Events that occur after the statement of net assets date but before the financial statements were available to be issued, must be evaluated for recognition or disclosed. The effects of subsequent events that provide evidence about conditions that existed after the statement of net assets date required disclosure in the accompanying notes. Management has evaluated the activity of the Authority thru September 11, 2014; the date which the financial statements were available for issue and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**THE CITY OF WILDWOOD HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TWELVE MONTHS ENDED MARCH 31, 2014**

Programs funded by the U.S. Department of Housing
and Urban Development: Subject to Annual Contribution Contract

	<u>CFDA#</u>	<u>Expenditures</u>
<u>PHA Owned Housing</u>		
Low Rent Public Housing	14.850	\$ 574,626
Public Housing Capital Fund Program	14.872	121,672
Total Awards		<u>\$ 696,298</u>

Note 1. Presentation:

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of The City of Wildwood Housing Authority. The information in this schedule is presented in accordance with those requirements of OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the City of Wildwood Housing Authority, it is not intended to and does not present the financial position, change in net position, or cash flow of the City of Wildwood Housing Authority.

Note 2. Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowed or limited as to reimbursement.

Note 3. Loans Outstanding:

The City of Wildwood Housing Authority had no loans outstanding at March 31, 2014.

Note 4. Sub recipients:

Of the federal expenditures presented in the schedule above, the City of Wildwood Housing Authority did not provide federal awards to any sub recipients.

**THE CITY OF WILLOW HOUSING AUTHORITY
BUDGETARY COMPARISON SCHEDULE
LOW INCOME HOUSING PROGRAM
FOR THE TWELVE MONTHS ENDED MARCH 31, 2014**

	Actual Results	Budget Approved Amount	Variance to Budget Positive (Negative)
Revenue:			
Tenant Rental Revenue	\$ 548,864	\$ 552,011	\$ (3,147)
HUD PHA Operating Grants	617,931	635,271	(17,340)
Other Revenue	147,950	126,628	21,322
Total Revenue	1,314,745	1,313,910	835
Operating Expenses:			
Administration:			
Administrative Salaries	95,472	121,947	26,475
Audit Fee's	9,500	9,000	(500)
Employee Benefit Contributions	42,496	74,407	31,911
Asset Management Fee	20,400	-	(20,400)
Other Operating Administrative Expenses	326,224	270,850	(55,374)
Total Administrative Expenses	494,092	476,204	(17,888)
Tenant Services:			
Tenant Services Salaries	4,544	7,585	3,041
Employee Benefit Contributions	2,476	-	(2,476)
Tenant Services Other	9,571	4,628	(4,943)
Total Tenant Services	16,591	12,213	(4,378)
Utilities:			
Water	29,495	26,600	(2,895)
Electricity	180,792	186,500	5,708
Gas	15,147	16,200	1,053
Other Utilities Expense	58,388	50,000	(8,388)
Total Utilities	283,822	279,300	(4,522)
Maintenance:			
Maintenance Labor	131,553	123,971	(7,582)
Materials	39,682	38,150	(1,532)
Maintenance Contract Cost	118,140	111,700	(6,440)
Employee Benefit Contributions	66,087	75,642	9,555
Total Maintenance	355,462	349,463	(5,999)
Protective Services			
Protective Services Salaries	25,290	26,520	1,230
Employee Benefit Contributions	-	16,181	16,181
Other Protective Services Expense	-	5,000	5,000
Total Tenant Services	25,290	47,701	17,411
Other Operating Expenses:			
Insurance	75,011	95,000	19,989
Payment in Lieu of Taxes	21,388	28,801	7,413
Bad Debt	333	4,800	4,467
Compensated Absences	8,523	500	(8,023)
Total Other Operating Expenses	105,255	129,101	31,869
Total Operating Expenses	1,280,512	1,293,982	(918)
Excess Revenue Over Expenses From Operations	34,233	19,928	14,305
Other Income and (Expenses):			
Investment Income - Unrestricted	5,115	5,000	115
Extraordinary Maintenance	(29,516)	-	(29,516)
Building Improvement Purchases	(44,898)	-	(44,898)
Total Other (Expenses) and Income	(69,299)	5,000	(74,299)
Excess Expenses over Revenue	\$ (35,066)	\$ 24,928	\$ (59,994)

See accompanying notes to the financial statements.

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2014

	Project Total	2 State/Local	COC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$925,396	\$31,176	\$173,247	\$1,129,819		\$1,129,819
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted						
114 Cash - Tenant Security Deposits	\$48,187			\$48,187		\$48,187
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$973,583	\$31,176	\$173,247	\$1,178,006	\$0	\$1,178,006
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects						
124 Accounts Receivable - Other Government		\$6,718		\$6,718		\$6,718
125 Accounts Receivable - Miscellaneous		\$130		\$130		\$130
126 Accounts Receivable - Tenants	\$2,523			\$2,523		\$2,523
126.1 Allowance for Doubtful Accounts - Tenants	-\$631			-\$631		-\$631
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery						
128.1 Allowance for Doubtful Accounts - Fraud						
129 Accrued Interest Receivable						
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,892	\$6,848	\$0	\$8,740	\$0	\$8,740
131 Investments - Unrestricted	\$131,649		\$11,394	\$143,043		\$143,043
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	\$21,615		\$21,166	\$42,781		\$42,781
143 Inventories	\$687	\$236		\$1,203		\$1,203
143.1 Allowance for Obsolete Inventories	-\$96	-\$21		-\$117		-\$117
144 Inter Program Due From			\$108,809	\$108,809	-\$108,809	\$0
145 Assets Held for Sale						
150 Total Current Assets	\$1,129,810	\$38,239	\$314,616	\$1,482,465	-\$108,809	\$1,373,656
161 Land	\$415,252			\$415,252		\$415,252
162 Buildings	\$5,235,772		\$260,905	\$5,496,677		\$5,496,677
163 Furniture, Equipment & Machinery - Dwellings	\$475,159			\$475,159		\$475,159
164 Furniture, Equipment & Machinery - Administration	\$849,096	\$5,537	\$64,671	\$919,304		\$919,304
165 Leasehold Improvements	\$3,680,556			\$3,680,556		\$3,680,556
165 Accumulated Depreciation	-\$9,323,174	-\$554	-\$325,578	-\$9,649,304		-\$9,649,304
167 Construction in Progress	\$173,977			\$173,977		\$173,977
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,506,639	\$4,983	\$0	\$1,511,621	\$0	\$1,511,621
171 Notes, Loans and Mortgages Receivable - Non-Current						
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due						
173 Grants Receivable - Non-Current						
174 Other Assets						
175 Investments in Joint Ventures						
180 Total Non-Current Assets	\$1,506,638	\$4,983	\$0	\$1,511,621	\$0	\$1,511,621
190 Total Assets	\$2,836,248	\$43,222	\$314,616	\$2,994,086	-\$108,809	\$2,885,277
200 Deferred Outflow of Resources						
290 Total Assets and Deferred Outflow of Resources	\$2,836,248	\$43,222	\$314,616	\$2,994,086	-\$108,809	\$2,885,277
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$69,927	\$10,284	\$17,564	\$97,775		\$97,775
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable						
322 Accrued Compensated Absences - Current Portion	\$2,364		\$1,783	\$4,147		\$4,147
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government	\$21,388	\$9,147		\$30,535		\$30,535
341 Tenant Security Deposits	\$48,187			\$48,187		\$48,187
342 Unearned Revenue	\$1,091			\$1,091		\$1,091

See accompanying notes to the financial statements

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2014

	Project Total	2 State/Local	COCC	Subtotal	ELIM	Total
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue						
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities						
346 Accrued Liabilities - Other	\$37,988			\$37,988		\$37,988
347 Inter Program - Due To		\$108,809		\$108,809	-\$108,809	\$0
348 Loan Liability - Current						
310 Total Current Liabilities	\$180,945	\$128,240	\$19,347	\$328,532	-\$108,809	\$219,723
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue						
352 Long-term Debt, Net of Current - Operating Borrowings						
353 Non-current Liabilities - Other						
354 Accrued Compensated Absences - Non Current	\$21,281		\$16,047	\$37,328		\$37,328
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities	\$102,704		\$24,287	\$126,991		\$126,991
350 Total Non-Current Liabilities	\$123,985	\$0	\$40,334	\$164,319	\$0	\$164,319
300 Total Liabilities	\$304,930	\$128,240	\$59,681	\$492,651	-\$108,809	\$384,042
400 Deferred Inflow of Resources						
508.4 Net Investment in Capital Assets	\$1,508,638	\$4,983		\$1,511,621		\$1,511,621
511.4 Restricted Net Position						
512.4 Unrestricted Net Position	\$824,880	-\$90,001	\$254,935	\$989,614		\$989,614
513 Total Equity - Net Assets / Position	\$2,331,318	-\$85,018	\$254,935	\$2,501,235	\$0	\$2,501,235
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$2,636,248	\$43,222	\$314,616	\$2,994,086	-\$108,809	\$2,885,277

See accompanying notes to the financial statements

WILDWOOD HOUSING AUTHORITY (10000)
WILDWOOD, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2014

	Project Total	2 State/Local	COC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$547,127			\$547,127		\$547,127
70400 Tenant Revenue - Other	\$1,737			\$1,737		\$1,737
70500 Total Tenant Revenue	\$548,864	\$0	\$0	\$548,864	\$0	\$548,864
70600 HUD PHA Operating Grants	\$617,931			\$617,931		\$617,931
70610 Capital Grants	\$78,367			\$78,367		\$78,367
70710 Management Fee			\$137,178	\$137,178	-\$137,178	\$0
70720 Asset Management Fee			\$20,400	\$20,400	-\$20,400	\$0
70730 Book Keeping Fee			\$15,285	\$15,285	-\$15,285	\$0
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue			\$172,863	\$172,863	-\$172,863	\$0
70800 Other Government Grants		\$78,213		\$78,213		\$78,213
71100 Investment Income - Unrestricted	\$5,115	\$122	\$300	\$5,537		\$5,537
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery						
71500 Other Revenue	\$147,950	\$37,683		\$185,633		\$185,633
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted						
70000 Total Revenue	\$1,398,227	\$116,018	\$173,163	\$1,687,408	-\$172,863	\$1,514,545
91100 Administrative Salaries	\$95,472		\$31,331	\$126,803		\$126,803
91200 Auditing Fees	\$9,500		\$750	\$10,250		\$10,250
91300 Management Fee	\$137,178			\$137,178	-\$137,178	\$0
91310 Book-keeping Fee	\$15,285			\$15,285	-\$15,285	\$0
91400 Advertising and Marketing						
91500 Employee Benefit contributions - Administrative	\$42,466		\$18,333	\$60,829		\$60,829
91600 Office Expenses	\$27,844	\$435	\$10,898	\$39,175		\$39,175
91700 Legal Expense	\$47,016		\$3,936	\$50,952		\$50,952
91800 Travel	\$23,607		\$15,311	\$38,918		\$38,918
91810 Allocated Overhead						
91900 Other	\$75,294	\$2,429	\$66,229	\$143,952		\$143,952
91000 Total Operating - Administrative	\$478,692	\$2,864	\$146,785	\$628,342	-\$152,463	\$470,879
92000 Asset Management Fee	\$20,400			\$20,400	-\$20,400	\$0
92100 Tenant Services - Salaries	\$4,544	\$50,844		\$55,388		\$55,388
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services	\$2,476	\$4,341		\$6,817		\$6,817
92400 Tenant Services - Other	\$9,571	\$68,146	\$532	\$78,249		\$78,249
92500 Total Tenant Services	\$16,591	\$123,331	\$532	\$140,454	\$0	\$140,454
93100 Water	\$29,495		\$480	\$29,975		\$29,975
93200 Electricity	\$180,792		\$1,588	\$182,378		\$182,378
93300 Gas	\$15,147		\$822	\$15,969		\$15,969
93400 Fuel						
93500 Labor						
93600 Sewer	\$58,388			\$58,388		\$58,388
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense						
93000 Total Utilities	\$283,822	\$0	\$2,888	\$286,710	\$0	\$286,710
94100 Ordinary Maintenance and Operations - Labor	\$131,553			\$131,553		\$131,553
94200 Ordinary Maintenance and Operations - Materials and Other	\$39,682		\$1,188	\$40,870		\$40,870
94300 Ordinary Maintenance and Operations Contracts	\$118,140		\$580	\$118,720		\$118,720
94500 Employee Benefit Contributions - Ordinary Maintenance	\$66,087			\$66,087		\$66,087
94000 Total Maintenance	\$355,462	\$0	\$1,768	\$357,230	\$0	\$357,230
95100 Protective Services - Labor	\$25,290			\$25,290		\$25,290
95200 Protective Services - Other Contract Costs						
95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$25,290	\$0	\$0	\$25,290	\$0	\$25,290

See accompanying notes to the financial statements

WILLOW HEDGING AUTHORITY (H0000)
WILDWOOD, NJ

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2014

	Project Total	2 State/Local	COCC	Subtotal	ELIM	Total
95110 Property Insurance						
95120 Liability Insurance						
95130 Workmen's Compensation						
95140 All Other Insurance	\$75,011		\$9,799	\$84,810		\$84,810
95100 Total Insurance Premiums	\$75,011	\$0	\$9,799	\$84,810	\$0	\$84,810
95200 Other General Expenses						
95210 Compensated Absences	\$8,523		\$3,623	\$12,146		\$12,146
95300 Payments in Lieu of Taxes	\$21,388			\$21,388		\$21,388
95400 Bad debt - Tenant Rents	\$332			\$332		\$332
95500 Bad debt - Mortgages						
95600 Bad debt - Other						
95800 Severance Expense						
95000 Total Other General Expenses	\$30,243	\$0	\$3,623	\$33,866	\$0	\$33,866
95710 Interest of Mortgage (or Bonds) Payable						
95720 Interest on Notes Payable (Short and Long Term)						
95730 Amortization of Bond Issue Costs						
95700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0
95900 Total Operating Expenses	\$1,280,511	\$128,195	\$185,396	\$1,572,102	-\$172,863	\$1,399,239
97000 Excess of Operating Revenue over Operating Expenses	\$117,715	-\$10,177	\$7,767	\$115,305	\$0	\$115,305
97100 Extraordinary Maintenance	\$29,516			\$29,516		\$29,516
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments						
97350 HAP Portability-In						
97400 Depreciation Expense	\$104,187	\$554		\$104,741		\$104,741
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$1,414,214	\$126,749	\$185,396	\$1,706,359	-\$172,863	\$1,533,496
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 Project and Program - Out						
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$15,987	-\$10,731	\$7,767	-\$18,951	\$0	-\$18,951
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$2,347,305	-\$74,287	\$247,188	\$2,520,186		\$2,520,186
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0			\$0		\$0
11050 Changes in Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						
11070 Changes in Unrecognized Pension Transition Liability						
11080 Changes in Special Term/Severance Benefits Liability						
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity						
11180 Housing Assistance Payments Equity						
11190 Unit Months Available	2048			2048		2048

See accompanying notes to the financial statements

WILDWOOD, NJ

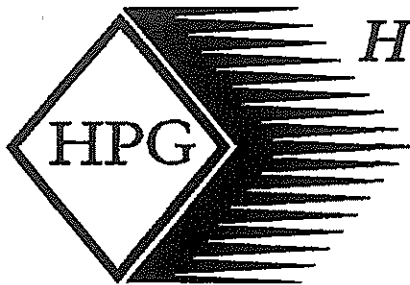
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 03/31/2014

	Project Total	2 State/Local	COCG	Subtotal	ELIM	Total
11210 Number of Unit Months Leased	2038			2038		2038
11270 Excess Cash	\$823,080			\$823,080		\$823,080
11610 Land Purchases	\$0		\$0	\$0		\$0
11620 Building Purchases	\$0		\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$78,367		\$0	\$78,367		\$78,367
11680 Infrastructure Purchases	\$0		\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0		\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0		\$0	\$0		\$0

See accompanying notes to the financial statements



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**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 GOVERNMENTAL AUDITING STANDARDS**

Board of Commissioners
The City of Wildwood Housing Authority
3700 New Jersey Avenue
Wildwood, New Jersey 08260-7379

We have audited, in accordance with the 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, the financial statements of the City of Wildwood Housing Authority (hereafter referred to as the Authority), which comprise the statement of net position as of March 31, 2014 and the related statements of revenue, expenses and changes in net position, statement of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 11, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Wildwood Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

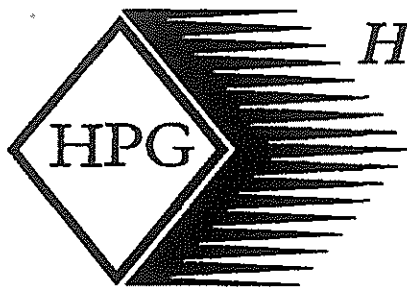
Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Wildwood Housing Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the the City of Wildwood Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hymanson, Parnes & Giampaolo

Lincroft, New Jersey

Date: September 11, 2014



Hymanson, Parnes & Giampaolo

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

Board of Commissioners
The City of Wildwood Housing Authority
3700 New Jersey Avenue
Wildwood, New Jersey 08260-7379

Report on Compliance

We have audited the City of Wildwood Housing Authority's (hereafter referred to as the Authority), compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* applicable to Authority's major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility for Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Wildwood Housing Authority'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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the major federal programs occurred. An audit includes examining, on a test basis, evidence about the City of Wildwood Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Wildwood Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2014.

Report on Internal Control Over Compliance

Management of the City of Wildwood Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control 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 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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Hymanson, Parnes & Giampaolo

Lincroft, New Jersey

Date: September 11, 2014

THE CITY OF WILDWOOD HOUSING AUTHORITY

Schedule of Findings and Questioned Cost

Year Ended March 31, 2014

Prior Audit Findings

None reported

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statement of the City of Wildwood Housing Authority.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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.
3. No instances of noncompliance material to the financial statements of the City of Wildwood Housing Authority were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.
5. The auditor's report on compliance for the Low Rent Public Housing Program expresses an Unmodified opinion.
6. No Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 in this Schedule.
7. The program tested as major program were:
 - a. Low Rent Public Housing Program, CFDA#14.850 with expenditures of \$574,626.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The City of Wildwood Housing Authority qualified as a low risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

None reported

FINDINGS AND QUESTIONED COST – MAJOR FEDERAL AWARD PROGRAM AUDIT

None reported



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Independent Accountant's Report on Agreed-Upon Procedures

Board of Commissioners
The City of Wildwood Housing Authority
3700 New Jersey Avenue
Wildwood, New Jersey 08260-7379

We have performed the procedure described in the second paragraph of this report, which was agreed to by the City of Wildwood Housing Authority and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents. This agree-upon procedures engagement was performed in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart.

We were engaged to perform an audit in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, for the Housing Authority as of and for the fiscal year ended March 31, 2014, and have issued our report thereon dated September 11, 2014. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Financial Data Schedule (FDS) dated March 31, 2014, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

A copy of the reporting package required by OMB Circular A-133, which includes the auditor's reports, is available in its entirety from the Housing Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This report is intended solely for the information and use of the City of Wildwood Housing Authority and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Hymanson, Parnes & Giampaolo

Date: September 11, 2014

PROCEDURE	UFRS RULE INFORMATION	HARD COPY DOCUMENTS	AGREES	DOES NOT AGREE
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's	<input checked="" type="radio"/>	<input type="radio"/>
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	<input checked="" type="radio"/>	<input type="radio"/>
3	Type of opinion on FDS (data element G3100-040)	Auditor's supplemental report on FDS	<input checked="" type="radio"/>	<input type="radio"/>
4	Audit findings narrative (data element G5200-010)	Schedule of Findings and Questioned costs	<input checked="" type="radio"/>	<input type="radio"/>
5	General information (data element series G2000,G2100,G2200,G9000,G9100)	OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
6	Financial statement report information (data element G3000-010)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form*	<input checked="" type="radio"/>	<input type="radio"/>
9	Basic financial statements and auditor's reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	<input checked="" type="radio"/>	<input type="radio"/>

<u>Firm Name</u>	Hymanson Parnes & Giampaolo
<u>Employer Identification Number</u>	22-3554220
<u>Date</u>	September 11, 2014
<u>UII#</u>	#66170
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